# Endo International plc
# (Debtor-in-Possession)

# Consolidated Financial Statements
# and
# Pro Forma Financial Information

## INDEXES TO FINANCIAL STATEMENTS

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Endo International plc

### *Opinion on the Financial Statements*

We have audited the accompanying consolidated balance sheets of Endo International plc (Debtor-in-Possession) and its subsidiaries (the "Company") as of December 31, 2023 and 2022, and the related consolidated statements of operations, of comprehensive loss, of shareholders' deficit and of cash flows for each of the three years in the period ended December 31, 2023, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America.

*Substantial Doubt about the Company's Ability to Continue as a Going Concern*

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Notes 1 and 2 to the consolidated financial statements, the Company, together with certain of its direct and indirect subsidiaries, has filed voluntary petitions for relief under the bankruptcy code, that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to this matter are also described in Notes 1 and 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. This matter is also discussed below as a critical audit matter.

### *Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### *Critical Audit Matters*

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

*Sales Deduction Reserves*

As described in Note 3 to the consolidated financial statements, the amount of revenue recognized by the Company is equal to the fixed amount of the transaction price, adjusted for management's estimates of a number of significant variable components including, but not limited to, estimates for chargebacks, rebates, sales incentives and allowances, DSA and other fees for services, returns and allowances, which management collectively refer to as sales deductions. As of December 31, 2023, reserves for sales deductions totaled $434.0 million. These amounts relate primarily to management's estimates of unsettled obligations for returns and allowances, rebates and chargebacks. The most significant sales deduction reserves relate to returns, wholesaler chargebacks and rebates for the Sterile Injectables and Generic Pharmaceuticals segments. Management estimates the reserves for sales deductions based on factors

such as direct and indirect customers' buying patterns and the estimated resulting contractual deduction rates, historical experience, specific known market events and estimated future trends, current contractual and statutory requirements, industry data, estimated customer inventory levels, current contract sales terms with direct and indirect customers and other competitive factors.

The principal considerations for our determination that performing procedures relating to sales deduction reserves is a critical audit matter are (i) the significant judgment by management in developing these reserves; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's reserves, as the reserves are based on direct and indirect customers' buying patterns and the estimated resulting contractual deduction rates, historical experience, estimated future trends, estimated customer inventory levels, and current contract sales terms with direct and indirect customers.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of certain controls relating to sales deductions. These procedures also included, among others, (i) developing an independent estimate of the reserves for sales deductions utilizing direct and indirect customers' buying patterns and the estimated resulting contractual deduction rates, historical experience, estimated future trends, estimated customer inventory levels and current contract sales terms with direct and indirect customers, (ii) comparing the independent estimates to the sales deduction reserves recorded by management, (iii) evaluating management's estimates in previous years by comparing historical reserves to rebate and chargeback payments and credits processed in subsequent periods, and (iv) testing actual payments made and amounts credited to both direct and indirect customers to evaluate whether the payments and credits were made in accordance with the contractual and mandated terms of the Company's programs and returns policy.

*Goodwill Impairment Assessment - Sterile Injectables Reporting Unit*

As described in Notes 3 and 11 to the consolidated financial statements, the Company's goodwill balance for the Sterile Injectables reporting unit was $523 million as of December 31, 2023. An impairment assessment is conducted as of October 1, or more frequently whenever events or changes in circumstances indicate that the asset might be impaired. Management performs the goodwill impairment test by estimating the fair value of the reporting units using an income approach that utilizes a discounted cash flow model or, where appropriate, a market approach. The discounted cash flow models are dependent upon management's estimates of future cash flows and other factors including estimates of (i) future operating performance, including future sales, long-term growth rates, gross margins, operating expenses, discount rate and the probability of achieving the estimated cash flows and (ii) future economic conditions.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessment of the Sterile Injectables reporting unit is a critical audit matter are (i) the significant judgment by management when developing the fair value estimate of the reporting unit; (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's significant assumptions related to future sales, long-term growth rates, gross margins, operating expenses, discount rate and the probability of achieving the estimated cash flows and future economic conditions; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others, (i) testing management's process for developing the fair value estimate of the Sterile Injectables reporting unit; (ii) evaluating the appropriateness of the discounted cash flow model used by management; (iii) testing the completeness and accuracy of underlying data used by management in the discounted cash flow model; (iv) evaluating management's assignment of assets and liabilities to the Sterile Injectables reporting unit; and (v) evaluating the reasonableness of the significant assumptions used by management related to future sales, long-term growth rates, gross margins, operating expenses, discount rate and the probability of achieving the estimated cash flows and future economic conditions. Evaluating management's assumptions related to future sales, long-term growth rates, gross margins, operating expenses, discount rate and the probability of achieving the estimated cash flows and future economic conditions involved evaluating whether the assumptions used were reasonable considering (i) historical performance of the reporting unit; (ii) the consistency with industry and economic forecasts; and (iii) whether the assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the discounted cash flow model and (ii) the reasonableness of the discount rate assumption.

*Bankruptcy Proceedings*

As described above and in Notes 2 and 16 to the consolidated financial statements, the Company initiated bankruptcy proceedings during the third quarter of 2022. As disclosed by management, on August 16, 2022, Endo International plc, together with certain of its direct and indirect subsidiaries (the Debtors), filed voluntary petitions for relief under the bankruptcy code. As a result of the bankruptcy proceedings, management has applied generally accepted accounting principles applicable to reorganizations in preparing

the consolidated financial statements. These accounting principles require that, for periods including and after the filing of a chapter 11 petition, the consolidated financial statements distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Pre-petition unsecured and undersecured claims related to the Debtors that may be impacted by the bankruptcy reorganization process in the amount of $11,096 million have been classified as liabilities subject to compromise in the consolidated balance sheet as of December 31, 2023. Additionally, certain expenses, gains and losses resulting from and recognized during the bankruptcy proceedings in the amount of $1,170 million are recorded in reorganization items, net in the consolidated statements of operations for the year ended December 31, 2023. On August 16, 2022 the Company entered into a Restructuring Support Agreement (RSA) with an ad hoc group of certain creditors (the Purchaser). During December 2023, the Company filed a proposed chapter 11 plan of reorganization (the Plan), as amended, and an amended version of the RSA, which reflects the terms of the Company's proposed Plan. The Plan provides for the establishment by the Debtors of opioid trusts, and other forms of funding, for the benefit of certain public, tribal and private present and future opioid claimants in exchange for certain releases to be provided to (among others) the Purchaser and Endo International plc, its subsidiaries and affiliated entities and persons. In February 2024, resolution was reached with the Department of Justice (DOJ), acting on behalf of itself and certain other agencies of the U.S. federal government, including with respect to claims filed in the chapter 11 cases by various agencies of the United States of America (collectively, the U.S. Government). The resolution provides that the U.S. Government will have in connection with its criminal, civil and tax-related claims: (i) an allowed, general unsecured claim in the amount of $1,086 million in connection with a criminal fine arising from a plea agreement entered into by Endo Health Solutions Inc. (EHSI); (ii) an allowed, general unsecured claim in the amount of approximately $476 million in connection with a civil settlement agreement entered into by EHSI; and (iii) in part, an allowed, unsubordinated priority claim and, in part, an allowed, unsubordinated general unsecured claim, each in such amount equal to the settlement amounts to be received by the IRS as allocated by the U.S. Government. The Company recorded an additional net charge of approximately $1,557 million in the fourth quarter of 2023 to increase the aggregate opioid liability to approximately $2,178 million as of December 31, 2023. The liabilities recorded by the Company represent management's best estimate of the allowed claims related to the claims against the Company and its subsidiaries.

The principal considerations for our determination that performing procedures relating to the bankruptcy proceedings is a critical audit matter are (i) the significant judgment by management when developing the estimate for allowed claims and assessing the accounting and disclosures related to the bankruptcy proceedings; (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to management's significant judgments and estimate for allowed claims; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included among others, (i) reading the restructuring support agreement and related amendments, disclosure statement and subsequent updates, plan of reorganization and subsequent amendments and settlement agreements entered into during the year and; (ii) testing management's process for developing the estimate of the allowed claims related to the opioid and tax claims; (iii) evaluating, on a sample basis, management's accounting for claims submitted to the bankruptcy court; (iv) testing, for a sample of transactions, the completeness and accuracy of the classification of transactions as liabilities subject to compromise or reorganization items, net; and (v) obtaining and evaluating letters of audit inquiry with internal and external legal counsel related to opioid litigation and the bankruptcy proceedings. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the application of generally accepted accounting principles applicable to reorganizations; and (ii) the completeness and accuracy of amounts classified as liabilities subject to compromise and reorganization items, net. These procedures also included evaluating the accuracy of the Company's disclosures with respect to the bankruptcy proceedings.

/s/ PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
March 6, 2024

We have served as the Company's auditor since 2014.

**ENDO INTERNATIONAL PLC**
**(DEBTOR-IN-POSSESSION)**
**CONSOLIDATED BALANCE SHEETS**
**DECEMBER 31, 2023 AND 2022**
**(Dollars in thousands, except share and per share data)**

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 777,919 | $ 1,018,883 |
| Restricted cash and cash equivalents | 167,702 | 145,358 |
| Accounts receivable, net | 386,919 | 493,988 |
| Inventories, net | 246,017 | 274,499 |
| Prepaid expenses and other current assets | 82,163 | 136,923 |
| Income taxes receivable | 7,781 | 7,117 |
| Total current assets | $ 1,668,501 | $ 2,076,768 |
| PROPERTY, PLANT AND EQUIPMENT, NET | 476,240 | 438,314 |
| OPERATING LEASE ASSETS | 23,033 | 28,070 |
| GOODWILL | 1,352,011 | 1,352,011 |
| OTHER INTANGIBLES, NET | 1,477,883 | 1,732,935 |
| OTHER ASSETS | 139,626 | 129,839 |
| TOTAL ASSETS | $ 5,137,294 | $ 5,757,937 |
| **LIABILITIES AND SHAREHOLDERS' DEFICIT** | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued expenses | $ 537,736 | $ 687,183 |
| Current portion of operating lease liabilities | 956 | 903 |
| Income taxes payable | 102 | 1,541 |
| Total current liabilities | $ 538,794 | $ 689,627 |
| DEFERRED INCOME TAXES | 16,248 | 13,825 |
| OPERATING LEASE LIABILITIES, LESS CURRENT PORTION | 4,132 | 5,129 |
| OTHER LIABILITIES | 79,812 | 42,746 |
| LIABILITIES SUBJECT TO COMPROMISE | 11,095,868 | 9,168,782 |
| COMMITMENTS AND CONTINGENCIES (NOTE 16) | | |
| SHAREHOLDERS' DEFICIT: | | |
| Euro deferred shares, $0.01 par value; 4,000,000 shares authorized and issued at both December 31, 2023 and December 31, 2022 | 44 | 43 |
| Ordinary shares, $0.0001 par value; 1,000,000,000 shares authorized; 235,219,612 and 235,208,039 shares issued and outstanding at December 31, 2023 and December 31, 2022, respectively | 24 | 24 |
| Additional paid-in capital | 8,980,561 | 8,969,322 |
| Accumulated deficit | (15,354,427) | (12,904,620) |
| Accumulated other comprehensive loss | (223,762) | (226,941) |
| Total shareholders' deficit | $ (6,597,560) | $ (4,162,172) |
| TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT | $ 5,137,294 | $ 5,757,937 |

See accompanying Notes to Consolidated Financial Statements.

**ENDO INTERNATIONAL PLC**
**(DEBTOR-IN-POSSESSION)**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**
**(Dollars and shares in thousands, except per share data)**

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| TOTAL REVENUES, NET | $ 2,011,518 | $ 2,318,875 | $ 2,993,206 |
| COSTS AND EXPENSES: | | | |
| Cost of revenues | 946,415 | 1,092,499 | 1,221,064 |
| Selling, general and administrative | 567,727 | 777,169 | 861,760 |
| Research and development | 115,462 | 128,033 | 123,440 |
| Acquired in-process research and development | — | 68,700 | 25,120 |
| Litigation-related and other contingencies, net | 1,611,090 | 478,722 | 345,495 |
| Asset impairment charges | 503 | 2,142,746 | 414,977 |
| Acquisition-related and integration items, net | 1,972 | 408 | (8,379) |
| Interest expense, net | — | 349,776 | 562,353 |
| Loss on extinguishment of debt | — | — | 13,753 |
| Reorganization items, net | 1,169,961 | 202,978 | — |
| Other income, net | (9,688) | (34,054) | (19,774) |
| LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX | $ (2,391,924) | $ (2,888,102) | $ (546,603) |
| INCOME TAX EXPENSE | 55,862 | 21,516 | 22,478 |
| LOSS FROM CONTINUING OPERATIONS | $ (2,447,786) | $ (2,909,618) | $ (569,081) |
| DISCONTINUED OPERATIONS, NET OF TAX (NOTE 4) | (2,021) | (13,487) | (44,164) |
| NET LOSS | $ (2,449,807) | $ (2,923,105) | $ (613,245) |
| NET LOSS PER SHARE—BASIC: | | | |
| Continuing operations | $ (10.41) | $ (12.39) | $ (2.44) |
| Discontinued operations | (0.01) | (0.06) | (0.19) |
| Basic | $ (10.42) | $ (12.45) | $ (2.63) |
| NET LOSS PER SHARE—DILUTED: | | | |
| Continuing operations | $ (10.41) | $ (12.39) | $ (2.44) |
| Discontinued operations | (0.01) | (0.06) | (0.19) |
| Diluted | $ (10.42) | $ (12.45) | $ (2.63) |
| WEIGHTED AVERAGE SHARES: | | | |
| Basic | 235,219 | 234,840 | 232,785 |
| Diluted | 235,219 | 234,840 | 232,785 |

See accompanying Notes to Consolidated Financial Statements.

**ENDO INTERNATIONAL PLC**
**(DEBTOR-IN-POSSESSION)**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**
**YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**
**(Dollars in thousands)**

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| NET LOSS | $ (2,449,807) | $ (2,923,105) | $ (613,245) |
| OTHER COMPREHENSIVE INCOME (LOSS): | | | |
| Net unrealized gain (loss) on foreign currency | $ 3,179 | $ (10,496) | $ 1,308 |
| Total other comprehensive income (loss) | $ 3,179 | $ (10,496) | $ 1,308 |
| COMPREHENSIVE LOSS | $ (2,446,628) | $ (2,933,601) | $ (611,937) |

See accompanying Notes to Consolidated Financial Statements.

**ENDO INTERNATIONAL PLC**
**(DEBTOR-IN-POSSESSION)**
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT**
**YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**
**(Dollars in thousands, except share data)**

| | Ordinary Shares | | Euro Deferred Shares | | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Loss | Total Shareholders' Deficit |
|---|---|---|---|---|---|---|---|---|
| | Number of Shares | Amount | Number of Shares | Amount | | | | |
| BALANCE, DECEMBER 31, 2020 | 230,315,768 | $ 23 | 4,000,000 | $ 49 | $8,938,012 | $ (9,368,270) | $ (217,753) | $ (647,939) |
| Net loss | — | — | — | — | — | (613,245) | — | (613,245) |
| Other comprehensive income | — | — | — | — | — | — | 1,308 | 1,308 |
| Compensation related to share-based awards | — | — | — | — | 30,046 | — | — | 30,046 |
| Exercise of options | 82,331 | — | — | — | 622 | — | — | 622 |
| Ordinary shares issued | 3,292,717 | — | — | — | — | — | — | — |
| Tax withholding for restricted shares | — | — | — | — | (14,774) | — | — | (14,774) |
| Other | — | — | — | (4) | — | — | — | (4) |
| BALANCE, DECEMBER 31, 2021 | 233,690,816 | $ 23 | 4,000,000 | $ 45 | $8,953,906 | $ (9,981,515) | $ (216,445) | $ (1,243,986) |
| Net loss | — | — | — | — | — | (2,923,105) | — | (2,923,105) |
| Other comprehensive loss | — | — | — | — | — | — | (10,496) | (10,496) |
| Compensation related to share-based awards | — | — | — | — | 17,314 | — | — | 17,314 |
| Ordinary shares issued | 1,517,223 | 1 | — | — | (1) | — | — | — |
| Tax withholding for restricted shares | — | — | — | — | (1,898) | — | — | (1,898) |
| Other | — | — | — | (2) | 1 | — | — | (1) |
| BALANCE, DECEMBER 31, 2022 | 235,208,039 | $ 24 | 4,000,000 | $ 43 | $8,969,322 | $(12,904,620) | $ (226,941) | $ (4,162,172) |
| Net loss | — | — | — | — | — | (2,449,807) | — | (2,449,807) |
| Other comprehensive income | — | — | — | — | — | — | 3,179 | 3,179 |
| Compensation related to share-based awards | — | — | — | — | 11,240 | — | — | 11,240 |
| Ordinary shares issued | 11,573 | — | — | — | — | — | — | — |
| Other | — | — | — | 1 | (1) | — | — | — |
| BALANCE, DECEMBER 31, 2023 | 235,219,612 | $ 24 | 4,000,000 | $ 44 | $8,980,561 | $(15,354,427) | $ (223,762) | $ (6,597,560) |

See accompanying Notes to Consolidated Financial Statements.

**ENDO INTERNATIONAL PLC**
**(DEBTOR-IN-POSSESSION)**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**
**(Dollars in thousands)**

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| OPERATING ACTIVITIES: | | | |
| Net loss | $ (2,449,807) | $ (2,923,105) | $ (613,245) |
| Adjustments to reconcile Net loss to Net cash provided by operating activities: | | | |
| Depreciation and amortization | 306,448 | 391,629 | 457,098 |
| Share-based compensation | 11,240 | 17,314 | 30,046 |
| Amortization of debt issuance costs and discount | — | 9,406 | 14,437 |
| Deferred income taxes | 4,702 | (7,303) | (3,157) |
| Change in fair value of contingent consideration | 1,972 | 408 | (8,793) |
| Loss on extinguishment of debt | — | — | 13,753 |
| Acquired in-process research and development charges | — | 68,700 | 25,120 |
| Asset impairment charges | 503 | 2,142,746 | 414,977 |
| Non-cash reorganization items, net | 905,868 | 89,197 | — |
| Gain on sale of business and other assets | (10,392) | (26,183) | (4,516) |
| Other | (222) | 2,776 | — |
| Changes in assets and liabilities which provided (used) cash: | | | |
| Accounts receivable | 106,506 | 105,912 | (82,052) |
| Inventories | 22,195 | (4,359) | 48,978 |
| Prepaid and other assets | 38,006 | 80,350 | (34,002) |
| Accounts payable, accrued expenses and other liabilities | 1,500,094 | 321,055 | 84,391 |
| Income taxes payable/receivable, net | (2,015) | 650 | 68,015 |
| Net cash provided by operating activities | $ 435,098 | $ 269,193 | $ 411,050 |
| INVESTING ACTIVITIES: | | | |
| Capital expenditures, excluding capitalized interest | (94,325) | (99,722) | (77,929) |
| Capitalized interest payments | — | (3,140) | (2,721) |
| Proceeds from the U.S. Government Cooperative Agreement | 39,397 | 18,635 | — |
| Acquisitions, including in-process research and development, net of cash and restricted cash acquired | — | (90,320) | (5,000) |
| Product acquisition costs and license fees | — | — | (4,177) |
| Proceeds from sale of business and other assets | 5,134 | 41,400 | 30,283 |
| Net cash used in investing activities | $ (49,794) | $ (133,147) | $ (59,544) |
| FINANCING ACTIVITIES: | | | |
| Proceeds from issuance of notes, net | — | — | 1,279,978 |
| Proceeds from issuance of term loans, net | — | — | 1,980,000 |
| Repayments of notes | — | (180,342) | — |
| Repayments of term loans | — | (10,000) | (3,310,475) |
| Repayments of revolving debt | — | — | (22,800) |
| Adequate protection payments | (592,759) | (313,109) | — |
| Repayments of other indebtedness | (6,733) | (6,062) | (5,448) |
| Payments for debt issuance and extinguishment costs | — | — | (8,574) |
| Payments for contingent consideration | (5,136) | (2,462) | (4,010) |
| Payments of tax withholding for restricted shares | — | (1,898) | (14,774) |
| Proceeds from exercise of options | — | — | 622 |
| Net cash used in financing activities | $ (604,628) | $ (513,873) | $ (105,481) |
| Effect of foreign exchange rate | 704 | (4,242) | 285 |
| NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS | $ (218,620) | $ (382,069) | $ 246,310 |
| CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS, BEGINNING OF PERIOD | 1,249,241 | 1,631,310 | 1,385,000 |
| CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS, END OF PERIOD | $ 1,030,621 | $ 1,249,241 | $ 1,631,310 |
| SUPPLEMENTAL INFORMATION: | | | |
| Cash paid for interest, excluding capitalized interest and adequate protection payments | $ — | $ 289,664 | $ 538,424 |
| Cash paid for income taxes, gross | $ 10,465 | $ 14,101 | $ 10,019 |
| Cash refunds from income taxes, gross | $ 1,776 | $ 3,092 | $ 57,801 |
| SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES: | | | |
| Acquisitions, including in-process research and development, accrued in the period but not yet paid | $ — | $ — | $ 20,120 |

See accompanying Notes to Consolidated Financial Statements.

## NOTE 1. DESCRIPTION OF BUSINESS

### Background and Basis of Presentation

Endo International plc is an Ireland-domiciled specialty pharmaceutical company that conducts business through its operating subsidiaries. Unless otherwise indicated or required by the context, references throughout to "Endo," the "Company," "we," "our" or "us" refer to Endo International plc and its subsidiaries. The accompanying Consolidated Financial Statements of Endo International plc and its subsidiaries have been prepared in accordance with U.S. GAAP.

### Going Concern

As further discussed herein, thousands of governmental and private plaintiffs have filed suit against us and/or certain of our subsidiaries alleging opioid-related claims, most of which we have not been able to settle. As a result of the possibility or occurrence of an unfavorable outcome with respect to these proceedings, other legal proceedings and certain other risks and uncertainties, we explored a wide array of potential actions as part of our contingency planning and, as further described in the Second-Quarter 2022 Form 10-Q, we previously concluded that the related conditions and events gave rise to substantial doubt about our ability to continue as a going concern.

Subsequent to the filing of the Second-Quarter 2022 Form 10-Q, beginning on the August 16, 2022 Petition Date, the Debtors filed voluntary petitions for relief under the Bankruptcy Code, which constituted an event of default that accelerated our obligations under substantially all of our then-outstanding debt instruments. However, section 362 of the Bankruptcy Code stays creditors from taking any action to enforce the related financial obligations and creditors' rights of enforcement in respect of the debt instruments are subject to the applicable provisions of the Bankruptcy Code. Refer to Note 2. Bankruptcy Proceedings and Note 15. Debt for additional information. As a result of these conditions and events, management continues to believe there is substantial doubt about our ability to continue as a going concern within one year after the date of issuance of these Consolidated Financial Statements. The accompanying Consolidated Financial Statements have been prepared under the going concern basis of accounting as required by U.S. GAAP and do not include any adjustments that might be necessary should we be unable to continue as a going concern.

## NOTE 2. BANKRUPTCY PROCEEDINGS

### Chapter 11 Filing

As noted above, on the Petition Date, certain of the Debtors filed voluntary petitions for relief under the Bankruptcy Code. Certain additional Debtors filed voluntary petitions for relief under the Bankruptcy Code on May 25, 2023 and May 31, 2023. The Debtors have received approval from the U.S. Bankruptcy Court for the Southern District of New York (the Bankruptcy Court) to jointly administer their chapter 11 cases (the Chapter 11 Cases) for administrative purposes only pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure under the caption *In re Endo International plc, et al*. Certain entities consolidated by Endo International plc and included in these Consolidated Financial Statements are not party to the Chapter 11 Cases. These entities are collectively referred to herein as the Non-Debtor Affiliates.

The Debtors will continue to operate their businesses and manage their properties as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. As debtors-in-possession, the Debtors are generally permitted to continue to operate as ongoing businesses and pay debts and honor obligations arising in the ordinary course of their businesses after the Petition Date. However, the Debtors generally may not pay third-party claims or creditors on account of obligations arising before the Petition Date or engage in transactions outside the ordinary course of business without approval of the Bankruptcy Court. Under the Bankruptcy Code, third-party actions to collect pre-petition indebtedness owed by the Debtors, as well as most litigation pending against the Debtors as of the Petition Date, are generally subject to an automatic stay. However, under the Bankruptcy Code, certain legal proceedings, such as those involving the assertion of a governmental entity's police or regulatory powers, may not be subject to the automatic stay and may continue unless otherwise ordered by the Bankruptcy Court.

Among other requirements, chapter 11 proceedings must comply with the priority scheme established by the Bankruptcy Code, under which certain post-petition and secured or "priority" pre-petition liabilities generally need to be satisfied before general unsecured creditors and shareholders are entitled to receive any distribution.

Under the Bankruptcy Code, the Debtors may assume, modify, assign or reject certain executory contracts and unexpired leases, including, without limitation, leases of real property and equipment, subject to the approval of the Bankruptcy Court and certain other conditions. Generally, the rejection of an executory contract or unexpired lease is treated as a pre-petition breach of such executory contract or unexpired lease and, subject to certain exceptions, relieves the Debtors from performing their future obligations under such executory contract or unexpired lease but entitles the contract counterparty or lessor to a pre-petition general unsecured claim for damages caused by such deemed breach. Generally, the assumption of an executory contract or unexpired lease requires the Debtors to cure existing monetary defaults under such executory contract or unexpired lease and provide adequate assurance of future performance. Accordingly, any description of an executory contract or unexpired lease in this report, including, where applicable, the express termination rights thereunder or a quantification of obligations, must be read in conjunction with, and is qualified by, any overriding rejection rights the Debtors have under the Bankruptcy Code.

To ensure their ability to continue operating in the ordinary course of business, the Debtors have filed with the Bankruptcy Court a variety of motions seeking "first day" relief, including the authority to access cash collateral, continue using their cash management system, pay employee wages and benefits and pay vendors in the ordinary course of business. At a hearing held on August 18, 2022, the Bankruptcy Court generally approved the relief sought in these motions on an interim basis. Following subsequent hearings held on September 28, 2022, October 13, 2022 and October 19, 2022, the Bankruptcy Court entered orders approving substantially all of the relief sought on a final basis.

**Events of Default**

The August 16, 2022 bankruptcy filings by the Debtors constituted an event of default that accelerated our obligations under substantially all of our then-outstanding debt instruments. However, section 362 of the Bankruptcy Code stays creditors from taking any action to enforce the related financial obligations and creditors' rights of enforcement in respect of the debt instruments are subject to the applicable provisions of the Bankruptcy Code. Refer to Note 15. Debt for additional information.

**Restructuring Support Agreement and Marketing Process**

On August 16, 2022, we entered into a Restructuring Support Agreement (as amended, the RSA) with an ad hoc group (the Ad Hoc First Lien Group) of certain creditors holding in excess of 50% of the aggregate outstanding principal amount of Secured Debt (as defined in that certain collateral trust agreement, dated as of April 27, 2017, among Endo International plc, certain subsidiaries of Endo International plc, the other grantors from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent under the Credit Agreement (as defined below), and Wells Fargo Bank, National Association, as indenture trustee, and Wilmington Trust, National Association, as collateral trustee (the Collateral Trust Agreement)), pursuant to which, among other things, one or more entities formed in a manner acceptable to the Ad Hoc First Lien Group (the Purchaser) agreed to serve as stalking horse bidder in connection with the proposed sale of all or substantially all of our assets pursuant to section 363 of the Bankruptcy Code (the Sale).

As described in the RSA, the Purchaser's bid (the Stalking Horse Bid), which was subject to higher or otherwise better bids from other parties, included an offer to purchase substantially all of our assets for an aggregate purchase price including: (i) a credit bid in full satisfaction of the Prepetition First Lien Indebtedness (as defined in the RSA); (ii) $5 million in cash on account of certain unencumbered assets; (iii) $122 million to wind-down our operations following the Sale closing date (the Wind-Down Amount); (iv) pre-closing professional fees; and (v) the assumption of certain liabilities. As part of the Stalking Horse Bid, the Purchaser agreed to make offers of employment to all of our active employees. The proposed purchase and sale agreement with respect to the Stalking Horse Bid was filed with the Bankruptcy Court on November 23, 2022, and amended versions were subsequently filed with the Bankruptcy Court several times, including most recently on August 3, 2023.

On November 23, 2022, we filed: (i) a motion seeking Bankruptcy Court approval of bidding procedures in connection with the Sale and (ii) a motion seeking to set deadlines (bar dates) for all claimants to file claims against the Debtors. At a hearing on December 15, 2022, the Bankruptcy Court directed the Debtors and certain key parties in interest in the Chapter 11 Cases to participate in a mediation process to attempt to resolve certain objections and contested issues relating to the bidding procedures motion, the Sale and other critical matters in the Chapter 11 Cases.

In March 2023, the Debtors announced that, as a result of the mediation process, the Ad Hoc First Lien Group (and Purchaser) reached certain resolutions in principle with both the unsecured creditors' committee (the UCC) and opioid claimants' committee (the OCC) appointed in the Chapter 11 Cases and certain ad hoc groups of debtholders. These resolutions, documented in the stipulation filed with the Bankruptcy Court on March 24, 2023 (and described in further detail below), were supported by the Debtors. Following a hearing, the Bankruptcy Court entered orders on April 3, 2023 approving the bidding procedures motion (the Bidding Procedures Order) and the bar date motion, which established deadlines by which claimants must file proofs of claims with the Bankruptcy Court.

As part of the Bidding Procedures Order, the Bankruptcy Court also approved certain internal restructuring transactions under Irish law that would allow us to pursue the Sale in a tax efficient manner (the Reconstruction Steps). The Reconstruction Steps were completed on May 31, 2023, and involved, among other things: (i) the conversion from private limited companies to private unlimited

companies under Irish law of our subsidiaries Endo Ventures Limited and Endo Global Biologics Limited and their re-registration as EVU and Endo Global Biologics Unlimited (EGBU), respectively; and (ii) the transfer of the business and assets of EVU and EGBU to our newly-formed subsidiaries Operand Pharmaceuticals II Limited and Operand Pharmaceuticals III Limited.

As contemplated by the RSA, the bidding procedures order approved a marketing process and auction that was conducted under the supervision of the Bankruptcy Court, during which interested parties had an opportunity to conduct due diligence and determine whether to submit a bid to acquire the Debtors' assets. In the months following the entry of the Bidding Procedures Order, the Company conducted a robust marketing process. Following the passing of the deadline for potential bidders to submit indications of interest, on June 20, 2023, in accordance with the Bidding Procedures Order, the Company filed with the Bankruptcy Court a notice of termination of the sale and marketing process, naming the Purchaser as the Successful Bidder (as defined in the Bidding Procedures Order) and accelerating the hearing to approve the Sale from August 31, 2023 to July 28, 2023. The hearing to approve the Sale was subsequently adjourned several times as negotiations continued with our stakeholders and we explored alternative restructuring transactions.

On December 28, 2023, we filed an amended version of the RSA. The amended RSA reflects the terms of our proposed Plan (as defined and discussed in more detail below) while preserving our rights and the rights of the Ad Hoc First Lien Group to toggle back to a standalone sale under section 363 of the Bankruptcy Code.

Pursuant to the amended RSA, each of the parties agreed to, among other things, take all actions as are necessary and appropriate to facilitate the implementation and consummation of the Restructuring (as defined in the amended RSA), negotiate in good faith certain definitive documents relating to the Restructuring and obtain required approvals. In addition, we agreed to conduct our business in the ordinary course, provide notice and certain materials relating to the Restructuring to the consenting creditors' advisors and pay certain fees and expenses of the consenting creditors. The amended RSA further contemplates that the Purchaser will fund one or more trusts for parties with opioid-related claims against us, as further discussed in Note 16. Commitments and Contingencies.

The amended RSA provides certain milestones for the Restructuring. If we fail to satisfy these milestones and such failure is not the result of a breach of the amended RSA by the Required Consenting First Lien Creditors (as defined in the RSA), the Required Consenting First Lien Creditors will have the right to terminate the amended RSA. These milestones, (which may be further modified from time to time) include: (i) not later than 11:59 p.m. prevailing Eastern Time on January 17, 2024, the Bankruptcy Court shall have entered an order conditionally approving our disclosure statement and related solicitation materials; (ii) not later than 11:59 p.m. prevailing Eastern Time on March 22, 2024, the Bankruptcy Court shall have entered one or more orders confirming our Plan and approving the backstop commitment agreements and related subscription materials; and (iii) not later than 11:59 p.m. prevailing Eastern Time on April 22, 2024, the Plan shall have gone effective. The amended RSA also includes certain milestones that would apply if we toggle back to a standalone sale under section 363 of the Bankruptcy Code. As of the date of this report, milestone (i) referenced above has been satisfied. Each of the parties to the amended RSA may terminate the agreement (and thereby their support for the Plan) under certain limited circumstances, including for material breaches and materially untrue representations and warranties by their counterparties, if a governmental agency enjoins the Plan or if the purchase and sale agreement with respect to the sale contemplated by the Plan is terminated under certain circumstances.

The transactions contemplated by the amended RSA are subject to approval by the Bankruptcy Court, among other conditions. Accordingly, no assurance can be given that the transactions described therein will be consummated.

On January 12, 2024, the Bankruptcy Court entered an order conditionally approving our disclosure statement which authorized us to solicit votes on our Plan. The Bankruptcy Court also scheduled a combined hearing for: (i) final approval of the disclosure statement as containing "adequate information" as required by the Bankruptcy Code; and (ii) confirmation of the Plan for March 19, 2024.

**The Chapter 11 Proceedings**

*Cash Collateral*

As part of the RSA, the Company and the Ad Hoc First Lien Group agreed on the terms of a proposed order authorizing the Company's use of cash collateral (as modified and entered by the Bankruptcy Court on a final (amended) basis in October 2022, the Cash Collateral Order) in connection with the Chapter 11 Cases on certain terms and conditions set forth therein. The Debtors intend to use the cash collateral to, among other things, permit the orderly continuation of their businesses, pay the costs of administration of their estates and satisfy other working capital and general corporate purposes.

The Cash Collateral Order: (i) obligates the Debtors to make certain adequate protection payments during the bankruptcy proceedings, which are further discussed in Note 15. Debt of this report; (ii) establishes a budget for the Debtors' use of cash

collateral; (iii) establishes certain informational rights for the Debtors' secured creditors; (iv) provides for the waiver of certain Bankruptcy Code provisions; and (v) requires the Debtors to maintain at least $600.0 million of "liquidity," calculated at the end of each week as unrestricted cash and cash equivalents plus certain specified amounts of restricted cash associated with the TLC Agreement, which is defined and further discussed below in Note 12. License, Collaboration and Asset Acquisition Agreements.

The foregoing description of the Cash Collateral Order does not purport to be complete and is qualified in its entirety by reference to the Cash Collateral Order entered by the Bankruptcy Court in the Chapter 11 Cases.

*Claims Reconciliation Process*

In November 2022, the Debtors filed with the Bankruptcy Court schedules and statements, subject to further amendment or modification, which set forth, among other things, the assets and liabilities of each of the Debtors, subject to the assumptions filed in connection therewith.

As part of the Chapter 11 Cases, persons and entities believing that they have claims or causes of action against the Debtors may file proofs of claim evidencing such claims. As noted above, the Debtors have filed a motion seeking to set a bar date (deadline) for holders of claims to file proofs of claim (including general claims and claims of governmental units). On April 3, 2023, the Bankruptcy Court entered an order, as subsequently amended on June 23, 2023 and July 14, 2023 (the Bar Date Order) setting July 7, 2023 as the general bar date (deadline) for persons and non-governmental entities to file proofs of claim against the Debtors. The Bankruptcy Court also set May 31, 2023 as the bar date for governmental entities to file claims other than certain claims relating to opioids against the Debtors. Certain claims, including most governmental claims relating to opioids, are subject to separate bar date procedures as set forth in more detail in the Bar Date Order.

As of February 28, 2024, approximately 907,100 claims, totaling approximately $979 billion, have been filed against the Debtors, including, in certain cases, duplicate claims across multiple Debtors. For example, the IRS has filed multiple proofs of claim against several of the Debtors, as further discussed in Note 21. Income Taxes. As claims are filed, they are being evaluated for validity and compared to amounts recorded in our accounting records. Due to the voluminous number of claims received, Endo is continuing to review the proofs of claims filed in the Chapter 11 Cases to identify which, if any, additional claims constitute unresolved claims not previously known. As of the date of this report, the amounts of certain of the claims received exceed the amounts of the corresponding liabilities, if any, that we have recorded based on our assessments of the purported liabilities underlying such claims, and it is likely this will continue to be the case in future periods. We are not aware of any claims that we currently expect will require a material adjustment to the Consolidated Financial Statements.

Differences in amounts recorded and claims filed by creditors will continue to be investigated and resolved, including through the filing of objections with the Bankruptcy Court, where appropriate. The Debtors may ask the Bankruptcy Court to disallow claims that the Debtors believe are duplicative, have been later amended or superseded, are without merit, are overstated or should be disallowed for other reasons. In addition, as a result of this process, the Debtors may identify additional liabilities that will need to be recorded or reclassified to Liabilities subject to compromise in the Consolidated Balance Sheets. In light of the substantial number of claims that have been filed as of the date of this report and may be filed in the future, the claims resolution process may take considerable time to complete and may continue for the duration of the Debtors' bankruptcy proceedings.

**Resolutions in the Chapter 11 Cases**

In March 2023, the Debtors announced that, in connection with the mediation process and as referenced in an amended RSA, the Ad Hoc First Lien Group (and Purchaser) reached certain resolutions in principle with the UCC and the OCC appointed in the Chapter 11 Cases and certain ad hoc groups of debtholders. In July 2023, the Debtors announced an additional resolution between the Purchaser and the Future Claimants' Representative (the FCR). In August 2023, a resolution was reached between the Purchaser and an ad hoc group of public school district creditors (the Public School District Creditors). In September 2023, a resolution was reached between the Purchaser and certain Canadian governmental entities that had previously filed an objection to the Sale (the Canadian Provinces). In February 2024, the Debtors announced an agreed resolution with the DOJ, acting on behalf of itself and certain other agencies of the U.S. federal government. The DOJ resolution formalized the terms of the economic agreement in principle announced by the Ad Hoc First Lien Group in November 2023 and set forth certain non-economic terms mutually agreed upon by the parties. The foregoing resolutions, which are set forth in greater detail in the solicitation version of the disclosure statement filed with the Bankruptcy Court on January 16, 2024, and, in the case of the DOJ resolution, in the notice filed with the Bankruptcy Court on February 29, 2024, are supported by the Debtors.

The resolution reached with the UCC provides that, on or prior to the effective date of the Plan, the Debtors will establish a trust for the benefit of eligible general unsecured creditors. As consideration, the trust will receive, among other things: (i) $60 million in cash; (ii) up to 4.02% of equity in the Purchaser (subject to dilution by equity issued pursuant to rights offerings and under the

management incentive plan); (iii) a litigation trust, which will have the right to pursue certain estate claims and causes of action against (1) non-continuing directors and former officers (as against and subject to a maximum recovery available under certain specified insurance policies and proceeds), (2) certain third-party advisors to the Debtors, and (3) certain additional third parties, including parties to certain pre-petition transactions with the Debtors; and (iv) a rights offering for certain eligible trust beneficiaries, subject to certain subscription requirements, for up to $160 million of equity in the Purchaser. The resolution also contemplated a fee cap of $15 million for the UCC professionals for any work done between April 1, 2023 and October 31, 2023.

The resolution reached with the OCC provides that, on or prior to the effective date of the Plan, the Purchaser will create a trust for the benefit of certain private present opioid claimants (such as non-governmental entities). As consideration, the trust will receive, among other things, $119.2 million of gross cash consideration payable in three installments (subject to the Purchaser's exercise of certain prepayment options and triggers) to be distributed to eligible private present opioid claimants. An additional $0.5 million will be funded to the trust by certain third parties, for a total of $119.7 million in aggregate consideration being funded to the trust. As set forth in the amended RSA, the Purchaser has agreed, on or prior to the effective date of the Plan, to fund a trust for the benefit of certain public and tribal opioid claimants. The trust to be created pursuant to the resolution reached with the OCC is intended to be structured similarly to the public/tribal opioid trust and includes prepayment obligations triggered upon certain prepayments made to the public/tribal opioid trust. The resolution also contemplated a fee cap of $8.5 million for opioid claimants' committee hourly professionals for work done between April 1, 2023 and October 31, 2023. From November 1, 2023 through the effective date of the Plan, the OCC fees are subject to a monthly cap of $0.5 million subject to certain carve-outs and limitations pursuant to the OCC resolution.

The resolution reached with the FCR provides that, on or prior to the effective date of the Plan, the Purchaser will create personal injury trusts (the Future PI Trust) for the benefit of certain private opioid and mesh claimants whose first injury did not arise until after the applicable bar date. As consideration, the Future PI Trust will receive, among other things, $11.9 million of gross cash consideration payable in installments to be distributed to eligible private future opioid and mesh claimants.

The resolution reached with the Public School District Creditors provides that, on or prior to the effective date of the Plan, the Purchaser will fund an opioid school district recovery trust for the benefit of public school districts that elect to participate. As consideration, the trust will receive up to $3 million of gross cash consideration payable in installments to provide grants and other funding to participating school districts for the purpose of funding opioid abuse/misuse abatement or remediation programs.

The resolution reached with the Canadian Provinces provides that, on the effective date of the Plan, the Debtors will establish a trust for the benefit of the Canadian Provinces. As consideration, the trust will receive $7.3 million of gross cash consideration payable in installments expected to be used for government programs and services aimed at assisting Canadians who suffer from opioid misuse or addiction disorder.

The resolution reached with the Ad Hoc First Lien Group and the DOJ with respect to claims filed in the Chapter 11 Cases by the United States of America, acting through the United States Attorney's Office for the Southern District of New York, for and on behalf of: (i) the United States Department of Justice Civil Division's Consumer Protection Branch; (ii) the United States Attorney's Office for the Southern District of Florida; (iii) the United States Department of Justice Civil Division's Fraud Section, acting on behalf of the Office of Inspector General of the Department of Health and Human Services, the Defense Health Agency, as administrator of the TRICARE program, the Office of Personnel Management, as administrator of the Federal Employees Health Benefits program, and the VA; (iv) the IRS; (v) HHS, CMS and Indian Health Service; and (vi) the VA (collectively, the U.S. Government), including criminal, civil and tax-related claims provides for payment by Endo of $364.9 million over 10 years, or $200 million if the obligation is paid in full on the Plan effective date, plus contingent consideration of $25 million in each of 2024 through 2028 (up to $100 million in aggregate) if our Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) sufficiently exceeds defined baselines (U.S. Government Economic Settlement). The resolution further contemplates that Endo's subsidiary, EHSI, will enter into a plea agreement and civil settlement agreement in resolution of the DOJ's criminal and civil investigations of the Debtors. The plea agreement contemplates that EHSI will plead guilty to a single misdemeanor violation of the Food, Drug, and Cosmetic Act, contrary to Title 21, United States Code, Sections 331(a), 333(a)(1), and 352(f)(1). Pursuant to the plea agreement, EHSI will be subject to a criminal fine of $1,086 million, which will be treated as an allowed, general unsecured claim in the Chapter 11 Cases, and a criminal forfeiture judgment in the amount of $450 million. Pursuant to the civil settlement agreement, the Debtors agree that the U.S. Government shall have an allowed, general unsecured claim in the Chapter 11 Cases in the amount of approximately $476 million. The claims brought against the Debtors by the IRS will be deemed to be, in part, an allowed, unsubordinated priority claim and, in part, an allowed, unsubordinated general unsecured claim, each in such amount equal to the settlement amounts to be received by the IRS as allocated by the U.S. Government. The criminal fine, civil settlement agreement amount and the IRS claims will be satisfied in full by the payments made pursuant to the U.S. Government Economic Settlement. The criminal forfeiture judgment will be deemed satisfied in full by payments made to state opioid claimants pursuant to the Plan.

In connection with the resolutions, the UCC, the OCC, the FCR, the Public School District Creditors, the Canadian Provinces, the ad hoc groups of debtholders party thereto and the DOJ have agreed to support the Plan.

**Chapter 11 Plan of Reorganization**

On December 19, 2023, we filed a proposed chapter 11 plan of reorganization (as amended, including on January 5, 2024 and January 9, 2024, and including any future amendments, exhibits and supplements filed with respect thereto, the Plan) and related disclosure statement with the Bankruptcy Court. The Plan contemplates a sale of substantially all of our assets on substantially similar terms to the proposed 363 sale to the Purchaser, including the assumption of certain liabilities, and offers of employment to all of our active team members, and reflects the resolutions described above.

Under the Plan, our first lien creditors would receive 96.3% of equity in a new entity formed to acquire our assets and an opportunity to participate in a rights offering, and second lien creditors and unsecured noteholders would receive the remaining 3.7% of the equity (both subject to dilution). Second lien creditors and unsecured noteholders would also receive $23.3 million in cash, certain proceeds of litigation claims and insurance rights, and the opportunity to participate in a $160 million rights offering (which was subscribed in July 2023). Other general unsecured creditors would receive up to $2 million in cash and a small percentage of the proceeds of trust litigation claims and insurance rights, subject to certain qualifications. Opioid claimants would receive distributions from certain trusts and sub-trusts, including pursuant to the resolutions described above, as follows: $460 million in installments for state opioid claimants (subject to certain prepayment rights), $119.7 million in installments for several subclasses of private opioid claimants (subject to certain prepayment rights), up to $15 million for tribal opioid claimants and up to approximately $11.4 million for future opioid claimants. The Plan also provides for the treatment of opioid claims held by other claimants, including public school districts, Canadian provinces and foreign holders of claims against certain foreign entities who file proofs of claim against us by a date certain (but after the general bar date). The Plan contemplates that we will use the, among other things, net proceeds from a potential exit financing facility (to the extent implemented), net proceeds from proposed rights offerings, cash on hand and certain litigation consideration to fund Plan distributions.

In addition to the previously reached settlements, the Plan also incorporates the recently announced economic settlement in principle with the DOJ, described above.

The Plan also sets forth a post-reorganization governance structure and includes releases for us and certain other parties. It is subject to certain conditions precedent and confirmation by the Bankruptcy Court. We currently anticipate seeking Bankruptcy Court confirmation of our proposed Plan on March 19, 2024.

To protect our Irish entities and assets from the risk of value-destructive litigation and enforcement efforts not enjoined by the Plan, we are also proposing an Irish scheme of arrangement in parallel with the Plan to implement certain terms of the Plan as a matter of Irish law. If the scheme of arrangement is approved by the required creditors and sanctioned by the High Court of Ireland, all claims against us covered by the scheme will be completely released and discharged as a matter of Irish law.

**Bankruptcy Accounting**

As a result of the Chapter 11 Cases, we have applied the provisions of ASC 852 in preparing the accompanying Consolidated Financial Statements. ASC 852 requires that, for periods including and after the filing of a chapter 11 petition, the Consolidated Financial Statements distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business.

Accordingly, for periods beginning with the third quarter of 2022, pre-petition unsecured and undersecured claims related to the Debtors that may be impacted by the bankruptcy reorganization process have been classified as Liabilities subject to compromise in the Consolidated Balance Sheets. Liabilities subject to compromise include pre-petition liabilities for which there is uncertainty about whether such pre-petition liabilities could be impaired as a result of the Chapter 11 Cases. Liabilities subject to compromise are recorded at the expected amount of the total allowed claim, even if they may ultimately be settled for different amounts. The following table sets forth, as of December 31, 2023 and 2022, information about the amounts presented as Liabilities subject to compromise in our Consolidated Balance Sheets (in thousands):

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Accounts payable | $ 32,281 | $ 30,317 |
| Accrued interest | 160,617 | 160,617 |
| Debt | 8,147,826 | 7,834,717 |
| Litigation accruals | 2,431,455 | 820,805 |
| Uncertain tax positions | 259,611 | 235,176 |
| Other (1) | 64,078 | 87,150 |
| Total | $ 11,095,868 | $ 9,168,782 |

| | December 31, 2023 | December 31, 2022 |
|---|---|---|

(1) Amounts include operating and finance lease liabilities as further described in Note 9. Leases, acquisition-related contingent consideration liabilities as further described in Note 7. Fair Value Measurements and a variety of other miscellaneous liabilities.

The determination of how liabilities will ultimately be settled or treated cannot be made until the Plan is confirmed by the Bankruptcy Court. Therefore, the amounts in the table above are preliminary and may be subject to future adjustments as a result of, among other things, the possibility or occurrence of certain Bankruptcy Court actions, further developments with respect to disputed claims, any rejection by us of executory contracts and/or any payments by us of amounts classified as Liabilities subject to compromise, which may be allowed in certain limited circumstances. Amounts are also subject to adjustments if we make changes to our assumptions or estimates related to claims as additional information becomes available to us including, without limitation, those related to the expected amounts of allowed claims, the value of any collateral securing claims and the secured status of claims. Such adjustments may be material. Additionally, as a result of our ongoing bankruptcy proceedings, we may sell or otherwise dispose of or liquidate assets or settle liabilities for amounts other than those reflected in the accompanying Consolidated Financial Statements. The possibility or occurrence of any such actions could materially impact the amounts and classifications of such assets and liabilities reported in our Consolidated Balance Sheets and could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Certain expenses, gains and losses resulting from and recognized during our bankruptcy proceedings are now being recorded in Reorganization items, net in our Consolidated Statements of Operations. The following table sets forth, for the years ended December 31, 2023 and 2022, information about the amounts presented as Reorganization items, net in our Consolidated Statements of Operations (in thousands):

| | 2023 | 2022 |
|---|---|---|
| Professional fees | $ 264,093 | $ 113,781 |
| Debt valuation adjustments | 905,868 | 89,197 |
| Total | $ 1,169,961 | $ 202,978 |

During the years ended December 31, 2023 and 2022, our operating cash flows included net cash outflows of $261.3 million and $53.7 million, respectively, related to amounts classified or expected to be classified as Reorganization items, net, which primarily consisted of payments for professional fees.

Refer also to Note 15. Debt for information about the non-cash debt valuation adjustments reflected in Reorganization items, net, as well as how our bankruptcy proceedings and certain related developments have affected our debt service payments and how such payments are being reflected in our Consolidated Financial Statements.

### Nasdaq Delisting

On August 17, 2022, we received a letter (the Notice) from The Nasdaq Stock Market LLC (Nasdaq) stating that, in accordance with Nasdaq Listing Rules 5101, 5110(b) and IM-5101-1, Nasdaq had determined that Endo's ordinary shares would be delisted. In accordance with the Notice, trading of Endo's ordinary shares was suspended at the opening of business on August 26, 2022. As a result, Endo's ordinary shares began trading exclusively on the over-the-counter market on August 26, 2022. On the over-the-counter market, Endo's ordinary shares, which previously traded on the Nasdaq Global Select Market under the symbol ENDP, began to trade under the symbol ENDPQ. On September 14, 2022, Nasdaq filed a Form 25-NSE with the SEC and Endo's ordinary shares were subsequently delisted from the Nasdaq Global Select Market. On December 13, 2022, Endo's ordinary shares were deregistered under Section 12(b) of the Exchange Act.

## NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Significant Accounting Policies

***Consolidation and Basis of Presentation***. The Consolidated Financial Statements include the accounts of wholly-owned subsidiaries after the elimination of intercompany accounts and transactions.

***Reclassifications***. Certain prior period amounts have been reclassified to conform to the current period presentation.

***Bankruptcy Accounting.*** Refer to Note 2. Bankruptcy Proceedings under the heading "Bankruptcy Accounting" for a discussion of accounting considerations related to our ongoing bankruptcy proceedings.

***Use of Estimates***. The preparation of our Consolidated Financial Statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the amounts and disclosures in our Consolidated Financial Statements, including the Notes thereto, and elsewhere in this report. For example, we are required to make significant estimates and assumptions related to revenue recognition, including sales deductions, long-lived assets, goodwill, other intangible assets, income taxes, contingencies, financial instruments, share-based compensation, estimated allowed claim amounts, liabilities subject to compromise and reorganization items, net, among others. Some of these estimates can be subjective and complex. Uncertainties related to the magnitude and duration of potential public health crises, like the recent COVID-19 pandemic, and epidemics, the extent to which it may impact our estimated future financial results, worldwide macroeconomic conditions including interest rates, employment rates, consumer spending and health insurance coverage, among others, have increased the complexity of developing these estimates, including the allowance for expected credit losses and the carrying amounts of long-lived assets, goodwill and other intangible assets. Additionally, as a result of our ongoing bankruptcy proceedings, we may sell or otherwise dispose of or liquidate assets or settle liabilities for amounts other than those reflected in the accompanying Consolidated Financial Statements. The possibility or occurrence of any such actions could materially impact the amounts and classifications of such assets and liabilities reported in our Consolidated Balance Sheets. Furthermore, our ongoing bankruptcy proceedings and our anticipated sale process in connection with the Plan have resulted in and are likely to continue to result in significant changes to our business, which could ultimately result in, among other things, asset impairment charges that may be material. Although we believe that our estimates and assumptions are reasonable, there may be other reasonable estimates or assumptions that differ significantly from ours. Further, our estimates and assumptions are based upon information available at the time they were made. Actual results may differ significantly from our estimates, including as a result of the uncertainties described in this report, those described in our other reports filed with the SEC or other uncertainties.

We regularly evaluate our estimates and assumptions using historical experience and other factors, including the economic environment. As future events and their effects cannot be determined with precision, our estimates and assumptions may prove to be incomplete or inaccurate, or unanticipated events and circumstances may occur that might cause us to change those estimates and assumptions. Market conditions, such as illiquid credit markets, volatile equity markets, dramatic fluctuations in foreign currency rates and economic downturns, can increase the uncertainty already inherent in our estimates and assumptions. We also are subject to other risks and uncertainties that may cause actual results to differ from estimated amounts, such as changes in the healthcare environment, competition, litigation, legislation and regulations. We adjust our estimates and assumptions when facts and circumstances indicate the need for change. Those changes generally will be reflected in our Consolidated Financial Statements on a prospective basis.

***Customer, Product and Supplier Concentration***. We primarily sell our products to wholesalers, retail drug store chains, supermarket chains, mass merchandisers, distributors, mail order accounts, hospitals and/or government agencies. Our wholesalers and/or distributors purchase products from us and, in turn, supply products to retail drug store chains, independent pharmacies, hospitals, long-term care facilities, clinics, home infusion pharmacies, government facilities and MCOs. Net revenues from direct customers that accounted for 10% or more of our total consolidated net revenues during the years ended December 31, 2023, 2022 and 2021 are as follows:

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Cencora, Inc. (1) | 29% | 35% | 36% |
| McKesson Corporation | 25% | 26% | 32% |
| Cardinal Health, Inc. | 17% | 20% | 22% |
| CVS Health Corporation (1) | 16% | 4% | — % |

(1) During the second quarter of 2022, CVS Health Corporation finalized the acquisition of US Bioservices from Cencora, Inc. (known as AmerisourceBergen Corporation at the time).

Net revenues from these customers are generally included within each of our segments.

XIAFLEX® accounted for 24%, 19% and 14% of our 2023, 2022 and 2021 net revenues, respectively. Varenicline tablets (our generic version of Pfizer Inc.'s Chantix®) accounted for 13% of our 2022 net revenues. VASOSTRICT® accounted for 11% and 30% of our 2022 and 2021 net revenues, respectively. No other products accounted for 10% or more of our net revenues during any of the years ended December 31, 2023, 2022 and 2021.

We have agreements with certain third parties for the manufacture, supply and processing of certain of our existing pharmaceutical products. See Note 16. Commitments and Contingencies for information on any material manufacturing, supply and other service agreements.

We are subject to risks and uncertainties associated with these concentrations that could have a material adverse effect on our business, financial condition, results of operations and cash flows in future periods, including in the near term.

***Revenue Recognition and Sales Deductions***. With respect to contracts with commercial substance that establish payment terms and each party's rights regarding goods or services to be transferred, we recognize revenue when (or as) we satisfy our performance obligations for such contracts by transferring control of the underlying promised goods or services to our customers, to the extent collection of substantially all of the related consideration is probable. The amount of revenue we recognize reflects our estimate of the consideration we expect to be entitled to receive, subject to certain constraints, in exchange for such goods or services. This amount is referred to as the transaction price.

Our revenue consists almost entirely of sales of our products to customers, whereby we ship products to a customer pursuant to a purchase order. For contracts such as these, revenue is recognized when our contractual performance obligations have been fulfilled and control has been transferred to the customer pursuant to the contract's terms, which is generally upon delivery to the customer. The amount of revenue we recognize is equal to the fixed amount of the transaction price, adjusted for our estimates of a number of significant variable components including, but not limited to, estimates for chargebacks, rebates, sales incentives and allowances, DSA and other fees for services, returns and allowances, which we collectively refer to as sales deductions.

The Company utilizes the expected value method when estimating the amount of variable consideration to include in the transaction price with respect to each of the foregoing variable components and the most likely amount method when estimating the amount of variable consideration to include in the transaction price with respect to future potential milestone payments that do not qualify for the sales- and usage-based royalty exception. Variable consideration is included in the transaction price only to the extent it is probable that a significant revenue reversal will not occur when the uncertainty associated with the variable consideration is resolved. Payment terms for these types of contracts generally fall within 30 to 120 days of invoicing.

At December 31, 2023 and 2022, our reserves for sales deductions totaled $434.0 million and $600.2 million, respectively. These amounts relate primarily to our estimates of unsettled obligations for returns and allowances, rebates and chargebacks. The most significant sales deduction reserves relate to returns, wholesaler chargebacks and rebates for the Sterile Injectables and Generic Pharmaceuticals segments. Our estimates are based on factors such as our direct and indirect customers' buying patterns and the estimated resulting contractual deduction rates, historical experience, specific known market events and estimated future trends, current contractual and statutory requirements, industry data, estimated customer inventory levels, current contract sales terms with our direct and indirect customers and other competitive factors. Significant judgment and estimation is required in developing the foregoing and other relevant assumptions. The most significant sales deductions are further described below.

*Returns and Allowances*—Consistent with industry practice, we maintain a return policy that allows our customers to return products within a specified period of time both subsequent to and, in certain cases, prior to the products' expiration dates. Our return policy generally allows customers to receive credit for expired products within six months prior to expiration and within between six months and one year after expiration. Our provision for returns and allowances consists of our estimates for future product returns, pricing adjustments and delivery errors.

*Rebates*—Our provision for rebates, sales incentives and other allowances can generally be categorized into the following four types:

- direct rebates;
- indirect rebates;
- governmental rebates, including those for Medicaid, Medicare and TRICARE, among others; and
- managed-care rebates.

We establish contracts with wholesalers, chain stores and indirect customers that provide for rebates, sales incentives, DSA fees and other allowances. Some customers receive rebates upon attaining established sales volumes. Direct rebates are generally rebates paid to direct purchasing customers based on a percentage applied to a direct customer's purchases from us, including fees paid to wholesalers under our DSAs, as described above. Indirect rebates are rebates paid to indirect customers that have purchased our products from a wholesaler or distributor under a contract with us.

We are subject to rebates on sales made under governmental and managed-care pricing programs based on relevant statutes with respect to governmental pricing programs and contractual sales terms with respect to managed-care providers and GPOs. For example, we are required to provide a discount on certain of our products to patients who fall within the Medicare Part D coverage gap, also referred to as the donut hole.

We participate in various federal and state government-managed programs whereby discounts and rebates are provided to participating government entities. For example, Medicaid rebates are amounts owed based upon contractual agreements or legal requirements with public sector (Medicaid) benefit providers after the final dispensing of the product by a pharmacy to a benefit plan participant.

*Chargebacks*—We market and sell products to both: (i) direct customers including wholesalers, distributors, warehousing pharmacy chains and other direct purchasing entities and (ii) indirect customers including independent pharmacies, non-warehousing chains, MCOs, GPOs, hospitals and other healthcare institutions and government entities. We enter into agreements with certain of our indirect customers to establish contract pricing for certain products. These indirect customers then independently select a wholesaler from which to purchase the products at these contracted prices. Alternatively, we may pre-authorize wholesalers to offer specified contract pricing to other indirect customers. Under either arrangement, we provide credit to the wholesaler for any difference between the contracted price with the indirect customer and the wholesaler's invoice price. Such credit is called a chargeback.

***Contract Assets and Contract Liabilities***. Contract assets represent our right to consideration in exchange for goods or services that we have transferred when that right is conditioned on something other than the passage of time. We record income and a corresponding contract asset when we fulfill a contractual performance obligation, but must also fulfill one or more additional performance obligations before being entitled to payment. Once our right to consideration becomes unconditional, the contract asset amount is reclassified as Accounts receivable.

Contract liabilities represent our obligation to transfer goods or services to a customer. We record a contract liability generally upon receipt of consideration in advance of fulfilling one or more of our contractual performance obligations. Upon completing each performance obligation, the corresponding contract liability amount is reversed and income is recognized.

Contract assets and liabilities related to rights and obligations arising from a single contract, or a series of contracts combined and accounted for as a single contract, are generally presented on a net basis. Contract assets and liabilities are further described in Note 13. Contract Assets and Liabilities.

***Acquisitions***. We evaluate acquisitions of assets and other similar transactions to assess whether or not the transaction should be accounted for as a business combination or asset acquisition by first applying a screen test to determine whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If so, the transaction is accounted for as an asset acquisition. If not, further determination is required as to whether or not we have acquired inputs and processes that have the ability to create outputs, which would meet the definition of a business. Significant judgment is required in the application of the screen test to determine whether an acquisition is a business combination or an acquisition of assets.

Acquisitions meeting the definition of business combinations are accounted for using the acquisition method of accounting, which requires that the purchase price be allocated to the net assets acquired at their respective fair values. In a business combination, any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.

For asset acquisitions, a cost accumulation model is used to determine the cost of an asset acquisition. Direct transaction costs are recognized as part of the cost of an asset acquisition. We also evaluate which elements of a transaction should be accounted for as a part of an asset acquisition and which should be accounted for separately. The cost of an asset acquisition, including transaction costs, is allocated to identifiable assets acquired and liabilities assumed based on a relative fair value basis. Goodwill is not recognized in an asset acquisition. Any difference between the cost of an asset acquisition and the fair value of the net assets acquired is allocated to the non-monetary identifiable assets based on their relative fair values.

The accounting for costs associated with acquiring in-process research and development assets, including contractual upfront and milestone payments to third parties, is further discussed below.

***R&D***. Expenditures for R&D are expensed as incurred and included as Research and development in the Consolidated Statements of Operations. Such expenses include, among other things, the costs of discovery research, preclinical development, early- and late-clinical development and drug formulation, clinical trials, materials and medical support of marketed products. R&D spending also includes enterprise-wide costs which support our overall R&D infrastructure. Property, plant and equipment that are acquired or constructed for R&D activities and that have alternate future uses are capitalized and depreciated over their estimated useful lives on a straight-line basis. The accounting for costs associated with acquiring in-process research and development assets, including contractual upfront and milestone payments to third parties, is further discussed below.

***Cash and Cash Equivalents***. The Company considers all highly liquid money market instruments with an original maturities of three months or less when purchased to be cash equivalents. At December 31, 2023 and 2022, cash equivalents were deposited in

financial institutions and consisted almost entirely of immediately available fund balances. The Company maintains its cash deposits and cash equivalents with financial institutions it believes to be well-known and stable.

***Restricted Cash and Cash Equivalents***. Cash and cash equivalents that are restricted as to withdrawal or use under the terms of certain contractual agreements are excluded from Cash and cash equivalents in the Consolidated Balance Sheets. For additional information see Note 7. Fair Value Measurements.

***Accounts Receivable***. Our accounts receivable balance is stated at amortized cost less an allowance determined using the expected credit loss model. In addition, our accounts receivable balance is reduced by certain sales deduction reserves where we have the right of offset with the customer. We generally do not require collateral.

***Concentrations of Credit Risk and Credit Losses***. Financial instruments that potentially subject us to significant concentrations of credit risk consist primarily of cash equivalents, restricted cash equivalents and accounts receivable. From time to time, we invest our excess cash in high-quality, liquid money market instruments maintained by major banks and financial institutions. We have not experienced any losses on our cash equivalents.

With respect to our accounts receivable, we have no history of significant losses. Approximately 81% and 83% of our gross trade accounts receivable balances represent amounts due from three customers (Cardinal Health, Inc., McKesson Corporation and Cencora, Inc.) at December 31, 2023 and December 31, 2022, respectively. We perform ongoing credit evaluations of these and our other customers based on information available to us. We consider these and other factors, including changes in the composition and aging of our accounts receivable, in developing our allowance for expected credit losses. The estimated allowance was not material to the Company's Consolidated Financial Statements at December 31, 2023 or December 31, 2022, nor were the changes to the allowance during any of the periods presented.

We do not currently expect our current or future exposures to credit losses to have a significant impact on us. However, our customers' ability to pay us on a timely basis, or at all, could be affected by factors specific to their respective businesses and/or by economic conditions, the extent of which cannot be fully predicted.

***Inventories***. Inventories consist of raw materials, work-in-process and finished goods. Inventory that is in excess of the amount expected to be sold within one year is classified as long-term inventory and is recorded in Other assets in the Consolidated Balance Sheets. The Company capitalizes inventory costs associated with certain products prior to regulatory approval and product launch when it is reasonably certain, based on management's judgment of future commercial use and net realizable value, that the pre-launch inventories will be saleable. The determination to capitalize is made on a product-by-product basis. The Company could be required to write down previously capitalized costs related to pre-launch inventories upon a change in such judgment, a denial or delay of approval by regulatory bodies, a delay in commercialization or other potential factors. Our inventories are stated at the lower of cost or net realizable value.

Cost is determined by the first-in, first-out method. It includes materials, direct labor and an allocation of overhead, but excludes certain period charges and unallocated overheads that are charged to expense in the period in which they are incurred. Unallocated overheads can occur as a consequence of abnormally low production or idle facilities.

Net realizable value is determined by the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. When necessary, we write-down inventories to net realizable value based on forecasted demand and market and regulatory conditions, which may differ from actual results.

***Property, Plant and Equipment.*** Property, plant and equipment is generally stated at cost less accumulated depreciation. Major improvements are capitalized, while routine maintenance and repairs are expensed as incurred. Costs incurred during the construction or development of property, plant and equipment are capitalized as assets under construction. Once an asset has been placed into service, depreciation expense is taken on a straight-line basis over the estimated useful life of the related assets or, in the case of leasehold improvements and finance lease assets, over the shorter of the estimated useful life and the lease term. As of December 31, 2023, the useful lives of our property, plant and equipment range from 1 year to up to 30 years for buildings, 15 years for machinery and equipment, 10 years for computer equipment and software and 10 years for furniture and fixtures. Depreciation expense is not recorded on assets held for sale. Gains and losses on disposals are included in Other income, net in the Consolidated Statements of Operations. As further described below under the heading "Long-Lived Asset Impairment Testing," our property plant and equipment assets are also subject to impairment reviews.

***Computer Software***. The Company capitalizes certain costs incurred in connection with obtaining or developing internal-use software, including external direct costs of material and services, and payroll costs for employees directly involved with the software development. Capitalized software costs are included in Property, plant and equipment, net in the Consolidated Balance Sheets and depreciated beginning when the software project is substantially complete and the asset is ready for its intended use. Costs incurred

during the preliminary project stage and post-implementation stage, as well as maintenance and training costs, are expensed as incurred.

***Lease Accounting***. Whenever the Company enters into a new arrangement, it must determine, at the inception date, whether the arrangement is or contains a lease. This determination generally depends on whether the arrangement conveys to the Company the right to control the use of an explicitly or implicitly identified asset for a period of time in exchange for consideration. Control of an underlying asset is conveyed to the Company if the Company obtains the rights to direct the use of and to obtain substantially all of the economic benefits from using the underlying asset.

If a lease exists, the Company must then determine the separate lease and nonlease components of the arrangement. Each right to use an underlying asset conveyed by a lease arrangement should generally be considered a separate lease component if it both: (i) can benefit the Company without depending on other resources not readily available to the Company and (ii) does not significantly affect and is not significantly affected by other rights of use conveyed by the lease. Aspects of a lease arrangement that transfer other goods or services to the Company but do not meet the definition of lease components are considered nonlease components. The consideration owed by the Company pursuant to a lease arrangement is generally allocated to each lease and nonlease component for accounting purposes. However, the Company has elected, for all of its leases, to not separate lease and nonlease components. Each lease component is accounted for separately from other lease components, but together with the associated nonlease components.

For each lease, the Company must then determine the lease term, the present value of lease payments and the classification of the lease as either an operating or finance lease.

The lease term is the period of the lease not cancellable by the Company, together with periods covered by: (i) renewal options the Company is reasonably certain to exercise; (ii) termination options the Company is reasonably certain not to exercise; and (iii) renewal or termination options that are controlled by the lessor.

The present value of lease payments is calculated based on:

- Lease payments—Lease payments include fixed and certain variable payments, less lease incentives, together with amounts probable of being owed by the Company under residual value guarantees and, if reasonably certain of being paid, the cost of certain renewal options and early termination penalties set forth in the lease arrangement. Lease payments exclude consideration that is not related to the transfer of goods and services to the Company.
- Discount rate—The discount rate must be determined based on information available to the Company upon the commencement of a lease. Lessees are required to use the rate implicit in the lease whenever such rate is readily available; however, as the implicit rate in the Company's leases is generally not readily determinable, the Company generally uses the hypothetical incremental borrowing rate it would have to pay to borrow an amount equal to the lease payments, on a collateralized basis, over a timeframe similar to the lease term.

In making the determination of whether a lease is an operating lease or a finance lease, the Company considers the lease term in relation to the economic life of the leased asset, the present value of lease payments in relation to the fair value of the leased asset and certain other factors, including the lessee's and lessor's rights, obligations and economic incentives over the term of the lease.

Generally, upon the commencement of a lease, the Company will record a lease liability and a right-of-use asset. However, the Company has elected, for all underlying assets with initial lease terms of twelve months or less (known as short-term leases), to not recognize a lease liability or right-of-use asset. Lease liabilities are initially recorded at lease commencement as the present value of future lease payments. Right-of-use assets are initially recorded at lease commencement as the initial amount of the lease liability, together with the following, if applicable: (i) initial direct costs incurred by the lessee and (ii) lease payments made by the lessor, net of lease incentives received, prior to lease commencement.

Over the lease term, the Company generally increases its lease liabilities using the effective interest method and decreases its lease liabilities for lease payments made. For finance leases, amortization expense and interest expense are recognized separately in the Consolidated Statements of Operations, with amortization expense generally recorded on a straight-line basis over the lease term and interest expense recorded using the effective interest method. For operating leases, a single lease cost is generally recognized in the Consolidated Statements of Operations on a straight-line basis over the lease term unless an impairment has been recorded with respect to a leased asset. Lease costs for short-term leases not recognized in the Consolidated Balance Sheets are recognized in the Consolidated Statements of Operations on a straight-line basis over the lease term. Variable lease costs not initially included in the lease liability and right-of-use asset impairment charges are expensed as incurred. Right-of-use assets are assessed for impairment, similar to other long-lived assets.

***Cloud Computing Arrangements***. The Company may from time to time incur costs in connection with hosting arrangements that are service contracts. The Company capitalizes any such implementation costs, expenses them over the terms of the respective hosting arrangements and subjects them to impairment testing consistent with other long-lived assets.

***Finite-Lived Intangible Assets***. Our finite-lived intangible assets consist of license rights and developed technology. Upon acquisition, intangible assets are generally initially recorded at fair value if acquired in a business combination, or at cost if otherwise. There are several methods that can be used to determine fair value. For intangible assets, we typically use an income approach. This approach starts with our forecast of all of the expected future net cash flows. Revenues are estimated based on relevant market size and growth factors, expected industry trends, individual project life cycles and, if applicable, the life of any estimated period of marketing exclusivity, such as that granted by a patent. The pricing, margins and expense levels of similar products are considered if available. For certain licensed assets, our estimates of future cash flows consider periods covered by renewal options to the extent we have the intent and ability, at the date of the estimate, to renew the underlying license agreements. These cash flows are then adjusted to present value by applying an appropriate discount rate that reflects the risk factors associated with the cash flow streams.

To the extent an intangible asset is deemed to have a finite life and to be held and used, it is amortized over its estimated useful life using either the straight-line method or, in the case of certain developed technology assets, an accelerated amortization model. The values of these various assets are subject to continuing scientific, medical and marketplace uncertainty. Factors giving rise to our initial estimate of useful lives are subject to change. Significant changes to any of these factors may result in adjustments to the useful life of the asset and an acceleration of related amortization expense, which could cause our net income and net income per share to decrease. Amortization expense is not recorded on assets held for sale.

As further described under the heading “Long-Lived Asset Impairment Testing,” our finite-lived intangible assets are also subject to impairment reviews.

***Developed Technology***. Our developed technology assets subject to amortization have useful lives ranging from 6 years to 16 years, with a weighted average useful life of approximately 12 years. We determine amortization periods and methods of amortization for developed technology assets based on our assessment of various factors impacting estimated useful lives and the timing and extent of estimated cash flows of the acquired assets, including the strength of the intellectual property protection of the product (if applicable), contractual terms and various other competitive and regulatory issues.

***License Rights***. Our license rights subject to amortization have useful lives ranging from 7 years to 15 years, with a weighted average useful life of approximately 14 years. We determine amortization periods for licenses based on our assessment of various factors including the expected launch date of the product, the strength of the intellectual property protection of the product (if applicable), contractual terms and various other competitive, developmental and regulatory issues.

***Long-Lived Asset Impairment Testing***. Long-lived assets, including property, plant and equipment and finite-lived intangible assets, are assessed for impairment whenever events or changes in circumstances indicate the assets may not be recoverable. Recoverability of an asset that will continue to be used in our operations is measured by comparing the carrying amount of the asset to the forecasted undiscounted future cash flows related to the asset. In the event the carrying amount of the asset exceeds its undiscounted future cash flows and the carrying amount is not considered recoverable, impairment may exist. An impairment loss, if any, is measured as the excess of the asset’s carrying amount over its fair value, generally based on a discounted future cash flow method, independent appraisals or offers from prospective buyers. An impairment loss would be recognized in the Consolidated Statements of Operations in the period that the impairment occurs.

In the case of long-lived assets to be disposed of by sale or otherwise, including assets held for sale, the assets and the associated liabilities to be disposed of together as a group in a single transaction (the disposal group) are measured at the lower of their carrying amount or fair value less cost to sell. Prior to disposal, losses are recognized for any initial or subsequent write-down to fair value less cost to sell, while gains are recognized for any subsequent increase in fair value less cost to sell, but not in excess of any cumulative losses previously recognized. Any gains or losses not previously recognized that result from the sale of a disposal group shall be recognized at the date of sale.

***Acquired in-Process Research and Development Assets***. Acquired in-process research and development charges are generally recognized in periods in which in-process research and development assets (with no alternative future use in other research and development projects) are acquired from third parties in connection with an asset acquisition, or when costs are incurred (up to the point of regulatory approval) for upfront or milestone payments to third parties associated with in-process research and development. Otherwise, acquired in-process research and development assets are generally recognized as indefinite-lived intangible assets. Such assets are generally initially recorded at fair value if acquired in a business combination, or at cost if otherwise. Any indefinite-lived intangible assets are not subject to amortization. Instead, they are tested for impairment annually, as of October 1, and when events or changes in circumstances indicate that the asset might be impaired. If the fair value of the intangible assets is less than its carrying

amount, an impairment loss is recognized for the difference. Assets that receive regulatory approval are reclassified and accounted for as finite-lived intangible assets.

***Goodwill***. While amortization expense is not recorded on goodwill, goodwill is subject to impairment reviews. An impairment assessment is conducted as of October 1, or more frequently whenever events or changes in circumstances indicate that the asset might be impaired.

We perform the goodwill impairment test by estimating the fair value of the reporting units using an income approach that utilizes a discounted cash flow model or, where appropriate, a market approach. Any goodwill impairment charge we recognize for a reporting unit is equal to the lesser of: (i) the total goodwill allocated to that reporting unit and (ii) the amount by which that reporting unit's carrying amount exceeds its fair value.

***Contingencies***. The Company is subject to various patent challenges, product liability claims, government investigations and other legal proceedings in the ordinary course of business. Contingent accruals and legal settlements are recorded in the Consolidated Statements of Operations as Litigation-related and other contingencies, net (or as Discontinued operations, net of tax in the case of vaginal mesh matters) when the Company determines that a loss is both probable and reasonably estimable. Legal fees and other expenses related to litigation are expensed as incurred and are generally included in Selling, general and administrative expenses in the Consolidated Statements of Operations (or as Discontinued operations, net of tax in the case of vaginal mesh matters).

Due to the fact that legal proceedings and other contingencies are inherently unpredictable, our estimates of the probability and amount of any such liabilities involve significant judgment regarding future events.

The Company records receivables from its insurance carriers only when the realization of the potential claim for recovery is considered probable.

***Contingent Consideration***. Certain of the Company's acquisitions involve the potential for future payment of consideration that is contingent upon the occurrence of a future event, such as: (i) the achievement of specified regulatory, operational and/or commercial milestones or (ii) royalty payments, such as those relating to future product sales. Contingent consideration liabilities related to an asset acquisition are initially recorded when considered probable and reasonably estimable, which may occur subsequent to the acquisition date. Subsequent changes in the recorded amounts are generally recorded as adjustments to the cost of the acquired assets. Contingent consideration liabilities related to a business combination are initially recorded at fair value on the acquisition date using unobservable inputs. These inputs include the estimated amount and timing of projected cash flows, the probability of success (achievement of the contingent event) and the risk-adjusted discount rate used to present value the probability-weighted cash flows. Subsequent to the acquisition date, at each reporting period, the Company remeasures its contingent consideration liabilities to their current estimated fair values, with changes recorded in earnings. Changes to any of the inputs used in determining fair value may result in fair value adjustments that differ significantly from the actual remeasurement adjustments recognized.

***Share Repurchases***. The Company accounts for the repurchase of ordinary shares, if any, at par value. Under applicable Irish law, ordinary shares repurchased are retired and not displayed separately as treasury stock. Upon retirement of the ordinary shares, the Company records the difference between the weighted average cost of such ordinary shares and the par value of the ordinary shares as an adjustment to Accumulated deficit in the Consolidated Balance Sheets.

***Advertising Costs***. Advertising costs are expensed as incurred and included in Selling, general and administrative expenses in the Consolidated Statements of Operations. Advertising costs amounted to $98.2 million, $130.4 million and $136.8 million for the years ended December 31, 2023, 2022 and 2021, respectively.

***Cost of Revenues***. Cost of revenues includes all costs directly related to bringing both purchased and manufactured products to their final selling destination. Amounts include purchasing and receiving costs, direct and indirect costs to manufacture products including direct materials, direct labor and direct overhead expenses necessary to acquire and convert purchased materials and supplies into finished goods, royalties paid or owed by Endo on certain in-licensed products, inspection costs, depreciation of certain property, plant and equipment, amortization of intangible assets, lease costs, warehousing costs, freight charges, costs to operate our equipment and other shipping and handling costs, among others.

***Restructuring***. Restructuring charges related to nonretirement postemployment benefits that fall under *Accounting Standards Codification Topic 712, Compensation—Nonretirement Postemployment Benefits* are recognized when the severance liability is determined to be probable of being paid and reasonably estimable. One-time benefits related to restructurings, if any, are recognized in accordance with *Accounting Standards Codification Topic 420, Exit or Disposal Cost Obligations* when the programs are approved, the affected employees are identified, the terms of the arrangement are established, it is determined changes to the plan are unlikely to occur and the arrangements are communicated to employees. Other restructuring costs are generally expensed as incurred.

***Share-Based Compensation***. From time to time, the Company granted share-based compensation awards to certain employees and non-employee directors. Generally, the grant-date fair value of each award was recognized as expense over the requisite service period. However, expense recognition differed in the case of certain performance share units (PSUs) where the ultimate payout was performance-based. For these awards, at each reporting period, the Company generally estimated the ultimate payout and adjusted the cumulative expense based on its estimate and the percent of the requisite service period that elapsed. Share-based compensation expense was reduced for estimated future forfeitures. These estimates were revised in future periods if actual forfeitures differed from the estimates. Changes in forfeiture estimates impacted compensation expense in the period in which the change in estimate occurs. New ordinary shares are generally issued upon the exercise of stock options or vesting of stock awards by employees and non-employee directors. Refer to Note 19. Share-based Compensation for additional discussion.

***Foreign Currency***. The Company operates in various jurisdictions both inside and outside of the U.S. While the Company's reporting currency is the U.S. dollar, the Company has concluded that certain of its distinct and separable operations have functional currencies other than the U.S. dollar. Further, certain of the Company's operations hold assets and liabilities and recognize income and expenses denominated in various local currencies, which may differ from their functional currencies.

Assets and liabilities are first remeasured from local currency to functional currency, generally using end-of-period exchange rates. Foreign currency income and expenses are generally remeasured using average exchange rates in effect during the year. In the case of nonmonetary assets and liabilities such as inventories, prepaid expenses, property, plant and equipment, goodwill and other intangible assets, and related income statement amounts, such as depreciation expense, historical exchange rates are used for remeasurement. The net effect of remeasurement is included in Other income, net in the Consolidated Statements of Operations.

As part of the Company's consolidation process, assets and liabilities of entities with functional currencies other than the U.S. dollar are translated into U.S. dollars at end-of-period exchange rates. Income and expenses are translated using average exchange rates in effect during the year. The net effect of translation, as well as any foreign currency gains or losses on intercompany transactions considered to be of a long-term investment nature, are recognized as foreign currency translation, a component of Other comprehensive income (loss). Upon the sale or liquidation of an investment in a foreign operation, the Company records a reclassification adjustment out of Other comprehensive income (loss) for the corresponding accumulated amount of foreign currency translation gain or loss.

***Income Taxes***. The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. The Company records net deferred tax assets to the extent it believes these assets will more likely than not be realized. In making such a determination, the Company considers all available positive and negative evidence, including projected future taxable income, tax-planning strategies and results of recent operations. In the event that the Company were to determine that it would be able to realize its deferred tax assets in the future in excess of their net recorded amount, the Company would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income tax.

The Company records unrecognized income tax positions (UTPs) on the basis of a two-step process whereby the Company first determines whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position and then measures those tax positions that meet the more-likely-than-not recognition threshold. The Company recognizes the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with the tax authority. The Company generally recognizes changes in UTPs, interest and penalties in the Income tax expense line in the Consolidated Statements of Operations. Refer to Note 21. Income Taxes for information about the classification of liabilities related to UTPs, including interest and penalties, in the Consolidated Balance Sheets.

***Comprehensive Income***. Comprehensive income or loss includes all changes in equity during a period except those that resulted from investments by or distributions to a company's shareholders. Other comprehensive income or loss refers to revenues, expenses, gains and losses that are included in comprehensive income, but excluded from net income as these amounts are recorded directly as an adjustment to shareholders' equity.

***Government Assistance Transactions***. We are party to the U.S. Government Cooperative Agreement (as defined and discussed in more detail below). Under the terms of the U.S. Government Cooperative Agreement, our Rochester facility will establish new sterile fill-finish manufacturing assets capable of processing liquid or lyophilized products requiring Biosafety Level (BSL) 2 containment in order to establish and sustain BSL 2 sterile fill-finish production capacity to create and maintain industrial base capabilities for the national defense.

The Company has concluded that reimbursements it receives pursuant to the U.S. Government Cooperative Agreement, which are further described below, are not within the scope of *Accounting Standards Codification Topic 606, Revenue from Contracts with Customers* (ASC 606) because the U.S. government does not meet the definition of a "customer" as defined by ASC 606. We are instead accounting for the U.S. Government Cooperative Agreement under other guidance including, for elements of the contract for which there is no authoritative guidance under U.S. GAAP, by applying the relevant accounting principles contained in *International Accounting Standards (IAS) 20—Accounting for Government Grants and Disclosure of Government Assistance* by analogy.

Under this model, reimbursements we receive from the U.S. government for qualifying capital expenditures meet the definition of grants related to assets as the primary purpose for the reimbursements is to fund the purchase and construction of capital assets to increase production capacity. Under IAS 20, government grants related to assets are presented in the Consolidated Balance Sheets either by presenting the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Either of these two methods of presentation of grants related to assets in the Consolidated Balance Sheets are regarded as acceptable alternatives under IAS 20. Reimbursements received prior to the asset being placed into service are recognized as deferred income in the Consolidated Balance Sheets as either Accounts payable and accrued expenses (for any current portion) or Other liabilities (for any noncurrent portion) when there is reasonable assurance the conditions of the grant will be met and the grant will be received. When the constructed capital assets are placed into service we deduct the grant reimbursement from Property, plant and equipment and the grant income is recognized over the useful life of the asset as a reduction to depreciation expense.

Refer to Note 16. Commitments and Contingencies for additional discussion of this agreement.

**Recent Accounting Pronouncements**

***Recent Accounting Pronouncements Not Yet Adopted at December 31, 2023***

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* (ASU 2023-07) to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 14, 2024, on a retrospective basis. Early adoption is permitted. The Company is currently evaluating the impact of this accounting standards update on its consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvement to Income Tax Disclosures* (ASU 2023-09) to enhance the transparency and decision usefulness of income tax disclosures, primarily related to standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. ASU 2023-09 is effective for annual periods beginning after December 15, 2024 on a prospective basis. Early adoption is permitted. The Company is currently evaluating the impact of this accounting standards update on its consolidated financial statements and related disclosures.

**NOTE 4. DISCONTINUED OPERATIONS AND ASSET SALES**

**Astora**

The operating results of the Company's Astora business, which the Board resolved to wind down in 2016, are reported as Discontinued operations, net of tax in the Consolidated Statements of Operations for all periods presented. The following table provides the operating results of Astora Discontinued operations, net of tax, for the years ended December 31, 2023, 2022 and 2021 (in thousands):

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Litigation-related and other contingencies, net | $ 495 | $ — | $ 25,000 |
| Loss from discontinued operations before income taxes | $ (2,329) | $ (15,543) | $ (49,594) |
| Income tax benefit | $ (308) | $ (2,056) | $ (5,430) |
| Discontinued operations, net of tax | $ (2,021) | $ (13,487) | $ (44,164) |

Loss from discontinued operations before income taxes includes Litigation-related and other contingencies, net, mesh-related legal defense costs and certain other items.

The cash flows from discontinued operating activities related to Astora included the impact of net losses of $2.0 million, $13.5 million and $44.2 million for the years ended December 31, 2023, 2022 and 2021, respectively, and the impact of cash activity related to vaginal mesh cases. During the periods presented above, there were no material net cash flows related to Astora discontinued investing activities and there was no depreciation or amortization expense related to Astora.

Refer to Note 16. Commitments and Contingencies for amounts and additional information relating to vaginal mesh-related matters.

**Certain Assets and Liabilities of Endo's Retail Generics Business**

In November 2020, we announced the initiation of several strategic actions to further optimize the Company's operations and increase overall efficiency (the 2020 Restructuring Initiative), which are further discussed in Note 5. Restructuring. These actions include an initiative to exit certain of our manufacturing and other sites to optimize our retail generics business cost structure.

Certain of these sites and certain corresponding assets and liabilities were sold in 2021. The assets sold included certain of our manufacturing facilities and related fixed assets in Chestnut Ridge, New York and Irvine, California, as well as certain U.S. retail generics products and certain related product inventory. As a result of these sales, we became entitled to aggregate cash consideration of approximately $25.6 million, substantially all of which was received by December 31, 2021, as well as certain non-cash consideration of approximately $5.8 million. In connection with these sales, we recognized the following amounts in 2021: (i) a pre-tax disposal loss of $42.2 million to write down the carrying amount of the disposal group to fair value, less cost to sell, which we recorded in Asset impairment charges in the Consolidated Statements of Operations, and (ii) a pre-tax net reversal of $25.4 million of expense, primarily related to avoided severance costs for employees that transitioned to the purchasers in connection with these 2021 sales.

In 2022, we entered into a definitive agreement to sell certain additional assets located in Chestnut Ridge, New York to Ram Ridge Partners BH LLC. The assets primarily consisted of property, plant and equipment. In October 2022, the Bankruptcy Court approved the sale of the assets. The sale closed during the fourth quarter of 2022. As a result of this sale, we became entitled to aggregate cash consideration of approximately $18.5 million, substantially all of which was received by December 31, 2022. In connection with this sale, we recognized a pre-tax disposal gain of approximately $8.4 million in 2022, which we recorded in Other income, net in the Consolidated Statements of Operations.

The assets described in this section, which primarily related to the Company's Generic Pharmaceuticals segment, did not meet the requirements for treatment as a discontinued operation. The amounts described in this section that were recognized in our Consolidated Statements of Operations are included in the quantitative disclosures of the 2020 Restructuring Initiative included in Note 5. Restructuring.

## NOTE 5. RESTRUCTURING

**2020 Restructuring Initiative**

As noted above, in November 2020, the Company announced the initiation of several strategic actions to optimize the Company's operations and increase overall efficiency. These actions were initiated with the expectation of, among other things, generating significant cost savings to be reinvested, among other things, to support the Company's key strategic priority to expand and enhance its product portfolio. These actions included the following:

- Optimizing the Company's retail generics business cost structure by exiting manufacturing and other sites in Irvine, California; Chestnut Ridge, New York and India.
- Improving operating flexibility and reducing general and administrative costs by transferring certain transaction processing activities to third-party global business process service providers.
- Increasing organizational effectiveness by further integrating the Company's commercial, operations and research and development functions, respectively, to support the Company's key strategic priorities.

As a result of the 2020 Restructuring Initiative, the Company's global workforce was reduced by approximately 300 net full-time positions. Future costs associated with the 2020 Restructuring Initiative are not expected to be material.

There have been no material charges or cash payments associated with the 2020 Restructuring Initiative in 2023.

The following pre-tax net amounts related to the 2020 Restructuring Initiative are included in the Company's Consolidated Statements of Operations during the years ended December 31, 2022 and 2021 (in thousands):

| | 2022 | 2021 |
|---|---|---|
| Net restructuring charges (charge reversals) related to: | | |
| Accelerated depreciation | $ 3,773 | $ 24,718 |
| Asset impairments | — | 42,155 |
| Inventory adjustments | 1,494 | 6,968 |
| Employee separation, continuity and other benefit-related costs | 1,216 | (7,384) |
| Certain other restructuring costs | 795 | 2,012 |
| Total | $ 7,278 | $ 68,469 |

These pre-tax net amounts were primarily attributable to our Generic Pharmaceuticals segment, which incurred $5.4 million and $49.9 million of pre-tax net charges during the years ended December 31, 2022 and 2021, respectively. The remaining amounts related to our other segments and certain corporate unallocated costs.

As of December 31, 2022, cumulative amounts incurred to date included charges related to accelerated depreciation of $51.0 million, asset impairments related to certain identifiable intangible assets, operating lease assets and disposal groups totaling $49.5 million, inventory adjustments of $11.6 million, employee separation, continuity and other benefit-related costs, net of $53.9 million and certain other restructuring costs of $3.5 million. Of these amounts, $134.3 million was attributable to the Generic Pharmaceuticals segment, with the remaining amounts relating to our other segments and certain corporate unallocated costs.

The following pre-tax net amounts related to the 2020 Restructuring Initiative are included in the Company's Consolidated Statements of Operations during the years ended December 31, 2022 and 2021 (in thousands):

| | 2022 | 2021 |
|---|---|---|
| Net restructuring charges (charge reversals) related to: | | |
| Cost of revenues | $ 3,966 | $ 6,244 |
| Selling, general and administrative | 208 | 20,788 |
| Research and development | 3,104 | 1,367 |
| Asset impairment charges | — | 42,155 |
| Other income, net | — | (2,085) |
| Total | $ 7,278 | $ 68,469 |

In addition to the pre-tax net amounts summarized above, as part of the 2020 Restructuring Initiative, we recognized a pre-tax disposal gain of approximately $8.4 million during the fourth quarter of 2022 as a result of the Chestnut Ridge, New York sale transaction, which is further described in Note 4. Discontinued Operations and Asset Sales. The assets sold primarily related to our Generic Pharmaceuticals segment.

Changes to the liability for the 2020 Restructuring Initiative during the years ended December 31, 2023, 2022 and 2021 were as follows (in thousands):

| | Employee Separation, Continuity and Other Benefit-Related Costs | Certain Other Restructuring Costs | Total |
|---|---|---|---|
| Liability balance as of December 31, 2020 | $ 58,338 | $ 664 | $ 59,002 |
| Net (charge reversals) charges | (7,384) | 3,711 | (3,673) |
| Cash payments | (39,975) | (4,170) | (44,145) |
| Liability balance as of December 31, 2021 | $ 10,979 | $ 205 | $ 11,184 |
| Net charges | 1,216 | 796 | 2,012 |
| Cash payments | (11,926) | (1,001) | (12,927) |
| Liability balance as of December 31, 2022 | $ 269 | $ — | $ 269 |
| Net (charge reversals) charges | (198) | — | (198) |

| | Employee Separation, Continuity and Other Benefit-Related Costs | Certain Other Restructuring Costs | Total |
|---|---|---|---|
| Cash payments | (71) | — | (71) |
| Liability balance as of December 31, 2023 | $ — | $ — | $ — |

**2022 Restructuring Initiative**

In April 2022, the Company communicated the initiation of actions to streamline and simplify certain functions, including its commercial organization, to increase its overall organizational effectiveness and better align with current and future needs. In December 2022, the Company announced it would be taking certain additional actions to cease the production and sale of QWO® in light of market concerns about the extent and variability of bruising following initial treatment as well as the potential for prolonged skin discoloration. These actions, which are collectively referred to herein as the 2022 Restructuring Initiative, were initiated with the expectation of, among other things, generating cost savings, with a portion to be reinvested to support the Company's key strategic priority to expand and enhance its product portfolio. In December 2022, the Bankruptcy Court approved an order authorizing the Company to cease the production and commercialization of QWO® and granting related relief.

As a result of the 2022 Restructuring Initiative, the Company's global workforce was reduced by approximately 175 net full-time positions. Future costs associated with the 2022 Restructuring Initiative are not expected to be material.

There have been no material charges associated with the 2022 Restructuring Initiative in 2023.

The following pre-tax net amounts related to the 2022 Restructuring Initiative are included in the Company's Consolidated Statements of Operations during the year ended December 31, 2022 (in thousands):

| | 2022 |
|---|---|
| Net restructuring charges related to: | |
| Asset impairments | $ 180,248 |
| Inventory adjustments | 34,870 |
| Employee separation, continuity and other benefit-related costs | 28,345 |
| Certain other restructuring costs | 8,656 |
| Total | $ 252,119 |

These pre-tax net amounts were primarily attributable to our Branded Pharmaceuticals segment, which incurred $238.6 million of pre-tax net charges during the year ended December 31, 2022. The remaining amounts related to our Generic Pharmaceuticals segment and certain corporate unallocated costs.

As of December 31, 2022, cumulative amounts incurred to date included charges related to asset impairments related to certain identifiable intangible assets of $180.2 million, inventory adjustments of $34.9 million, employee separation, continuity and other benefit-related costs, net of $28.3 million and certain other restructuring costs of $8.7 million. Of these amounts, $238.6 million was attributable to the Branded Pharmaceuticals segment, with the remaining amounts related to our Generic Pharmaceuticals segment and certain corporate unallocated costs.

The following pre-tax net amounts related to the 2022 Restructuring Initiative are included in the Company's Consolidated Statements of Operations during the year ended December 31, 2022 (in thousands):

| | 2022 |
|---|---|
| Net restructuring charges included in: | |
| Cost of revenues | $ 49,078 |
| Selling, general and administrative | 18,692 |
| Research and development | 4,101 |
| Asset impairment charges | 180,248 |
| Total | $ 252,119 |

Changes to the liability for the 2022 Restructuring Initiative during the years ended December 31, 2023 and 2022 were as follows (in thousands):

| | Employee Separation, Continuity and Other Benefit-Related Costs | Certain Other Restructuring Costs | Total |
|---|---|---|---|
| Liability balance as of December 31, 2021 | $ — | $ — | $ — |
| Net charges | 28,345 | 1,102 | 29,447 |
| Cash payments | (13,348) | (1,102) | (14,450) |
| Liability balance as of December 31, 2022 | $ 14,997 | $ — | $ 14,997 |
| Net charge reversals | (248) | — | (248) |
| Cash payments | (13,376) | — | (13,376) |
| Liability balance as of December 31, 2023 | $ 1,373 | $ — | $ 1,373 |

The liability at December 31, 2023 is classified as current and is included in Accounts payable and accrued expenses in the Consolidated Balance Sheets.

## NOTE 6. SEGMENT RESULTS

The Company's four reportable business segments are Branded Pharmaceuticals, Sterile Injectables, Generic Pharmaceuticals and International Pharmaceuticals. These segments reflect the level at which the chief operating decision maker regularly reviews financial information to assess performance and to make decisions about resources to be allocated. Each segment derives revenue from the sales or licensing of its respective products and is discussed in more detail below.

We evaluate segment performance based on Segment adjusted income from continuing operations before income tax, which we define as Loss from continuing operations before income tax and before acquired in-process research and development charges; acquisition-related and integration items, including transaction costs and changes in the fair value of contingent consideration; cost reduction and integration-related initiatives such as separation benefits, continuity payments, other exit costs and certain costs associated with integrating an acquired company's operations; certain amounts related to strategic review initiatives; asset impairment charges; amortization of intangible assets; inventory step-up recorded as part of our acquisitions; litigation-related and other contingent matters; certain legal costs; gains or losses from early termination of debt; debt modification costs; gains or losses from the sales of businesses and other assets; foreign currency gains or losses on intercompany financing arrangements; reorganization items, net; and certain other items.

Certain corporate expenses incurred by the Company are not directly attributable to any specific segment. Accordingly, these costs are not allocated to any of the Company's segments and are included in the results below as "Corporate unallocated costs." Interest income and expense are also considered corporate items and not allocated to any of the Company's segments. The Company's Total segment adjusted income from continuing operations before income tax is equal to the combined results of each of its segments.

### Branded Pharmaceuticals

Our Branded Pharmaceuticals segment includes a variety of branded products in the areas of urology, orthopedics, endocrinology and bariatrics, among others. Products in this segment include XIAFLEX®, SUPPRELIN® LA, AVEED®, NASCOBAL® Nasal Spray, PERCOCET®, TESTOPEL® and EDEX®, among others.

### Sterile Injectables

Our Sterile Injectables segment consists primarily of branded sterile injectable products such as ADRENALIN®, VASOSTRICT® and APLISOL®, among others, and certain generic sterile injectable products.

### Generic Pharmaceuticals

Our Generic Pharmaceuticals segment consists of a product portfolio including solid oral extended-release products, solid oral immediate-release products, liquids, semi-solids, patches, powders, ophthalmics and sprays and includes products that treat and manage a wide variety of medical conditions.

**International Pharmaceuticals**

Our International Pharmaceuticals segment includes a variety of specialty pharmaceutical products, including OTC products, sold outside the U.S., primarily in Canada through our operating company Paladin.

The following represents selected information for the Company's reportable segments for the years ended December 31, 2023, 2022 and 2021 (in thousands):

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Net revenues from external customers: | | | |
| Branded Pharmaceuticals | $ 859,087 | $ 851,142 | $ 893,617 |
| Sterile Injectables | 429,563 | 589,633 | 1,266,097 |
| Generic Pharmaceuticals | 650,352 | 795,457 | 740,586 |
| International Pharmaceuticals (1) | 72,516 | 82,643 | 92,906 |
| Total net revenues from external customers | $ 2,011,518 | $ 2,318,875 | $ 2,993,206 |
| Segment adjusted income from continuing operations before income tax: | | | |
| Branded Pharmaceuticals | $ 459,309 | $ 366,554 | $ 384,186 |
| Sterile Injectables | 157,179 | 349,424 | 998,453 |
| Generic Pharmaceuticals | 237,870 | 336,133 | 160,046 |
| International Pharmaceuticals | 16,733 | 19,920 | 30,325 |
| Total segment adjusted income from continuing operations before income tax | $ 871,091 | $ 1,072,031 | $ 1,573,010 |

(1) Revenues generated by our International Pharmaceuticals segment are primarily attributable to external customers located in Canada.

There were no material revenues from external customers attributed to an individual country outside of the U.S. during any of the periods presented.

The table below provides reconciliations of our Total consolidated loss from continuing operations before income tax, which is determined in accordance with U.S. GAAP, to our Total segment adjusted income from continuing operations before income tax for the years ended December 31, 2023, 2022 and 2021 (in thousands):

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Total consolidated loss from continuing operations before income tax | $ (2,391,924) | $ (2,888,102) | $ (546,603) |
| Interest expense, net | — | 349,776 | 562,353 |
| Corporate unallocated costs (1) | 158,717 | 182,335 | 180,866 |
| Amortization of intangible assets | 255,933 | 337,311 | 372,907 |
| Acquired in-process research and development charges | — | 68,700 | 25,120 |
| Amounts related to continuity and separation benefits, cost reductions and strategic review initiatives (2) | 44,098 | 198,381 | 90,912 |
| Certain litigation-related and other contingencies, net (3) | 1,611,090 | 478,722 | 345,495 |
| Certain legal costs (4) | 7,256 | 31,756 | 136,148 |
| Asset impairment charges (5) | 503 | 2,142,746 | 414,977 |
| Acquisition-related and integration items, net (6) | 1,972 | 408 | (8,379) |
| Loss on extinguishment of debt | — | — | 13,753 |
| Foreign currency impact related to the remeasurement of intercompany debt instruments | 2,159 | (5,328) | 797 |
| Reorganization items, net (7) | 1,169,961 | 202,978 | — |
| Other, net (8) | 11,326 | (27,652) | (15,336) |
| Total segment adjusted income from continuing operations before income tax | $ 871,091 | $ 1,072,031 | $ 1,573,010 |

(1) Amounts include certain corporate overhead costs, such as headcount, facility and corporate litigation expenses and certain other income and expenses.

(2) Amounts in 2023 include net employee separation, continuity and other benefit-related charges of $43.7 million and other net charges of $0.4 million. Amounts in 2022 include net employee separation, continuity and other benefit-related charges of $85.6 million, accelerated depreciation charges of $3.8 million, inventory charges related to restructurings of $36.4 million and other net charges, including those related to review initiatives, of $72.7 million. Amounts in 2021 include net employee separation, continuity and other benefit-related charges of $8.8 million, accelerated depreciation charges of $24.7 million and other net charges, including those related to strategic review initiatives, of $57.4 million. These amounts relate primarily to our restructuring activities as further described in Note 5. Restructuring, certain continuity and transitional compensation arrangements, certain other cost reduction initiatives and certain strategic review initiatives, including costs incurred in connection with our bankruptcy proceedings, which are included in this row until the Petition Date and in the Reorganization items, net row thereafter.

(3) Amounts include adjustments to our accruals for litigation-related settlement charges. Our material legal proceedings and other contingent matters are described in more detail in Note 16. Commitments and Contingencies.

(4) Amounts relate to opioid-related legal expenses. The amount in 2022 reflects the recovery of certain previously-incurred opioid-related legal expenses.

(5) Amounts primarily relate to charges to impair goodwill and intangible assets, property, plant and equipment, operating lease right-of-use assets and certain disposal group assets. For additional information, refer to Note 4. Discontinued Operations and Asset Sales, Note 5. Restructuring, Note 7. Fair Value Measurements, Note 10. Property, Plant and Equipment and Note 11. Goodwill and Other Intangibles.

(6) Amounts primarily relate to changes in the fair value of contingent consideration.

(7) Amounts relate to the net expense or income recognized during our bankruptcy proceedings required to be presented as Reorganization items, net under ASC 852. Refer to Note 2. Bankruptcy Proceedings for further details.

(8) Amounts in 2023 primarily relates to a charge of approximately $9.2 million associated with the rejection of certain equity award agreements, which was approved by the Bankruptcy Court in March 2023. Amounts in 2021 include gains of $15.5 million associated with the termination of certain contracts, partially offset by $3.9 million of third-party fees incurred in connection with the March 2021 Refinancing Transactions, which were accounted for as debt modification costs as further discussed in Note 15. Debt. Other amounts in this row relate to gains and losses on sales of business and other assets and certain other items.

Asset information is not reviewed or included within our internal management reporting. Therefore, the Company has not disclosed asset information for each reportable segment.

During the years ended December 31, 2023, 2022 and 2021, the Company disaggregated its revenue from contracts with customers into the categories included in the table below (in thousands). The Company believes these categories depict how the nature, timing and uncertainty of revenue and cash flows are affected by economic factors.

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| *Branded Pharmaceuticals:* | | | |
| *Specialty Products:* | | | |
| XIAFLEX® | $ 475,014 | $ 438,680 | $ 432,344 |
| SUPPRELIN® LA | 96,849 | 113,011 | 114,374 |
| Other Specialty (1) | 73,797 | 70,009 | 86,432 |
| Total Specialty Products | $ 645,660 | $ 621,700 | $ 633,150 |
| *Established Products:* | | | |
| PERCOCET® | $ 106,375 | $ 103,943 | $ 103,788 |
| TESTOPEL® | 42,464 | 38,727 | 43,636 |
| Other Established (2) | 64,588 | 86,772 | 113,043 |
| Total Established Products | $ 213,427 | $ 229,442 | $ 260,467 |
| Total Branded Pharmaceuticals (3) | $ 859,087 | $ 851,142 | $ 893,617 |
| *Sterile Injectables:* | | | |
| ADRENALIN® | $ 99,910 | $ 114,304 | $ 124,630 |
| VASOSTRICT® | 93,180 | 253,696 | 901,735 |
| Other Sterile Injectables (4) | 236,473 | 221,633 | 239,732 |
| Total Sterile Injectables (3) | $ 429,563 | $ 589,633 | $ 1,266,097 |
| Total Generic Pharmaceuticals (5) | $ 650,352 | $ 795,457 | $ 740,586 |
| Total International Pharmaceuticals (6) | $ 72,516 | $ 82,643 | $ 92,906 |

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Total revenues, net | $ 2,011,518 | $ 2,318,875 | $ 2,993,206 |

(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 year ended December 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, 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 8% and 13% for the years ended December 31, 2023 and 2022, respectively, of consolidated total revenues. Dexlansoprazole delayed release capsules (Endo's generic version of Takeda Pharmaceuticals USA, Inc.'s Dexilant®), which launched in November 2022, made up 6% for the year ended December 31, 2023 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.

The following represents depreciation expense for our reportable segments for the years ended December 31, 2023, 2022 and 2021 (in thousands):

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Branded Pharmaceuticals | $ 9,252 | $ 9,862 | $ 10,632 |
| Sterile Injectables | 22,652 | 20,224 | 17,796 |
| Generic Pharmaceuticals | 11,829 | 16,952 | 47,343 |
| International Pharmaceuticals | 3,561 | 3,638 | 4,242 |
| Corporate unallocated | 3,221 | 3,642 | 4,178 |
| Total depreciation expense | $ 50,515 | $ 54,318 | $ 84,191 |

## NOTE 7. FAIR VALUE MEASUREMENTS

Fair value guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

### Financial Instruments

The financial instruments recorded in our Consolidated Balance Sheets include cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, acquisition-related contingent consideration and debt obligations. Included in cash and cash equivalents and restricted cash and cash equivalents are money market funds representing a type of mutual fund required by law to invest in low-risk securities (for example, U.S. government bonds, U.S. Treasury Bills and commercial paper). Money market funds pay dividends that generally reflect short-term interest rates. Due to their initial maturities, the carrying amounts of non-restricted and restricted cash and cash equivalents (including money market funds), accounts receivable, accounts payable and accrued expenses approximate their fair values.

*Restricted Cash and Cash Equivalents*

The following table presents current and noncurrent restricted cash and cash equivalent balances at December 31, 2023 and December 31, 2022 (in thousands):

| | Balance Sheet Line Items | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| Restricted cash and cash equivalents—current (1) | Restricted cash and cash equivalents | $ 167,702 | $ 145,358 |
| Restricted cash and cash equivalents—noncurrent (2) | Other assets | 85,000 | 85,000 |
| Total restricted cash and cash equivalents | | $ 252,702 | $ 230,358 |

(1) Amounts at December 31, 2023 and December 31, 2022 include: (i) restricted cash and cash equivalents associated with litigation-related matters, including $49.8 million and $50.7 million, respectively, held in Qualified Settlement Funds (QSFs) for mesh and/or opioid-related matters, and (ii) approximately $85.9 million and $86.0 million, respectively, of restricted cash and cash equivalents related to certain self-insurance related matters. These balances are classified as current assets in the Consolidated Balance Sheets as the potential for, and timing of, future claims is unknown and could result in distributions within the next twelve months. See Note 16. Commitments and Contingencies for further information about litigation-related matters.

(2) The amounts at December 31, 2023 and December 31, 2022 relate to the TLC Agreement. This balance, which may be used to fund certain future contractual obligations or returned to us upon satisfaction of certain conditions, is classified as a noncurrent asset in the Consolidated Balance Sheets. See Note 12. License, Collaboration and Asset Acquisition Agreements for further information.

*Acquisition-Related Contingent Consideration*

The fair value of contingent consideration liabilities is determined using unobservable inputs; hence, these instruments represent Level 3 measurements within the above-defined fair value hierarchy. These inputs include the estimated amount and timing of projected cash flows, the probability of success (achievement of the contingent event) and the risk-adjusted discount rate used to present value the probability-weighted cash flows. Subsequent to the acquisition date, at each reporting period, the contingent consideration liability is remeasured at current fair value with changes recorded in earnings. The estimates of fair value are uncertain and changes in any of the estimated inputs used as of the date of this report could have resulted in significant adjustments to fair value. See the "Recurring Fair Value Measurements" section below for additional information on acquisition-related contingent consideration.

**Recurring Fair Value Measurements**

The Company's financial assets and liabilities measured at fair value on a recurring basis at December 31, 2023 and December 31, 2022 were as follows (in thousands):

| | Fair Value Measurements at December 31, 2023 using: | | | |
|---|---|---|---|---|
| | Level 1 Inputs | Level 2 Inputs | Level 3 Inputs | Total |
| *Assets:* | | | | |
| Money market funds (1) | $ 7,123 | $ — | $ — | $ 7,123 |
| *Liabilities:* | | | | |
| Acquisition-related contingent consideration (2) | $ — | $ — | $ 12,447 | $ 12,447 |

| | Fair Value Measurements at December 31, 2022 using: | | | |
|---|---|---|---|---|
| | Level 1 Inputs | Level 2 Inputs | Level 3 Inputs | Total |
| *Assets:* | | | | |
| Money market funds (1) | $ 12,226 | $ — | $ — | $ 12,226 |
| *Liabilities:* | | | | |
| Acquisition-related contingent consideration (2) | $ — | $ — | $ 16,571 | $ 16,571 |

(1) At December 31, 2023 and December 31, 2022, money market funds include $7.1 million and $12.2 million, respectively, in QSFs. Amounts in QSFs are considered restricted cash equivalents. See Note 16. Commitments and Contingencies for further

discussion of our litigation. At December 31, 2023 and December 31, 2022, the differences between the amortized cost and the fair value of our money market funds were not material, individually or in the aggregate.

(2) At December 31, 2023 and December 31, 2022, the balances of the Company's liability for acquisition-related contingent consideration, which are governed by executory contracts and recorded at the expected amount of the total allowed claim, are classified within Liabilities subject to compromise in the Consolidated Balance Sheets.

*Fair Value Measurements Using Significant Unobservable Inputs*

The following table presents changes to the Company's liability for acquisition-related contingent consideration, which is measured at fair value on a recurring basis using significant unobservable inputs (Level 3), for the years ended December 31, 2023 and 2022 (in thousands):

| | 2023 | 2022 |
|---|---|---|
| Beginning of period | $ 16,571 | $ 20,076 |
| Amounts settled | (6,177) | (3,127) |
| Changes in fair value recorded in earnings | 1,972 | 408 |
| Effect of currency translation | 81 | (786) |
| End of period | $ 12,447 | $ 16,571 |

At December 31, 2023, the fair value measurements of the contingent consideration obligations were determined using risk-adjusted discount rates ranging from 10.0% to 15.0% (weighted average rate of approximately 10.4%, weighted based on relative fair value). Changes in fair value recorded in earnings related to acquisition-related contingent consideration are included in our Consolidated Statements of Operations as Acquisition-related and integration items, net.

The following table presents changes to the Company's liability for acquisition-related contingent consideration during the year ended December 31, 2023 by acquisition (in thousands):

| | Balance as of December 31, 2022 (1) | Changes in Fair Value Recorded in Earnings | Amounts Settled and Other | Balance as of December 31, 2023 (1) |
|---|---|---|---|---|
| Auxilium acquisition | $ 10,618 | $ 1,041 | $ (2,165) | $ 9,494 |
| Lehigh Valley Technologies, Inc. acquisitions | 2,300 | (91) | (1,209) | 1,000 |
| Other | 3,653 | 1,022 | (2,722) | 1,953 |
| Total | $ 16,571 | $ 1,972 | $ (6,096) | $ 12,447 |

(1) At December 31, 2023 and December 31, 2022, the balances of the Company's liability for acquisition-related contingent consideration, which are governed by executory contracts and recorded at the expected amount of the total allowed claim, are classified within Liabilities subject to compromise in the Consolidated Balance Sheets.

The following table presents changes to the Company's liability for acquisition-related contingent consideration during year ended December 31, 2022 by acquisition (in thousands):

| | Balance as of December 31, 2021 | Changes in Fair Value Recorded in Earnings | Amounts Settled and Other | Balance as of December 31, 2022 (1) |
|---|---|---|---|---|
| Auxilium acquisition | $ 9,038 | $ 2,116 | $ (536) | $ 10,618 |
| Lehigh Valley Technologies, Inc. acquisitions | 3,600 | (635) | (665) | 2,300 |
| Other | 7,438 | (1,073) | (2,712) | 3,653 |
| Total | $ 20,076 | $ 408 | $ (3,913) | $ 16,571 |

(1) At December 31, 2022, the balance of the Company's liability for acquisition-related contingent consideration, which is governed by executory contracts and recorded at the expected amount of the total allowed claim, is classified within Liabilities subject to compromise in the Consolidated Balance Sheets.

**Nonrecurring Fair Value Measurements**

Long-lived assets, goodwill and other intangible assets may be subject to nonrecurring fair value measurement for the evaluation of potential impairment. During the year ended December 31, 2023, nonrecurring fair value measurements, which related primarily to certain property, plant and equipment, were not material.

The Company's financial assets and liabilities measured at fair value on a nonrecurring basis during the year ended December 31, 2022 were as follows (in thousands):

| | Fair Value Measurements during the Year Ended December 31, 2022 (1) using: | | | Total Expense for the Year Ended December 31, 2022 |
|---|---|---|---|---|
| | Level 1 Inputs | Level 2 Inputs | Level 3 Inputs | |
| Intangible assets, excluding goodwill (2)(3) | — | — | 67,082 | (288,701) |
| Certain property, plant and equipment | — | — | — | (9,045) |
| Total | $ — | $ — | $ 67,082 | $ (297,746) |

(1) The fair value amounts are presented as of the date of the fair value measurement as these assets are not measured at fair value on a recurring basis. Such measurements generally occur in connection with our quarter-end financial reporting close procedures.

(2) These fair value measurements were determined using risk-adjusted discount rates ranging from 9.5% to 12.0% (weighted average rate of approximately 11.8%, weighted based on relative fair value).

(3) The Company also performed fair value measurements in connection with its goodwill tests. Refer to Note 11. Goodwill and Other Intangibles for additional information on goodwill and other intangible asset impairment tests, including information about the valuation methodologies used.

**NOTE 8. INVENTORIES**

Inventories consisted of the following at December 31, 2023 and December 31, 2022 (in thousands):

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Raw materials (1) | $ 103,336 | $ 105,975 |
| Work-in-process (1) | 29,827 | 43,057 |
| Finished goods (1) | 112,854 | 125,467 |
| Total | $ 246,017 | $ 274,499 |

(1) The components of inventory shown in the table above are net of allowances.

Inventory in excess of the amount expected to be sold within one year is classified as noncurrent inventory and is not included in the table above. At December 31, 2023 and December 31, 2022, $29.7 million and $23.0 million, respectively, of noncurrent inventory was included in Other assets in the Consolidated Balance Sheets. As of December 31, 2023 and December 31, 2022, the Company's Consolidated Balance Sheets included approximately $2.7 million and $5.8 million, respectively, of capitalized pre-launch inventories related to products that were not yet available to be sold.

**NOTE 9. LEASES**

We have entered into contracts with third parties to lease a variety of assets, including certain real estate, machinery, equipment, automobiles and other assets.

Our leases frequently allow for lease payments that could vary based on factors such as inflation or the degree of utilization of the underlying asset and the incurrence of contractual charges such as those for common area maintenance or utilities.

Renewal and/or early termination options are common in our lease arrangements, particularly with respect to our real estate leases. Our right-of-use assets and lease liabilities generally exclude periods covered by renewal options and include periods covered by early termination options (based on our conclusion that it is not reasonably certain that we will exercise such options).

Our most significant lease is for our Malvern, Pennsylvania location. The term of the lease is through 2024.

We are party to certain sublease arrangements, primarily related to our real estate leases, where we act as the lessee and intermediate lessor. For example, we sublease portions of our Malvern, Pennsylvania facility through a sublease arrangement ending in 2024, with certain limited early termination options.

The following table presents information about the Company's right-of-use assets and lease liabilities at December 31, 2023 and December 31, 2022 (in thousands):

| | Balance Sheet Line Items | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| Right-of-use assets: | | | |
| Operating lease right-of-use assets | Operating lease assets | $ 23,033 | $ 28,070 |
| Finance lease right-of-use assets | Property, plant and equipment, net | 18,668 | 26,761 |
| Total right-of-use assets | | $ 41,701 | $ 54,831 |
| Operating lease liabilities, excluding amounts classified as Liabilities subject to compromise: | | | |
| Current operating lease liabilities | Current portion of operating lease liabilities | $ 956 | $ 903 |
| Noncurrent operating lease liabilities | Operating lease liabilities, less current portion | 4,132 | 5,129 |
| Total operating lease liabilities | | $ 5,088 | $ 6,032 |
| Finance lease liabilities, excluding amounts classified as Liabilities subject to compromise: | | | |
| Noncurrent finance lease liabilities | Other liabilities | $ 1,386 | $ 1,392 |
| Total finance lease liabilities | | $ 1,386 | $ 1,392 |
| Operating and finance leases, amounts classified as Liabilities subject to compromise: | | | |
| Operating lease liabilities | Liabilities subject to compromise | $ 20,635 | $ 28,387 |
| Finance lease liabilities | Liabilities subject to compromise | 9,981 | 17,078 |
| Total operating and finance leases classified as Liabilities subject to compromise | | $ 30,616 | $ 45,465 |

The following table presents information about lease costs and expenses and sublease income for the years ended December 31, 2023, 2022 and 2021 (in thousands):

| | Statement of Operations Line Items | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| Operating lease cost | Various (1) | $ 6,811 | $ 10,959 | $ 13,892 |
| Finance lease cost: | | | | |
| Amortization of right-of-use assets | Various (1) | $ 8,096 | $ 8,479 | $ 9,244 |
| Interest on lease liabilities | Interest expense, net | $ 781 | $ 1,127 | $ 1,480 |
| Other lease costs and income: | | | | |
| Variable lease costs (2) | Various (1) | $ 10,913 | $ 11,707 | $ 13,202 |
| Finance lease right-of-use asset impairment charges | Asset impairment charges | $ — | $ 3,063 | $ — |
| Sublease income | Various (1) | $ (5,616) | $ (6,436) | $ (3,793) |

(1) Amounts are included in the Consolidated Statements of Operations based on the function that the underlying leased asset supports. The following table presents the components of such aggregate amounts for the years ended December 31, 2023, 2022 and 2021 (in thousands):

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Cost of revenues | $ 6,150 | $ 6,189 | $ 11,316 |
| Selling, general and administrative | $ 13,952 | $ 18,305 | $ 21,013 |
| Research and development | $ 102 | $ 215 | $ 216 |

(2) Amounts represent variable lease costs incurred that were not included in the initial measurement of the lease liability such as common area maintenance and utilities costs associated with leased real estate and certain costs associated with our automobile leases.

The following table provides the undiscounted amount of future cash flows included in our lease liabilities at December 31, 2023 for each of the five years subsequent to December 31, 2023 and thereafter, as well as a reconciliation of such undiscounted cash flows to our lease liabilities at December 31, 2023 (in thousands):

| | Operating Leases | Finance Leases |
|---|---|---|
| 2024 | $ 6,136 | $ 8,037 |
| 2025 | 6,747 | 896 |
| 2026 | 5,496 | 895 |
| 2027 | 5,380 | 895 |
| 2028 | 3,412 | 299 |
| Thereafter | 1,214 | 8,921 |
| Total future lease payments | $ 28,385 | $ 19,943 |
| Less: amounts representing interest | 2,662 | 8,576 |
| Present value of future lease payments (lease liabilities, including amounts classified as Liabilities subject to compromise) | $ 25,723 | $ 11,367 |
| Less: amounts classified as Liabilities subject to compromise | 20,635 | 9,981 |
| Lease liabilities, excluding amounts classified as Liabilities subject to compromise | $ 5,088 | $ 1,386 |

The following table provides the weighted average remaining lease term and weighted average discount rates for our leases as of December 31, 2023 and December 31, 2022:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Weighted average remaining lease term (years), weighted based on lease liability balances: | | |
| Operating leases | 4.7 years | 4.9 years |
| Finance leases | 13.4 years | 9.9 years |
| Weighted average discount rate (percentages), weighted based on the remaining balance of lease payments: | | |
| Operating leases | 6.2% | 6.1% |
| Finance leases | 7.3% | 7.5% |

The following table provides certain cash flow and supplemental noncash information related to our lease liabilities for the years ended December 31, 2023, 2022 and 2021 (in thousands):

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Cash paid for amounts included in the measurement of lease liabilities: | | | |
| Operating cash payments for operating leases | $ 10,476 | $ 13,152 | $ 14,478 |
| Operating cash payments for finance leases | $ 1,148 | $ 1,673 | $ 2,256 |
| Financing cash payments for finance leases | $ 6,733 | $ 6,062 | $ 5,448 |
| Lease liabilities arising from obtaining right-of-use assets: | | | |
| Operating leases (1) | $ — | $ 1,296 | $ 5,807 |

(1) The amount in 2022 primarily relates to a new lease agreement. The amount in 2021 primarily relates to an increase in lease liabilities and right-of-use assets related to a lease modification.

## NOTE 10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, net consists of the following at December 31, 2023 and December 31, 2022 (in thousands):

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Land and buildings | $ 243,679 | $ 239,207 |
| Machinery and equipment | 251,895 | 241,930 |
| Leasehold improvements | 41,074 | 54,388 |
| Computer equipment and software | 97,782 | 92,566 |
| Furniture and fixtures | 8,595 | 9,129 |
| Assets under construction | 197,670 | 142,560 |
| Total property, plant and equipment, gross | $ 840,695 | $ 779,780 |
| Less: accumulated depreciation | (364,455) | (341,466) |
| Total property, plant and equipment, net | $ 476,240 | $ 438,314 |

Depreciation expense was $50.5 million, $54.3 million and $84.2 million for the years ended December 31, 2023, 2022 and 2021, respectively. During the years ended December 31, 2023, 2022 and 2021, the Company recorded property, plant and equipment impairment charges totaling $0.5 million, $9.0 million and $2.0 million, respectively. These charges are included in the Asset impairment charges line item in our Consolidated Statements of Operations and primarily reflect the write-off of certain property, plant and equipment.

At December 31, 2023 and December 31, 2022, $226.0 million and $205.2 million of the Company's Property, plant and equipment, net, representing net book amounts, were located in India. At December 31, 2023 and December 31, 2022, there were no other material tangible long-lived assets located outside of the U.S., individually or in the aggregate.

## NOTE 11. GOODWILL AND OTHER INTANGIBLES

### Goodwill

Changes in the carrying amounts of our goodwill for the years ended December 31, 2023 and December 31, 2022 were as follows (in thousands):

| | Branded Pharmaceuticals | Sterile Injectables | Generic Pharmaceuticals | International Pharmaceuticals | Total |
|---|---|---|---|---|---|
| Goodwill as of December 31, 2021 | $ 828,818 | $ 2,368,193 | $ — | $ — | $ 3,197,011 |
| Goodwill impairment charges | — | (1,845,000) | — | — | (1,845,000) |
| Goodwill as of December 31, 2022 | $ 828,818 | $ 523,193 | $ — | $ — | $ 1,352,011 |
| Goodwill as of December 31, 2023 | $ 828,818 | $ 523,193 | $ — | $ — | $ 1,352,011 |

The carrying amounts of goodwill at December 31, 2023 and December 31, 2022 are net of the following accumulated impairments (in thousands):

| | Branded Pharmaceuticals | Sterile Injectables | Generic Pharmaceuticals | International Pharmaceuticals | Total |
|---|---|---|---|---|---|
| Accumulated impairment losses as of December 31, 2022 | $ 855,810 | $ 2,208,000 | $ 3,142,657 | $ 513,211 | $ 6,719,678 |
| Accumulated impairment losses as of December 31, 2023 | $ 855,810 | $ 2,208,000 | $ 3,142,657 | $ 525,244 | $ 6,731,711 |

### Other Intangible Assets

Changes in the amounts of other intangible assets for the year ended December 31, 2023 are set forth in the table below (in thousands).

| | Balance as of December 31, 2022 | Acquisitions | Other (1) | Effect of Currency Translation | Balance as of December 31, 2023 |
|---|---|---|---|---|---|
| **Cost basis:** | | | | | |
| Licenses (weighted average life of 14 years) | $ 442,107 | $ — | $ (10,000) | $ — | $ 432,107 |
| Tradenames | 6,409 | — | — | — | 6,409 |
| Developed technology (weighted average life of 12 years) | 5,920,021 | — | — | 5,641 | 5,925,662 |
| Total other intangibles (weighted average life of 12 years) | $ 6,368,537 | $ — | $ (10,000) | $ 5,641 | $ 6,364,178 |

| **Accumulated amortization:** | Balance as of December 31, 2022 | Amortization | Other (1) | Effect of Currency Translation | Balance as of December 31, 2023 |
|---|---|---|---|---|---|
| Licenses | $ (424,508) | $ (4,576) | $ 10,000 | $ — | $ (419,084) |
| Tradenames | (6,409) | — | — | — | (6,409) |
| Developed technology | (4,204,685) | (251,357) | — | (4,760) | (4,460,802) |
| Total other intangibles | $ (4,635,602) | $ (255,933) | $ 10,000 | $ (4,760) | $ (4,886,295) |
| Net other intangibles | $ 1,732,935 | | | | $ 1,477,883 |

(1) Other adjustments relate to the removal of certain fully amortized intangible assets.

Amortization expense for the years ended December 31, 2023, 2022 and 2021 totaled $255.9 million, $337.3 million and $372.9 million, respectively. Amortization expense is included in Cost of revenues in the Consolidated Statements of Operations. For intangible assets subject to amortization, estimated amortization expense for the five fiscal years subsequent to December 31, 2023 is as follows (in thousands):

| | |
|---|---|
| 2024 | $ 246,050 |
| 2025 | $ 232,930 |
| 2026 | $ 209,784 |
| 2027 | $ 134,322 |
| 2028 | $ 112,476 |

**Impairments**

Goodwill and, if applicable, indefinite-lived intangible assets are tested for impairment annually, as of October 1, and when events or changes in circumstances indicate that the asset might be impaired.

As part of our goodwill and intangible asset impairment assessments, we estimate the fair values of our reporting units and our intangible assets using an income approach that utilizes a discounted cash flow model or, where appropriate, a market approach.

The discounted cash flow models reflect our estimates of future cash flows and other factors including estimates of: (i) future operating performance, including future sales, long-term growth rates, gross margins, operating expenses, discount rates and the probability of achieving the estimated cash flows, and (ii) future economic conditions. These assumptions are based on significant inputs and judgments not observable in the market, and thus represent Level 3 measurements within the fair value hierarchy. The discount rates used in the determination of fair value reflect our judgments regarding the risks and uncertainties inherent in the estimated future cash flows and may differ over time depending on the risk profile of the particular assets and other market factors. We believe the discount rates and other inputs and assumptions are consistent with those a market participant would use. Any impairment charges resulting from annual or interim goodwill and intangible asset impairment assessments are recorded to Asset impairment charges in our Consolidated Statements of Operations.

*Annual Goodwill Impairment Tests*

The Company performed its annual goodwill impairment tests as of October 1, 2023, 2022 and 2021. For the purposes of these annual tests, the Company had two reporting units with goodwill: Branded Pharmaceuticals and Sterile Injectables. The discount rates

used for the Branded Pharmaceuticals reporting units in these annual tests were 14.5%, 15.0% and 14.5%, respectively, and the discount rates used for the Sterile Injectables reporting units in these annual tests were 14.5%, 19.5% and 11.0%, respectively.

As a result of our annual tests performed as of October 1, 2021, the Company determined that the carrying amount of the Sterile Injectables reporting unit exceeded its estimated fair value; therefore, the Company recorded a pre-tax non-cash goodwill impairment charge of $363.0 million during the fourth quarter of 2021. The Sterile Injectables impairment was primarily a result of changes in assumptions related to competition, including assumptions related to competing generic alternatives to VASOSTRICT®, which were subsequently introduced beginning with Eagle's at-risk launch in January 2022.

We did not record any other goodwill impairment charges as a result of our October 1, 2023, 2022 and 2021 annual impairment tests.

*Second-Quarter 2022 Interim Goodwill Impairment Tests*

Beginning in May 2022, our share price and the aggregate estimated fair value of our debt experienced significant declines. We believe these declines, which persisted through the end of the second quarter of 2022, were predominantly attributable to continuing and increasing investor and analyst uncertainty with respect to: (i) ongoing opioid and other litigation matters for which we had been unable to reach a broad-based resolution of outstanding claims and (ii) speculation surrounding the possibility of a bankruptcy filing. Further, rising inflation and interest rates unfavorably affected the cost of borrowing, which is one of several inputs used in the determination of the discount rates used in our discounted cash flow models. For example, the U.S. Federal Reserve raised its benchmark interest rate by 50 basis points in May 2022 and by an additional 75 basis points in June 2022. Taken together, we determined that these factors represented triggering events that required the performance of interim goodwill impairments tests for both our Sterile Injectables and Branded Pharmaceuticals reporting units as of June 30, 2022.

When performing these goodwill impairment tests, we estimated the fair values of our reporting units taking into consideration management's continued commitment to Endo's strategic plans and the corresponding projected cash flows, as well as the fact that management's views on litigation risk had not materially changed since our annual goodwill impairment tests performed on October 1, 2021. However, when analyzing our aggregated estimated internal valuation of our reporting units as of June 30, 2022 compared to our market capitalization and the aggregate estimated fair value of our debt, we also considered the increased level of investor and analyst uncertainty described above, coupled with our belief that investors and analysts were unlikely to modify their projections or valuation models unless or until we could demonstrate significant progression on the resolution of outstanding litigation matters and/or demonstrate that the risks of potential future strategic alternatives, including the possibility of a future bankruptcy filing, were no longer applicable. After performing this analysis, we made certain adjustments to incorporate these factors into the valuations of our reporting units, primarily through adjustments to the discount rate resulting from an increase in the CSRP, and determined that: (i) the estimated fair value of our Sterile Injectables reporting unit was less than its carrying amount, resulting in a pre-tax non-cash goodwill impairment charge of $1,748.0 million, and (ii) while the estimated fair value declined, there was no goodwill impairment for our Branded Pharmaceuticals reporting unit, for which the estimated fair value exceeded the carrying amount by more than 10%. The discount rates used in the June 30, 2022 goodwill tests were 13.5% and 18.5% for the Branded Pharmaceuticals and Sterile Injectables reporting units, respectively.

*Third-Quarter 2022 Interim Goodwill Impairment Tests*

As further described in Note 2. Bankruptcy Proceedings, during the third quarter of 2022, in connection with the Sale, we received the Stalking Horse Bid, subject to higher or otherwise better bids from other parties. The value of the bid, as well as our market capitalization and the aggregate estimated fair value of our debt, was considered when determining whether it was more likely than not that the carrying amounts of one or more of our reporting units exceeded their respective fair values. Further, rising inflation and interest rates unfavorably affected the cost of borrowing, which is one of several inputs used in the determination of the discount rates used in our discounted cash flow models. For example, the U.S. Federal Reserve raised its benchmark interest rate by 75 basis points in July 2022 and by an additional 75 basis points in September 2022. Taken together, we determined that these factors represented triggering events that required the performance of interim goodwill impairments tests for both our Sterile Injectables and Branded Pharmaceuticals reporting units as of September 30, 2022.

When performing these goodwill impairment tests, we estimated the fair values of our reporting units taking into consideration management's continued commitment to Endo's strategic plans and the corresponding projected cash flows. However, when analyzing our aggregated estimated internal valuation of our reporting units as of September 30, 2022 compared to our market capitalization and the aggregate estimated fair value of our debt, as well as the par value and fair value of the Stalking Horse Bid, we made adjustments to reflect certain risks and uncertainties, including those related to the Chapter 11 Cases and the anticipated Sale, into the valuations of our reporting units, primarily through adjustments to the discount rate resulting from an increase in the CSRP, and determined that: (i) the estimated fair value of our Sterile Injectables reporting unit was less than its carrying amount, resulting in

a pre-tax non-cash goodwill impairment charge of $97.0 million, and (ii) the estimated fair value of our Branded Pharmaceuticals reporting unit exceeded the carrying amount by more than 10%. The discount rates used in the September 30, 2022 goodwill tests were 15.0% and 19.5% for the Branded Pharmaceuticals and Sterile Injectables reporting units, respectively.

*Fourth-Quarter 2022 Interim Goodwill Impairment Test*

Beginning in late fourth-quarter 2022 and concluding in February 2023, the Company completed its annual enterprise-wide long-term strategic planning process, which resulted in updates to its projected future cash flows. Among other items, these updates primarily reflected the anticipated impacts on the Company's projected future cash flows resulting from: (i) the discontinuation of QWO®; (ii) the disruption to XIAFLEX® revenues that occurred in the second half of 2022; (iii) routine updates to our assumptions regarding anticipated competitive events for currently marketed products, as well as probabilities of success, launch timing and the anticipated competitive landscape surrounding new product launches, including with respect to TLC599 and certain product candidates in our Sterile Injectables reporting unit pipeline; (iv) expected changes in the Company's future manufacturing expense profile, including delays related to construction, FDA inspections and product transfers to our Sterile Injectables facility in Indore, India; and (v) changes in the Company's future operating expense profile. Due to the extent of the changes to the projected future cash flows, coupled with the fact that we had recorded impairments for our Sterile Injectables reporting unit during the second and third quarters of 2022, we concluded that it was more likely than not that the carrying amount of our Sterile Injectables reporting unit may exceed its fair value. As a result, an interim impairment test was performed as of December 31, 2022. The updates to the projected future cash flows did not result in an interim goodwill impairment test for our Branded Pharmaceuticals reporting unit due to the significant headroom in this reporting unit.

When performing the goodwill impairment test, we estimated the fair value of our Sterile Injectables reporting unit taking into consideration management's updated forecasts of projected cash flows, as further discussed above. The updated forecast of projected future cash flows was reduced in comparison to the prior 2022 tests. However, in reducing the cash flows, we believe the level of risk and uncertainty of the cash flows also decreased resulting in a corresponding decrease in the CSRP and, in turn, the discount rate used in the determination of fair value of our Sterile Injectables reporting unit. The discount rate used in the December 31, 2022 goodwill impairment test was 14.5%. We believe this discount rate and the other inputs and assumptions used to estimate fair value were consistent with those that a market participant would have used in light of the degree of risk associated with the most recent estimated future cash flows. Consistent with the goodwill impairment tests performed earlier in 2022, we compared our aggregated estimated internal valuation of our reporting units as of December 31, 2022 to our market capitalization and the aggregate estimated fair value of our debt, as well as the par value and fair value of the Stalking Horse Bid. As a result of the December 31, 2022 test, we determined that there was no impairment of goodwill.

*Other Intangible Asset Impairments*

With respect to other intangible assets, we did not record an asset impairment charge during the year ended December 31, 2023. We recorded asset impairment charges of $288.7 million and $7.8 million during the years ended December 31, 2022 and 2021, respectively. These pre-tax non-cash asset impairment charges related primarily to certain developed technology intangible assets that were tested for impairment following changes in market conditions and certain other factors impacting recoverability. The amount recorded in 2022 included charges related to the 2022 Restructuring Initiative, as further discussed in Note 5. Restructuring.

## NOTE 12. LICENSE, COLLABORATION AND ASSET ACQUISITION AGREEMENTS

We have entered into certain license, collaboration and asset acquisition agreements with third parties. Generally, these agreements require us to share in the costs of developing, manufacturing, commercializing and/or selling product candidates and/or products with third parties, who in turn grant us marketing rights for such product candidates and/or products. Under these agreements we are generally required to: (i) make upfront payments and/or other payments upon successful completion of regulatory, sales and/or other milestones and/or (ii) pay royalties on sales and/or other costs arising from these agreements. We have also, from time to time, entered into agreements to directly acquire certain assets from third parties.

### Nevakar Agreements

In May 2022, we announced that we had entered into an agreement to acquire six development-stage RTU injectable product candidates from Nevakar Injectables, Inc., a subsidiary of Nevakar, Inc., for an upfront cash payment of $35.0 million (the 2022 Nevakar Agreement). The acquisition closed during the second quarter of 2022. The acquired set of assets and activities did not meet the definition of a business. As a result, we accounted for the transaction as an asset acquisition. Upon closing, the upfront payment was recorded as Acquired in-process research and development in the Consolidated Statements of Operations.

The product candidates, which relate to our Sterile Injectables segment, are in various stages of development. The first commercial launch is expected in 2025; however, there can be no assurance this will occur within this timeframe or at all. With this acquisition, the Company will control all remaining development, regulatory, manufacturing and commercialization activities for the acquired product candidates.

In August 2022, within the ongoing bankruptcy proceedings, the Company filed an adversary proceeding (the Nevakar Litigation) against Nevakar, Inc. and Nevakar Injectables Inc. (collectively, Nevakar) to enforce: (i) a 2018 development, license and commercialization agreement (the 2018 Nevakar Agreement) and (ii) the 2022 Nevakar Agreement. In September 2022, Nevakar filed counterclaims against the Company. In December 2022, the Company and Nevakar reached a settlement with respect to the Nevakar Litigation (the Nevakar Settlement) subject to Bankruptcy Court approval. The Nevakar Settlement provided for the amendment (the Nevakar Amendment) of the 2018 Nevakar Agreement to revoke the Company's license of two products covered by the 2018 Nevakar Agreement, modify the Company's license to the remaining three products covered by the 2018 Nevakar Agreement to reduce the royalty owed to Nevakar, terminate any obligations of the Company to make payments to Nevakar upon achievement of contingent milestones and eliminate Nevakar's ability to terminate the remaining licenses for the Company's breach or material breach. The Nevakar Settlement also provided that the Company and Nevakar would agree to a mutual release of certain claims under both the 2018 Nevakar Agreement and the 2022 Nevakar Agreement. The Nevakar Settlement was approved by the Bankruptcy Court in January 2023. The Nevakar Settlement had no effect on our Consolidated Financial Statements in 2022.

In the first quarter of 2023, the Company concluded that the Nevakar Amendment met the definition of a nonmonetary exchange. The Nevakar Amendment did not result in the sale or acquisition of additional rights by the Company. The Company determined that the estimated value of the product rights revoked is approximately equal to the estimated reduction in the future royalty costs associated with the three products retained. There was no carrying value associated with the revoked product rights as the associated payments to Nevakar were previously expensed as Acquired in-process research and development. Based on these factors, the Nevakar Amendment had no effect on our Consolidated Financial Statements for the year ended December 31, 2023.

**TLC Agreement**

In June 2022, we announced that we had entered into an agreement with TLC to commercialize TLC599 (the TLC Agreement). We are accounting for the agreement as an asset acquisition. During the second quarter of 2022, we made an upfront payment of $30.0 million to TLC and recorded a corresponding charge to Acquired in-process research and development in the Consolidated Statements of Operations. On October 13, 2023, we commenced an adversary proceeding against TLC in the Bankruptcy Court. Due to the commercially sensitive nature of the dispute, the complaint initiating such proceeding has been filed under seal and is not publicly available. In February 2024, the parties to the adversary proceeding have informed the Bankruptcy Court that they are finalizing a settlement and expect to file a motion related to that settlement in the near future. As of the date of this report no motion has been filed.

**NOTE 13. CONTRACT ASSETS AND LIABILITIES**

Our revenue consists almost entirely of sales of our products to customers, whereby we ship products to a customer pursuant to a purchase order. Revenue contracts such as these do not generally give rise to contract assets or contract liabilities because: (i) the underlying contracts generally have only a single performance obligation and (ii) we do not generally receive consideration until the performance obligation is fully satisfied. At December 31, 2023, the unfulfilled performance obligations for these types of contracts relate to ordered but undelivered products. We generally expect to fulfill the performance obligations and recognize revenue within one week of entering into the underlying contract. Based on the short-term initial contract duration, additional disclosure about the remaining performance obligations is not required.

Certain of our other income-generating contracts, including license and collaboration agreements, may result in contract assets and/or contract liabilities. For example, we may recognize contract liabilities upon receipt of certain upfront and milestone payments from customers when there are remaining performance obligations.

The following table shows the opening and closing balances of contract assets and contract liabilities from contracts with customers (dollars in thousands):

| | December 31, 2023 | December 31, 2022 | $ Change | % Change |
|---|---|---|---|---|
| Contract assets (1) | $ 11,387 | $ 8,193 | $ 3,194 | 39% |
| Contract liabilities (2) | $ 3,534 | $ 4,099 | $ (565) | (14)% |

(1) At December 31, 2023 and December 31, 2022, approximately $2.1 million and $1.5 million, respectively, of these contract asset amounts are classified as current and are included in Prepaid expenses and other current assets in the Company's

Consolidated Balance Sheets. The remaining amounts are classified as noncurrent and are included in Other assets.

(2) At both December 31, 2023 and December 31, 2022, approximately $0.6 million of these contract liability amounts are classified as current and are included in Accounts payable and accrued expenses in the Company's Consolidated Balance Sheets. The remaining amounts are classified as noncurrent and are included in Other liabilities. During the year ended December 31, 2023, approximately $0.6 million of revenue was recognized that was included in the contract liability balance at December 31, 2022.

During the year ended December 31, 2023, we recognized revenue of $20.3 million relating to performance obligations satisfied, or partially satisfied, in prior periods. Such revenue generally relates to changes in estimates with respect to our variable consideration.

## NOTE 14. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses included the following at December 31, 2023 and December 31, 2022 (in thousands):

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Trade accounts payable | $ 94,735 | $ 109,033 |
| Returns and allowances | 119,577 | 160,619 |
| Rebates | 105,428 | 167,516 |
| Other sales deductions | 3,212 | 7,116 |
| Accrued payroll and related benefits | 81,145 | 95,666 |
| Accrued royalties and other distribution partner payables | 35,856 | 24,072 |
| Other (1) | 97,783 | 123,161 |
| Total | $ 537,736 | $ 687,183 |

(1) Amounts include a wide variety of accrued expenses, the most significant of which relate to accrued legal and other professional fees.

The decrease in the Returns and allowances, Rebates and Other sales deductions accruals are primarily due to changes in gross sales and customer mix, as well as other factors. The decrease in the Other accrued expense category, inclusive of accrued legal and other professional fee accruals, is primarily a result of timing of payments. Refer to Note 2. Bankruptcy Proceedings for additional information about certain professional fees recognized during our bankruptcy proceedings.

The amounts in the table above do not include amounts classified as Liabilities subject to compromise in our Consolidated Balance Sheets. Refer to Note 2. Bankruptcy Proceedings for additional information about Liabilities subject to compromise.

## NOTE 15. DEBT

The following table presents information about the Company's total indebtedness at December 31, 2023 and December 31, 2022 (dollars in thousands):

| | December 31, 2023 | | | December 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Effective Interest Rate (1) | Principal Amount (2) | Carrying Amount (2) | Effective Interest Rate (1) | Principal Amount (2) | Carrying Amount (2) |
| 5.375% Senior Notes due 2023 | 5.38% | $ 6,127 | $ 6,127 | 5.38% | $ 6,127 | $ 6,127 |
| 6.00% Senior Notes due 2023 | 6.00% | 56,436 | 56,436 | 6.00% | 56,436 | 56,436 |
| 5.875% Senior Secured Notes due 2024 | 6.88% | 300,000 | 300,000 | 6.88% | 300,000 | 286,375 |
| 6.00% Senior Notes due 2025 | 6.00% | 21,578 | 21,578 | 6.00% | 21,578 | 21,578 |
| 7.50% Senior Secured Notes due 2027 | 8.50% | 2,015,479 | 2,015,479 | 8.50% | 2,015,479 | 1,894,774 |
| 9.50% Senior Secured Second Lien Notes due 2027 | 9.50% | 940,590 | 940,590 | 9.50% | 940,590 | 940,590 |
| 6.00% Senior Notes due 2028 | 6.00% | 1,260,416 | 1,260,416 | 6.00% | 1,260,416 | 1,260,416 |
| 6.125% Senior Secured Notes due 2029 | 7.13% | 1,295,000 | 1,295,000 | 7.13% | 1,295,000 | 1,230,799 |
| Term Loan Facility | 14.50% | 1,975,000 | 1,975,000 | 13.50% | 1,975,000 | 1,871,894 |
| Revolving Credit Facility | 12.00% | 277,200 | 277,200 | 11.00% | 277,200 | 265,728 |
| Total (3) | | $ 8,147,826 | $ 8,147,826 | | $ 8,147,826 | $ 7,834,717 |

(1) As noted below, beginning on the Petition Date, we ceased recognition of interest expense related to all of our debt instruments and began to incur "adequate protection payments" (further discussed below) related to our First Lien Debt Instruments (representing all of our debt instruments except for our senior unsecured notes and the 9.50% Senior Secured Second Lien Notes due 2027). The December 31, 2023 and December 31, 2022 "effective interest rates" included in the table above represent the rates in effect on such dates used to calculate: (i) future adequate protection payments related to our First Lien Debt Instruments and (ii) future contractual interest related to our other debt instruments, notwithstanding the fact that such interest is not currently being recognized. These rates are expressed as a percentage of the contractual principal amounts outstanding as of such date and, with respect to our First Lien Debt Instruments, without consideration of any reductions related to adequate protection payments made through such date, if applicable.

(2) The December 31, 2023 and December 31, 2022 principal amounts represent the amount of unpaid contractual principal owed on the respective instruments. During the third quarter of 2022, in accordance with ASC 852, we adjusted the carrying amounts of all unsecured and potentially undersecured debt instruments to equal the expected amount of the allowed claim by expensing (within Reorganization items, net in the Consolidated Statements of Operations) $89.2 million of previously deferred and unamortized costs associated with these instruments. The December 31, 2023 carrying amounts of our First Lien Debt Instruments are further discussed below. The December 31, 2022 carrying amounts of our First Lien Debt Instruments reflect reductions for certain adequate protection payments made since the Petition Date.

(3) As of December 31, 2023 and December 31, 2022, the entire carrying amount our debt, as well as any related remaining accrued and unpaid interest that existed as of the Petition Date, is included in the Liabilities subject to compromise line in the Consolidated Balance Sheets.

**General Information**

The Company and its subsidiaries, with certain customary exceptions, guarantee or serve as issuers or borrowers of the debt instruments representing substantially all of the Company's indebtedness at December 31, 2023. The obligations under: (i) the 5.875% Senior Secured Notes due 2024; (ii) the 7.50% Senior Secured Notes due 2027; (iii) the 6.125% Senior Secured Notes due 2029; and (iv) the Credit Agreement and related loan documents are secured on a *pari passu* basis by a first priority lien (subject to certain permitted liens) on the collateral securing such instruments, which collateral represents substantially all of the assets of the issuers or borrowers and guarantors party thereto (subject to customary exceptions). The obligations under the 9.50% Senior Secured Second Lien Notes due 2027 are secured by a second priority lien (subject to certain permitted liens) on, and on a junior basis with respect to, the collateral securing the obligations under the Credit Agreement, the 5.875% Senior Secured Notes due 2024, the 7.50% Senior Secured Notes due 2027 and the 6.125% Senior Secured Notes due 2029 and the related guarantees. Our senior unsecured notes are unsecured and effectively subordinated in right of priority to the obligations under the Credit Agreement, the 5.875% Senior Secured Notes due 2024, the 7.50% Senior Secured Notes due 2027, the 9.50% Senior Secured Second Lien Notes due 2027 and the 6.125% Senior Secured Notes due 2029, in each case to the extent of the value of the collateral securing such instruments.

The aggregate estimated fair value of the Company's long-term debt, which was determined based on Level 2 quoted market price inputs for the same or similar debt issuances, was $4.1 billion and $4.9 billion at December 31, 2023 and December 31, 2022, respectively.

**Credit Facilities**

The Company and certain of its subsidiaries are party to the Credit Agreement (as amended from time to time, the Credit Agreement), which provides for: (i) a $1,000.0 million senior secured revolving credit facility (the Revolving Credit Facility) and (ii) a $2,000.0 million senior secured term loan facility (the Term Loan Facility and, together with the Revolving Credit Facility, the Credit Facilities). Current amounts outstanding as of December 31, 2023 under the Credit Facilities are set forth in the table above.

Principal payments on the Term Loan Facility equal to 0.25% of the initial $2,000.0 million principal amount are generally payable quarterly, beginning on June 30, 2021 and extending until the Term Loan Facility's maturity date in March 2028, at which time the remaining principal amount outstanding is payable. Based on the Company's borrowings under the Revolving Credit Facility outstanding at December 31, 2023, $74.6 million generally matures in 2024, with the remainder generally maturing in 2026.

Borrowings under the Revolving Credit Facility bear interest, at the borrower's election, at a rate per annum equal to: (i) an applicable margin between 1.50% and 3.00% depending on the Company's Total Net Leverage Ratio plus the Adjusted LIBO Rate (as defined in the Credit Agreement) or (ii) an applicable margin between 0.50% and 2.00% depending on the Company's Total Net Leverage Ratio plus the Alternate Base Rate (as defined in the Credit Agreement). In addition, borrowings under our Term Loan Facility bear interest, at the borrower's election, at a rate per annum equal to: (i) 5.00% plus the Adjusted LIBO Rate, subject to a London Interbank Offered Rate (LIBOR) floor of 0.75%, or (ii) 4.00% plus the Alternate Base Rate, subject to an Alternate Base Rate floor of 1.75%. Interest on these instruments is generally payable at the end of each interest period but at least every three months. The Credit Agreement includes provisions for a transition to an alternative benchmark rate other than LIBOR, which would have been

effective upon notification from the applicable administrative agent. As a result of the ongoing Chapter 11 Cases, discussed in more detail below, the Company is not currently making scheduled interest payments under the Credit Agreement and therefore no notification was received, or required, from the administrative agent regarding the shift of the benchmark rate.

The foregoing summary, which does not purport to be complete, is based on the terms of the Credit Agreement. Refer to the "Covenants, Events of Default and Bankruptcy-Related Matters" section below for a discussion of the effects of the ongoing bankruptcy proceedings and the related event of default on the Credit Facilities.

**Senior Notes and Senior Secured Notes**

The terms of the various senior notes and senior secured notes outstanding as of December 31, 2023 include maturities between 2023 and 2029. Interest on these notes is generally payable semiannually in arrears. The indentures governing these notes generally allow for redemption prior to maturity, in whole or in part, subject to certain restrictions and limitations described therein. The foregoing summary, which does not purport to be complete, is based on the terms of the indentures governing our various senior notes and senior secured notes. Refer to the "Covenants, Events of Default and Bankruptcy-Related Matters" section below for a discussion of the effects of the ongoing bankruptcy proceedings and the related event of default on our various senior notes and senior secured notes.

**Covenants, Events of Default and Bankruptcy-Related Matters**

The agreements relating to our outstanding indebtedness contain certain covenants and events of default.

Beginning during the second quarter of 2022, we elected to not make the following interest payments on or prior to their scheduled due dates: (i) approximately $38 million that was due on June 30, 2022 with respect to our outstanding 6.00% Senior Notes due 2028; (ii) approximately $2 million that was due on July 15, 2022 with respect to our outstanding 5.375% Senior Notes due 2023 and 6.00% Senior Notes due 2023; (iii) approximately $45 million that was due on July 31, 2022 with respect to our outstanding 9.50% Senior Secured Second Lien Notes due 2027; and (iv) approximately $1 million that was due on August 1, 2022 with respect to our outstanding 6.00% Senior Notes due 2025. Under each of the indentures governing these notes, we had a 30-day grace period from the respective due dates to make these interest payments before such non-payments constituted events of default with respect to such notes. We chose to enter these grace periods while continuing discussions with certain creditors in connection with our evaluation of strategic alternatives. Our decision to enter these grace periods was not driven by liquidity constraints. We made the interest payment of approximately $38 million that became due on June 30, 2022 with respect to our outstanding 6.00% Senior Notes due 2028 on July 28, 2022, which was prior to the end of the applicable grace period. We also made the interest payments totaling approximately $2 million that became due on July 15, 2022 with respect to our outstanding 5.375% Senior Notes due 2023 and 6.00% Senior Notes due 2023 on August 11, 2022, which was prior to the end of the applicable grace periods.

On the Petition Date, the Debtors filed voluntary petitions for relief under the Bankruptcy Code, which constituted an event of default that accelerated our obligations under substantially all of our then-outstanding debt instruments. However, section 362 of the Bankruptcy Code stays creditors from taking any action to enforce the related financial obligations and creditors' rights of enforcement in respect of the debt instruments are subject to the applicable provisions of the Bankruptcy Code.

As a result of the Chapter 11 Cases, since the Petition Date, we have not made, and we are not currently making, any scheduled principal or interest payments on the Credit Facilities or our various senior notes and senior secured notes. We are however making certain adequate protection payments as further discussed below. Additionally, as a result of the Chapter 11 Cases, all remaining commitments under the Revolving Credit Facility have been terminated.

The transactions contemplated by the amended RSA are subject to approval by the Bankruptcy Court, among other conditions. Accordingly, no assurance can be given that the transactions described therein will be consummated. Because the Company has not yet obtained approval by the Bankruptcy Court regarding such transactions, there remains uncertainty with respect to the ability of our creditors, including our secured and unsecured debt holders, to recover the full amount of their claims against us. As a result, all secured and unsecured debt instruments have been classified as Liabilities subject to compromise in our Consolidated Balance Sheets as of December 31, 2023 and December 31, 2022, and we ceased the recognition of interest expense related to these instruments as of the Petition Date. During the years ended December 31, 2023 and 2022, we did not recognize approximately $638 million and $231 million, respectively, of contractual interest expense that would have been recognized if not for the Chapter 11 Cases.

As part of the RSA that is further discussed in Note 2. Bankruptcy Proceedings, the Company and the Ad Hoc First Lien Group agreed on the terms of a proposed order authorizing the Company's use of cash collateral (as modified and entered by the Bankruptcy Court on a final (amended) basis in October 2022, the Cash Collateral Order) in connection with the Chapter 11 Cases on certain terms and conditions set forth therein.

Pursuant to the Cash Collateral Order that is further discussed in Note 2. Bankruptcy Proceedings, we are, among other things, obligated to make certain adequate protection payments during our bankruptcy proceedings on each of our First Lien Debt Instruments. These adequate protection payments include the payment of amounts equal to any accrued and unpaid interest that existed as of the Petition Date by no later than eight business days after entry of the interim Cash Collateral Order, as well as the following payments, to be paid on the last business day of each calendar month, calculated based upon a rate of:

- with respect to the Revolving Credit Facility and the Term Loan Facility, 200 basis points plus: (i) if denominated in dollars, ABR plus the Applicable Rate (each as defined in the Credit Agreement), or (ii) if denominated in Canadian dollars, the Canadian Prime Rate plus the Applicable Rate (each as defined in the Credit Agreement); and
- with respect to the applicable senior secured notes, 100 basis points plus the applicable rate of interest set forth on the face of the applicable note.

The rates in the foregoing bullet points, which are used to calculate any applicable adequate protection payments, are expressed as a percentage of the contractual principal amounts outstanding without consideration of any reductions related to adequate protection payments. On a cumulative basis through December 31, 2023, we made the following adequate protection payments pursuant to the Cash Collateral Order:

- $43.5 million with respect to the Revolving Credit Facility;
- $379.7 million with respect to the Term Loan Facility; and
- $482.7 million with respect to the applicable senior secured notes.

Adequate protection payments have generally been recorded as a reduction of the carrying amount of the respective First Lien Debt Instruments, which are classified as Liabilities subject to compromise. This accounting treatment is due to the aforementioned uncertainties with respect to the ultimate outcome of the bankruptcy proceedings which creates uncertainties surrounding the holders of First Lien Debt Instruments ability to recover, in full, the amount of outstanding principal associated with those instruments. Accordingly, from the Petition Date and through the third quarter of 2023, the carrying amounts of the respective First Lien Debt Instruments were reduced by the amount of adequate protection payments made. In December 2023, the Plan and related disclosure statement were filed with the Bankruptcy Court, which included for the first time, among other things, the estimated allowed claims with respect to outstanding debt obligations. As a result, we adjusted the carrying amount of all unsecured and potentially undersecured debt obligations at December 31, 2023 to equal the expected amount of the allowed claim as detailed in the Plan, resulting in an adjustment of approximately $905.9 million to Liabilities subject to compromise and a corresponding expense recognized within Reorganization items, net in the Consolidated Statements of Operations. As further discussed in Note 2. Bankruptcy Proceedings, on January 12, 2024, the Bankruptcy Court entered an order conditionally approving our disclosure statement. Certain of the adequate protection payments may later be characterized as interest expense depending upon certain developments in the Chapter 11 Cases.

In addition to the terms described above, the Cash Collateral Order, among other things, establishes a budget for the Debtors' use of cash collateral, establishes certain informational rights for the Debtors' secured creditors and provides for the waiver of certain Bankruptcy Code provisions. The foregoing description of the Cash Collateral Order does not purport to be complete and is qualified in its entirety by reference to the Cash Collateral Order entered by the Bankruptcy Court in the Chapter 11 Cases.

**Debt Financing Transactions**

Set forth below are certain disclosures relating to debt financing transactions that occurred during the years ended December 31, 2023, 2022 and 2021.

*March 2021 Refinancing*

In March 2021, the Company executed certain transactions (the March 2021 Refinancing Transactions) that included:

- refinancing in full its previously-existing term loans, which had approximately $3,295.5 million of principal outstanding immediately before refinancing (the Existing Term Loans), with the proceeds from: (i) a new $2,000.0 million term loan (the Term Loan Facility) and (ii) $1,295.0 million of newly issued 6.125% Senior Secured Notes due 2029 (collectively, the Term Loan Refinancing);
- extending the maturity of approximately $675.3 million of existing revolving commitments under the Revolving Credit Facility to March 2026; and
- making certain other modifications to the credit agreement that was in effect immediately prior to the March 2021 Refinancing Transactions (the Prior Credit Agreement).

The changes to the Credit Facilities and the Prior Credit Agreement were effected pursuant to an amendment and restatement agreement entered into by the Company in March 2021 (the Restatement Agreement), which amended and restated the Prior Credit Agreement (as amended and restated by the Restatement Agreement, the Credit Agreement), among Endo International plc, certain of its subsidiaries, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent, issuing bank and swingline lender.

The $2,000.0 million portion of the Term Loan Refinancing associated with the new term loan was accounted for as a debt modification, while the $1,295.0 million portion associated with the new notes issued was accounted for as an extinguishment. During the first quarter of 2021, in connection with the Term Loan Refinancing, $7.8 million of deferred and unamortized costs associated with the Existing Term Loans, representing the portion associated with the extinguishment, was charged to expense and is included in the Loss on extinguishment of debt line item in the Consolidated Statements of Operations. The Company also incurred an additional $56.7 million of new costs and fees, of which: (i) $29.2 million and $17.6 million were initially deferred to be amortized as interest expense over the terms of the Term Loan Facility and the newly issued 6.125% Senior Secured Notes due 2029, respectively; (ii) $6.0 million was considered debt extinguishment costs and was charged to expense in the first quarter of 2021 and is included in the Loss on extinguishment of debt line item in the Consolidated Statements of Operations; and (iii) $3.9 million was considered debt modification costs and was charged to expense in the first quarter of 2021 and is included in the Selling, general and administrative expense line item in the Consolidated Statements of Operations. The deferred amounts were being amortized as interest expense until the initiation of our bankruptcy proceedings during the third quarter of 2022, at which time the remaining unamortized costs were expensed as Reorganization items, net in the Consolidated Statements of Operations.

During the first quarter of 2021, the Company also incurred $2.1 million of new costs and fees associated with the extension of the Revolving Credit Facility, which were initially deferred to be amortized as interest expense over the new term of the Revolving Credit Facility. The deferred amounts were being amortized as interest expense until the initiation of our bankruptcy proceedings during the third quarter of 2022, at which time the remaining unamortized costs were expensed as Reorganization items, net in the Consolidated Statements of Operations.

*October 2021 Revolving Credit Facility Repayment and January 2022 Senior Notes Repayments*

In October 2021, commitments under the Revolving Credit Facility of approximately $76.0 million matured, thereby reducing the remaining commitments outstanding under the Revolving Credit Facility. This maturity, which reduced the remaining credit available under the Revolving Credit Facility, occurred because the 7.25% Senior Notes due 2022 and the 5.75% Senior Notes due 2022 were not refinanced or repaid in full prior to the date that was 91 days prior to their January 15, 2022 maturity dates. As a result of this maturity, the Company repaid approximately $22.8 million of borrowings in October 2021, representing the amount that had been borrowed pursuant to these matured commitments. The 7.25% Senior Notes due 2022 and the 5.75% Senior Notes due 2022 were repaid in January 2022.

**Maturities**

As noted above, the initiation of our bankruptcy proceedings constituted an event of default that accelerated our obligations under substantially all of our then-outstanding debt instruments. The following table presents, as of December 31, 2023, for each of the five fiscal years subsequent to December 31, 2023, the stated maturities on our long-term debt that would have been applicable if not for such acceleration (in thousands):

| | Maturities (1) |
|---|---|
| 2024 (2) | $ 394,600 |
| 2025 | $ 41,578 |
| 2026 (2) | $ 222,600 |
| 2027 | $ 2,976,069 |
| 2028 | $ 3,125,416 |

(1) The terms of the Credit Agreement provide that certain amounts borrowed pursuant to the Credit Facilities could mature prior to their scheduled maturity date if certain of our senior notes are not refinanced or repaid prior to the date that is 91 days prior to the respective stated maturity dates thereof. The amounts in this maturities table do not reflect any potential early repayments or refinancings.

(2) Based on the Company's borrowings under the Revolving Credit Facility that were outstanding at December 31, 2023, $74.6 million would have matured in 2024, with the remainder maturing in 2026.

As discussed above, as a result of the Chapter 11 Cases, since the Petition Date, we have not made, and we are not currently making, any scheduled principal or interest payments on the Credit Facilities or our various senior notes and senior secured notes. Therefore, the timing and amount of any future principal and interest payments is uncertain. The table above excludes $30.0 million of

principal outstanding on our Term Loan Facility that, pursuant to the terms of the Credit Agreement, matured on or before December 31, 2023 but has not yet been paid as a result of the Chapter 11 Cases. Additionally, the table above excludes $62.6 million of principal outstanding on our 5.375% Senior Notes due 2023 and 6.00% Senior Notes due 2023 that matured on or before December 31, 2023 but has not yet been paid as a result of the Chapter 11 Cases.

## NOTE 16. COMMITMENTS AND CONTINGENCIES

### Manufacturing, Supply and Other Service Agreements

Our subsidiaries contract with various third-party manufacturers, suppliers and service providers to provide raw materials used in our subsidiaries' products and semi-finished and finished goods, as well as certain packaging, labeling services, customer service support, warehouse and distribution services. If, for any reason, we are unable to obtain sufficient quantities of any of the finished goods or raw materials or components required for our products or services needed to conduct our business, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

In addition to the manufacturing and supply agreements described above, we have agreements with various companies for clinical development and certain other services. Although we have no reason to believe that the parties to these agreements will not meet their obligations, failure by any of these third parties to honor their contractual obligations may have a material adverse effect on our business, financial condition, results of operations and cash flows.

### U.S. Government Cooperative Agreement

In November 2021, we entered into a cooperative agreement with the U.S. Department of Defense (DoD), pursuant to an interagency agreement with the U.S. Department of Health and Human Service (HHS) whereby the DoD provided contracting support to HHS during the COVID-19 pandemic. The cooperative agreement with the DoD concluded in the third quarter of 2023 and a new cooperative agreement with HHS, containing substantially the same terms, was simultaneously executed. The purpose of the original cooperative agreement with the DoD, and subsequently the cooperative agreement with HHS, is to expand our Sterile Injectables segment's fill-finish manufacturing production capacity and capabilities at our Rochester, Michigan plant to support the U.S. government's national defense efforts regarding production of critical medicines advancing pandemic preparation (the U.S. Government Cooperative Agreement). The U.S. Government Cooperative Agreement is part of the U.S. government's efforts, authorized under the Defense Production Act, to address potential vulnerabilities in critical product supply chains and strengthen the advancement of domestic manufacturing capabilities critical to the national defense, including essential medicines production.

Under the terms of the U.S. Government Cooperative Agreement, our Rochester facility will establish new sterile fill-finish manufacturing assets capable of processing liquid or lyophilized products requiring Biosafety Level (BSL) 2 containment in order to establish and sustain BSL 2 sterile fill-finish production capacity to create and maintain industrial base capabilities for the national defense. Certain qualifying costs are eligible for reimbursement by the U.S. government under a cost share arrangement, generally within 30 days of us submitting requests for reimbursement. The Company must generally incur the costs before subsequently seeking reimbursement of qualifying costs from the U.S. government. Amounts reimbursed are subject to audit and may be recaptured by the U.S. government in certain circumstances.

Construction is currently in progress. During the years ended December 31, 2023 and December 31, 2022, we incurred costs of approximately $52.9 million and $39.0 million, respectively, associated with the U.S. Government Cooperative Agreement. The following table summarizes certain information about the activity under the U.S. Government Cooperative Agreement at December 31, 2023 and December 31, 2022 (dollars in thousands):

| | Year Ended December 31, | |
|---|---|---|
| | 2023 | 2022 |
| Cumulative grant proceeds received to reimburse asset construction | $ 58,032 | $ 18,635 |
| Capex reimbursement receivable, included in Accounts receivable, net | 5,514 | 7,856 |
| Cumulative amounts applied against assets placed in service (1) | (18,922) | — |
| Total deferred grant income (2) | $ 44,624 | $ 26,491 |
| Assets under construction, gross | $ 58,359 | $ 34,950 |
| Assets placed in service, gross | 24,898 | — |
| Endo's portion of costs included in Property, plant and equipment, net | (19,711) | (8,459) |
| Cumulative amounts applied against assets placed in service (1) | (18,922) | — |
| Total deferred grant income (2) | $ 44,624 | $ 26,491 |

(1) During 2023, a portion of the facility constructed under the U.S. Government Cooperative Agreement was placed into service. Consistent with our policy election, discussed in Note 3. Summary of Significant Accounting Policies, we have deducted the corresponding grant reimbursement from Property, plant and equipment, net when the asset was placed in service.
(2) At December 31, 2023 and 2022, this amount, representing the reimbursable portion of costs included in assets under construction is included in Other liabilities in our Consolidated Balance Sheets.

Approximately $1.3 million and $1.0 million has been charged to expense, including depreciation for assets placed into service, during the years ended December 31, 2023 and 2022, respectively, with the majority of such expense included within Selling, general and administrative expenses and Cost of revenues in our Consolidated Statements of Operations. During the years ended December 31, 2023 and 2022, these amounts are net of approximately $4.1 million and $3.1 million, respectively, representing the reimbursable portion of costs incurred.

Amounts included in our Consolidated Financial Statements as of and for the year ended December 31, 2021 were not material.

We estimate that approximately three-quarters of our expected capital expenditures related to this agreement, as well as the corresponding reimbursements from the U.S. government, have occurred through December 31, 2023. We anticipate that facility readiness will occur in 2025, but there can be no assurance this will occur.

The new sterile fill-finish manufacturing assets will be available to support our future commercial operations, subject to the U.S. government's conditional priority access and certain preferred pricing obligations under the U.S. Government Cooperative Agreement. The U.S. government will have conditional priority access to the facility for an initial period of ten years from the completion of the expansion project, which could be extended in the future after good faith negotiation and on commercially reasonable terms and conditions. Specifically, the U.S. government (or a third-party U.S. government supporting entity) will have priority access to utilize the new sterile fill-finish manufacturing assets for the production of a medical countermeasure if a determination is made in writing by the Secretary of HHS that the priority access is needed to respond to a disease, health condition or other threat to the public health that causes a public health emergency or a credible risk of such an emergency. The U.S. Government Cooperative Agreement also contemplates the establishment of separate supply agreements to be negotiated in good faith on mutually-acceptable commercially reasonable terms. Refer to Note 3. Summary of Significant Accounting Policies for additional information about our accounting for the U.S. Government Cooperative Agreement.

**Legal Proceedings and Investigations**

We and certain of our subsidiaries are involved in various claims, legal proceedings and internal and governmental investigations (collectively, proceedings) arising from time to time, including, among others, those relating to product liability, intellectual property, regulatory compliance, consumer protection, tax and commercial matters. An adverse outcome in certain proceedings described herein could have a material adverse effect on our business, financial condition, results of operations and cash flows. We are also subject to a number of matters that are not being disclosed herein because, in the opinion of our management, these matters are immaterial both individually and in the aggregate with respect to our financial position, results of operations and cash flows.

As further discussed in Note 2. Bankruptcy Proceedings, on the Petition Date, certain of the Debtors filed voluntary petitions for relief under the Bankruptcy Code. Certain additional Debtors filed voluntary petitions for relief under the Bankruptcy Code on May 25, 2023 and May 31, 2023. Under the Bankruptcy Code, third-party actions to collect pre-petition indebtedness owed by the Debtors, as well as most litigation pending against the Debtors as of the Petition Date, are generally subject to an automatic stay. However, under the Bankruptcy Code, certain legal proceedings, such as those involving the assertion of a governmental entity's police or regulatory powers, may not be subject to the automatic stay and may continue unless otherwise ordered by the Bankruptcy Court. As a result, some proceedings may continue (or certain parties may attempt to argue that such proceedings should continue) notwithstanding the automatic stay. Where no stay is in place or expected, and in the event the stays in place were to be lifted, we intend to vigorously prosecute or defend our position as appropriate. We cannot predict the outcome of any proceeding, and there can be no assurance that we will be successful or obtain any requested relief.

We believe that certain settlements and judgments, as well as legal defense costs, relating to certain product liability or other matters are or may be covered in whole or in part under our insurance policies with a number of insurance carriers. In certain circumstances, insurance carriers reserve their rights to contest or deny coverage. We intend to contest vigorously any disputes with our insurance carriers and to enforce our rights under the terms of our insurance policies. Notwithstanding the foregoing, amounts recovered under our insurance policies could be materially less than stated coverage limits and may not be adequate to cover damages, other relief and/or costs relating to claims. In addition, there is no guarantee that insurers will pay claims in the amounts we expect or that coverage will otherwise be available. Even where claims are submitted to insurance carriers for defense and indemnity, there can

be no assurance that the claims will be covered by insurance or that the indemnitors or insurers will remain financially viable or will not challenge our right to reimbursement in whole or in part. Accordingly, we will record receivables with respect to amounts due under these policies only when the realization of the potential claim for recovery is considered probable.

We may not have and may be unable to obtain or maintain insurance on acceptable terms or with adequate coverage against potential liabilities or other losses, including costs, judgments, settlements and other liabilities incurred in connection with current or future legal proceedings, regardless of the success or failure of the claim. For example, we do not have insurance sufficient to satisfy all of the opioid claims that have been made against us. We also generally no longer have product liability insurance to cover claims in connection with the mesh-related litigation described herein. Additionally, we may be limited by the surviving insurance policies of acquired entities, which may not be adequate to cover potential liabilities or other losses. The failure to generate sufficient cash flow or to obtain other financing could affect our ability to pay amounts due under those liabilities not covered by insurance. Additionally, the nature of our business, the legal proceedings to which we are exposed and any losses we suffer may increase the cost of insurance, which could impact our decisions regarding our insurance programs. Finally, as set forth in the stipulation filed with the Bankruptcy Court on March 24, 2023 (see Note 2. Bankruptcy Proceedings), our ability to access certain insurance proceeds may be impacted by the resolution reached with the UCC.

As of December 31, 2023, our accrual for loss contingencies totaled $2,431.5 million, the most significant components of which relate to: (i) various opioid-related matters as further described herein and (ii) product liability and related matters associated with transvaginal surgical mesh products, which we have not sold since March 2016. Although we believe there is a possibility that a loss in excess of the amount recognized exists, we are unable to estimate the possible loss or range of loss in excess of the amount recognized at this time. As of December 31, 2023, our entire accrual for loss contingencies is classified as Liabilities subject to compromise in the Consolidated Balance Sheets and recorded at the expected allowed claim amount, even if they may ultimately be settled for different amounts. As a result of the automatic stay under the Bankruptcy Code and the uncertain treatment of these liabilities pursuant to a chapter 11 plan or otherwise, the timing and amount of payment, if any, related to the amounts accrued for loss contingencies is uncertain.

As part of the Chapter 11 Cases, persons and entities believing that they have claims or causes of action against the Debtors, including litigants, may file proofs of claim evidencing such claims. On April 3, 2023, the Bankruptcy Court entered the Bar Date Order, as subsequently amended on June 23, 2023 and July 14, 2023, setting July 7, 2023 as the general bar date (deadline) for persons and non-governmental entities to file proofs of claim against the Debtors. The Bankruptcy Court also set May 31, 2023 as the bar date for governmental entities to file claims other than certain claims relating to opioids against the Debtors. Certain claims, including most governmental claims relating to opioids, are subject to separate bar date procedures as set forth in more detail in the Bar Date Order.

At the Debtors' request, the Bankruptcy Court has appointed the FCR in the Chapter 11 Cases. As further described in the applicable Bankruptcy Court filings, the FCR represents the rights of individuals who may in the future assert one or more personal injury claims against the Debtors or a successor of the Debtors' businesses relating to the Debtors' opioid or transvaginal surgical mesh products, but who could not assert such claims in the Chapter 11 Cases because, among other reasons, such individuals were unaware of the alleged injury, had a latent manifestation of the alleged injury or were otherwise unable to assert or incapable of asserting claims based on the alleged injury. Although the FCR was initially appointed to represent the rights of individuals who may in the future assert one or more personal injury claims against the Debtors or a successor of the Debtors' businesses relating to the Debtors' ranitidine products, in August 2023 the Bankruptcy Court entered an order terminating the FCR's appointment with respect to claims relating to the Debtors' ranitidine products.

*Vaginal Mesh Matters*

Since 2008, we and certain of our subsidiaries, including American Medical Systems Holdings, Inc. (AMS) (which subsequently converted to Astora Women's Health Holdings, LLC and merged into Astora Women's Health LLC (Astora)), have been named as defendants in multiple lawsuits in various state and federal courts in the U.S., and in the United Kingdom, Australia and other countries, alleging personal injury resulting from the use of transvaginal surgical mesh products designed to treat POP and SUI. We have not sold such products since March 2016. Plaintiffs claim a variety of personal injuries, including chronic pain, incontinence, inability to control bowel function and permanent deformities, and seek compensatory and punitive damages, where available.

At various times from June 2013 through the Petition Date, the Company and/or certain of its subsidiaries entered into various Master Settlement Agreements (MSAs) and other agreements intended to resolve approximately 71,000 filed and unfiled U.S. mesh claims. These MSAs and other agreements were solely by way of compromise and settlement and were not an admission of liability or fault by us or any of our subsidiaries. All MSAs were subject to a process that included guidelines and procedures for administering the settlements and the release of funds. In certain cases, the MSAs provided for the creation of QSFs into which settlement funds were deposited, established participation requirements and allowed for a reduction of the total settlement payment in the event participation thresholds were not met. In certain circumstances, participation requirements or other conditions for payment were not

satisfied prior to the Petition Date. Funds deposited in QSFs are considered restricted cash and/or restricted cash equivalents. Distribution of funds to any individual claimant was conditioned upon the receipt of documentation substantiating product use, the dismissal of any lawsuit and the release of the claim as to us and all affiliates. Prior to receiving funds, an individual claimant was required to represent and warrant that liens, assignment rights or other claims identified in the claims administration process have been or will be satisfied by the individual claimant. Confidentiality provisions applied to the settlement funds, amounts allocated to individual claimants and other terms of the agreements.

The following table presents the changes in the mesh-related QSFs and liability accrual balances during the year ended December 31, 2023 (in thousands):

| | Mesh Qualified Settlement Funds | Mesh Liability Accrual (1) |
|---|---|---|
| Balance as of December 31, 2022 | $ 50,339 | $ 222,972 |
| Additional charges | — | 495 |
| Cash distributions to settle disputes from Qualified Settlement Funds | (2,279) | (2,279) |
| Other (2) | 1,404 | 1,404 |
| Balance as of December 31, 2023 | $ 49,464 | $ 222,592 |

(1) As of December 31, 2023 and December 31, 2022, the entire accrual is classified as Liabilities subject to compromise in the Consolidated Balance Sheets.

(2) Amounts deposited in the QSFs earn interest from time to time that is reflected in the table above as an increase to the QSF and Mesh Liability Accrual balances. Subject to any restrictions on making payments as a result of the Chapter 11 Cases, such interest is generally used to pay administrative costs of the funds and any interest remaining after all claims have been paid will generally be distributed to the claimants who participated in that settlement. Also included within this line are foreign currency adjustments for settlements not denominated in U.S. dollars.

Charges related to vaginal mesh liability and associated legal fees and other expenses for all periods presented are reported in Discontinued operations, net of tax in our Consolidated Statements of Operations.

As of December 31, 2023, the Company has made total cumulative mesh liability payments of approximately $3.6 billion, $49.5 million of which remains in the QSFs as of December 31, 2023. In light of the filing of petitions for relief under the Bankruptcy Code, we do not expect to make new payments under previously executed mesh settlement agreements within the next 12 months. As funds are disbursed out of the QSFs from time to time, the liability accrual will be reduced accordingly with a corresponding reduction to restricted cash and cash equivalents.

In June 2023, the Company filed a motion in the Bankruptcy Court seeking: (i) confirmation that the automatic stay does not apply to certain distributions to mesh claimants under the QSFs and (ii) authorization to request the return of the QSF funds to relevant parties (the QSF Motion). In July 2023, the Bankruptcy Court entered an order confirming that the automatic stay does not apply to certain distributions from QSFs for mesh claimants for whom the Company does not have a reversionary interest, as scheduled in the QSF Motion, and authorizing the Company to request the return of the QSF funds for the mesh claimants who did not object to the QSF Motion. Objecting mesh claimants have until March 14, 2024 to file a formal objection to the QSF Motion, unless otherwise agreed by the Company and such claimants and approved by the Bankruptcy Court. Any such objections are currently scheduled to be heard by the Bankruptcy Court on March 21, 2024.

As of the Petition Date, mesh personal injury claims against AMS and Astora, in the U.S., became subject to the automatic stay applicable under the Bankruptcy Code, and stays of mesh litigation have been obtained in the United Kingdom and Australia. In certain other countries where no stay is in place, and in the event the stays in place were to be lifted, we will continue to vigorously defend any unresolved claims and to explore other options as appropriate in our best interests.

We were contacted in October 2012 regarding a civil investigation initiated by various U.S. state attorneys general into mesh products, including transvaginal surgical mesh products designed to treat POP and SUI. In November 2013, we received a subpoena relating to this investigation from the state of California, and we subsequently received additional subpoenas from California and other states. We are cooperating with the investigations.

The resolution reached with the UCC contemplates the creation and funding of a trust for the benefit of certain unsecured creditors and sub-trusts established thereunder, one of which shall be established for the benefit of certain mesh claimants. Additionally, on April 13, 2023, the Purchaser and the FCR filed a resolution with the Bankruptcy Court that contemplates that the

Future PI Trust will allocate an aggregate amount of $0.5 million to eligible future mesh claimants in exchange for certain releases to be provided to (among others) the Purchaser and Endo International plc, its subsidiaries and affiliated entities and persons. As previously noted, the Plan is subject to the approval of the Bankruptcy Court and therefore there is no guarantee that the proposed sale transaction to the Purchaser contemplated by the Plan, or the establishment and funding of the trusts contemplated under the Plan, will actually occur. Additionally, similar matters to the foregoing may be brought by others or the foregoing matters may be expanded. We are unable to predict the outcome of these matters or to estimate the possible range of any additional losses that could be incurred.

Although the Company believes it has appropriately estimated the allowed claim amount associated with all mesh-related matters as of the date of this report, it is reasonably possible that adjustments to our overall liability accrual may be required. This could have a material adverse effect on our business, financial condition, results of operations and cash flows.

*Opioid-Related Matters*

Since 2014, multiple U.S. states as well as other governmental persons or entities and private plaintiffs in the U.S. and Canada have filed suit against us and/or certain of our subsidiaries, including EHSI, EPI, PPI, PPCI, Endo Generics Holdings, Inc. (EGHI), Vintage Pharmaceuticals, LLC, Generics Bidco I, LLC, DAVA Pharmaceuticals, LLC, PSP LLC and in Canada, Paladin and EVU, as well as various other manufacturers, distributors, pharmacies and/or others, asserting claims relating to the defendants' alleged sales, marketing and/or distribution practices with respect to prescription opioid medications, including certain of our products. As of February 28, 2024, pending cases in the U.S. of which we were aware include, but are not limited to, approximately 15 cases filed by or on behalf of states; approximately 2,570 cases filed by counties, cities, Native American tribes and/or other government-related persons or entities; approximately 310 cases filed by hospitals, health systems, unions, health and welfare funds or other third-party payers and approximately 220 cases filed by individuals, including but not limited to legal guardians of children born with neonatal abstinence syndrome. Certain of the U.S. cases are putative class actions. The Canadian cases include an action filed by British Columbia on behalf of a proposed class of all federal, provincial and territorial governments and agencies in Canada that paid healthcare, pharmaceutical and treatment costs related to opioids; an action filed in Alberta on behalf of a proposed class of all local or municipal governments in Canada; an action filed in Saskatchewan on behalf of a proposed class of all First Nations communities and local or municipal governments in Canada; and three additional putative class actions, filed in British Columbia, Ontario and Quebec, seeking relief on behalf of Canadian residents who were prescribed and/or consumed opioid medications.

The complaints in the cases assert a variety of claims, including but not limited to statutory claims asserting violations of public nuisance, consumer protection, unfair trade practices, racketeering, Medicaid fraud and/or drug dealer liability laws and/or common law claims for public nuisance, fraud/misrepresentation, strict liability, negligence and/or unjust enrichment. The claims are generally based on alleged misrepresentations and/or omissions in connection with the sale and marketing of prescription opioid medications and/or alleged failures to take adequate steps to identify and report suspicious orders and to prevent abuse and diversion. Plaintiffs seek various remedies including, without limitation, declaratory and/or injunctive relief; compensatory, punitive and/or treble damages; restitution, disgorgement, civil penalties, abatement, attorneys' fees, costs and/or other relief. The damages sought exceed our applicable insurance.

Many of the U.S. cases have been coordinated in a federal multidistrict litigation (MDL) pending in the U.S. District Court for the Northern District of Ohio; however, in April 2022, the Judicial Panel on Multidistrict Litigation issued an order suggesting that, based on the progress of the MDL, it would no longer transfer new cases filed in or removed to federal court to the MDL. Other cases are pending in various federal or state courts. Following the Petition Date, litigation activity against the Company and its subsidiaries ceased in nearly all pending cases as a result of the automatic stay and a November 2022 preliminary injunction order issued by the Bankruptcy Court. In August 2023, the Bankruptcy Court extended the preliminary injunction by a further 180 days. A similar cessation of litigation activity is in place in Canada.

In June 2020, the New York State Department of Financial Services (DFS) commenced an administrative action against the Company, EPI, EHSI, PPI and PPCI alleging violations of the New York Insurance Law and New York Financial Services Law. In July 2021, DFS filed an amended statement of charges. The amended statement of charges alleges that fraudulent or otherwise wrongful conduct in the marketing, sale and/or distribution of opioid medications caused false claims to be submitted to insurers. DFS seeks civil penalties for each allegedly fraudulent prescription as well as injunctive relief. In July 2021, EPI, EHSI, PPI and PPCI, among others, filed a petition in New York state court seeking to prohibit DFS from proceeding with its administrative enforcement action. In December 2021, DFS filed a motion to dismiss that petition, which the court granted in June 2022. The Company's subsidiaries, among others, appealed that ruling in July 2022. Both the appeal and the DFS administrative matter were stayed following commencement of the Chapter 11 Cases.

Between 2019 and the Petition Date, the Company and/or certain of its subsidiaries executed a number of settlement agreements to resolve governmental opioid claims brought by certain states, counties, cities and/or other governmental entities. Certain related developments include but are not limited to the following:

- In September 2019, EPI, EHSI, PPI and PPCI executed a settlement agreement with two Ohio counties providing for payments totaling $10 million and up to $1 million of VASOSTRICT® and/or ADRENALIN®. The settlement amount was paid during the third quarter of 2019.
- In January 2020, EPI and PPI executed a settlement agreement with the state of Oklahoma providing for a payment of $8.75 million. The settlement amount was paid during the first quarter of 2020.
- In August 2021, EPI, EHSI, nine counties in eastern Tennessee, eighteen municipalities within those counties and a minor individual executed a settlement agreement providing for a payment of $35 million. The settlement amount was paid during the third quarter of 2021.
- In September 2021, Endo International plc, EPI, EHSI, PPI and PPCI executed a settlement agreement with the state of New York and two of its counties providing for a payment of $50 million. The settlement amount was paid during the third quarter of 2021.
- In October 2021, EPI and EHSI executed a settlement agreement with the Alabama Attorney General's office intended to resolve opioid-related cases and claims of the state and other Alabama governmental persons and entities in exchange for a total payment of $25 million, subject to certain participation thresholds. The settlement amount was not paid as of the Petition Date and, as a result of the Chapter 11 Cases, it is not known when or if such amount will be paid.
- In December 2021, Endo International plc, EPI, EHSI, PPI and PPCI executed a settlement agreement with the Texas Attorney General's office and four Texas counties intended to resolve opioid-related cases and claims of the state and other Texas governmental persons and entities in exchange for a total payment of $63 million, subject to certain participation thresholds. The settlement amount was deposited into a QSF during the first quarter of 2022.
- In January 2022, EPI and EHSI executed a settlement agreement with the Florida Attorney General's office intended to resolve opioid-related cases and claims of the state and other Florida governmental persons and entities in exchange for a total payment of up to $65 million, subject to certain participation thresholds. The settlement amount was deposited into a QSF during the second quarter of 2022.
- In February 2022, EPI and EHSI executed a settlement agreement with the Louisiana Attorney General's office intended to resolve opioid-related cases and claims of the state and other Louisiana governmental persons and entities in exchange for a total payment of $7.5 million, subject to certain participation thresholds. The settlement amount was not paid as of the Petition Date and, as a result of the Chapter 11 Cases, it is not known when or if such amount will be paid.
- In March 2022, EPI, EHSI and PPI executed a settlement agreement with the West Virginia Attorney General's office intended to resolve opioid-related cases and claims of the state and other West Virginia governmental persons and entities in exchange for a total payment of $26 million, subject to certain participation thresholds. The settlement amount was not paid as of the Petition Date and, as a result of the Chapter 11 Cases, it is not known when or if such amount will be paid.
- In June 2022, EPI and EHSI executed a settlement agreement with the Arkansas Attorney General's office and certain Arkansas local governments intended to resolve opioid-related cases and claims of the state and other Arkansas governmental persons and entities in exchange for a total payment of $9.75 million, subject to certain participation thresholds. With the exception of certain amounts held back pursuant to an MDL common benefit fund order, the settlement amount was paid during the third quarter of 2022.
- In July 2022, EPI and EHSI executed a settlement agreement with the Mississippi Attorney General's office intended to resolve opioid-related cases and claims of the state and other Mississippi governmental persons and entities in exchange for a total payment of $9 million, subject to certain participation thresholds. The settlement amount was not paid as of the Petition Date and, as a result of the Chapter 11 Cases, it is not known when or if such amount will be paid.
- In July 2022, EPI, EHSI, PPI and PPCI executed a settlement agreement with the City and County of San Francisco providing for an initial payment of $5 million and subsequent payments of $500,000 a year over ten years. The settlement amount was not paid as of the Petition Date and, as a result of the Chapter 11 Cases, it is not known when or if such amount will be paid.

While the specific terms of the agreements vary, each agreement was solely by way of compromise and settlement and was not in any way an admission of wrongdoing, fault or liability of any kind by us or any of our subsidiaries. Certain settlement agreements provided for the creation of QSFs, the repayment of some or all of the settlement amount under certain conditions and/or additional payments in the event certain conditions were met. Depending on the terms of the respective agreements, funds deposited in QSFs

have been and may continue to be considered restricted cash and/or restricted cash equivalents for a period of time subsequent to the initial funding. Distribution of funds from the QSFs is conditioned upon certain criteria that vary by agreement.

Certain of the settlement agreements described above provide for injunctive relief. The RSA also provides for certain voluntary injunctive terms that bind the Debtors during the course of the bankruptcy proceedings and would apply to any purchaser of our opioid business in conjunction with the bankruptcy proceedings. The Bankruptcy Court also approved certain injunctive terms in connection with its November 2022 preliminary injunction against the continued litigation of opioid actions brought by public plaintiffs.

The Plan provides for the establishment by the Debtors of opioid trusts, and other forms of funding, for the benefit of certain public, tribal and private present and future opioid claimants in exchange for certain releases to be provided to (among others) the Purchaser and Endo International plc, its subsidiaries and affiliated entities and persons. In particular, under the RSA (as amended), the opioid trusts would be funded over a period of ten years (subject to prepayment mechanics), with up to a total of approximately $613 million to be distributed to eligible claimants, and the opioid school district recovery trust would be funded, over a period of two years, with up to $3 million to be distributed to public school districts that elect to participate in such initiative. Under the proposed public claimant opioid trust, states which previously entered into settlement agreements and received payments from us may elect to participate in the trust. In doing so, those states would agree to return the amounts previously received under the prior settlement agreement(s), net of the amounts allocated to them by the trust, and would receive in return a release from any claim for the return of settlement funds under the applicable section of the Bankruptcy Code. As previously noted, the Plan is subject to the approval of the Bankruptcy Court and therefore there is no guarantee that the proposed transactions contemplated by the Plan to the Purchaser, and the funding of the opioid trusts and the opioid school district recovery trust (including the trusts for certain future opioid claimants), will actually occur.

Although the proposed opioid trusts and opioid school district recovery trust were initially contemplated to be funded by the Purchaser in connection with the standalone Sale, and not by the Company or any of its subsidiaries, we previously concluded that these proposed funding amounts, which are now reflected in the Plan, represent the Company's best estimate of the allowed claims related to the contingencies associated with various opioid claims against the Company and its subsidiaries. As such, during the third quarter of 2022, we recorded charges of approximately $419 million to adjust our aggregate opioid liability accrual to approximately $550 million based on the terms set forth in the public opioid trust term sheet attached to the original RSA. In March 2023, the Ad Hoc First Lien Group (and Purchaser) reached certain resolutions in principle with both the UCC and OCC appointed in the Chapter 11 Cases and certain ad hoc groups of debtholders. These resolutions, documented in the stipulation filed with the Bankruptcy Court on March 24, 2023 (and discussed in additional detail under "Resolutions in the Chapter 11 Cases" in Note 2. Bankruptcy Proceedings), are supported by the Debtors. The resolutions include, among other things, a $34 million increase to the funding amount for the proposed voluntary private opioid trust. In addition, the Ad Hoc First Lien Group agreed to a $15 million increase to the funding amount for the proposed voluntary public opioid trust. The agreement to increase the funding amount for the proposed voluntary private opioid trust was announced prior to the filing of the Annual Report on Form 10-K for the year ended December 31, 2022; accordingly, we recorded an additional charge of $34 million in the fourth quarter of 2022 to increase our aggregate opioid liability accrual to approximately $584 million. The agreement to increase the funding amount for the proposed voluntary public opioid trust was not announced until after the filing of the Annual Report on Form 10-K for the year ended December 31, 2022. Therefore, we recorded an additional charge of $15 million in the first quarter of 2023 to increase our aggregate opioid liability accrual to approximately $599 million. On July 13, 2023, the Purchaser and the FCR filed with the Bankruptcy Court both a term sheet for a proposed resolution among such parties (the FCR Term Sheet) and an amended term sheet for the proposed voluntary private opioid trust. The resolution with the FCR provides that, in exchange for certain releases to be provided to (among others) the Purchaser and the Company and its affiliates, the Purchaser will agree to fund a trust of $11.5 million to be established for the benefit of certain future opioid claimants. The amended term sheet for the proposed voluntary private opioid trust provides for a $0.5 million increase to the funding amount for the proposed voluntary private opioid trust. Accordingly, we recorded an additional charge of $12 million in the second quarter of 2023 to increase our aggregate opioid liability to approximately $611 million. In August 2023, the Purchaser and the Public School District Creditors filed with the Bankruptcy Court a term sheet for a proposed resolution among such parties. In exchange for certain releases to be provided to (among others) the Purchaser and the Company and its affiliates, the Purchaser will agree to fund an opioid school district recovery trust up to $3 million for the purpose of funding opioid abuse/misuse abatement or remediation programs to be implemented by the Public School District Creditors. In September 2023, the Purchaser and the Canadian Provinces filed with the Bankruptcy Court a term sheet for a proposed resolution among such parties. In exchange for certain releases to be provided to (among others) the Purchaser and the Company and its affiliates, the Purchaser will agree to fund a voluntary trust of approximately $7 million to be established for the benefit of the Canadian Provinces. Accordingly, we recorded an additional charge of approximately $10 million in the third quarter of 2023 to increase our aggregate opioid liability to approximately $621 million. In December 2023, in connection with the Plan, state opioid claimants agreed to decrease the gross amount of the initial public opioid trust settlement by approximately $5 million in exchange for certain prepayment rights. In February 2024, the resolutions reached with the DOJ with respect to claims filed in the Chapter 11 Cases by the U.S. Government provides that the U.S. Government will have in connection with its opioid-related criminal and civil investigations of certain of the Debtors: (i) an allowed, general unsecured claim in the amount of $1,086 million in connection with a criminal fine arising from a plea agreement entered into

by EHSI and; (ii) an allowed, general unsecured claim in the amount of approximately $476 million in connection with a civil settlement agreement entered into by EHSI. Accordingly, we recorded an additional charge of approximately $1,557 million in the fourth quarter of 2023 to increase our aggregate opioid liability to approximately $2,178 million. These liabilities represent the Company's best estimate of the allowed claims related to the contingencies associated with various opioid claims against the Company and its subsidiaries.

To the extent unresolved, and in the event stays in place were to be lifted, we will continue to vigorously defend the foregoing matters and to explore other options as appropriate in our best interests, which may include entering into settlement negotiations and settlements even in circumstances where we believe we have meritorious defenses. Similar matters may be brought by others or the foregoing matters may be expanded. We are unable to predict the outcome of these matters or to estimate the possible range of any additional losses that could be incurred. Adjustments to the expected amount of the allowed claim may be required in the future, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

In addition to the lawsuits and administrative matters described above, the Company and/or its subsidiaries have received certain subpoenas, civil investigative demands (CIDs) and informal requests for information concerning the sale, marketing and/or distribution of prescription opioid medications, including but not limited to the following:

- Various state attorneys general have served subpoenas and/or CIDs on EHSI and/or EPI. Some of these state attorneys general subsequently filed lawsuits against the Company and/or its subsidiaries and/or have indicated their support for the opioid trusts described above. To the extent any state attorney general investigations are continuing, we are cooperating with them.
- In January 2018, EPI received a federal grand jury subpoena from the U.S. District Court for the Southern District of Florida (S.D. Florida) seeking documents and information related to OPANA® ER, other oxymorphone products and marketing of opioid medications. S.D. Florida's investigation is contemplated to be resolved in accordance with Endo's resolution with the DOJ.
- In December 2020, the Company received a subpoena issued by the U.S. Attorney's Office for the Western District of Virginia seeking documents related to McKinsey & Company. The Company received a related subpoena in May 2021, also issued by the U.S. Attorney's Office for the Western District of Virginia. We are cooperating with the investigation.

Similar investigations may be brought by others or the foregoing matters may be expanded or result in litigation. We are unable to predict the outcome of these matters or to estimate the possible range of any losses that could be incurred. Adjustments to the expected amount of the allowed claim may be required in the future, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

*Ranitidine Matters*

In June 2020, an MDL pending in the U.S. District Court for the Southern District of Florida, *In re Zantac (Ranitidine) Products Liability Litigation*, was expanded to add PPI and numerous other manufacturers and distributors of generic ranitidine as defendants. The claims are generally based on allegations that under certain conditions the active ingredient in ranitidine medications can break down to form an alleged carcinogen known as N-Nitrosodimethylamine (NDMA). The complaints assert a variety of claims, including but not limited to various product liability, breach of warranty, fraud, negligence, statutory and unjust enrichment claims. Plaintiffs generally seek various remedies including, without limitation, compensatory, punitive and/or treble damages; restitution, disgorgement, civil penalties, abatement, attorneys' fees and costs as well as injunctive and/or other relief. Similar complaints against various defendants, in some instances including PPI, have also been filed in certain state courts, including but not limited to California, Illinois and Pennsylvania. Neither PPI nor its subsidiaries have manufactured or sold ranitidine since 2016.

The MDL court has issued various case management orders, including orders directing the filing of "master" and short-form complaints, establishing a census registry process for potential claimants and addressing various discovery issues. In December 2020, the court dismissed the master complaints as to PPI and other defendants with leave to amend certain claims. Certain plaintiffs, including a third-party payer pursuing class action claims, appealed the dismissal orders. PPI was dismissed from the third-party payer appeal in September 2022. In November 2022, the U.S. Court of Appeals for the Eleventh Circuit (Eleventh Circuit) affirmed the dismissal of the third-party payer complaint and dismissed the other appeals on procedural grounds.

In February 2021, various other plaintiffs filed an amended master personal injury complaint, a consolidated amended consumer economic loss class action complaint and a consolidated medical monitoring class action complaint. PPI was not named as a defendant in the consumer economic loss complaint or the medical monitoring complaint. In July 2021, the MDL court dismissed all claims in the master complaints as to PPI and other generic defendants with prejudice on federal preemption grounds. In November 2021, the MDL court issued a final judgment as to PPI and other generic defendants.

In December 2022, the MDL court granted summary judgment in favor of certain remaining defendants with respect to five "designated cancers" (bladder, esophageal, gastric, liver and pancreatic), holding that plaintiffs had failed to provide sufficient evidence of causation.

In May 2023, the MDL court issued orders extending its December 2022 summary judgment ruling to all MDL defendants. In July 2023, the MDL court entered an order dismissing plaintiffs' non-designated cancer claims for failure to produce expert reports. To facilitate entry of these final judgments notwithstanding the automatic stay applicable to PPI, the MDL court entered orders severing PPI in thousands of pending cases on September 26, 2023.

At various times, certain MDL plaintiffs appealed the MDL court's various orders and judgments. These appeals generally remain pending with briefing expected in 2024, although PPI has been dismissed from certain of them and the Eleventh Circuit has stayed any appeals as to PPI due to the PPI bankruptcy.

In July 2022, claimants alleging non-designated cancer claims were "exited" from the MDL census registry. Some of these claimants subsequently filed lawsuits in various courts. Following the MDL court's December 2022 summary judgment order, the MDL court closed the census registry, and the registry-related tolling of the statute of limitations for registry participants remaining in the census registry at the time of its closure expired in April 2023.

As of the Petition Date, the claims against PPI (including new complaints and related appeals) became subject to the automatic stay; PPI was subsequently voluntarily dismissed from several pending matters, including the appeal from the MDL court's dismissal of the third-party payer class action complaint.

In the event the stays in place were to be lifted, we will continue to vigorously defend the foregoing matters and to explore other options as appropriate in our best interests.

The resolution reached with the UCC contemplates the creation and funding of a trust for the benefit of certain unsecured creditors and sub-trusts established thereunder, one of which shall be established for the benefit of certain ranitidine claimants. As previously noted, the Plan is subject to the approval of the Bankruptcy Court and therefore there is no guarantee that the proposed transactions contemplated by the Plan, and the funding of the voluntary ranitidine claims-related sub-trust by the Purchaser, will actually occur. Additionally, similar matters to the foregoing matters may be brought by others or the foregoing matters may be expanded. We are unable to predict the outcome of these matters or to estimate the possible range of any additional losses that could be incurred. Adjustments to the expected amount of the allowed claim may be required in the future, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

*Generic Drug Pricing Matters*

Since March 2016, various private plaintiffs, state attorneys general and other governmental entities have filed cases against our subsidiary PPI and/or, in some instances, the Company, Generics Bidco I, LLC, DAVA Pharmaceuticals, LLC, DAVA International, LLC, EPI, EHSI and/or PPCI, as well as other pharmaceutical manufacturers and, in some instances, other corporate and/or individual defendants, alleging price-fixing and other anticompetitive conduct with respect to generic pharmaceutical products. These cases, which include proposed class actions filed on behalf of direct purchasers, end-payers and indirect purchaser resellers, as well as non-class action suits, have generally been consolidated and/or coordinated for pretrial proceedings in a federal MDL pending in the U.S. District Court for the Eastern District of Pennsylvania; three cases commenced by writ of summons in Pennsylvania state court are in deferred status. There is also a proposed class action filed in the Federal Court of Canada on behalf of a proposed class of Canadian purchasers.

The various complaints and amended complaints generally assert claims under federal and/or state antitrust law, state consumer protection statutes and/or state common law, and generally seek damages, treble damages, civil penalties, disgorgement, declaratory and injunctive relief, costs and attorneys' fees. Some claims are based on alleged product-specific conspiracies; other claims allege broader, multiple-product conspiracies. Under their overarching conspiracy theories, plaintiffs generally seek to hold all alleged participants in a particular conspiracy jointly and severally liable for all harms caused by the alleged conspiracy, not just harms related to the products manufactured and/or sold by a particular defendant.

The MDL court has issued various case management and substantive orders, including orders denying certain motions to dismiss in whole or in part, and discovery is ongoing.

As of the Petition Date, the claims against the Company and its subsidiaries in the U.S. became subject to the automatic stay. A similar cessation of litigation activity is in place in Canada. In the event the stays in place were to be lifted, we will continue to vigorously defend the foregoing matters and to explore other options as appropriate in our best interests. Similar matters may be

brought by others or the foregoing matters may be expanded. We are unable to predict the outcome of these matters or to estimate the possible range of any losses that could be incurred. Adjustments to the expected amount of the allowed claim may be required in the future, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

In December 2014, our subsidiary PPI received from the Antitrust Division of the DOJ a federal grand jury subpoena issued by the U.S. District Court for the Eastern District of Pennsylvania addressed to "Par Pharmaceuticals." The subpoena requested documents and information focused primarily on product and pricing information relating to the authorized generic version of Lanoxin® (digoxin) oral tablets and generic doxycycline products, and on communications with competitors and others regarding those products. We are cooperating with the investigation.

In May 2018, we and our subsidiary PPCI each received a CID from the DOJ in relation to an FCA investigation concerning whether generic pharmaceutical manufacturers engaged in price-fixing and market allocation agreements, paid illegal remuneration and caused the submission of false claims. We are cooperating with the investigation.

The resolution reached with the UCC contemplates the creation and funding of a trust for the benefit of certain unsecured creditors and sub-trusts established thereunder, one of which shall be established for the benefit of certain holders of generic drug pricing claims. As previously noted, the Plan is subject to the approval of the Bankruptcy Court and therefore there is no guarantee that the proposed transactions contemplated by the Plan, and the funding of the voluntary generic drug pricing claims-related sub-trust by the Purchaser, will actually occur. Additionally, similar investigations to the foregoing may be brought by others or the foregoing matters may be expanded or result in litigation. We are unable to predict the outcome of these matters or to estimate the possible range of any additional losses that could be incurred. Adjustments to the expected amount of the allowed claim may be required in the future, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

*Other Antitrust Matters*

Beginning in June 2014, multiple alleged purchasers of OPANA® ER sued our subsidiaries EHSI and EPI; Penwest Pharmaceuticals Co. (Penwest), which our subsidiary EPI had acquired; and Impax Laboratories, LLC (formerly Impax Laboratories, Inc. and referred to herein as Impax), alleging among other things violations of antitrust law arising out of an agreement between EPI and Impax to settle certain patent infringement litigation. Some cases were filed on behalf of putative classes of direct and indirect purchasers; others were non-class action suits. The cases were consolidated and/or coordinated in a federal MDL pending in the U.S. District Court for the Northern District of Illinois. The various complaints asserted claims under Sections 1 and 2 of the Sherman Act, state antitrust and consumer protection statutes and/or state common law. Plaintiffs generally sought damages, treble damages, disgorgement of profits, restitution, injunctive relief and attorneys' fees. In June 2021, the court certified a direct purchaser class and an end-payer class; in August 2021, following an appeal, the district court amended its class certification order to certify a narrower end-payer class. Trial on all plaintiffs' claims began in June 2022. In July 2022, the jury returned a verdict in favor of EHSI, EPI and Penwest (Impax settled during trial). Later that month, plaintiffs filed a motion for judgment as a matter of law or in the alternative for a new trial. As of the Petition Date, the matter became subject to the automatic stay.

Beginning in February 2009, the FTC and certain private plaintiffs sued our subsidiaries PPCI (since June 2016, EGHI) and/or PPI as well as other pharmaceutical companies alleging violations of antitrust law arising out of the settlement of certain patent litigation concerning the generic version of AndroGel® and seeking damages, treble damages, equitable relief and attorneys' fees and costs. The cases were consolidated and/or coordinated for pretrial proceedings in a federal MDL pending in the U.S. District Court for the Northern District of Georgia. In May 2016, plaintiffs representing a putative class of indirect purchasers voluntarily dismissed their claims with prejudice. In February 2017, the FTC voluntarily dismissed its claims against EGHI with prejudice. In June 2018, the MDL court granted in part and denied in part various summary judgment and evidentiary motions filed by defendants. In particular, among other things, the court rejected two of the remaining plaintiffs' causation theories and rejected damages claims related to AndroGel® 1.62%. In July 2018, the court denied certain plaintiffs' motion for certification of a direct purchaser class. Between November 2019 and April 2021, PPI and PPCI entered into settlement agreements with all of the plaintiffs remaining in the MDL. The settlement agreements were solely by way of compromise and settlement and were not in any way an admission of wrongdoing, fault or liability of any kind. Separately, in August 2019, several alleged direct purchasers filed suit against PPI and other pharmaceutical companies in the U.S. District Court for the Eastern District of Pennsylvania asserting claims substantially similar to those asserted in the MDL, as well as additional claims against other defendants relating to other alleged conduct. As of the Petition Date, the claims against PPI became subject to the automatic stay.

Beginning in May 2018, multiple complaints were filed in the U.S. District Court for the Southern District of New York against PPI, EPI and/or us, as well as other pharmaceutical companies, alleging violations of antitrust law arising out of the settlement of certain patent litigation concerning the generic version of Exforge® (amlodipine/valsartan). Some cases were filed on behalf of putative classes of direct and indirect purchasers; others are non-class action suits. The various complaints assert claims under Sections 1 and 2 of the Sherman Act, state antitrust and consumer protection statutes and/or state common law. Plaintiffs generally

seek damages, treble damages, equitable relief and attorneys' fees and costs. In September 2018, the putative class plaintiffs stipulated to the dismissal without prejudice of their claims against EPI and us; the retailer plaintiffs later did the same. PPI filed a partial motion to dismiss certain claims in September 2018; the court granted the motion in August 2019. In March 2022, the putative class plaintiffs filed motions for class certification. In May 2022, defendants filed motions for summary judgment. As of the Petition Date, the claims against PPI became subject to the automatic stay. In January 2023, certain direct purchaser plaintiffs dismissed their claims against PPI, EPI and us with prejudice and, in February 2023, certain indirect purchaser plaintiffs agreed to do the same. In July 2023, the court dismissed the remaining claims filed against PPI, EPI and us.

Beginning in August 2019, multiple complaints were filed in the U.S. District Court for the Southern District of New York against PPI and other pharmaceutical companies alleging violations of antitrust law arising out the settlement of certain patent litigation concerning generic versions of Seroquel XR® (extended-release quetiapine fumarate). The claims against PPI are based on allegations that PPI entered into an exclusive acquisition and license agreement with Handa Pharmaceuticals, LLC (Handa) in 2012 pursuant to which Handa assigned to PPI certain rights under a prior settlement agreement between Handa and AstraZeneca resolving certain patent litigation. Some cases were filed on behalf of putative classes of direct and indirect purchasers; others are non-class action suits. The various complaints assert claims under Sections 1 and 2 of the Sherman Act, state antitrust and consumer protection statutes and/or state common law. Plaintiffs generally seek damages, treble damages, equitable relief and attorneys' fees and costs. In August 2020, the litigation was transferred to the U.S. District Court for the District of Delaware. In July 2022, the court dismissed certain claims asserted under state law but otherwise denied defendants' motions to dismiss. As of the Petition Date, the claims against PPI became subject to the automatic stay.

Beginning in June 2020, multiple complaints were filed against Jazz and other pharmaceutical companies, including PPI, alleging violations of state and/or federal antitrust laws in connection with the settlement of certain patent litigation concerning generic versions of Xyrem® (sodium oxybate). Some cases were filed on behalf of putative classes of indirect purchasers; others are non-class action suits. The cases have generally been consolidated and/or coordinated for pretrial proceedings in a federal MDL pending in the U.S. District Court for the Northern District of California; Aetna Inc. (Aetna) filed a similar case in May 2022 in California state court. The various complaints allege that Jazz entered into a series of "reverse-payment" settlements, including with PPI, to delay generic competition for Xyrem® and assert claims under Sections 1 and 2 of the Sherman Act, Section 16 of the Clayton Act, state antitrust and consumer protection statutes and/or state common law. Plaintiffs generally seek damages, treble damages, equitable relief and attorneys' fees and costs. In April 2021, the defendants moved to dismiss the MDL complaints that had been filed as of that time. In August 2021, the MDL court issued an order dismissing certain aspects of the plaintiffs' claims but otherwise denying the motions to dismiss. In July 2022, PPI, among others, filed a motion to quash the Aetna action for lack of personal jurisdiction; the defendants also filed a demurrer, motion to strike and motion to stay Aetna's action. As of the Petition Date, the claims against PPI became subject to the automatic stay. In December 2022, the California state court overseeing the Aetna action granted the motion to quash for lack of personal jurisdiction and, in January 2023, Aetna filed an amended complaint that did not name PPI as a defendant.

In August 2021, a putative class action complaint was filed in the U.S. District Court for the Eastern District of Pennsylvania against Takeda Pharmaceuticals USA Inc., EPI, PPI and others, alleging violations of federal antitrust law in connection with the settlement of certain patent litigation related to generic versions of Colcrys® (colchicine). In particular, the complaint alleged, among other things, that a distribution agreement between Takeda Pharmaceuticals USA Inc. and PPI, with respect to an authorized generic, was in effect an output restriction conspiracy; the plaintiffs asserted claims under Section 1 and Section 2 of the Sherman Act and sought damages, treble damages and attorneys' fees and costs. In November 2021, the plaintiffs dismissed all claims against EPI and in December 2021, the court dismissed the complaint for failure to state a claim. In January 2022, the plaintiffs filed an amended complaint. In February 2022, the defendants filed a motion to dismiss the amended complaint, which the court granted in part and denied in part in March 2022. As of the Petition Date, the claims against PPI became subject to the automatic stay. In September 2022, the plaintiffs voluntarily dismissed all claims against PPI with prejudice, and PPI agreed to provide certain limited discovery as a non-party. In March 2023, the court denied the plaintiffs' motion for class certification. In April 2023, the court authorized the filing of an amended complaint adding certain additional plaintiffs and combining the litigation with the proceedings from which PPI was dismissed; the amended complaint named PPI as a defendant. In September 2023, the court entered an order dismissing the case.

In January 2021, the FTC filed a lawsuit in the U.S. District Court for the District of Columbia against us, EPI, Impax Laboratories, LLC and Amneal Pharmaceuticals, Inc., generally alleging that the 2017 settlement of a contract dispute between EPI and Impax (now Amneal) constituted unfair competition in violation of Section 5(a) of the FTC Act. The complaint generally sought injunctive and equitable monetary relief. In April 2021, the defendants filed motions to dismiss, which the court granted in March 2022. The FTC filed a notice of appeal in May 2022. Briefing on the appeal has concluded and oral argument took place in May 2023. The dismissal was affirmed on appeal in September 2023.

To the extent unresolved, and in the event the stays in place were to be lifted, we will continue to vigorously defend the foregoing matters and to explore other options as appropriate in our best interests. The resolution reached with UCC contemplates the

creation and funding of a trust for the benefit of certain unsecured creditors and sub-trusts established thereunder, one of which shall be established for the benefit of certain antitrust claimants. As previously noted, the Plan is subject to the approval of the Bankruptcy Court and therefore there is no guarantee that the proposed sale transaction to the Purchaser contemplated by the Plan, and the funding of the voluntary antitrust claims-related sub-trust by the Purchaser, will actually occur. Additionally, similar matters may be brought by others or the foregoing matters may be expanded. We are unable to predict the outcome of these matters or to estimate the possible range of any additional losses that could be incurred. Adjustments to the expected amount of the allowed claim may be required in the future, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

*Securities Litigation*

In June 2020, a putative class action entitled *Benoit Albiges v. Endo International plc, Paul V. Campanelli, Blaise Coleman, and Mark T. Bradley* was filed in the U.S. District Court for the District of New Jersey by an individual shareholder on behalf of himself and all similarly situated shareholders. The lawsuit alleged violations of Section 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder relating to the marketing and sale of opioid medications and DFS's administrative action against the Company, EPI, EHSI, PPI and PPCI. In September 2020, the court appointed Curtis Laakso lead plaintiff in the action. In November 2020, the plaintiffs filed an amended complaint that among other things added Matthew J. Maletta as a defendant. In January 2021, the defendants filed a motion to dismiss, which the court granted in August 2021. In November 2021, the plaintiffs filed a second amended complaint, which among other things added allegations about discovery issues in certain opioid-related lawsuits. In January 2022, the defendants moved to dismiss the second amended complaint. As of the Petition Date, the claims against the Company became subject to the automatic stay. In August 2022, the court granted the motion and dismissed the case with prejudice. Due to the automatic stay, the plaintiffs' time to appeal the dismissal as to the Company is tolled. The automatic stay does not apply to the individual defendants, and the plaintiffs' time to appeal the ruling as to those defendants has run.

Similar matters may be brought by others. We are unable to predict the outcome of any such matters or to estimate the possible range of any losses that could be incurred. Adjustments to the expected amount of the allowed claim may be required in the future, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

*Miscellaneous Government Investigations*

In March 2022, EPI received a CID from the Texas Attorney General's office seeking documents and information related to hormone blocker products. This followed the Texas Attorney General's December 2021 announcement of an investigation into whether EPI and AbbVie Inc. had advertised or promoted such products, including SUPPRELIN® LA and VANTAS®, for unapproved uses. We are cooperating with the investigation.

Similar investigations may be brought by others or the foregoing matter may be expanded or result in litigation. We are unable to predict the outcome of this matter or to estimate the possible range of any losses that could be incurred. Adjustments to the expected amount of the allowed claim may be required in the future, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

*Patent Matters*

In January 2023, PSP LLC, PPI and EPIC received a notice letter from Baxter Healthcare Corporation (Baxter) pursuant to 505(b)(3)(B)-(D) of the FFDCA of its New Drug Application (NDA) submitted under 21 U.S.C. §355(b)(2) seeking FDA approval for vasopressin injection products in 20 units/100 ml and 40 units/100 ml strengths. In March 2023, PSP LLC, PPI and EPIC filed a complaint against Baxter in the U.S. District Court for the District of Delaware asserting infringement of three patents. These patents are not listed in the Approved Drug Products with Therapeutic Equivalence Evaluations (Orange Book); therefore, the patent infringement suit does not trigger a 30-month stay on FDA approval of Baxter's NDA. On October 4, 2023, PSP LLC, PPI and EPIC filed a motion for a preliminary injunction/temporary restraining order after the FDA approved Baxter's NDA in late September 2023. The preliminary injunction hearing was held on October 27, 2023. On November 3, 2023, the magistrate judge issued a report and recommendation recommending the court: (i) deny the motion for preliminary injunction/temporary restraining order; and (ii) deny Baxter's motion for judgment on the pleadings. The District Court has not yet entered its final order.

In September 2023, PSP LLC, PPI and EPIC received a notice letter from Long Grove Pharmaceuticals, LLC (Long Grove) pursuant to 505(b)(3)(B)-(D) of the FFDCA of its NDA submitted under 21 U.S.C. §355(b)(2) seeking FDA approval for vasopressin injection products in 20 units/100 ml, 40 units/100 ml, and 50 units/50ml strengths. In December 2023, PSP LLC, PPI and EPIC filed a complaint against Long Grove in the U.S. District Court for the District of Delaware asserting infringement of two patents. These patents are not listed in the Orange Book; therefore, the patent infringement suit does not trigger a 30-month stay on FDA approval of Long Grove's NDA.

*Other Proceedings and Investigations*

Proceedings similar to those described above may also be brought in the future. Additionally, we are involved in, or have been involved in, arbitrations or various other proceedings that arise in the normal course of our business. We cannot predict the timing or outcome of these other proceedings. Currently, neither we nor our subsidiaries are involved in any other proceedings that we expect to have a material effect on our business, financial condition, results of operations and cash flows.

## NOTE 17. OTHER COMPREHENSIVE INCOME (LOSS)

During the years ended December 31, 2023, 2022 and 2021 and 2022, there were no tax effects allocated to any component of Other comprehensive income (loss) and there were no reclassifications out of Accumulated other comprehensive loss. Substantially all of the Company's Accumulated other comprehensive loss balances at December 31, 2023 and December 31, 2022 consist of Foreign currency translation loss.

## NOTE 18. SHAREHOLDERS' DEFICIT

The Company has issued 4,000,000 euro deferred shares of $0.01 each at par. The euro deferred shares are held by nominees in order to satisfy an Irish legislative requirement to maintain a minimum level of issued share capital denominated in euro and to have at least seven registered shareholders. The euro deferred shares carry no voting rights and are not entitled to receive any dividend or distribution.

### Share Repurchase Program

Pursuant to Article 11 of the Company's Articles of Association, the Company has broad shareholder authority to conduct ordinary share repurchases by way of redemptions. The Company's authority to repurchase ordinary shares is subject to legal limitations, including restrictions imposed by the Bankruptcy Code and related rules and guidelines during the pendency of the Chapter 11 Cases, and the existence of sufficient distributable reserves. For example, the Companies Act requires Irish companies to have distributable reserves equal to or greater than the amount of any proposed ordinary share repurchase amount. In addition, our existing debt instruments restrict or prevent us from conducting ordinary share repurchases. Agreements governing any future indebtedness, in addition to those governing our current indebtedness, may not permit us to conduct ordinary share repurchases. Unless we are able to generate sufficient distributable reserves or create distributable reserves by reducing our share premium account, we will not be able to repurchase our ordinary shares. As permitted by Irish Law and the Company's Articles of Association, any ordinary shares redeemed shall be cancelled upon redemption.

The Board has approved the 2015 Share Buyback Program that authorizes the Company to redeem, in the aggregate, $2.5 billion of its outstanding ordinary shares. To date, the Company has redeemed and cancelled approximately 4.4 million of its ordinary shares under the 2015 Share Buyback Program for $250.0 million, not including related fees.

## NOTE 19. SHARE-BASED COMPENSATION

### Stock Incentive Plans

In June 2015, the Company's shareholders approved the 2015 Stock Incentive Plan (the 2015 Plan), which has subsequently been amended, as approved by the Company's shareholders, on multiple occasions. Under the 2015 Plan, stock options (including incentive stock options), stock appreciation rights, restricted stock awards, performance awards and other share- or cash-based awards may be issued at the discretion of the Compensation & Human Capital Committee of the Board from time to time. No ordinary shares are to be granted under previously approved plans, including the Company's 2000, 2004, 2007, 2010 and Assumed Stock Incentive Plans. Any awards previously granted and outstanding under these prior plans remain subject to the terms of those prior plans.

In February 2023, the Company filed post-effective amendments to its Form S-8 registration statements with respect to the 2015 Plan in order to deregister all remaining unissued securities.

In March 2023, in connection with the Company's ongoing bankruptcy proceedings, the Company took action to reject all outstanding award agreements associated with stock options and stock awards. In connection with the rejection of these agreements, the Company recorded a charge of approximately $9.2 million during the first quarter of 2023 to recognize all remaining unrecognized compensation cost associated with these agreements.

At December 31, 2023, approximately 21.3 million ordinary shares were reserved for future grants under the 2015 Plan. As of December 31, 2023, stock options, restricted stock awards, PSUs, RSUs, long-term cash incentive awards and certain other cash-based awards have been granted under the stock incentive plans.

Generally, the grant-date fair value of each award was recognized as expense over the requisite service period. However, expense recognition differed in the case of certain PSUs where the ultimate payout was performance-based. For these awards, at each reporting period, the Company generally estimated the ultimate payout and adjusted the cumulative expense based on its estimate and the percent of the requisite service period that elapsed.

Presented below are the components of total share-based compensation as recorded in our Consolidated Statements of Operations for the years ended December 31, 2023, 2022 and 2021 (in thousands).

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Selling, general and administrative expenses | $ 10,593 | $ 16,019 | $ 23,400 |
| Research and development expenses | 107 | 1,059 | 1,378 |
| Cost of revenues | 540 | 1,136 | 5,268 |
| Total share-based compensation expense | $ 11,240 | $ 18,214 | $ 30,046 |

As of December 31, 2023, there is no unrecognized compensation cost related to non-vested share-based compensation awards for which a grant date has been established as of December 31, 2023.

**Stock Options**

From time to time, the Company granted stock options to its employees as part of their annual share compensation awards and, in certain circumstances, on an ad hoc basis or upon their commencement of service with the Company.

Although we have not granted employee stock options since 2018, previous grants have generally vested ratably, in equal amounts, over a three or four-year service period. As of December 31, 2023, there are no remaining stock options outstanding.

We estimated the fair value of stock option grants at the date of grant using the Black-Scholes option-pricing model. This model utilizes assumptions related to volatility, the risk-free interest rate, the dividend yield (which is assumed to be zero as the Company has not paid cash dividends to date and does not currently expect to pay cash dividends) and the expected term of the option. Expected volatilities utilized in the model were based mainly on the historical volatility of the Company's share price over a period commensurate with the expected life of the share option as well as other factors. The risk-free interest rate was derived from the U.S. Treasury yield curve in effect at the time of grant. We estimated the expected term of options granted based on our historical experience with our employees' exercise of stock options and other factors.

A summary of the activity for each of the years ended December 31, 2023, 2022 and 2021 is presented below:

| | Number of Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding as of December 31, 2020 | 6,916,586 | $ 18.11 | | |
| Exercised | (82,331) | $ 7.55 | | |
| Forfeited | (11,887) | $ 13.19 | | |
| Expired | (438,454) | $ 40.76 | | |
| Outstanding as of December 31, 2021 | 6,383,914 | $ 16.70 | | |
| Expired | (1,304,602) | $ 20.04 | | |
| Outstanding as of December 31, 2022 | 5,079,312 | $ 15.84 | | |
| Forfeited (1) | (2,854,056) | $ 14.73 | | |
| Expired | (2,225,256) | $ 17.27 | | |
| Outstanding as of December 31, 2023 (1) | — | $ — | — | $ — |
| Vested and expected to vest as of December 31, 2023 (1) | — | $ — | — | $ — |
| Exercisable as of December 31, 2023 (1) | — | $ — | — | $ — |

(1) In March 2023, the Bankruptcy Court entered orders authorizing the Company to reject outstanding stock option agreements, restricted stock award agreements and performance award agreements.

The total intrinsic value of options exercised during the year ended December 31, 2021 was $0.1 million. There were no material tax benefits from stock option exercises realized during any of the periods presented above.

**Restricted Stock Units and Performance Share Units**

From time to time, the Company granted RSUs and PSUs to its employees as part of their annual share compensation awards and, in certain circumstances, on an ad hoc basis or upon their commencement of service with the Company.

As of December 31, 2023, there are no unvested RSUs or PSUs. Previous unvested RSUs were subject to three-year vesting periods, with ratable vesting on the first, second and third anniversaries of the respective grant dates, and unvested PSUs were subject to three-year service periods, after which the awards would vest in full (conditioned upon the achievement of performance and/or market conditions established by the Compensation & Human Capital Committee of the Board and certain continued employment conditions), with the actual number of shares awarded adjusted to between zero and 200% of the target award amount based upon the level of achievement of the performance criteria described below.

No PSUs were awarded in 2023 or 2022. PSUs awarded in 2021 were based upon two discrete measures: relative total shareholder return (TSR) and an adjusted free cash flow performance metric (FCF), each accounting for 50% of the PSUs upon issuance, with TSR performance being measured against the three-year TSR of a custom index of companies and FCF performance being measured against a target covering a three-year performance period. TSR is considered a market condition under applicable authoritative guidance, while FCF is considered performance condition.

RSUs were valued based on the closing price of Endo's ordinary shares on the date of grant. PSUs with TSR conditions were valued using a Monte-Carlo variant valuation model, while those with FCF conditions were valued taking into consideration the probability of achieving the specified performance goal. The Monte-Carlo variant valuation model used considers a variety of potential future share prices for Endo as well as our peer companies in a selected market index.

A summary of our non-vested RSUs and PSUs for the years ended December 31, 2023, 2022 and 2021 is presented below:

| | Number of Shares | Aggregate Intrinsic Value |
|---|---|---|
| Non-vested as of December 31, 2020 | 10,340,279 | |
| Granted | 4,483,385 | |
| Forfeited | (1,302,292) | |
| Vested | (5,380,262) | |
| Non-vested as of December 31, 2021 | 8,141,110 | |
| Granted | 280,373 | |
| Forfeited | (1,116,960) | |
| Vested | (2,324,696) | |
| Non-vested as of December 31, 2022 | 4,979,827 | |
| Forfeited (1) | (4,960,249) | |
| Vested | (19,578) | |
| Non-vested as of December 31, 2023 (1) | — | $ — |
| Vested and expected to vest as of December 31, 2023 (1) | — | $ — |

(1) In March 2023, the Bankruptcy Court entered orders authorizing the Company to reject outstanding stock option agreements, restricted stock award agreements and performance award agreements. In connection with the rejection of these agreements, the Company recognized the remaining unrecognized compensation cost associated with these agreements in 2023.

As of December 31, 2023, there was no weighted average remaining requisite service period of the units presented in the table above or remaining unrecognized compensation costs.

The weighted average grant-date fair value of the units granted during the years ended December 31, 2022 and 2021 was $3.21 and $7.39 per unit, respectively.

**NOTE 20. OTHER INCOME, NET**

The components of Other income, net for the years ended December 31, 2023, 2022 and 2021 are as follows (in thousands):

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Net gain on sale of business and other assets (1) | $ (10,392) | $ (26,183) | $ (4,516) |
| Foreign currency loss (gain), net (2) | 1,779 | (2,087) | 1,253 |
| Net (gain) loss from our investments in the equity of other companies (3) | (199) | 378 | 453 |
| Other miscellaneous, net (4) | (876) | (6,162) | (16,964) |
| Other income, net | $ (9,688) | $ (34,054) | $ (19,774) |

(1) Amounts primarily relate to the sales of certain intellectual property rights and certain other assets including, in 2022 and 2021, assets associated with the sale transactions that are further discussed in Note 4. Discontinued Operations and Asset Sales.
(2) Amounts relate to the remeasurement of the Company's foreign currency denominated assets and liabilities.
(3) Amounts relate to the income statement impacts of our investments in the equity of other companies, including investments accounted for under the equity method.
(4) Amounts in 2021 include gains of $15.5 million associated with the termination of certain contracts.

**NOTE 21. INCOME TAXES**

**Loss from Continuing Operations before Income Tax**

Our operations are conducted through our various subsidiaries in numerous jurisdictions throughout the world. We have provided for income taxes based upon the tax laws and rates in the jurisdictions in which our operations are conducted.

The components of our Loss from continuing operations before income tax by geography for the years ended December 31, 2023, 2022 and 2021 are as follows (in thousands):

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| U.S. | $ (1,609,064) | $ (2,429,315) | $ 4,792,852 |
| International | (782,860) | (458,787) | (5,339,455) |
| Total loss from continuing operations before income tax | $ (2,391,924) | $ (2,888,102) | $ (546,603) |

Income tax from continuing operations consists of the following for the years ended December 31, 2023, 2022 and 2021 (in thousands):

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Current: | | | |
| U.S. Federal | $ 44,304 | $ 21,057 | $ 13,649 |
| U.S. State | 2,900 | 1,731 | 1,491 |
| International | 3,956 | 6,031 | 10,495 |
| Total current income tax | $ 51,160 | $ 28,819 | $ 25,635 |
| Deferred: | | | |
| U.S. Federal | $ 5,126 | $ (622) | $ 118 |
| U.S. State | 451 | 1,065 | (564) |
| International | (875) | (7,746) | (2,711) |
| Total deferred income tax | $ 4,702 | $ (7,303) | $ (3,157) |
| Total income tax | $ 55,862 | $ 21,516 | $ 22,478 |

**Tax Rate**

A reconciliation of income tax from continuing operations at the U.S. federal statutory income tax rate to the total income tax provision from continuing operations for the years ended December 31, 2023, 2022 and 2021 is as follows (in thousands):

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Notional U.S. federal income tax provision at the statutory rate | $ (502,304) | $ (606,502) | $ (114,787) |
| State income tax, net of federal benefit | 3,283 | (9,517) | 6,750 |
| Uncertain tax positions | 32,191 | 21,930 | 42,415 |
| Residual tax on non-U.S. net earnings | (610,200) | (32,257) | (181,739) |
| Non-deductible goodwill impairment | — | 385,459 | 76,230 |
| Change in valuation allowance | 6,449,891 | 306,497 | 495,565 |
| Non-deductible expenses | 109,629 | 47,221 | 25,679 |
| Executive compensation limitation | 7,254 | 5,580 | 6,215 |
| Equity based compensation | 4,522 | 3,247 | 2,695 |
| Financing activities (1) | (3,035,598) | 73,629 | (287,012) |
| Investment activities (2) | (2,681,806) | (178,018) | (68,943) |
| Non-deductible legal settlement | 279,216 | — | 14,112 |
| Other | (216) | 4,247 | 5,298 |
| Income tax | $ 55,862 | $ 21,516 | $ 22,478 |

(1) The amount in 2023 primarily relates to tax deductible losses associated with receivables in consolidated subsidiaries. The tax benefit is fully offset by an increase to the valuation allowance. The 2022 amount primarily relates to nondeductible foreign currency gains and losses on intercompany debt.

(2) The amounts in 2023 and 2022 primarily relate to tax deductible losses associated with the investment in consolidated subsidiaries. The tax benefit is fully offset by an increase to the valuation allowance.

The change in income tax expense in 2023 compared to 2022, and the change in 2022 income tax expense compared to 2021, primarily relates to an increase in accrued interest on uncertain tax positions and changes in the geographic mix of pre-tax earnings.

**Deferred Tax Assets and Liabilities**

Deferred income taxes result from temporary differences between the amount of assets and liabilities recognized for financial reporting and tax purposes. The significant components of the net deferred income tax liability shown on the balance sheets as of December 31, 2023 and 2022 are as follows (in thousands):

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Deferred tax assets: | | |
| Accrued expenses and reserves | $ 274,424 | $ 220,415 |
| Deferred interest deduction | 492,394 | 421,552 |
| Fixed assets, intangible assets and deferred amortization | 549,715 | 560,257 |
| Loss on capital assets | 4,755 | 23,511 |
| Net operating loss carryforward | 15,478,840 | 9,214,688 |
| Other | 59,145 | 49,943 |
| Research and development and other tax credit carryforwards | 7,402 | 7,777 |
| Total gross deferred income tax assets | $ 16,866,675 | $ 10,498,143 |
| Deferred tax liabilities: | | |
| Other | $ (9,148) | $ (3,156) |
| Investments | (136) | (107) |
| Intercompany notes | — | (72,286) |
| Total gross deferred income tax liabilities | $ (9,284) | $ (75,549) |
| Valuation allowance | (16,873,639) | (10,436,419) |

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Net deferred income tax liability | $ (16,248) | $ (13,825) |

As of December 31, 2023, the Company had significant deferred tax assets for tax credits, net operating and capital loss carryforwards, net of unrecognized tax positions, as presented below (in thousands):

| Jurisdiction | Amount | Begin to Expire |
|---|---|---|
| Ireland | $ 85,816 | Indefinite |
| Luxembourg | $ 15,201,302 | 2034 |
| U.S.: | | |
| Federal-ordinary losses | $ 21,132 | 2037 |
| Federal-capital losses | $ 4,010 | 2024 |
| Federal-tax credits | $ 9,768 | 2024 |
| State-ordinary losses | $ 210,249 | 2024 |
| State-capital losses | $ 392 | 2024 |
| State-tax credits | $ 3,256 | 2037 |

A valuation allowance is required when it is more likely than not that all or a portion of a deferred tax asset will not be realized. The Company assesses the available positive and negative evidence to estimate whether the existing deferred tax assets will be realized.

The Company has recorded a valuation allowance against certain jurisdictional NOL carryforwards and other tax attributes. As of December 31, 2023 and 2022, the total valuation allowance was $16,873.6 million and $10,436.4 million, respectively. During the years ended December 31, 2023 and 2022, the Company increased its valuation allowance by $6.4 billion and $267.1 million, respectively, which was primarily driven by taxable losses in Luxembourg related to investments and financing activities in consolidated subsidiaries. As previously disclosed, the Company concluded that there was substantial doubt about its ability to continue as a going concern within one year after the date of issuance of the Condensed Consolidated Financial Statements included in the Second-Quarter 2022 Form 10-Q. The Company considered this in determining that certain net deferred tax assets were no longer more likely than not realizable. As a result, an immaterial increase in valuation allowance on the Company's net deferred tax assets was recorded in various jurisdictions during the second quarter of 2022.

As of December 31, 2023, the Company had the following significant valuation allowances (in thousands):

| Jurisdiction | December 31, 2023 |
|---|---|
| Ireland | $ 330,465 |
| Luxembourg | $ 15,201,530 |
| U.S. | $ 1,328,840 |

The Company maintains a full valuation allowance against the net deferred tax assets in the U.S., Luxembourg, Ireland and certain other foreign tax jurisdictions as of December 31, 2023. It is possible that in the future there may be sufficient positive evidence to release a portion or all of the valuation allowance. Release of these valuation allowances would result in a benefit to income tax expense for the period the release is recorded, which could have a material impact on net earnings. The timing and amount of the potential valuation allowance release are subject to significant management judgment and prospective earnings.

We have provided for any applicable income taxes associated with current year distributions, as well as any earnings that are expected to be distributed in the future, in the calculation of the income tax provision. As a result of the bankruptcy filing, we have reassessed our historical indefinite reinvestment assertion with respect to undistributed earnings. Based on that reassessment, we have determined that the undistributed earnings of certain subsidiaries will continue to be indefinitely reinvested. Those entities for which we will continue to assert indefinite reinvestment have an accumulated earnings deficit as of December 31, 2023. No additional provision has been made for Irish and non-Irish income taxes on those undistributed earnings that we are not asserting indefinite reinvestment as no tax is expected to be incurred with respect to those earnings. A liability could arise if our intention to indefinitely reinvest such earnings were to change and amounts are distributed by such subsidiaries or if such subsidiaries are ultimately disposed. The potential tax implications of unremitted earnings are driven by the facts at the time of the distribution. It is not practicable to estimate the additional income taxes related to indefinitely reinvested earnings or the basis differences related to investments in subsidiaries.

**Uncertain Tax Positions**

The Company and its subsidiaries are subject to income taxes in the U.S., various states and numerous foreign jurisdictions with varying statutes as to which tax years are subject to examination by the tax authorities. The Company has taken positions on its tax returns that may be challenged by various tax authorities. The Company believes it has appropriately established reserves for tax-related uncertainties. The Company endeavors to resolve matters with a tax authority at the examination level and could reach agreement with a tax authority at any time. The accruals for tax-related uncertainties are based on the Company's best estimate of the potential tax exposures. When particular matters arise, a number of years may elapse before such matters are audited and finally resolved. The final outcome with a tax authority may result in a tax liability that is more or less than that reflected in our financial statements. Favorable resolution of such matters could be recognized as a reduction of the Company's effective tax rate in the year of resolution, while a resolution that is not favorable could increase the effective tax rate and may require the use of cash. Uncertain tax positions are reviewed quarterly and adjusted as necessary when events occur that affect potential tax liabilities, such as lapsing of applicable statutes of limitations, proposed assessments by tax authorities, identification of new issues and issuance of new legislation, regulations or case law.

As of December 31, 2023, the Company had total UTPs, including accrued interest and penalties, of $680.2 million. If recognized in future years, $295.9 million of such amounts would impact the income tax provision and effective tax rate. As of December 31, 2022, the Company had total UTPs, including accrued interest and penalties, of $646.4 million. If recognized in future years, $251.4 million of such amounts would have impacted the income tax provision and effective tax rate. The following table summarizes the activity related to UTPs during the years ended December 31, 2023, 2022 and 2021 (in thousands):

| | Unrecognized Tax Positions Federal, State and Foreign Tax |
|---|---|
| UTP Balance at December 31, 2020 | $ 529,775 |
| Gross additions for current year positions | 36,662 |
| Gross reductions for prior period positions | (702) |
| Gross additions for prior period positions | 1,203 |
| Decrease due to lapse of statute of limitations | (475) |
| Currency translation adjustment | (24) |
| UTP Balance at December 31, 2021 | $ 566,439 |
| Gross additions for current year positions | 20,061 |
| Decrease due to lapse of statute of limitations | (4,451) |
| Currency translation adjustment | (2,419) |
| UTP Balance at December 31, 2022 | $ 579,630 |
| Gross additions for current year positions | 12,457 |
| Decrease due to lapse of statute of limitations | (186) |
| Currency translation adjustment | (199) |
| UTP Balance at December 31, 2023 | $ 591,702 |
| Accrued interest and penalties | 88,463 |
| Total UTP balance including accrued interest and penalties | $ 680,165 |

The Company records accrued interest and penalties, where applicable, related to uncertain tax positions as part of the provision for income taxes. The cumulative accrued interest and penalties related to uncertain tax positions were $88.5 million and $66.7 million as of December 31, 2023 and 2022, respectively.

During the year ended December 31, 2023, the Company recognized net expense of $43.8 million associated with UTPs, primarily related to interest. During the year ended December 31, 2022, the Company recognized net expense of $16.2 million associated with UTPs, primarily related to interest and penalties. During the year ended December 31, 2021, the Company recognized net expense of $10.6 million associated with UTPs, primarily related to interest and penalties. At December 31, 2023 and 2022, the Company's UTP liability is included in the Consolidated Balance Sheets within Liabilities subject to compromise, Other liabilities and, where appropriate, as a reduction to Deferred tax assets.

Our subsidiaries file income tax returns in the countries in which they have operations. Generally, these countries have statutes of limitations ranging from 3 to 5 years. Certain subsidiary tax returns are currently under examination by taxing authorities, including U.S. tax returns for the 2006 through 2018 tax years by the IRS.

As a result of the U.S. Government Economic Settlement, it is expected that the amount of UTPs will change during the next 12 months, which is expected to have a material impact on our results of operations and financial position.

On June 3, 2020, in connection with the IRS's examination of our U.S. income tax return for the fiscal year ended December 31, 2015 (2015 Return), we received an acknowledgement of facts (AoF) from the IRS related to transfer pricing positions taken by Endo U.S., Inc. and its subsidiaries (Endo U.S.). The AoF asserted that Endo U.S. overpaid for certain pharmaceutical products that it purchased from certain non-U.S. related parties and proposed a specific adjustment to our 2015 U.S. income tax return position. On September 4, 2020, we received a Form 5701 Notice of Proposed Adjustment (NOPA) that is consistent with the previously disclosed AoF. We believe that the terms of the subject transactions are consistent with comparable transactions for similarly situated unrelated parties, and we intend to contest the proposed adjustment. While the NOPA is not material to our business, financial condition, results of operations or cash flows, the IRS could seek to apply its position to subsequent tax periods and propose similar adjustments. The aggregate impact of these adjustments, if sustained, could have a material adverse effect on our business, financial condition, results of operations and cash flows. Although the timing of the outcome of this matter is uncertain, it is possible any final resolution of the matter could take a number of years.

In connection with the IRS's examination of our 2015 Return, on December 31, 2020, the IRS issued a Technical Advice Memorandum (TAM) regarding the portion of our 2015 NOL that we believe qualifies as a specified product liability loss (SLL). The TAM concurred in part with our positions on the 2015 Return but disagreed with our position that the AMS worthless stock loss qualifies as an SLL. In April 2021, we received draft NOPAs from the IRS consistent with the TAM. We continue to disagree with the IRS's position and the draft NOPAs received and, if necessary, intend to contest any additional tax determined to be owed with respect to the NOPAs. However, if we were unsuccessful in contesting the IRS's position, we have preliminarily estimated that we would have additional cash taxes payable to the IRS of between $70 million and $250 million excluding interest. We continue to discuss this position with the IRS and the actual amount that may be owed to the IRS if we are unsuccessful may be different than our preliminary estimate. Although the timing of the outcome of this matter is uncertain, it is possible any final resolution of the matter could take a number of years.

As of December 31, 2023, we may be subject to examination in the following major tax jurisdictions:

| Jurisdiction | Open Years |
|---|---|
| Canada | 2016 through 2023 |
| India | 2012 through 2023 |
| Ireland | 2016 through 2023 |
| Luxembourg | 2015 through 2023 |
| U.S. - federal, state and local | 2006 through 2023 |

**Bankruptcy-Related Developments**

In connection with our ongoing bankruptcy proceedings, the IRS has filed multiple proofs of claim against several of the Debtors. The total amount of the asserted claims filed by the IRS, which relate to tax years ended 2006 through 2014, 2016 through 2018 and 2020 through 2021, is approximately $18.7 billion. The IRS amended its proof of claims on May 30, 2023 and increased the total amount of approximately $20 billion. A number of the amended claims are in respect of the same proposed tax liability but are filed against multiple subsidiary members of our U.S. consolidated tax groups. After excluding the repetitive claims filed to different members of our U.S. consolidated tax groups, the net claims are approximately $4 billion (the IRS's initial net claim amount was approximately $2.6 billion). In general, the claims primarily relate to the IRS's challenges of our historic tax positions discussed above for certain intercompany arrangements, including the level of profit earned by our U.S. subsidiaries pursuant to such arrangements, and a product liability loss carryback claim. We disagree with the IRS's amended claims and, if necessary, intend to contest any additional tax determined to be owed with respect to the claims.

The IRS's claims and uncertain tax positions related to historical federal income tax positions not specifically challenged by the IRS, as well as certain federal income tax-related claims anticipated to arise during the Chapter 11 Cases and as a result of the consummation of the Plan which is subject to Bankruptcy Court approval, will be resolved in accordance with the U.S. Government Economic Settlement. The claims brought against the Debtors by the IRS will be deemed to be, in part, an allowed, unsubordinated priority claim and, in part, an allowed, unsubordinated general unsecured claim, each in such amount equal to the settlement amounts to be received by the IRS as allocated by the U.S. Government.

**NOTE 22. NET LOSS PER SHARE**

The following is a reconciliation of the numerator and denominator of basic and diluted net loss per share for the years ended December 31, 2023, 2022 and 2021 (in thousands):

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Numerator: | | | |
| Loss from continuing operations | $ (2,447,786) | $ (2,909,618) | $ (569,081) |
| (Loss) income from discontinued operations, net of tax | (2,021) | (13,487) | (44,164) |
| Net loss | $ (2,449,807) | $ (2,923,105) | $ (613,245) |
| Denominator: | | | |
| For basic per share data—weighted average shares | 235,219 | 234,840 | 232,785 |
| Dilutive effect of ordinary share equivalents | — | — | — |
| For diluted per share data—weighted average shares | 235,219 | 234,840 | 232,785 |

Basic per share amounts are computed based on the weighted average number of ordinary shares outstanding during the period. Diluted per share amounts are computed based on the weighted average number of ordinary shares outstanding and, if there is net income from continuing operations during the period, the dilutive effect of ordinary share equivalents outstanding during the period.

The dilutive effect of ordinary share equivalents, if any, is measured using the treasury stock method.

The following table presents, for the years ended December 31, 2022 and 2021, outstanding stock options and stock awards that could potentially dilute per share amounts in the future that were not included in the computation of diluted per share amounts because to do so would have been antidilutive (in thousands):

| | 2022 | 2021 |
|---|---|---|
| Stock options | 5,453 | 6,584 |
| Stock awards | 5,789 | 9,256 |

On March 3, 2023, in connection with the Company’s ongoing bankruptcy proceedings, the Company took action to reject all outstanding award agreements associated with stock options and stock awards.

**NOTE 23. CONDENSED COMBINED DEBTOR-IN-POSSESSION FINANCIAL INFORMATION**

The financial statements included in this Note represent the Condensed Combined Financial Statements of the Debtors only, which include Endo International plc and most of its wholly-owned subsidiaries, except for its Indian subsidiaries and certain subsidiaries associated with the Company's former Astora business. These statements reflect the results of operations, financial position and cash flows of the combined Debtors, including certain amounts and activities between Debtors and Non-Debtor Affiliates of the Company that are eliminated in the Consolidated Financial Statements.

**CONDENSED COMBINED BALANCE SHEETS**
**(Dollars in thousands)**

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 735,927 | $ 991,901 |
| Restricted cash and cash equivalents | 81,806 | 59,358 |
| Accounts receivable, net | 375,613 | 478,889 |
| Inventories, net | 219,230 | 241,349 |
| Prepaid expenses and other current assets | 68,245 | 111,807 |
| Income taxes receivable | 7,715 | 7,038 |
| Receivables from Non-Debtor Affiliates | 100,829 | 94,608 |
| Total current assets | $ 1,589,365 | $ 1,984,950 |
| PROPERTY, PLANT AND EQUIPMENT, NET | 250,286 | 233,114 |
| OPERATING LEASE ASSETS | 19,002 | 23,200 |
| GOODWILL | 1,352,011 | 1,352,011 |
| OTHER INTANGIBLES, NET | 1,477,883 | 1,732,935 |
| INVESTMENTS IN NON-DEBTOR AFFILIATES | 48,253 | 50,001 |
| RECEIVABLES FROM NON-DEBTOR AFFILIATES | 258,445 | 240,002 |
| OTHER ASSETS | 134,224 | 126,494 |
| TOTAL ASSETS | $ 5,129,469 | $ 5,742,707 |
| **LIABILITIES AND DEFICIT** | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued expenses | $ 510,697 | $ 654,414 |
| Current portion of operating lease liabilities | 248 | 230 |
| Income taxes payable | 181 | 10 |
| Payables to Non-Debtor Affiliates | 14,419 | 20,162 |
| Total current liabilities | $ 525,545 | $ 674,816 |
| DEFERRED INCOME TAXES | 16,248 | 13,479 |
| OPERATING LEASE LIABILITIES, LESS CURRENT PORTION | 750 | 994 |
| OTHER LIABILITIES | 74,223 | 37,367 |
| LIABILITIES SUBJECT TO COMPROMISE | 11,095,868 | 9,168,782 |
| TOTAL DEFICIT | (6,583,165) | (4,152,731) |
| TOTAL LIABILITIES AND DEFICIT | $ 5,129,469 | $ 5,742,707 |

**CONDENSED COMBINED STATEMENTS OF OPERATIONS**
**(Dollars in thousands)**

| | 2023 | 2022 |
|---|---|---|
| TOTAL REVENUES, NET | $ 2,011,565 | $ 2,321,426 |
| COSTS AND EXPENSES: | | |
| Cost of revenues | 954,349 | 1,106,855 |
| Selling, general and administrative | 558,183 | 764,768 |
| Research and development | 124,987 | 137,851 |
| Acquired in-process research and development | — | 68,700 |
| Litigation-related and other contingencies, net | 1,611,090 | 478,722 |
| Asset impairment charges | 503 | 2,137,107 |
| Acquisition-related and integration items, net | 1,972 | 408 |
| Interest (income) expense, net | (11,660) | 345,593 |
| Reorganization items, net | 1,169,961 | 202,978 |
| Other income, net | (9,330) | (13,409) |
| LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX | $ (2,388,490) | $ (2,908,147) |
| INCOME TAX EXPENSE | 52,521 | 17,721 |
| LOSS FROM CONTINUING OPERATIONS | $ (2,441,011) | $ (2,925,868) |
| DISCONTINUED OPERATIONS, NET OF TAX | (2,021) | (13,468) |
| NET LOSS ATTRIBUTABLE TO DEBTOR ENTITIES | $ (2,443,032) | $ (2,939,336) |
| EQUITY IN LOSS OF NON-DEBTOR AFFILIATES, NET OF TAX | (1,822) | 22,671 |
| NET LOSS | $ (2,444,854) | $ (2,916,665) |

**CONDENSED COMBINED STATEMENTS OF COMPREHENSIVE LOSS**
**(Dollars in thousands)**

| | 2023 | 2022 |
|---|---|---|
| NET LOSS | $ (2,444,854) | $ (2,916,665) |
| OTHER COMPREHENSIVE INCOME (LOSS): | | |
| Net unrealized gain (loss) on foreign currency | $ 3,179 | $ (10,496) |
| Total other comprehensive income (loss) | $ 3,179 | $ (10,496) |
| COMPREHENSIVE LOSS | $ (2,441,675) | $ (2,927,161) |

**CONDENSED COMBINED STATEMENTS OF CASH FLOWS**
**(Dollars in thousands)**

| | 2023 | 2022 |
|---|---|---|
| OPERATING ACTIVITIES: | | |
| Net cash provided by operating activities (1) | $ 416,541 | $ 209,523 |
| INVESTING ACTIVITIES: | | |
| Capital expenditures, excluding capitalized interest | (67,149) | (43,743) |
| Capitalized interest payments | — | (3,140) |
| Proceeds from the U.S. Government Cooperative Agreement | 39,397 | 18,635 |
| Acquisitions, including in-process research and development, net of cash and restricted cash acquired | — | (90,320) |
| Proceeds from sale of business and other assets | 5,134 | 41,400 |
| Proceeds from loans made to Non-Debtor Affiliates | 1,572 | 2,355 |
| Disbursements for loans made to Non-Debtor Affiliates | (25,243) | (51,486) |
| Net cash used in investing activities | $ (46,289) | $ (126,299) |
| FINANCING ACTIVITIES: | | |
| Repayments of notes | — | (180,342) |
| Repayments of term loans | — | (10,000) |
| Adequate protection payments | (592,759) | (313,109) |
| Repayments of other indebtedness | (6,733) | (6,062) |
| Payments for contingent consideration | (5,136) | (2,462) |
| Payments of tax withholding for restricted shares | — | (1,898) |
| Net cash used in financing activities | $ (604,628) | $ (513,873) |
| Effect of foreign exchange rate | 850 | (1,790) |
| NET DECREASE IN CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS | $ (233,526) | $ (432,439) |
| CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS, BEGINNING OF PERIOD | 1,136,259 | 1,568,698 |
| CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS, END OF PERIOD | $ 902,733 | $ 1,136,259 |

(1) The difference between the amount of Net cash provided by operating activities included in the table above and the amount of Net cash provided by operating activities included in the Consolidated Statements of Cash Flows for the same period primarily relates to the fact that the table above: (i) excludes the operating cash flows of our Non-Debtor Affiliates, which are included in the Consolidated Statements of Cash Flows, and (ii) includes the effects of the operating cash flows of the Debtors with the Non-Debtor Affiliates, which are eliminated in the Consolidated Statements of Cash Flows.

## NOTE 24. SAVINGS AND INVESTMENT PLAN AND DEFERRED COMPENSATION PLANS

### Savings and Investment Plan

The Company maintains a defined contribution Savings and Investment Plan (the Endo 401(k) Plan) covering all U.S.-based eligible employees. The Company matches 100% of the first 3% of eligible cash compensation that a participant contributes to the Endo 401(k) Plan plus 50% of the next 2% for a total of up to 4%, subject to statutory limitations. The Company's matching contributions generally vest ratably over a two-year period.

Costs incurred for contributions made by the Company to the Endo 401(k) Plan amounted to $5.7 million, $6.5 million and $7.6 million for the years ended December 31, 2023, 2022 and 2021, respectively.

**SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS**
**(in thousands)**

| | Balance at Beginning of Period | Additions, Costs and Expenses | Deductions, Write-offs | Other (1) | Balance at End of Period |
|---|---|---|---|---|---|
| **Valuation Allowance For Deferred Tax Assets:** | | | | | |
| Year Ended December 31, 2021 | $ 9,668,556 | $ 504,499 | $ (9) | $ (3,752) | $ 10,169,294 |
| Year Ended December 31, 2022 | $ 10,169,294 | $ 273,538 | $ (46) | $ (6,367) | $ 10,436,419 |
| Year Ended December 31, 2023 | $ 10,436,419 | $ 6,431,095 | $ — | $ 6,125 | $ 16,873,639 |

(1) Represents the remeasurement of net deferred tax assets due to changes in statutory tax rates.

**ENDO INTERNATIONAL PLC**
**(DEBTOR-IN-POSSESSION)**
**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**
**(Dollars in thousands, except share and per share data)**

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 641,373 | $ 777,919 |
| Restricted cash and cash equivalents | 250,476 | 167,702 |
| Accounts receivable, net | 364,081 | 386,919 |
| Inventories, net | 265,985 | 246,017 |
| Prepaid expenses and other current assets | 98,230 | 82,163 |
| Income taxes receivable | 8,457 | 7,781 |
| Total current assets | $ 1,628,602 | $ 1,668,501 |
| PROPERTY, PLANT AND EQUIPMENT, NET | 475,291 | 476,240 |
| OPERATING LEASE ASSETS | 20,761 | 23,033 |
| GOODWILL | 1,352,011 | 1,352,011 |
| OTHER INTANGIBLES, NET | 1,415,208 | 1,477,883 |
| OTHER ASSETS | 57,902 | 139,626 |
| TOTAL ASSETS | $ 4,949,775 | $ 5,137,294 |
| **LIABILITIES AND SHAREHOLDERS' DEFICIT** | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued expenses | $ 492,812 | $ 537,736 |
| Current portion of operating lease liabilities | 1,021 | 956 |
| Income taxes payable | 1,715 | 102 |
| Total current liabilities | $ 495,548 | $ 538,794 |
| DEFERRED INCOME TAXES | 17,707 | 16,248 |
| OPERATING LEASE LIABILITIES, LESS CURRENT PORTION | 3,805 | 4,132 |
| OTHER LIABILITIES | 84,172 | 79,812 |
| LIABILITIES SUBJECT TO COMPROMISE | 11,103,258 | 11,095,868 |
| COMMITMENTS AND CONTINGENCIES (NOTE 14) | | |
| SHAREHOLDERS' DEFICIT: | | |
| Euro deferred shares, $0.01 par value; 4,000,000 shares authorized and issued at both March 31, 2024 and December 31, 2023 | 43 | 44 |
| Ordinary shares, $0.0001 par value; 1,000,000,000 shares authorized and 235,219,612 shares issued and outstanding at both March 31, 2024 and December 31, 2023 | 24 | 24 |
| Additional paid-in capital | 8,980,561 | 8,980,561 |
| Accumulated deficit | (15,508,657) | (15,354,427) |
| Accumulated other comprehensive loss | (226,686) | (223,762) |
| Total shareholders' deficit | $ (6,754,715) | $ (6,597,560) |
| TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT | $ 4,949,775 | $ 5,137,294 |

See accompanying Notes to Condensed Consolidated Financial Statements.

**ENDO INTERNATIONAL PLC**
**(DEBTOR-IN-POSSESSION)**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**
**(Dollars and shares in thousands, except per share data)**

| | Three Months Ended March 31, | |
|---|---|---|
| | **2024** | **2023** |
| TOTAL REVENUES, NET | $ 419,507 | $ 515,267 |
| COSTS AND EXPENSES: | | |
| Cost of revenues | 199,013 | 232,742 |
| Selling, general and administrative | 130,068 | 150,793 |
| Research and development | 25,902 | 27,703 |
| Acquired in-process research and development | 750 | — |
| Litigation-related and other contingencies, net | — | 15,200 |
| Asset impairment charges | 304 | 146 |
| Acquisition-related and integration items, net | 621 | 397 |
| Interest expense, net | — | 109 |
| Reorganization items, net | 203,046 | 85,352 |
| Other expense (income), net | 5,755 | (125) |
| (LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX | $ (145,952) | $ 2,950 |
| INCOME TAX EXPENSE | 7,882 | 5,773 |
| LOSS FROM CONTINUING OPERATIONS | $ (153,834) | $ (2,823) |
| DISCONTINUED OPERATIONS, NET OF TAX (NOTE 4) | (396) | (456) |
| NET LOSS | $ (154,230) | $ (3,279) |
| NET (LOSS) INCOME PER SHARE—BASIC: | | |
| Continuing operations | $ (0.65) | $ (0.01) |
| Discontinued operations | (0.01) | — |
| Basic | $ (0.66) | $ (0.01) |
| NET (LOSS) INCOME PER SHARE—DILUTED: | | |
| Continuing operations | $ (0.65) | $ (0.01) |
| Discontinued operations | (0.01) | — |
| Diluted | $ (0.66) | $ (0.01) |
| WEIGHTED AVERAGE SHARES: | | |
| Basic | 235,220 | 235,216 |
| Diluted | 235,220 | 235,216 |

See accompanying Notes to Condensed Consolidated Financial Statements.

**ENDO INTERNATIONAL PLC**
**(DEBTOR-IN-POSSESSION)**
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)**
**(Dollars in thousands)**

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| NET LOSS | $ (154,230) | $ (3,279) |
| OTHER COMPREHENSIVE (LOSS) INCOME: | | |
| Net unrealized (loss) gain on foreign currency | $ (2,924) | $ 607 |
| Total other comprehensive (loss) income | $ (2,924) | $ 607 |
| COMPREHENSIVE LOSS | $ (157,154) | $ (2,672) |

See accompanying Notes to Condensed Consolidated Financial Statements.

**ENDO INTERNATIONAL PLC**
**(DEBTOR-IN-POSSESSION)**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**
**(Dollars in thousands)**

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| OPERATING ACTIVITIES: | | |
| Net loss | $ (154,230) | $ (3,279) |
| Adjustments to reconcile Net loss to Net cash provided by operating activities: | | |
| Depreciation and amortization | 74,527 | 77,873 |
| Share-based compensation | — | 11,240 |
| Deferred income taxes | 1,520 | (1,688) |
| Change in fair value of contingent consideration | 621 | 397 |
| Acquired in-process research and development charges | 750 | — |
| Asset impairment charges | 304 | 146 |
| Non-cash reorganization items, net | 150,948 | — |
| Gain on sale of business and other assets | (178) | (527) |
| Other | 357 | (327) |
| Changes in assets and liabilities which provided (used) cash: | | |
| Accounts receivable | 20,118 | 37,686 |
| Inventories | (24,320) | (10,952) |
| Prepaid and other assets | (14,803) | 8,373 |
| Accounts payable, accrued expenses and other liabilities | (30,671) | (58,715) |
| Income taxes payable/receivable, net | 851 | 1,869 |
| Net cash provided by operating activities | $ 25,794 | $ 62,096 |
| INVESTING ACTIVITIES: | | |
| Capital expenditures, excluding capitalized interest | (16,602) | (31,280) |
| Proceeds from the U.S. Government Cooperative Agreement | 5,324 | 8,938 |
| Acquisitions, including in-process research and development, net of cash and restricted cash acquired | (750) | — |
| Proceeds from sale of business and other assets | 1,565 | 978 |
| Net cash used in investing activities | $ (10,463) | $ (21,364) |
| FINANCING ACTIVITIES: | | |
| Adequate protection payments | (150,533) | (142,875) |
| Repayments of other indebtedness | (1,810) | (1,633) |
| Payments for contingent consideration | (976) | (207) |
| Net cash used in financing activities | $ (153,319) | $ (144,715) |
| Effect of foreign exchange rate | (784) | 394 |
| NET DECREASE IN CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS | $ (138,772) | $ (103,589) |
| CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS, BEGINNING OF PERIOD | 1,030,621 | 1,249,241 |
| CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS, END OF PERIOD | $ 891,849 | $ 1,145,652 |

See accompanying Notes to Condensed Consolidated Financial Statements.

**ENDO INTERNATIONAL PLC**
**(DEBTOR-IN-POSSESSION)**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**
**FOR THE THREE MONTHS ENDED MARCH 31, 2024**

## NOTE 1. BASIS OF PRESENTATION

### Basis of Presentation

Endo International plc is an Ireland-domiciled specialty pharmaceutical company that conducts business through its operating subsidiaries. Unless otherwise indicated or required by the context, references throughout to "Endo," the "Company," "we," "our" or "us" refer to Endo International plc and its subsidiaries.

The accompanying unaudited Condensed Consolidated Financial Statements of Endo International plc and its subsidiaries have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, the accompanying Condensed Consolidated Financial Statements of Endo International plc and its subsidiaries, which are unaudited, include all normal and recurring adjustments necessary for a fair statement of the Company's financial position as of March 31, 2024 and the results of its operations and its cash flows for the periods presented. Operating results for the three months ended March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024. The year-end Condensed Consolidated Balance Sheet data as of December 31, 2023 was derived from audited financial statements but does not include all disclosures required by U.S. GAAP.

The information included in the accompanying unaudited Condensed Consolidated Financial Statements should be read in conjunction with our Consolidated Financial Statements and accompanying Notes included in the Annual Report on Form 10-K for the year ended December 31, 2023 filed with the Securities and Exchange Commission (SEC) on March 6, 2024 (the Annual Report).

### Going Concern

As further discussed herein, thousands of governmental and private plaintiffs have filed suit against us and/or certain of our subsidiaries alleging opioid-related claims, most of which we have not been able to settle. As a result of the possibility or occurrence of an unfavorable outcome with respect to these proceedings, other legal proceedings and certain other risks and uncertainties, we explored a wide array of potential actions as part of our contingency planning and, as further described in the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022 filed with the SEC on August 9, 2022 (the Second-Quarter 2022 Form 10-Q), we previously concluded that the related conditions and events gave rise to substantial doubt about Endo International plc's ability to continue as a going concern.

Subsequent to the filing of the Second-Quarter 2022 Form 10-Q, beginning on August 16, 2022 (the Petition Date), Endo International plc, together with certain of its direct and indirect subsidiaries (the Debtors), filed voluntary petitions for relief under the chapter 11 of title 11 of the United States (U.S.) Code (the Bankruptcy Code), which constituted an event of default that accelerated our obligations under substantially all of our then-outstanding debt instruments. Section 362 of the Bankruptcy Code stayed creditors from taking any action to enforce the related financial obligations and creditors' rights of enforcement in respect of the debt instruments were subject to the applicable provisions of the Bankruptcy Code until consummation of the Plan on the Effective Date (as defined below). Refer to Note 2. Bankruptcy Proceedings and Note 13. Debt for additional information. As further described in Note 2. Bankruptcy Proceedings, on the Effective Date, the Debtors satisfied all conditions required for the Plan effectiveness and Endo International plc sold substantially all of its assets to Endo Inc. As a result of these conditions and events, management continues to believe there is substantial doubt about Endo International plc's ability to continue as a going concern within one year after the date of issuance of these Condensed Consolidated Financial Statements. The accompanying Condensed Consolidated Financial Statements have been prepared under the going concern basis of accounting as required by U.S. GAAP and do not include any adjustments that might be necessary should we be unable to continue as a going concern.

## NOTE 2. BANKRUPTCY PROCEEDINGS

### Chapter 11 Filing

As noted above, on the Petition Date, certain of the Debtors filed voluntary petitions for relief under the Bankruptcy Code. Certain additional Debtors filed voluntary petitions for relief under the Bankruptcy Code on May 25, 2023 and May 31, 2023. The Debtors have received approval from the U.S. Bankruptcy Court for the Southern District of New York (the Bankruptcy Court) to jointly administer their chapter 11 cases (the Chapter 11 Cases) for administrative purposes only pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure under the caption *In re Endo International plc, et al*. Certain entities consolidated by Endo

International plc and included in these Condensed Consolidated Financial Statements are not party to the Chapter 11 Cases. These entities are collectively referred to herein as the Non-Debtor Affiliates.

The Debtors have continued to operate their businesses and manage their properties as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. As debtors-in-possession, the Debtors are generally permitted to continue to operate as ongoing businesses and pay debts and honor obligations arising in the ordinary course of their businesses after the Petition Date. However, the Debtors generally may not pay third-party claims or creditors on account of obligations arising before the Petition Date or engage in transactions outside the ordinary course of business without approval of the Bankruptcy Court. Under the Bankruptcy Code, third-party actions to collect pre-petition indebtedness owed by the Debtors, as well as most litigation pending against the Debtors as of the Petition Date, are generally subject to an automatic stay. However, under the Bankruptcy Code, certain legal proceedings, such as those involving the assertion of a governmental entity's police or regulatory powers, may not be subject to the automatic stay and may continue unless otherwise ordered by the Bankruptcy Court.

Among other requirements, chapter 11 proceedings must comply with the priority scheme established by the Bankruptcy Code, under which certain post-petition and secured or "priority" pre-petition liabilities generally need to be satisfied before general unsecured creditors and shareholders are entitled to receive any distribution.

Under the Bankruptcy Code, the Debtors may assume, modify, assign or reject certain executory contracts and unexpired leases, including, without limitation, leases of real property and equipment, subject to the approval of the Bankruptcy Court and certain other conditions. Generally, the rejection of an executory contract or unexpired lease is treated as a pre-petition breach of such executory contract or unexpired lease and, subject to certain exceptions, relieves the Debtors from performing their future obligations under such executory contract or unexpired lease but entitles the contract counterparty or lessor to a pre-petition general unsecured claim for damages caused by such deemed breach. Generally, the assumption of an executory contract or unexpired lease requires the Debtors to cure existing monetary defaults under such executory contract or unexpired lease and provide adequate assurance of future performance. Accordingly, any description of an executory contract or unexpired lease in this report, including, where applicable, the express termination rights thereunder or a quantification of obligations, must be read in conjunction with, and is qualified by, any overriding rejection rights the Debtors have under the Bankruptcy Code.

To ensure their ability to continue operating in the ordinary course of business, the Debtors have filed with the Bankruptcy Court a variety of motions seeking "first day" relief, including the authority to access cash collateral, continue using their cash management system, pay employee wages and benefits and pay vendors in the ordinary course of business. At a hearing held on August 18, 2022, the Bankruptcy Court generally approved the relief sought in these motions on an interim basis. Following subsequent hearings held on September 28, 2022, October 13, 2022 and October 19, 2022, the Bankruptcy Court entered orders approving substantially all of the relief sought on a final basis.

**Events of Default**

The August 16, 2022 bankruptcy filings by the Debtors constituted an event of default that accelerated our obligations under substantially all of our then-outstanding debt instruments. Section 362 of the Bankruptcy Code stayed creditors from taking any action to enforce the related financial obligations and creditors' rights of enforcement in respect of the debt instruments were subject to the applicable provisions of the Bankruptcy Code. Refer to Note 13. Debt for additional information.

**Restructuring Support Agreement and Marketing Process**

On August 16, 2022, we entered into a Restructuring Support Agreement (as amended, the RSA) with an ad hoc group (the Ad Hoc First Lien Group) of certain creditors holding in excess of 50% of the aggregate outstanding principal amount of Secured Debt (as defined in that certain collateral trust agreement, dated as of April 27, 2017, among Endo International plc, certain subsidiaries of Endo International plc, the other grantors from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent under the Credit Agreement (as defined below), and Wells Fargo Bank, National Association, as indenture trustee, and Wilmington Trust, National Association, as collateral trustee (the Collateral Trust Agreement)), pursuant to which, among other things, one or more entities formed in a manner acceptable to the Ad Hoc First Lien Group (the Purchaser) agreed to serve as stalking horse bidder in connection with the proposed sale of all or substantially all of our assets pursuant to section 363 of the Bankruptcy Code (the Sale).

As described in the RSA, the Purchaser's bid (the Stalking Horse Bid), which was subject to higher or otherwise better bids from other parties, included an offer to purchase substantially all of our assets for an aggregate purchase price including: (i) a credit bid in full satisfaction of the Prepetition First Lien Indebtedness (as defined in the RSA); (ii) $5 million in cash on account of certain unencumbered assets; (iii) $122 million to wind-down our operations following the Sale closing date (the Wind-Down Amount); (iv) pre-closing professional fees; and (v) the assumption of certain liabilities. As part of the Stalking Horse Bid, the Purchaser agreed to make offers of employment to all of our active employees. The proposed purchase and sale agreement with respect to the Stalking

Horse Bid was filed with the Bankruptcy Court on November 23, 2022, and amended versions in connection with the proposed Sale were subsequently filed with the Bankruptcy Court several times, including most recently on August 3, 2023.

On November 23, 2022, we filed: (i) a motion seeking Bankruptcy Court approval of bidding procedures in connection with the Sale and (ii) a motion seeking to set deadlines (bar dates) for all claimants to file claims against the Debtors. At a hearing on December 15, 2022, the Bankruptcy Court directed the Debtors and certain key parties in interest in the Chapter 11 Cases to participate in a mediation process to attempt to resolve certain objections and contested issues relating to the bidding procedures motion, the Sale and other critical matters in the Chapter 11 Cases.

In March 2023, the Debtors announced that, as a result of the mediation process, the Ad Hoc First Lien Group (and Purchaser) reached certain resolutions in principle with both the unsecured creditors' committee (the UCC) and opioid claimants' committee (the OCC) appointed in the Chapter 11 Cases and certain ad hoc groups of debtholders. These resolutions, documented in the stipulation filed with the Bankruptcy Court on March 24, 2023 (and described in further detail below), were supported by the Debtors. Following a hearing, the Bankruptcy Court entered orders on April 3, 2023 approving the bidding procedures motion (the Bidding Procedures Order) and the bar date motion, which established deadlines by which claimants must file proofs of claims with the Bankruptcy Court.

As part of the Bidding Procedures Order, the Bankruptcy Court also approved certain internal restructuring transactions under Irish law that would allow us to pursue the Sale in a tax efficient manner (the Reconstruction Steps). The Reconstruction Steps were completed on May 31, 2023, and involved, among other things: (i) the conversion from private limited companies to private unlimited companies under Irish law of our subsidiaries Endo Ventures Limited and Endo Global Biologics Limited and their re-registration as Endo Ventures Unlimited (EVU) and Endo Global Biologics Unlimited (EGBU), respectively; and (ii) the transfer of the business and assets of EVU and EGBU to our newly-formed subsidiaries Operand Pharmaceuticals II Limited and Operand Pharmaceuticals III Limited.

As contemplated by the RSA, the Bidding Procedures Order approved a marketing process and auction that was conducted under the supervision of the Bankruptcy Court, during which interested parties had an opportunity to conduct due diligence and determine whether to submit a bid to acquire the Debtors' assets. In the months following the entry of the Bidding Procedures Order, the Company conducted a robust marketing process. Following the passing of the deadline for potential bidders to submit indications of interest, on June 20, 2023, in accordance with the Bidding Procedures Order, the Company filed with the Bankruptcy Court a notice of termination of the sale and marketing process, naming the Purchaser as the Successful Bidder (as defined in the Bidding Procedures Order) and accelerating the hearing to approve the Sale from August 31, 2023 to July 28, 2023. The hearing to approve the Sale was subsequently adjourned several times as negotiations continued with our stakeholders and we explored alternative restructuring transactions.

On December 28, 2023, we filed an amended version of the RSA. The amended RSA reflects the terms of our proposed Plan (as defined and discussed in more detail below) while preserving our rights and the rights of the Ad Hoc First Lien Group to toggle back to a standalone sale under section 363 of the Bankruptcy Code.

Pursuant to the amended RSA, each of the parties agreed to, among other things, take all actions as are necessary and appropriate to facilitate the implementation and consummation of the Restructuring (as defined in the amended RSA), negotiate in good faith certain definitive documents relating to the Restructuring and obtain required approvals. In addition, we agreed to conduct our business in the ordinary course, provide notice and certain materials relating to the Restructuring to the consenting creditors' advisors and pay certain fees and expenses of the consenting creditors. The amended RSA further contemplates that the Purchaser will fund one or more trusts for parties with opioid-related claims against us, as further discussed in Note 14. Commitments and Contingencies.

As the Effective Date of the Plan has now occurred, the transactions contemplated by the amended RSA have been approved by the Bankruptcy Court and have been consummated. Accordingly, the amended RSA has terminated according to its terms.

**The Chapter 11 Proceedings**

*Cash Collateral*

As part of the RSA, the Company and the Ad Hoc First Lien Group agreed on the terms of a proposed order authorizing the Company's use of cash collateral (as modified and entered by the Bankruptcy Court on a final (amended) basis in October 2022, the Cash Collateral Order) in connection with the Chapter 11 Cases on certain terms and conditions set forth therein. Over the course of the Chapter 11 Cases, the Debtors used the cash collateral to, among other things, permit the orderly continuation of their businesses, pay the costs of administration of their estates and satisfy other working capital and general corporate purposes.

The Cash Collateral Order: (i) obligated the Debtors to make certain adequate protection payments during the bankruptcy proceedings, which are further discussed in Note 13. Debt of this report; (ii) established a budget for the Debtors' use of cash collateral; (iii) established certain informational rights for the Debtors' secured creditors; (iv) provided for the waiver of certain Bankruptcy Code provisions; and (v) required the Debtors to maintain at least $600.0 million of "liquidity," calculated at the end of each week as unrestricted cash and cash equivalents plus certain specified amounts of restricted cash associated with the TLC Agreement, which is defined and further discussed below in Note 10. License, Collaboration and Asset Acquisition Agreements.

The foregoing description of the Cash Collateral Order does not purport to be complete and is qualified in its entirety by reference to the Cash Collateral Order entered by the Bankruptcy Court in the Chapter 11 Cases.

*Claims Reconciliation Process*

In November 2022, the Debtors filed with the Bankruptcy Court schedules and statements, subject to further amendment or modification, which set forth, among other things, the assets and liabilities of each of the Debtors, subject to the assumptions filed in connection therewith.

As part of the Chapter 11 Cases, persons and entities believing that they have claims or causes of action against the Debtors were instructed to file proofs of claim evidencing such claims. As noted above, the Debtors filed a motion seeking to set a bar date (deadline) for holders of claims to file proofs of claim (including general claims and claims of governmental units). On April 3, 2023, the Bankruptcy Court entered an order, as subsequently amended on June 23, 2023 and July 14, 2023 (the Bar Date Order) setting July 7, 2023 as the general bar date (deadline) for persons and non-governmental entities to file proofs of claim against the Debtors. The Bankruptcy Court also set May 31, 2023 as the bar date for governmental entities to file claims other than certain claims relating to opioids against the Debtors. Certain claims, including most governmental claims relating to opioids, were subject to separate bar date procedures as set forth in more detail in the Bar Date Order.

As of April 23, 2024, approximately 907,300 claims, totaling approximately $1,079 billion, have been filed against the Debtors, including, in certain cases, duplicate claims across multiple Debtors. For the period of April 24, 2024 to May 23, 2024, approximately 200 claims, totaling approximately $2 billion, have been filed against the Debtors, including, in certain cases, duplicate claims across multiple Debtors. For example, the U.S. Internal Revenue Service (IRS) has filed multiple proofs of claim against several of the Debtors, as further discussed in Note 18. Income Taxes. As claims are filed, they are being evaluated for validity and compared to amounts recorded in our accounting records. Due to the voluminous number of claims received, Endo is continuing to review the proofs of claims filed in the Chapter 11 Cases to identify which, if any, additional claims constitute unresolved claims not previously known. As of the date of this report, the amounts of certain of the claims received exceed the amounts of the corresponding liabilities, if any, that we have recorded based on our assessments of the purported liabilities underlying such claims, and it is likely this will continue to be the case in future periods. We are not aware of any claims that we currently expect will require a material adjustment to the Condensed Consolidated Financial Statements.

Differences in amounts recorded and claims filed by creditors will continue to be investigated and resolved, including through the filing of objections with the Bankruptcy Court, where appropriate. The Debtors may ask the Bankruptcy Court to disallow claims that the Debtors believe are duplicative, have been later amended or superseded, are without merit, are overstated or should be disallowed for other reasons. In addition, as a result of this process, the Debtors may identify additional liabilities that will need to be recorded or reclassified to Liabilities subject to compromise in the Condensed Consolidated Balance Sheets. In light of the substantial number of claims that have been filed as of the date of this report and may be filed in the future, the claims resolution process may take considerable time to complete and will continue after the Effective Date of the Plan.

**Resolutions in the Chapter 11 Cases**

In March 2023, the Debtors announced that, in connection with the mediation process and as referenced in an amended RSA, the Ad Hoc First Lien Group (and Purchaser) reached certain resolutions in principle with the UCC and the OCC appointed in the Chapter 11 Cases and certain ad hoc groups of debtholders. In July 2023, the Debtors announced an additional resolution between the Purchaser and the Future Claimants' Representative (the FCR). In August 2023, a resolution was reached between the Purchaser and an ad hoc group of public school district creditors (the Public School District Creditors). In September 2023, a resolution was reached between the Purchaser and certain Canadian governmental entities that had previously filed an objection to the Sale (the Canadian Provinces). In February 2024, the Debtors announced an agreed resolution with the U.S. Department of Justice (DOJ), acting on behalf of itself and certain other agencies of the U.S. federal government. The DOJ resolution formalized the terms of the economic agreement in principle announced by the Ad Hoc First Lien Group in November 2023 and set forth certain non-economic terms mutually agreed upon by the parties. The foregoing resolutions, which are set forth in greater detail in the solicitation version of the disclosure statement filed with the Bankruptcy Court on January 16, 2024, and, in the case of the DOJ resolution, in the notice filed with the Bankruptcy Court on February 29, 2024, are supported by the Debtors.

The resolution reached with the UCC provides that, on or prior to the Effective Date of the Plan, a trust (the GUC Trust) will be established for the benefit of eligible general unsecured creditors. As consideration, the trust will receive, among other things: (i) $60 million in cash; (ii) up to 4.02% of equity in the Purchaser (subject to dilution by equity issued pursuant to rights offerings and under the management incentive plan); (iii) a litigation trust, which will have the right to pursue certain estate claims and causes of action against (1) non-continuing directors and former officers (as against and subject to a maximum recovery available under certain specified insurance policies and proceeds), (2) certain third-party advisors to the Debtors, and (3) certain additional third parties, including parties to certain pre-petition transactions with the Debtors; and (iv) a rights offering for certain eligible trust beneficiaries, subject to certain subscription requirements, for up to $160 million of equity in the Purchaser. The resolution also contemplated a fee cap of $15 million for the UCC professionals for any work done between April 1, 2023 and October 31, 2023.

The resolution reached with the OCC provides that, on or prior to the Effective Date of the Plan, a trust will be established for the benefit of certain private present opioid claimants (such as non-governmental entities). As consideration, the trust will receive, among other things, $119.2 million of gross cash consideration payable in three installments (subject to the Purchaser's exercise of certain prepayment options and triggers) to be distributed to eligible private present opioid claimants. An additional $0.5 million will be funded to the trust by certain third parties, for a total of $119.7 million in aggregate consideration being funded to the trust. As set forth in the amended RSA, the Purchaser has also agreed, on or prior to the Effective Date of the Plan, to fund a trust for the benefit of certain public and tribal opioid claimants. The trust to be created pursuant to the resolution reached with the OCC is intended to be structured similarly to the public/tribal opioid trust and includes prepayment obligations triggered upon certain prepayments made to the public/tribal opioid trust. The resolution also contemplated a fee cap of $8.5 million for opioid claimants' committee hourly professionals for work done between April 1, 2023 and October 31, 2023. From November 1, 2023 through the Effective Date of the Plan, the OCC fees are subject to a monthly cap of $0.5 million subject to certain carve-outs and limitations pursuant to the OCC resolution.

The resolution reached with the FCR provides that, on or prior to the Effective Date of the Plan, a trust (the Future PI Trust) will be established for the benefit of certain private opioid and mesh claimants whose first injury did not arise until after the applicable bar date. As consideration, the Future PI Trust will receive, among other things, $11.9 million of gross cash consideration payable in installments to be distributed to eligible private future opioid and mesh claimants.

The resolution reached with the Public School District Creditors provides that, on or prior to the Effective Date of the Plan, the Purchaser will fund an opioid school district recovery trust for the benefit of public school districts that elect to participate. As consideration, the trust will receive up to $3 million of gross cash consideration payable in installments to provide grants and other funding to participating school districts for the purpose of funding opioid abuse/misuse abatement or remediation programs.

The resolution reached with the Canadian Provinces provides that, on the Effective Date of the Plan, a trust or other distribution mechanism will be established for the benefit of the Canadian Provinces. As consideration, the trust or other distribution mechanism will receive $7.3 million of gross cash consideration payable in installments expected to be used for government programs and services aimed at assisting Canadians who suffer from opioid misuse or addiction disorder.

The resolution reached with the Ad Hoc First Lien Group and the DOJ with respect to claims filed in the Chapter 11 Cases by the United States of America, acting through the United States Attorney's Office for the Southern District of New York, for and on behalf of: (i) the United States Department of Justice Civil Division's Consumer Protection Branch; (ii) the United States Attorney's Office for the Southern District of Florida; (iii) the United States Department of Justice Civil Division's Fraud Section, acting on behalf of the Office of Inspector General of the Department of Health and Human Services, the Defense Health Agency, as administrator of the TRICARE program, the Office of Personnel Management, as administrator of the Federal Employees Health Benefits program, and the Department of Veteran Affairs (VA); (iv) the IRS; (v) the U.S. Department of Health and Human Services (HHS), U.S. Centers for Medicare and Medicaid Services (CMS) and Indian Health Service; and (vi) the VA (collectively, the U.S. Government), including criminal, civil and tax-related claims provides for payment by Endo of $364.9 million over 10 years, or $200 million if the obligation is paid in full on the Effective Date of the Plan, plus contingent consideration of $25 million in each of 2024 through 2028 (up to $100 million in aggregate) if our Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) sufficiently exceeds defined baselines (U.S. Government Economic Settlement). The resolution further contemplates that Endo's subsidiary, Endo Health Solutions Inc. (EHSI), will enter into a plea agreement and civil settlement agreement in resolution of the DOJ's criminal and civil investigations of the Debtors. The plea agreement contemplates that EHSI will plead guilty to a single misdemeanor violation of the Food, Drug, and Cosmetic Act, contrary to Title 21, United States Code, Sections 331(a), 333(a)(1), and 352(f)(1). Pursuant to the plea agreement, EHSI will be subject to a criminal fine of $1,086 million, which will be treated as an allowed, general unsecured claim in the Chapter 11 Cases, and a criminal forfeiture judgment in the amount of $450 million. Pursuant to the civil settlement agreement, the Debtors agree that the U.S. Government shall have an allowed, general unsecured claim in the Chapter 11 Cases in the amount of approximately $476 million. The claims brought against the Debtors by the IRS will be deemed to be, in part, an allowed, unsubordinated priority claim and, in part, an allowed, unsubordinated general unsecured claim, each in such amount equal to the settlement amounts to be received by the IRS as allocated by the U.S. Government. The criminal fine, civil

settlement agreement amount and the IRS claims will be satisfied in full by the payments made pursuant to the U.S. Government Economic Settlement. The criminal forfeiture judgment will be deemed satisfied in full by payments made to state opioid claimants pursuant to the Plan.

In connection with the resolutions, the UCC, the OCC, the FCR, the Public School District Creditors, the Canadian Provinces, the ad hoc groups of debtholders party thereto and the DOJ agreed to support the Plan.

**Chapter 11 Plan of Reorganization and Emergence**

On December 19, 2023, we filed a proposed chapter 11 plan of reorganization (as amended, including on January 5, 2024, January 9, 2024 and March 18, 2024, and including any future amendments, exhibits and supplements filed with respect thereto, the Plan) and related disclosure statement with the Bankruptcy Court. The Plan contemplates a sale of substantially all of our assets on substantially similar terms to the proposed 363 sale to the Purchaser, including the assumption of certain liabilities, and offers of employment to all of our active team members, and reflects the resolutions described above. References to emergence of the Debtors and/or Endo, on the Effective Date, refer to the completion of the transactions contemplated by the Plan and does not purport to represent emergence of certain legal entities.

Under the Plan, our first lien creditors would receive 96.3% of equity in a new entity formed to acquire our assets and an opportunity to participate in a $340 million rights offering (First Lien Rights Offering), and second lien creditors and unsecured noteholders would receive the remaining 3.7% of the equity (both subject to dilution). Second lien creditors and unsecured noteholders would also receive $23.3 million in cash, certain proceeds of litigation claims and insurance rights, and the opportunity to participate in a $160 million rights offering (GUC Rights Offering) which was subscribed in July 2023. Other general unsecured creditors would receive up to $2 million in cash and a small percentage of the proceeds of trust litigation claims and insurance rights, subject to certain qualifications. Opioid claimants would receive distributions from certain trusts and sub-trusts, including pursuant to the resolutions described above, as follows: $460 million in installments for state opioid claimants (subject to certain prepayment rights), $119.7 million in installments for several subclasses of private opioid claimants (subject to certain prepayment rights), up to $15 million for tribal opioid claimants and up to approximately $11.4 million for future opioid claimants. The Plan also provides for the treatment of opioid claims held by other claimants, including public school districts, Canadian provinces and foreign holders of claims against certain foreign entities who file proofs of claim against us by a date certain (but after the general bar date). The Plan provides that we (or Endo, Inc.) will use the, among other things, net proceeds from a potential exit financing facility (to the extent implemented), net proceeds from proposed rights offerings, cash on hand and certain litigation consideration to fund Plan distributions.

To facilitate the First Lien Rights Offering, certain first lien claim holders (the First Lien Backstop Parties), entered into an agreement to purchase the shares not purchased by the non-First Lien Backstop Parties in the First Lien Rights Offering (the First Lien BCA). In exchange for providing the backstop commitments, Endo, Inc. agreed to issue a certain number of shares of common stock and Endo International plc agreed to pay certain First Lien Backstop Parties a cash amount not to exceed approximately $25.5 million as an “Additional Premium” in exchange for their commitments (First Lien Backstop Premium). To facilitate the GUC Rights Offering, certain first lien claim holders (GUC Backstop Parties) entered into an agreement to purchase any unsubscribed shares in the GUC Rights Offering (GUC BCA). In exchange for providing the backstop commitments, Endo, Inc. agreed to issue a certain number of shares of common stock (GUC Backstop Premium).

In addition to the previously reached settlements, the Plan also incorporates the economic settlement in principle with the DOJ, described above. The Plan also sets forth a post-reorganization governance structure and includes releases for us and certain other parties.

To protect our Irish entities and assets from the risk of value-destructive litigation and enforcement efforts not enjoined by the Plan, we also proposed an Irish scheme of arrangement in parallel with the Plan to implement certain terms of the Plan as a matter of Irish law. The scheme of arrangement was widely approved by creditors and sanctioned by the High Court of Ireland on April 18, 2024. The final order approving the scheme was filed on April 19, 2024. In connection with approval of the scheme, all claims against us covered by the scheme were completely released and discharged as a matter of Irish law.

On January 12, 2024, the Bankruptcy Court entered an order conditionally approving our disclosure statement which authorized us to solicit votes on our Plan. The Bankruptcy Court also scheduled a combined hearing for: (i) final approval of the disclosure statement as containing “adequate information” as required by the Bankruptcy Code; and (ii) confirmation of the Plan for March 19, 2024. Creditors voted overwhelmingly in favor of the Plan. The Bankruptcy Court confirmed the Plan on March 19, 2024, and the Debtors satisfied all conditions required for the Plan effectiveness (the Effective Date) on April 23, 2024.

On or following the Effective Date and pursuant to the terms of the Plan, the following occurred or became effective:

- Endo, Inc. appointed six new members to the Successor's board of directors to replace all of the directors of the Predecessor, other than the director also serving as the President and Chief Executive Officer, who was re-appointed pursuant to the Plan;
- Endo International plc terminated and cancelled all common stock of Endo International plc that were outstanding immediately prior to the Effective Date;
- Endo, Inc.'s authorized capital stock will consist of 1 billion shares of common stock, par value $0.001 per share, and 25 million shares of preferred stock, par value $0.001 per share.
- Shares of Endo, Inc. common stock issued in reliance upon section 1145 of the Bankruptcy Code (except with respect to any entity that is an underwriter) are exempt from, among other things, the registration requirements of Section 5 of the Securities Act and any other applicable U.S. state or local law requiring registration for the offer or sale of securities and (i) are not "restricted securities" as defined in Rule 144(a)(3) under the Securities Act, and (ii) are freely tradable and transferable by any holder thereof that, at the time of transfer, (1) is not an "affiliate" (as defined in Rule 144(a)(1) under the Securities Act) of Endo, Inc. or any of its subsidiaries; (2) has not been such an "affiliate" within 90 days of such transfer; and (3) is not an entity that is an underwriter.
- The shares of Endo, Inc. common stock that are issued in reliance on Section 4(a)(2) of the Securities Act and/or Regulation D or Regulation S thereunder, are "restricted securities" subject to resale restrictions and may be resold, exchanged, assigned or otherwise transferred only in a transaction registered, or exempt from registration, under the Securities Act and other applicable law. In that regard, each of the recipients of shares of common stock issued pursuant to the Plan made customary representations, including that each was an "accredited investor" (within the meaning of Rule 501(a) of the Securities Act) or a "qualified institutional buyer" (as defined under Rule 144A promulgated under the Securities Act).
- Endo, Inc. issued approximately 33.0 million shares of common stock, in transactions exempt from registration under the Securities Act of 1933 pursuant to section 1145 of the Bankruptcy Code (Unrestricted Shares), as further described above, to first lien creditors and holders of second lien deficiency claims and unsecured notes claims in exchange for the satisfaction of their claims;
- Endo, Inc. issued approximately 0.2 million of Unrestricted Shares to be deposited in escrow with a third-party escrow agent (Escrowed Equity) with such Escrowed Equity to be distributed to holders of second lien deficiency claims and unsecured notes claims in accordance with the "Net Debt Equity Split Adjustment" defined under the Plan;
- Endo, Inc. issued approximately 25.8 million of Unrestricted Shares to first lien creditors who participated in the Endo, Inc. First Lien Rights Offering;
- Endo, Inc. issued approximately 3.6 million shares, of which approximately 2.8 million were Unrestricted Shares and approximately 0.8 million were issued in transactions exempt from registration under the Securities Act of 1933 pursuant to Section 4(a)(2) and/or Regulation D or Regulation S thereunder (Restricted Shares), as further described above, to First Lien Backstop Parties and Endo International plc paid approximately $25.5 million in satisfaction of the First Lien Backstop Premium owed pursuant to the First Lien BCA;
- Endo, Inc. issued less than 0.1 million of Restricted Shares to holders of claims that participated in the GUC Rights Offering;
- Endo, Inc. issued approximately 13.7 million shares, including approximately 12.5 million Restricted Shares to GUC Backstop Parties in connection with the GUC Rights Offering and approximately 1.2 million Unrestricted Shares in satisfaction of the GUC Backstop Premium owed pursuant to the GUC BCA;
- Entered into Exit Financing Debt including: (i) a $400 million senior secured five-year superpriority revolving credit facility (New Revolving Credit Facility); (ii) a $1,500 million senior secured seven-year term loan facility (New Term Facility); and (iii) senior secured notes in the aggregate principal amount of $1,000 million, due in 2031 (New Senior Secured Notes);
- The various trusts, described above were funded, including the exercise of certain prepayment options where applicable, in an aggregate amount equal to approximately $446 million; and
- The Debtors paid $200 million in connection with the U.S. Government Economic Settlement.

*Management Incentive Plan.* As contemplated by the Plan, on the Effective Date, Endo, Inc. adopted a long-term incentive plan and authorized and reserved 3.6 million shares for issuance pursuant to equity incentive awards to be granted under such plan. As of May 23, 2024, no shares have been issued under Endo, Inc.'s Management Incentive Plan.

*Sources of Cash for Plan Distribution.* All cash required for payments made by the Company (or Endo, Inc.) under the Plan on the Effective Date was obtained from cash on hand, proceeds of the First Lien Rights Offering, GUC Rights Offering and proceeds of the Exit Financing Debt.

**Fresh Start Accounting**

On the Effective Date, we expect to apply fresh start accounting in accordance with Accounting Standards Codification Topic 852, Reorganizations (ASC 852) as: (i) the holders of existing voting ownership interests of Endo International plc received less than 50% of the voting shares of Endo, Inc.; and (ii) the reorganization value of assets immediately prior to confirmation of the Plan are expected to be less than the total of all post-petition liabilities and allowed claims. Under the principles of fresh start accounting, a new reporting entity will be considered to have been created, and, as a result, the Company will allocate the reorganization value of the Company to its individual assets. The process of estimating fair value of the Company's assets and liabilities is currently ongoing and, therefore, such amounts have not yet been finalized.

**Accounting During Bankruptcy**

As a result of the Chapter 11 Cases, we have applied the provisions of ASC 852 in preparing the accompanying Condensed Consolidated Financial Statements. ASC 852 requires that, for periods including and after the filing of a chapter 11 petition, the Condensed Consolidated Financial Statements distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business.

Accordingly, for periods beginning with the third quarter of 2022, pre-petition unsecured and undersecured claims related to the Debtors that may be impacted by the bankruptcy reorganization process have been classified as Liabilities subject to compromise in the Condensed Consolidated Balance Sheets. Liabilities subject to compromise include pre-petition liabilities for which there is uncertainty about whether such pre-petition liabilities could be impaired as a result of the Chapter 11 Cases. Liabilities subject to compromise are recorded at the expected amount of the total allowed claim, even if they may ultimately be settled for different amounts. The following table sets forth, as of March 31, 2024 and December 31, 2023, information about the amounts presented as Liabilities subject to compromise in our Condensed Consolidated Balance Sheets (in thousands):

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Accounts payable | $ 32,232 | $ 32,281 |
| Accrued interest | 160,617 | 160,617 |
| Debt | 8,152,290 | 8,147,826 |
| Litigation accruals | 2,432,224 | 2,431,455 |
| Uncertain tax positions | 262,170 | 259,611 |
| Other (1) | 63,725 | 64,078 |
| Total | $ 11,103,258 | $ 11,095,868 |

(1) Amounts include operating and finance lease liabilities as further described in Note 8. Leases, acquisition-related contingent consideration liabilities as further described in Note 6. Fair Value Measurements and a variety of other miscellaneous liabilities.

The amounts in the table above are preliminary and may be subject to future adjustments as a result of, among other things, the possibility or occurrence of certain Bankruptcy Court actions, further developments with respect to disputed claims, any rejection by us of executory contracts and/or any payments by us of amounts classified as Liabilities subject to compromise, which may be allowed in certain limited circumstances. Amounts are also subject to adjustments if we make changes to our assumptions or estimates related to claims as additional information becomes available to us including, without limitation, those related to the expected amounts of allowed claims, the value of any collateral securing claims and the secured status of claims. Such adjustments may be material.

Certain expenses, gains and losses resulting from and recognized during our bankruptcy proceedings are now being recorded in Reorganization items, net in our Condensed Consolidated Statements of Operations. The following table sets forth, for the three months ended March 31, 2024 and 2023, information about the amounts presented as Reorganization items, net in our Condensed Consolidated Statements of Operations (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| Professional fees | $ 52,098 | $ 85,352 |
| Debt valuation adjustments (1) | 150,948 | — |

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| Total | $ 203,046 | $ 85,352 |

(1) For the three months ended March 31, 2024, adequate protection payments were $150.5 million and recognized as a reduction to the carrying amount of the respective First Lien Debt Instruments. Concurrently, as a result of adjusting to the estimated allowed claim amount for the corresponding debt instruments, a charge was recognized within Reorganization items, net. For the three months ended March 31, 2023, adequate protection payments were $142.9 million and recognized as a reduction to the carrying amount of the respective First Lien Debt Instruments.

During the three months ended March 31, 2024 and 2023, our operating cash flows included net cash outflows of $45.0 million and $70.0 million, respectively, related to amounts classified or expected to be classified as Reorganization items, net, which primarily consisted professional fees.

Refer also to Note 13. Debt for information about the non-cash debt valuation adjustments reflected in Reorganization items, net, as well as how our bankruptcy proceedings and certain related developments have affected our debt service payments and how such payments are being reflected in our Condensed Consolidated Financial Statements.

**Nasdaq Delisting**

On August 17, 2022, we received a letter (the Notice) from The Nasdaq Stock Market LLC (Nasdaq) stating that, in accordance with Nasdaq Listing Rules 5101, 5110(b) and IM-5101-1, Nasdaq had determined that Endo's ordinary shares would be delisted. In accordance with the Notice, trading of Endo's ordinary shares was suspended at the opening of business on August 26, 2022. As a result, Endo's ordinary shares began trading exclusively on the over-the-counter market on August 26, 2022. On the over-the-counter market, Endo's ordinary shares, which previously traded on the Nasdaq Global Select Market under the symbol ENDP, began to trade under the symbol ENDPQ. On September 14, 2022, Nasdaq filed a Form 25-NSE with the SEC and Endo's ordinary shares were subsequently delisted from the Nasdaq Global Select Market. On December 13, 2022, Endo's ordinary shares were deregistered under Section 12(b) of the Securities Exchange Act of 1934, as amended (Exchange Act).

## NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Use of Estimates**

The preparation of our Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the amounts and disclosures in our Condensed Consolidated Financial Statements, including the Notes thereto, and elsewhere in this report. For example, we are required to make significant estimates and assumptions related to revenue recognition, including sales deductions, long-lived assets, goodwill, other intangible assets, income taxes, contingencies, financial instruments, share-based compensation, estimated allowed claim amounts, liabilities subject to compromise and reorganization items, net, among others. Some of these estimates can be subjective and complex. Uncertainties related to the magnitude and duration of potential public health crises, like the recent COVID-19 pandemic, and epidemics, the extent to which it may impact our estimated future financial results, worldwide macroeconomic conditions including interest rates, employment rates, consumer spending and health insurance coverage, among others, have increased the complexity of developing these estimates, including the allowance for expected credit losses and the carrying amounts of long-lived assets, goodwill and other intangible assets. The possibility or occurrence of any such actions could materially impact the amounts and classifications of such assets and liabilities reported in our Condensed Consolidated Balance Sheets. Furthermore, our bankruptcy proceedings and the consummation of the sale process in connection with the Plan have resulted in and are likely to continue to result in significant changes to our business, which could ultimately result in, among other things, asset impairment charges that may be material. Although we believe that our estimates and assumptions are reasonable, there may be other reasonable estimates or assumptions that differ significantly from ours. Further, our estimates and assumptions are based upon information available at the time they were made. Actual results may differ significantly from our estimates, including as a result of the uncertainties described in this report, those described in our other reports filed with the SEC or other uncertainties.

**Significant Accounting Policies Added or Updated since December 31, 2023**

There have been no significant changes to our significant accounting policies since December 31, 2023. For additional discussion of the Company's significant accounting policies, see Note 3. Summary of Significant Accounting Policies in the Consolidated Financial Statements included in Part IV, Item 15 of the Annual Report.

***Recent Accounting Pronouncements Not Yet Adopted at March 31, 2024***

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* (ASU 2023-07) to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 14, 2024, on a retrospective basis. Early adoption is permitted. The Company is currently evaluating the impact of this accounting standards update on its consolidated financial statement disclosures.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvement to Income Tax Disclosures* (ASU 2023-09) to enhance the transparency and decision usefulness of income tax disclosures, primarily related to standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. ASU 2023-09 is effective for annual periods beginning after December 15, 2024 on a prospective basis. Early adoption is permitted. The Company is currently evaluating the impact of this accounting standards update on its consolidated financial statement disclosures.

## NOTE 4. DISCONTINUED OPERATIONS

### Astora

The operating results of the Company's Astora business, which the Board of Directors (the Board) resolved to wind down in 2016, are reported as Discontinued operations, net of tax in the Condensed Consolidated Statements of Operations for all periods presented. The following table provides the operating results of Astora Discontinued operations, net of tax, for the three months ended March 31, 2024 and 2023 (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| Loss from discontinued operations before income taxes | $ (456) | $ (526) |
| Income tax benefit | (60) | (70) |
| Discontinued operations, net of tax | $ (396) | $ (456) |

Loss from discontinued operations before income taxes includes mesh-related legal defense costs and certain other items.

The cash flows from discontinued operating activities related to Astora included the impact of net losses of $0.4 million and $0.5 million for the three months ended March 31, 2024 and 2023, respectively, and the impact of cash activity related to vaginal mesh cases. During the periods presented above, there were no material net cash flows related to Astora discontinued investing activities and there was no depreciation or amortization expense related to Astora.

Refer to Note 14. Commitments and Contingencies for amounts and additional information relating to vaginal mesh-related matters.

## NOTE 5. SEGMENT RESULTS

The Company's four reportable business segments are Branded Pharmaceuticals, Sterile Injectables, Generic Pharmaceuticals and International Pharmaceuticals. These segments reflect the level at which the chief operating decision maker regularly reviews financial information to assess performance and to make decisions about resources to be allocated. Each segment derives revenue from the sales or licensing of its respective products and is discussed in more detail below.

We evaluate segment performance based on Segment adjusted income from continuing operations before income tax, which we define as (Loss) income from continuing operations before income tax and before acquired in-process research and development charges; acquisition-related and integration items, including transaction costs and changes in the fair value of contingent consideration; cost reduction and integration-related initiatives such as separation benefits, continuity payments, other exit costs and certain costs associated with integrating an acquired company's operations; certain amounts related to strategic review initiatives; asset impairment charges; amortization of intangible assets; inventory step-up recorded as part of our acquisitions; litigation-related and other contingent matters; certain legal costs; gains or losses from early termination of debt; debt modification costs; gains or losses from the sales of businesses and other assets; foreign currency gains or losses on intercompany financing arrangements; reorganization items, net; and certain other items.

Certain corporate expenses incurred by the Company are not directly attributable to any specific segment. Accordingly, these costs are not allocated to any of the Company's segments and are included in the results below as "Corporate unallocated costs."

Interest income and expense are also considered corporate items and not allocated to any of the Company's segments. The Company's Total segment adjusted income from continuing operations before income tax is equal to the combined results of each of its segments.

**Branded Pharmaceuticals**

Our Branded Pharmaceuticals segment includes a variety of branded products in the areas of urology, orthopedics, endocrinology and bariatrics, among others. Products in this segment include XIAFLEX®, SUPPRELIN® LA, AVEED®, NASCOBAL® Nasal Spray, PERCOCET®, TESTOPEL® and EDEX®, among others.

**Sterile Injectables**

Our Sterile Injectables segment consists primarily of branded sterile injectable products such as ADRENALIN®, VASOSTRICT® and APLISOL®, among others, and certain generic sterile injectable products.

**Generic Pharmaceuticals**

Our Generic Pharmaceuticals segment consists of a product portfolio including solid oral extended-release products, solid oral immediate-release products, liquids, semi-solids, patches, powders, ophthalmics and sprays and includes products that treat and manage a wide variety of medical conditions.

**International Pharmaceuticals**

Our International Pharmaceuticals segment includes a variety of specialty pharmaceutical products, including over-the-counter (OTC) products, sold outside the U.S., primarily in Canada through our operating company Paladin Labs Inc. (Paladin).

The following represents selected information for the Company's reportable segments for the three months ended March 31, 2024 and 2023 (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| Net revenues from external customers: | | |
| Branded Pharmaceuticals | $ 200,796 | $ 197,573 |
| Sterile Injectables | 98,234 | 101,255 |
| Generic Pharmaceuticals | 103,317 | 198,180 |
| International Pharmaceuticals (1) | 17,160 | 18,259 |
| Total net revenues from external customers | $ 419,507 | $ 515,267 |
| Segment adjusted income from continuing operations before income tax: | | |
| Branded Pharmaceuticals | $ 104,093 | $ 96,265 |
| Sterile Injectables | 37,070 | 41,090 |
| Generic Pharmaceuticals | 25,456 | 91,687 |
| International Pharmaceuticals | 3,486 | 5,347 |
| Total segment adjusted income from continuing operations before income tax | $ 170,105 | $ 234,389 |

(1) Revenues generated by our International Pharmaceuticals segment are primarily attributable to external customers located in Canada.

There were no material revenues from external customers attributed to an individual country outside of the U.S. during any of the periods presented.

The table below provides reconciliations of our Total consolidated (loss) income from continuing operations before income tax, which is determined in accordance with U.S. GAAP, to our Total segment adjusted income from continuing operations before income tax for the three months ended March 31, 2024 and 2023 (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| Total consolidated (loss) income from continuing operations before income tax | $ (145,952) | $ 2,950 |
| Interest expense, net | — | 109 |
| Corporate unallocated costs (1) | 37,550 | 39,657 |
| Amortization of intangible assets | 61,908 | 65,256 |
| Acquired in-process research and development charges | 750 | — |
| Amounts related to continuity and separation benefits, cost reductions and strategic review initiatives (2) | 4,961 | 11,673 |
| Certain litigation-related and other contingencies, net (3) | — | 15,200 |
| Certain legal costs (4) | 2,069 | 1,560 |
| Asset impairment charges (5) | 304 | 146 |
| Acquisition-related and integration items, net (6) | 621 | 397 |
| Foreign currency impact related to the remeasurement of intercompany debt instruments | (2,123) | 284 |
| Reorganization items, net (7) | 203,046 | 85,352 |
| Other, net (8) | 6,971 | 11,805 |
| Total segment adjusted income from continuing operations before income tax | $ 170,105 | $ 234,389 |

(1) Amounts include certain corporate overhead costs, such as headcount, facility and corporate litigation expenses and certain other income and expenses.

(2) The amount for the three months ended March 31, 2024 include net employee separation, continuity and other benefit-related charges of approximately $5.0 million. The amount for the three months ended March 31, 2023 include net employee separation, continuity and other benefit-related charges of approximately $10.8 million, inventory charges related to restructurings of approximately $0.3 million and other net charges of approximately $0.6 million.

(3) Amounts include adjustments to our accruals for litigation-related settlement charges. Our material legal proceedings and other contingent matters are described in more detail in Note 14. Commitments and Contingencies.

(4) Amounts relate to opioid-related legal expenses.

(5) Amounts primarily relate to charges to impair property, plant and equipment.

(6) Amounts primarily relate to changes in the fair value of contingent consideration.

(7) Amounts relate to the net expense or income recognized during our bankruptcy proceedings required to be presented as Reorganization items, net under ASC 852. For the three months ended March 31, 2024, adequate protection payments were approximately $150.5 million and recognized as a reduction to the carrying amount of the respective First Lien Debt Instruments. Concurrently, as a result of adjusting to the estimated allowed claim amount for the corresponding debt instruments, a charge was recognized within Reorganization items, net. For the three months ended March 31, 2023, adequate protection payments were approximately $142.9 million and recognized as a reduction to the carrying amount of the respective First Lien Debt Instruments. Refer to Note 2. Bankruptcy Proceedings for further details.

(8) The amount for the three months ended March 31, 2024 primarily relates to a charge of approximately $6 million associated with the rejection of an executory contract, which was approved by the Bankruptcy Court in February 2024. The amount for the three months ended March 31, 2023 primarily relates to a charge of approximately $9.2 million associated with the rejection of certain equity award agreements, which was approved by the Bankruptcy Court in March 2023. Other amounts in this row relate to gains and losses on sales of assets and certain other items.

Asset information is not reviewed or included within our internal management reporting. Therefore, the Company has not disclosed asset information for each reportable segment.

During the three months ended March 31, 2024 and 2023, the Company disaggregated its revenue from contracts with customers into the categories included in the table below (in thousands). The Company believes these categories depict how the nature, timing and uncertainty of revenue and cash flows are affected by economic factors.

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| *Branded Pharmaceuticals:* | | |
| *Specialty Products:* | | |
| XIAFLEX® | $ 113,049 | $ 96,910 |
| SUPPRELIN® LA | 20,135 | 23,577 |
| Other Specialty (1) | 15,219 | 21,694 |
| Total Specialty Products | $ 148,403 | $ 142,181 |
| *Established Products:* | | |
| PERCOCET® | $ 24,544 | $ 26,056 |
| TESTOPEL® | 10,491 | 10,989 |
| Other Established (2) | 17,358 | 18,347 |
| Total Established Products | $ 52,393 | $ 55,392 |
| Total Branded Pharmaceuticals (3) | $ 200,796 | $ 197,573 |
| *Sterile Injectables:* | | |
| ADRENALIN® | $ 27,367 | $ 25,575 |
| VASOSTRICT® | 26,953 | 25,951 |
| Other Sterile Injectables (4) | 43,914 | 49,729 |
| Total Sterile Injectables (3) | $ 98,234 | $ 101,255 |
| Total Generic Pharmaceuticals (5) | $ 103,317 | $ 198,180 |
| Total International Pharmaceuticals (6) | $ 17,160 | $ 18,259 |
| Total revenues, net | $ 419,507 | $ 515,267 |

(1) Products included within Other Specialty include AVEED® and NASCOBAL® Nasal Spray.
(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, 2024 and/or any product having revenues in excess of $25 million during any completed quarterly period in 2024 or 2023.
(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. For the three months ended March 31, 2024 and 2023, Dexlansoprazole delayed release capsules (Endo's generic version of Takeda Pharmaceuticals USA, Inc.'s Dexilant®), which launched in November 2022, made up 5% and 6%, respectively, of consolidated total revenues. For the three months ended March 31, 2024, Lidocaine patch 5% (the generic version of the Company's LIDODERM®), made up 7% of consolidated total revenues. For the three months ended March 31, 2023, Varenicline tablets (Endo's generic version of Pfizer Inc.'s Chantix®), which launched in September 2021, made up 15% 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.

**NOTE 6. FAIR VALUE MEASUREMENTS**

Fair value guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

**Financial Instruments**

The financial instruments recorded in our Condensed Consolidated Balance Sheets include cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, acquisition-related contingent consideration and debt obligations. Included in cash and cash equivalents and restricted cash and cash equivalents are money market funds representing a type of mutual fund required by law to invest in low-risk securities (for example, U.S. government bonds, U.S. Treasury Bills and commercial paper). Money market funds pay dividends that generally reflect short-term interest rates. Due to their initial maturities, the carrying amounts of non-restricted and restricted cash and cash equivalents (including money market funds), accounts receivable, accounts payable and accrued expenses approximate their fair values.

*Restricted Cash and Cash Equivalents*

The following table presents current and noncurrent restricted cash and cash equivalent balances at March 31, 2024 and December 31, 2023 (in thousands):

| | Balance Sheet Line Items | March 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Restricted cash and cash equivalents—current (1) | Restricted cash and cash equivalents | $ 250,476 | $ 167,702 |
| Restricted cash and cash equivalents—noncurrent (2) | Other assets | — | 85,000 |
| Total restricted cash and cash equivalents | | $ 250,476 | $ 252,702 |

(1) Amounts at March 31, 2024 and December 31, 2023 include: (i) restricted cash and cash equivalents associated with litigation-related matters, including $45.2 million and $49.8 million, respectively, held in Qualified Settlement Funds (QSFs) for mesh and/or opioid-related matters, and (ii) approximately $85.9 million, in both periods, of restricted cash and cash equivalents related to certain self-insurance related matters. These balances are classified as current assets in the Condensed Consolidated Balance Sheets as the potential for, and timing of, future claims is unknown and could result in distributions within the next twelve months. The balance at March 31, 2024 also included $85 million related to the TLC Agreement which was classified as noncurrent at December 31, 2023. These funds were returned to us on April 17, 2024. See Note 14. Commitments and Contingencies and Note 10. License, Collaboration and Asset Acquisition Agreements for further information.

(2) The amount at December 31, 2023 relates to the TLC Agreement. This balance, which was anticipated to be used to fund certain future contractual obligations or returned to us upon satisfaction of certain conditions, is classified as a current asset at March 31, 2024 in the Condensed Consolidated Balance Sheets. See Note 10. License, Collaboration and Asset Acquisition Agreements for further information.

*Acquisition-Related Contingent Consideration*

The fair value of contingent consideration liabilities is determined using unobservable inputs; hence, these instruments represent Level 3 measurements within the above-defined fair value hierarchy. These inputs include the estimated amount and timing of projected cash flows, the probability of success (achievement of the contingent event) and the risk-adjusted discount rate used to present value the probability-weighted cash flows. Subsequent to the acquisition date, at each reporting period, the contingent consideration liability is remeasured at current fair value with changes recorded in earnings. The estimates of fair value are uncertain and changes in any of the estimated inputs used as of the date of this report could have resulted in significant adjustments to fair value. See the "Recurring Fair Value Measurements" section below for additional information on acquisition-related contingent consideration.

**Recurring Fair Value Measurements**

The Company's financial assets and liabilities measured at fair value on a recurring basis at March 31, 2024 and December 31, 2023 were as follows (in thousands):

| | Fair Value Measurements at March 31, 2024 using: | | | |
|---|---|---|---|---|
| | Level 1 Inputs | Level 2 Inputs | Level 3 Inputs | Total |
| *Assets:* | | | | |
| Money market funds (1) | $ 7,180 | $ — | $ — | $ 7,180 |
| *Liabilities:* | | | | |
| Acquisition-related contingent consideration (2) | $ — | $ — | $ 12,050 | $ 12,050 |

| | Fair Value Measurements at December 31, 2023 using: | | | |
|---|---|---|---|---|
| | Level 1 Inputs | Level 2 Inputs | Level 3 Inputs | Total |
| *Assets:* | | | | |
| Money market funds (1) | $ 7,123 | $ — | $ — | $ 7,123 |
| *Liabilities:* | | | | |
| Acquisition-related contingent consideration (2) | $ — | $ — | $ 12,447 | $ 12,447 |

(1) At March 31, 2024 and December 31, 2023, money market funds include $7.2 million and $7.1 million, respectively, in QSFs. Amounts in QSFs are considered restricted cash equivalents. See Note 14. Commitments and Contingencies for further discussion of our litigation. At March 31, 2024 and December 31, 2023, the differences between the amortized cost and the fair value of our money market funds were not material, individually or in the aggregate.

(2) At March 31, 2024 and December 31, 2023, the balances of the Company's liability for acquisition-related contingent consideration, which are governed by executory contracts and recorded at the expected amount of the total allowed claim, are classified within Liabilities subject to compromise in the Condensed Consolidated Balance Sheets.

*Fair Value Measurements Using Significant Unobservable Inputs*

The following table presents changes to the Company's liability for acquisition-related contingent consideration, which is measured at fair value on a recurring basis using significant unobservable inputs (Level 3), for the three months ended March 31, 2024 and 2023 (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| Beginning of period | $ 12,447 | $ 16,571 |
| Amounts settled | (976) | (879) |
| Changes in fair value recorded in earnings | 621 | 397 |
| Effect of currency translation | (42) | (392) |
| End of period | $ 12,050 | $ 15,697 |

At March 31, 2024, the fair value measurements of the contingent consideration obligations were determined using risk-adjusted discount rates ranging from 10.0% to 15.0% (weighted average rate of approximately 10.3%, weighted based on relative fair value). Changes in fair value recorded in earnings related to acquisition-related contingent consideration are included in our Condensed Consolidated Statements of Operations as Acquisition-related and integration items, net.

The following table presents changes to the Company's liability for acquisition-related contingent consideration during the three months ended March 31, 2024 by acquisition (in thousands):

| | Balance as of December 31, 2023 (1) | Changes in Fair Value Recorded in Earnings | Amounts Settled and Other | Balance as of March 31, 2024 (1) |
|---|---|---|---|---|
| Auxilium acquisition | $ 9,494 | $ 384 | $ — | $ 9,878 |
| Lehigh Valley Technologies, Inc. acquisitions | 1,000 | (300) | — | 700 |
| Other | 1,953 | 537 | (1,018) | 1,472 |
| Total | $ 12,447 | $ 621 | $ (1,018) | $ 12,050 |

(1) At March 31, 2024 and December 31, 2023, the balances of the Company's liability for acquisition-related contingent consideration, which are governed by executory contracts and recorded at the expected amount of the total allowed claim, are classified within Liabilities subject to compromise in the Condensed Consolidated Balance Sheets.

**Nonrecurring Fair Value Measurements**

Long-lived assets, goodwill and other intangible assets may be subject to nonrecurring fair value measurement for the evaluation of potential impairment. During the three months ended March 31, 2024 and 2023, nonrecurring fair value measurements, which related to certain property, plant and equipment, were not material.

**NOTE 7. INVENTORIES**

Inventories consisted of the following at March 31, 2024 and December 31, 2023 (in thousands):

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Raw materials (1) | $ 105,221 | $ 103,336 |
| Work-in-process (1) | 41,526 | 29,827 |
| Finished goods (1) | 119,238 | 112,854 |
| Total | $ 265,985 | $ 246,017 |

(1) The components of inventory shown in the table above are net of allowances.

Inventory in excess of the amount expected to be sold within one year is classified as noncurrent inventory and is not included in the table above. At March 31, 2024 and December 31, 2023, $33.6 million and $29.7 million, respectively, of noncurrent inventory was included in Other assets in the Condensed Consolidated Balance Sheets. As of March 31, 2024 and December 31, 2023, the Company's Condensed Consolidated Balance Sheets included approximately $5.6 million and $2.7 million, respectively, of capitalized pre-launch inventories related to products that were not yet available to be sold.

**NOTE 8. LEASES**

The following table presents information about the Company's right-of-use assets and lease liabilities at March 31, 2024 and December 31, 2023 (in thousands):

| | Balance Sheet Line Items | March 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Right-of-use assets: | | | |
| Operating lease right-of-use assets | Operating lease assets | $ 20,761 | $ 23,033 |
| Finance lease right-of-use assets | Property, plant and equipment, net | 16,644 | 18,668 |
| Total right-of-use assets | | $ 37,405 | $ 41,701 |
| Operating lease liabilities, excluding amounts classified as Liabilities subject to compromise: | | | |
| Current operating lease liabilities | Current portion of operating lease liabilities | $ 1,021 | $ 956 |
| Noncurrent operating lease liabilities | Operating lease liabilities, less current portion | 3,805 | 4,132 |
| Total operating lease liabilities | | $ 4,826 | $ 5,088 |
| Finance lease liabilities, excluding amounts classified as Liabilities subject to compromise: | | | |
| Noncurrent finance lease liabilities | Other liabilities | $ 1,380 | $ 1,386 |
| Total finance lease liabilities | | $ 1,380 | $ 1,386 |
| Operating and finance leases, amounts classified as Liabilities subject to compromise: | | | |
| Operating lease liabilities | Liabilities subject to compromise | $ 18,769 | $ 20,635 |
| Finance lease liabilities | Liabilities subject to compromise | 8,309 | 9,981 |
| Total operating and finance leases classified as Liabilities subject to compromise | | $ 27,078 | $ 30,616 |

The following table presents information about lease costs and expenses and sublease income for the three months ended March 31, 2024 and 2023 (in thousands):

| | | Three Months Ended March 31, | |
|---|---|---|---|
| | Statement of Operations Line Items | 2024 | 2023 |
| Operating lease cost | Various (1) | $ 986 | $ 2,193 |
| Finance lease cost: | | | |
| Amortization of right-of-use assets | Various (1) | $ 2,024 | $ 2,027 |
| Interest on lease liabilities | Interest expense, net | $ 139 | $ 229 |
| Other lease costs and income: | | | |
| Variable lease costs (2) | Various (1) | $ 2,982 | $ 3,006 |
| Sublease income | Various (1) | $ (899) | $ (1,544) |

(1) Amounts are included in the Condensed Consolidated Statements of Operations based on the function that the underlying leased asset supports. The following table presents the components of such aggregate amounts for the three months ended March 31, 2024 and 2023 (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| Cost of revenues | $ 1,662 | $ 1,616 |
| Selling, general and administrative | $ 3,431 | $ 4,012 |
| Research and development | $ — | $ 54 |

(2) Amounts represent variable lease costs incurred that were not included in the initial measurement of the lease liability such as common area maintenance and utilities costs associated with leased real estate and certain costs associated with our automobile leases.

The following table provides certain additional information related to our leases for the three months ended March 31, 2024 and 2023 (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash payments for operating leases | $ 1,348 | $ 2,735 |
| Operating cash payments for finance leases | $ 174 | $ 312 |
| Financing cash payments for finance leases | $ 1,810 | $ 1,633 |

## NOTE 9. GOODWILL AND OTHER INTANGIBLES

### Goodwill

The following table presents information about our goodwill at March 31, 2024 and December 31, 2023 (in thousands):

| | Branded Pharmaceuticals | Sterile Injectables | Generic Pharmaceuticals | International Pharmaceuticals | Total |
|---|---|---|---|---|---|
| Goodwill as of December 31, 2023 | $ 828,818 | $ 523,193 | $ — | $ — | $ 1,352,011 |
| Goodwill as of March 31, 2024 | $ 828,818 | $ 523,193 | $ — | $ — | $ 1,352,011 |

The carrying amounts of goodwill at March 31, 2024 and December 31, 2023 are net of the following accumulated impairments (in thousands):

| | Branded Pharmaceuticals | Sterile Injectables | Generic Pharmaceuticals | International Pharmaceuticals | Total |
|---|---|---|---|---|---|
| Accumulated impairment losses as of December 31, 2023 | $ 855,810 | $ 2,208,000 | $ 3,142,657 | $ 525,244 | $ 6,731,711 |
| Accumulated impairment losses as of March 31, 2024 | $ 855,810 | $ 2,208,000 | $ 3,142,657 | $ 513,767 | $ 6,720,234 |

### Other Intangible Assets

Changes in the amounts of other intangible assets for the three months ended March 31, 2024 are set forth in the table below (in thousands):

| | Balance as of December 31, 2023 | Acquisitions | Effect of Currency Translation | Balance as of March 31, 2024 |
|---|---|---|---|---|
| **Cost basis:** | | | | |
| Licenses (weighted average life of 13 years) | $ 432,107 | $ — | $ — | $ 432,107 |
| Tradenames | 6,409 | — | — | 6,409 |
| Developed technology (weighted average life of 12 years) | 5,925,662 | — | (5,380) | 5,920,282 |

| | Balance as of December 31, 2023 | Acquisitions | Effect of Currency Translation | Balance as of March 31, 2024 |
|---|---|---|---|---|
| Total other intangibles (weighted average life of 12 years) | $ 6,364,178 | $ — | $ (5,380) | $ 6,358,798 |

| Accumulated amortization: | Balance as of December 31, 2023 | Amortization | Effect of Currency Translation | Balance as of March 31, 2024 |
|---|---|---|---|---|
| Licenses | $ (419,084) | $ (1,059) | $ — | $ (420,143) |
| Tradenames | (6,409) | — | — | (6,409) |
| Developed technology | (4,460,802) | (60,849) | 4,613 | (4,517,038) |
| Total other intangibles | $ (4,886,295) | $ (61,908) | $ 4,613 | $ (4,943,590) |
| Net other intangibles | $ 1,477,883 | | | $ 1,415,208 |

Amortization expense for the three months ended March 31, 2024 and 2023 totaled $61.9 million and $65.3 million, respectively. Amortization expense is included in Cost of revenues in the Condensed Consolidated Statements of Operations.

**Impairments**

Goodwill and, if applicable, indefinite-lived intangible assets are tested for impairment annually, as of October 1, and when events or changes in circumstances indicate that the asset might be impaired.

As part of our goodwill and intangible asset impairment assessments, we estimate the fair values of our reporting units and our intangible assets using an income approach that utilizes a discounted cash flow model or, where appropriate, a market approach.

The discounted cash flow models reflect our estimates of future cash flows and other factors including estimates of: (i) future operating performance, including future sales, long-term growth rates, gross margins, operating expenses, discount rates and the probability of achieving the estimated cash flows, and (ii) future economic conditions. These assumptions are based on significant inputs and judgments not observable in the market, and thus represent Level 3 measurements within the fair value hierarchy. The discount rates used in the determination of fair value reflect our judgments regarding the risks and uncertainties inherent in the estimated future cash flows and may differ over time depending on the risk profile of the particular assets and other market factors. We believe the discount rates and other inputs and assumptions are consistent with those a market participant would use. Any impairment charges resulting from annual or interim goodwill and intangible asset impairment assessments are recorded to Asset impairment charges in our Condensed Consolidated Statements of Operations.

During the three months ended March 31, 2024 and 2023, we did not record any impairment charges associated with intangible assets or goodwill. The Branded Pharmaceuticals reporting unit, which is consistent with the Branded Pharmaceuticals segment, had a negative carrying amount at March 31, 2024.

## NOTE 10. LICENSE, COLLABORATION AND ASSET ACQUISITION AGREEMENTS

We have entered into certain license, collaboration and asset acquisition agreements with third parties. Generally, these agreements require us to share in the costs of developing, manufacturing, commercializing and/or selling product candidates and/or products with third parties, who in turn grant us marketing rights for such product candidates and/or products. Under these agreements we are generally required to: (i) make upfront payments and/or other payments upon successful completion of regulatory, sales and/or other milestones and/or (ii) pay royalties on sales and/or other costs arising from these agreements. We have also, from time to time, entered into agreements to directly acquire certain assets from third parties.

**TLC Agreement**

In June 2022, we announced that we had entered into an agreement with Taiwan Liposome Company, Ltd. (TLC) to commercialize TLC599 (the TLC Agreement). We accounted for the agreement as an asset acquisition. During the second quarter of 2022, we made an upfront payment of $30.0 million to TLC and recorded a corresponding charge to Acquired in-process research and development in the Condensed Consolidated Statements of Operations. Pursuant to the terms of the TLC Agreement, we deposited $85.0 million into a bank account which was anticipated to be used to fund certain future obligations or returned to us upon satisfaction of certain conditions.

On October 13, 2023, we commenced an adversary proceeding against TLC in the Bankruptcy Court. In March 2024, the parties to the adversary proceeding entered into a settlement agreement which was filed with the Bankruptcy Court and became effective upon Bankruptcy Court approval in April 2024 (TLC Settlement).

In connection with the TLC Settlement we agreed to settle all disputes arising out of or relating to, and terminate the TLC Agreement. Under the terms of the TLC Settlement, among other things, TLC relinquished any liens on, claims to, rights to payment from, or control over the $85.0 million restricted cash.

**NOTE 11. CONTRACT ASSETS AND LIABILITIES**

Our revenue consists almost entirely of sales of our products to customers, whereby we ship products to a customer pursuant to a purchase order. Revenue contracts such as these do not generally give rise to contract assets or contract liabilities because: (i) the underlying contracts generally have only a single performance obligation and (ii) we do not generally receive consideration until the performance obligation is fully satisfied. At March 31, 2024, the unfulfilled performance obligations for these types of contracts relate to ordered but undelivered products. We generally expect to fulfill the performance obligations and recognize revenue within one week of entering into the underlying contract. Based on the short-term initial contract duration, additional disclosure about the remaining performance obligations is not required.

Certain of our other income-generating contracts, including license and collaboration agreements, may result in contract assets and/or contract liabilities. For example, we may recognize contract liabilities upon receipt of certain upfront and milestone payments from customers when there are remaining performance obligations.

The following table shows the opening and closing balances of contract assets and contract liabilities from contracts with customers (dollars in thousands):

| | March 31, 2024 | December 31, 2023 | $ Change | % Change |
|---|---|---|---|---|
| Contract assets (1) | $ 10,414 | $ 11,387 | $ (973) | (9)% |
| Contract liabilities (2) | $ 3,393 | $ 3,534 | $ (141) | (4)% |

(1) At March 31, 2024 and December 31, 2023, approximately $1.6 million and $2.1 million, respectively, of these contract asset amounts are classified as current and are included in Prepaid expenses and other current assets in the Company's Condensed Consolidated Balance Sheets. The remaining amounts are classified as noncurrent and are included in Other assets.

(2) At both March 31, 2024 and December 31, 2023, approximately $0.6 million of these contract liability amounts are classified as current and are included in Accounts payable and accrued expenses in the Company's Condensed Consolidated Balance Sheets. The remaining amounts are classified as noncurrent and are included in Other liabilities. During the three months ended March 31, 2024, approximately $0.1 million of revenue was recognized that was included in the contract liability balance at December 31, 2023.

During the three months ended March 31, 2024, we recognized a reduction in revenue of $0.4 million relating to performance obligations satisfied, or partially satisfied, in prior periods. Such revenue generally relates to changes in estimates with respect to our variable consideration.

**NOTE 12. ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses included the following at March 31, 2024 and December 31, 2023 (in thousands):

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Trade accounts payable | $ 91,138 | $ 94,735 |
| Returns and allowances | 110,365 | 119,577 |
| Rebates | 89,598 | 105,428 |
| Other sales deductions | 3,968 | 3,212 |
| Accrued payroll and related benefits | 60,827 | 81,145 |
| Accrued royalties and other distribution partner payables | 24,768 | 35,856 |
| Other (1) | 112,148 | 97,783 |
| Total | $ 492,812 | $ 537,736 |

(1) Amounts include a wide variety of accrued expenses, the most significant of which relate to accrued legal and other professional fees.

The decrease in the Returns and allowances, Rebates and Other sales deductions accruals are primarily due to changes in gross sales and customer mix, as well as other factors. The increase in the Other accrued expense category, inclusive of accrued legal and other professional fee accruals, is primarily a result of timing of payments. Refer to Note 2. Bankruptcy Proceedings for additional information about certain professional fees recognized during our bankruptcy proceedings.

The amounts in the table above do not include amounts classified as Liabilities subject to compromise in our Condensed Consolidated Balance Sheets. Refer to Note 2. Bankruptcy Proceedings for additional information about Liabilities subject to compromise.

**NOTE 13. DEBT**

The following table presents information about the Company's total indebtedness at March 31, 2024 and December 31, 2023 (dollars in thousands):

| | March 31, 2024 | | | December 31, 2023 | | |
|---|---|---|---|---|---|---|
| | Effective Interest Rate (1) | Principal Amount (2) | Carrying Amount (2) | Effective Interest Rate (1) | Principal Amount (2) | Carrying Amount (2) |
| 5.375% Senior Notes due 2023 | 5.38% | $ 6,127 | $ 6,127 | 5.38% | $ 6,127 | $ 6,127 |
| 6.00% Senior Notes due 2023 | 6.00% | 56,436 | 56,436 | 6.00% | 56,436 | 56,436 |
| 5.875% Senior Secured Notes due 2024 | 6.88% | 300,000 | 300,000 | 6.88% | 300,000 | 300,000 |
| 6.00% Senior Notes due 2025 | 6.00% | 21,578 | 21,578 | 6.00% | 21,578 | 21,578 |
| 7.50% Senior Secured Notes due 2027 | 8.50% | 2,015,479 | 2,015,479 | 8.50% | 2,015,479 | 2,015,479 |
| 9.50% Senior Secured Second Lien Notes due 2027 | 9.50% | 940,590 | 940,590 | 9.50% | 940,590 | 940,590 |
| 6.00% Senior Notes due 2028 | 6.00% | 1,260,416 | 1,260,416 | 6.00% | 1,260,416 | 1,260,416 |
| 6.125% Senior Secured Notes due 2029 | 7.13% | 1,295,000 | 1,295,000 | 7.13% | 1,295,000 | 1,295,000 |
| Term Loan Facility | 14.50% | 1,975,000 | 1,975,000 | 14.50% | 1,975,000 | 1,975,000 |
| Revolving Credit Facility | 12.00% | 281,664 | 281,664 | 12.00% | 277,200 | 277,200 |
| Total (3) | | $ 8,152,290 | $ 8,152,290 | | $ 8,147,826 | $ 8,147,826 |

(1) As noted below, beginning on the Petition Date, we ceased recognition of interest expense related to all of our debt instruments and began to incur "adequate protection payments" related to our First Lien Debt Instruments (representing all of our debt instruments except for our senior unsecured notes and the 9.50% Senior Secured Second Lien Notes due 2027). The March 31, 2024 and December 31, 2023 "effective interest rates" included in the table above represent the rates in effect on such dates used to calculate: (i) future adequate protection payments related to our First Lien Debt Instruments and (ii) future contractual interest related to our other debt instruments, notwithstanding the fact that such interest is not currently being recognized. These rates are expressed as a percentage of the contractual principal amounts outstanding as of such date.

(2) The March 31, 2024 and December 31, 2023 principal amounts represent the amount of unpaid contractual principal owed on the respective instruments.

(3) As of March 31, 2024 and December 31, 2023, the entire carrying amount our debt, as well as any related remaining accrued and unpaid interest that existed as of the Petition Date, is included in the Liabilities subject to compromise line in the Condensed Consolidated Balance Sheets.

**General Information**

The aggregate estimated fair value of the Company's long-term debt, which was determined based on Level 2 quoted market price inputs for the same or similar debt issuances, was approximately $4.1 billion at both March 31, 2024 and December 31, 2023.

**Credit Facilities**

The Company and certain of its subsidiaries are party to the Credit Agreement (as amended from time to time, the Credit Agreement), which provides for: (i) a $1,000.0 million senior secured revolving credit facility (the Revolving Credit Facility) and (ii) a $2,000.0 million senior secured term loan facility (the Term Loan Facility and, together with the Revolving Credit Facility, the Credit Facilities). Current amounts outstanding as of March 31, 2024 under the Credit Facilities are set forth in the table above.

**Covenants, Events of Default and Bankruptcy-Related Matters**

The agreements relating to our outstanding indebtedness contain certain covenants and events of default.

On the Petition Date, the Debtors filed voluntary petitions for relief under the Bankruptcy Code, which constituted an event of default that accelerated our obligations under substantially all of our then-outstanding debt instruments. Section 362 of the Bankruptcy Code stayed creditors from taking any action to enforce the related financial obligations and creditors' rights of enforcement in respect of the debt instruments were subject to the applicable provisions of the Bankruptcy Code.

As a result of the Chapter 11 Cases, since the Petition Date, we have not made, and we are not currently making, any scheduled principal or interest payments on the Credit Facilities or our various senior notes and senior secured notes. We have however, made certain adequate protection payments as further discussed below. Additionally, as a result of the Chapter 11 Cases, all remaining commitments under the Revolving Credit Facility have been terminated.

As a result of uncertainties regarding the ultimate allowance of claims in connection with the Chapter 11 Cases, all secured and unsecured debt instruments have been classified as Liabilities subject to compromise in our Condensed Consolidated Balance Sheets as of March 31, 2024 and December 31, 2023, and we ceased the recognition of interest expense related to these instruments as of the Petition Date. During the three months ended March 31, 2024 and 2023, we did not recognize approximately $162 million and $155 million, respectively, of contractual interest expense that would have been recognized if not for the Chapter 11 Cases.

Pursuant to the Cash Collateral Order that is further discussed in Note 2. Bankruptcy Proceedings, we were, among other things, obligated to make certain adequate protection payments during our bankruptcy proceedings on each of our First Lien Debt Instruments. On a cumulative basis through March 31, 2024, we made the following adequate protection payments pursuant to the Cash Collateral Order:

- $51.7 million with respect to the Revolving Credit Facility;
- $450.9 million with respect to the Term Loan Facility; and
- $553.8 million with respect to the applicable senior secured notes.

Adequate protection payments are recognized as a reduction to the carrying amount of the respective First Lien Debt Instruments. Concurrently, as a result of adjusting to the estimated allowed claim amount for the corresponding debt instruments, a charge is recognized within Reorganization items, net in the Condensed Consolidated Statements of Operations and classified as a Debt valuation adjustments in Note 2. Bankruptcy Proceedings for the three months ended March 31, 2024. During the three months ended March 31, 2023, adequate protection payments of $142.9 million were recorded as a reduction of the carrying amount of the respective First Lien Debt Instruments.

## NOTE 14. COMMITMENTS AND CONTINGENCIES

**Legal Proceedings and Investigations**

We and certain of our subsidiaries are involved in various claims, legal proceedings and internal and governmental investigations (collectively, proceedings) arising from time to time, including, among others, those relating to product liability, intellectual property, regulatory compliance, consumer protection, tax and commercial matters. An adverse outcome in certain proceedings described herein could have a material adverse effect on our business, financial condition, results of operations and cash flows. We are also subject to a number of matters that are not being disclosed herein because, in the opinion of our management, these matters are immaterial both individually and in the aggregate with respect to our financial position, results of operations and cash flows.

As further discussed in Note 2. Bankruptcy Proceedings, on the Petition Date, certain of the Debtors filed voluntary petitions for relief under the Bankruptcy Code. Certain additional Debtors filed voluntary petitions for relief under the Bankruptcy Code on May 25, 2023 and May 31, 2023. Under the Bankruptcy Code, third-party actions to collect pre-petition indebtedness owed by the Debtors, as well as most litigation pending against the Debtors as of the Petition Date were generally subject to an automatic stay. Such automatic stay remained in place until the Effective Date, at which point claims against the Debtors were discharged and channeled to the applicable trusts in accordance with the Plan.

We believe that certain settlements and judgments, as well as legal defense costs, relating to certain product liability or other matters are or may be covered in whole or in part under our insurance policies with a number of insurance carriers. In certain circumstances, insurance carriers reserve their rights to contest or deny coverage. We have vigorously contested any disputes with our insurance carriers to enforce our rights under the terms of our insurance policies. Notwithstanding the foregoing, amounts recovered under our insurance policies could be materially less than stated coverage limits and may not be adequate to cover damages, other

relief and/or costs relating to claims. In addition, there is no guarantee that insurers will pay claims in the amounts we expect or that coverage will otherwise be available. Even where claims are submitted to insurers for defense and indemnity, there can be no assurance that the claims will be covered by insurance or that the indemnitors or insurers will remain financially viable or will not challenge our right to reimbursement in whole or in part. Accordingly, we will record receivables with respect to amounts due under these policies only when the realization of the potential claim for recovery is considered probable.

We may not have and may be unable to obtain or maintain insurance on acceptable terms or with adequate coverage against potential liabilities or other losses, including costs, judgments, settlements and other liabilities incurred in connection with current or future legal proceedings, regardless of the success or failure of the claim. For example, we do not have insurance sufficient to satisfy all of the opioid claims that have been made against us. We also generally no longer have product liability insurance to cover claims in connection with the mesh-related litigation described herein. Additionally, we may be limited by the surviving insurance policies of acquired entities, which may not be adequate to cover potential liabilities or other losses. The failure to generate sufficient cash flow or to obtain other financing could affect our ability to pay amounts due under those liabilities not covered by insurance. Additionally, the nature of our business, the legal proceedings to which we are exposed and any losses we suffer may increase the cost of insurance, which could impact our decisions regarding our insurance programs. Finally, as set forth in the stipulation filed with the Bankruptcy Court on March 24, 2023 (see Note 2. Bankruptcy Proceedings), our ability to access certain insurance proceeds may be impacted by the resolution reached with the UCC.

Following the period covered by these Quarterly Financial Statements, pursuant to the Plan, on the Effective Date thereof, all persons (subject to limited exceptions) who had or may have had in the future claims based on, arising out of, attributable to or in any way connected with certain specified Debtor insurance policies (Specified Policies), including those that may provide coverage for the claims that were filed against the Debtors, were enjoined from taking any action to collect, recover or receive payment with respect to any such claims. The foregoing injunction does not preclude the GUC Trust from pursuing any claim based on, arising under or attributable to the Specified Policies or any claim that may exist under any Specified Policy against the insurer(s) thereof. Thus, the rights under the Specified Policies were effectively transferred to the GUC Trust.

As of March 31, 2024, our accrual for loss contingencies totaled $2,432.2 million, the most significant components of which relate to: (i) various opioid-related matters as further described herein and (ii) product liability and related matters associated with transvaginal surgical mesh products, which we have not sold since March 2016. Although we believe there is a possibility that a loss in excess of the amount recognized exists, we are unable to estimate the possible loss or range of loss in excess of the amount recognized at this time. As of March 31, 2024, our entire accrual for loss contingencies is classified as Liabilities subject to compromise in the Condensed Consolidated Balance Sheets and recorded at the expected allowed claim amount, even if they may ultimately be settled for different amounts. As noted above, following the period covered by these Quarterly Financial Statements pursuant to the Plan, on the Effective Date thereof, all such claims against the Debtors were discharged and channeled to the applicable trusts.

As part of the Chapter 11 Cases, persons and entities believing that they have claims or causes of action against the Debtors, including litigants, were instructed to file proofs of claim evidencing such claims. On April 3, 2023, the Bankruptcy Court entered the Bar Date Order, as subsequently amended on June 23, 2023 and July 14, 2023, setting July 7, 2023 as the general bar date (deadline) for persons and non-governmental entities to file proofs of claim against the Debtors. The Bankruptcy Court also set May 31, 2023 as the bar date for governmental entities to file claims other than certain claims relating to opioids against the Debtors. Certain claims, including most governmental claims relating to opioids, were subject to separate bar date procedures as set forth in more detail in the Bar Date Order.

At the Debtors' request, the Bankruptcy Court has appointed the FCR in the Chapter 11 Cases. As further described in the applicable Bankruptcy Court filings, the FCR represents the rights of individuals who may in the future assert one or more personal injury claims against the Debtors or a successor of the Debtors' businesses relating to the Debtors' opioid or transvaginal surgical mesh products, but who could not assert such claims in the Chapter 11 Cases because, among other reasons, such individuals were unaware of the alleged injury, had a latent manifestation of the alleged injury or were otherwise unable to assert or incapable of asserting claims based on the alleged injury. Although the FCR was initially appointed to represent the rights of individuals who may in the future assert one or more personal injury claims against the Debtors or a successor of the Debtors' businesses relating to the Debtors' ranitidine products, in August 2023 the Bankruptcy Court entered an order terminating the FCR's appointment with respect to claims relating to the Debtors' ranitidine products.

*Vaginal Mesh Matters*

Since 2008, we and certain of our subsidiaries, including American Medical Systems Holdings, Inc. (AMS) (which subsequently converted to Astora Women's Health Holdings, LLC and merged into Astora Women's Health LLC (Astora)), have been named as defendants in multiple lawsuits in various state and federal courts in the U.S., and in the United Kingdom, Australia and other

countries, alleging personal injury resulting from the use of transvaginal surgical mesh products designed to treat pelvic organ prolapse (POP) and stress urinary incontinence (SUI). We have not sold such products since March 2016. Plaintiffs claim a variety of personal injuries, including chronic pain, incontinence, inability to control bowel function and permanent deformities, and seek compensatory and punitive damages, where available.

At various times from June 2013 through the Petition Date, the Company and/or certain of its subsidiaries entered into various Master Settlement Agreements (MSAs) and other agreements intended to resolve approximately 71,000 filed and unfiled U.S. mesh claims. These MSAs and other agreements were solely by way of compromise and settlement and were not an admission of liability or fault by us or any of our subsidiaries. All MSAs were subject to a process that included guidelines and procedures for administering the settlements and the release of funds. In certain cases, the MSAs provided for the creation of QSFs into which settlement funds were deposited, established participation requirements and allowed for a reduction of the total settlement payment in the event participation thresholds were not met. In certain circumstances, participation requirements or other conditions for payment were not satisfied prior to the Petition Date. Funds deposited in QSFs are considered restricted cash and/or restricted cash equivalents. Distribution of funds to any individual claimant was conditioned upon the receipt of documentation substantiating product use, the dismissal of any lawsuit and the release of the claim as to us and all affiliates. Prior to receiving funds, an individual claimant was required to represent and warrant that liens, assignment rights or other claims identified in the claims administration process have been or will be satisfied by the individual claimant. Confidentiality provisions applied to the settlement funds, amounts allocated to individual claimants and other terms of the agreements.

The following table presents the changes in the mesh-related QSFs and liability accrual balances during the three months ended March 31, 2024 (in thousands):

| | Mesh Qualified Settlement Funds | Mesh Liability Accrual (1) |
|---|---|---|
| Balance as of December 31, 2023 | $ 49,464 | $ 222,592 |
| Cash received for reversionary interests | (5,406) | — |
| Cash distributions to settle disputes from Qualified Settlement Funds | 380 | 380 |
| Other (2) | 385 | 385 |
| Balance as of March 31, 2024 | $ 44,823 | $ 223,357 |

(1) As of March 31, 2024 and December 31, 2023, the entire accrual is classified as Liabilities subject to compromise in the Condensed Consolidated Balance Sheets.

(2) Amounts deposited in the QSFs earn interest from time to time that is reflected in the table above as an increase to the QSF and Mesh Liability Accrual balances. Subject to any restrictions on making payments as a result of the Chapter 11 Cases, such interest is generally used to pay administrative costs of the funds and any interest remaining after all claims have been paid will generally be distributed to the claimants who participated in that settlement. Also included within this line are foreign currency adjustments for settlements not denominated in U.S. dollars.

Charges related to vaginal mesh associated legal fees and other expenses for all periods presented are reported in Discontinued operations, net of tax in our Condensed Consolidated Statements of Operations.

As of March 31, 2024, the Company has made total cumulative mesh liability payments of approximately $3.6 billion, $44.8 million of which remains in the QSFs as of March 31, 2024. In light of the filing of petitions for relief under the Bankruptcy Code, we do not expect to make new payments under previously executed MSAs within the next 12 months. As funds are disbursed out of the QSFs from time to time, the liability accrual will be reduced accordingly with a corresponding reduction to restricted cash and cash equivalents.

In June 2023, the Company filed a motion in the Bankruptcy Court seeking: (i) confirmation that the automatic stay does not apply to certain distributions to mesh claimants under the QSFs and (ii) authorization to request the return of the QSF funds to relevant parties (the QSF Motion). In July 2023, the Bankruptcy Court entered an order confirming that the automatic stay does not apply to certain distributions from QSFs for mesh claimants for whom the Company does not have a reversionary interest, as scheduled in the QSF Motion, and authorizing the Company to request the return of the QSF funds for the mesh claimants who did not object to the QSF Motion (the QSF Order). Objecting mesh claimants had until April 11, 2024 to file a formal objection to the QSF Motion, unless otherwise agreed by the Company and such claimants. No such objections were filed, and in April 2024, the Debtors filed amended schedules to the QSF Order, which became immediately subject to terms of the QSF Order upon filing. The amended schedules to the QSF Order fully resolved each mesh claim subject to the QSF Motion. In March 2024, approximately $5.4 million of the undisputed reversionary QSF funds were returned to the Debtors.

As of the Petition Date, mesh personal injury claims against AMS and Astora, in the U.S., became subject to the automatic stay applicable under the Bankruptcy Code, and stays of mesh litigation have been obtained in the United Kingdom and Australia, and recognized as to claims in other jurisdictions as well. Following the period covered by these Quarterly Financial Statements pursuant to the Plan, on the Effective Date thereof, all mesh claims against the Debtors were discharged and channeled to the applicable trusts.

We were contacted in October 2012 regarding a civil investigation initiated by various U.S. state attorneys general into mesh products, including transvaginal surgical mesh products designed to treat POP and SUI. In November 2013, we received a subpoena relating to this investigation from the state of California, and we subsequently received additional subpoenas from California and other states. Prior to the Effective Date of the Plan, we cooperated with the investigation, and following the occurrence of the Effective Date, any potential claims relating to the prepetition conduct at issue in this investigation were discharged.

The resolution reached with the UCC, as embodied in the Plan, contemplated the creation and funding of a trust for the benefit of certain unsecured creditors and sub-trusts established thereunder, one of which was established for the benefit of certain mesh claimants following the period covered by these Quarterly Financial Statements. Additionally, on April 13, 2023, the Purchaser and the FCR filed a resolution with the Bankruptcy Court, which is also embodied in the Plan, that contemplated that the Future PI Trust allocate an aggregate amount of approximately $0.5 million to eligible future mesh claimants in exchange for certain releases provided to (among others) the Purchaser and Endo International plc, its subsidiaries and affiliated entities and persons. As previously noted, prior to or on the Effective Date of the Plan, the establishment and funding of the trusts contemplated under the Plan occurred. In connection therewith, all mesh claims against the Debtors were discharged and channeled to such trusts.

*Opioid-Related Matters*

Since 2014, multiple U.S. states as well as other governmental persons or entities and private plaintiffs in the U.S. and Canada have filed suit against us and/or certain of our subsidiaries, including EHSI, Endo Pharmaceuticals Inc. (EPI), Par Pharmaceutical, Inc. (PPI), Par Pharmaceutical Companies, Inc. (PPCI), Endo Generics Holdings, Inc. (EGHI), Vintage Pharmaceuticals, LLC, Generics Bidco I, LLC, DAVA Pharmaceuticals, LLC, Par Sterile Products, LLC (PSP LLC) and in Canada, Paladin and EVU, as well as various other manufacturers, distributors, pharmacies and/or others, asserting claims relating to the defendants' alleged sales, marketing and/or distribution practices with respect to prescription opioid medications, including certain of our products. Prior to the Effective Date of the Plan, pending cases against the Debtors in the U.S. of which we were aware included, but are not limited to, approximately 15 cases filed by or on behalf of states; approximately 2,570 cases filed by counties, cities, Native American tribes and/or other government-related persons or entities; approximately 310 cases filed by hospitals, health systems, unions, health and welfare funds or other third-party payers and approximately 220 cases filed by individuals, including but not limited to legal guardians of children born with neonatal abstinence syndrome. Certain of the U.S. cases are putative class actions. The Canadian cases include an action filed by British Columbia on behalf of a proposed class of all federal, provincial and territorial governments and agencies in Canada that paid healthcare, pharmaceutical and treatment costs related to opioids; an action filed in Alberta on behalf of a proposed class of all local or municipal governments in Canada; an action filed in Saskatchewan on behalf of a proposed class of all First Nations communities and local or municipal governments in Canada; and three additional putative class actions, filed in British Columbia, Ontario and Quebec, seeking relief on behalf of Canadian residents who were prescribed and/or consumed opioid medications. Following the period covered by these Quarterly Financial Statements pursuant to the Plan, on the Effective Date thereof, all such cases against the Debtors were discharged and channeled to the applicable trusts.

The complaints in the cases that were pending as against the Debtors prior to the Effective Date of the Plan asserted a variety of claims, including but not limited to statutory claims asserting violations of public nuisance, consumer protection, unfair trade practices, racketeering, Medicaid fraud and/or drug dealer liability laws and/or common law claims for public nuisance, fraud/misrepresentation, strict liability, negligence and/or unjust enrichment. The claims were generally based on alleged misrepresentations and/or omissions in connection with the sale and marketing of prescription opioid medications and/or alleged failures to take adequate steps to identify and report suspicious orders and to prevent abuse and diversion. Plaintiffs sought various remedies including, without limitation, declaratory and/or injunctive relief; compensatory, punitive and/or treble damages; restitution, disgorgement, civil penalties, abatement, attorneys' fees, costs and/or other relief. The damages sought exceeded our applicable insurance.

Many of the U.S. cases have been coordinated in a federal multidistrict litigation (MDL) pending in the U.S. District Court for the Northern District of Ohio; however, in April 2022, the Judicial Panel on Multidistrict Litigation issued an order suggesting that, based on the progress of the MDL, it would no longer transfer new cases filed in or removed to federal court to the MDL. Other cases were pending in various federal or state courts. Following the Petition Date, litigation activity against the Company and its subsidiaries ceased in nearly all pending cases as a result of the automatic stay and a November 2022 preliminary injunction order issued by the Bankruptcy Court. In February 2024, the Bankruptcy Court extended the preliminary injunction through and including June 30, 2024. A similar cessation of litigation activity is in place in Canada. Pursuant to the Plan, on the Effective Date thereof, such litigation activity as against the Debtors was discharged and channeled to the applicable trusts.

In June 2020, the New York State Department of Financial Services (DFS) commenced an administrative action against the Company, EPI, EHSI, PPI and PPCI alleging violations of the New York Insurance Law and New York Financial Services Law. In July 2021, DFS filed an amended statement of charges. The amended statement of charges alleged that fraudulent or otherwise wrongful conduct in the marketing, sale and/or distribution of opioid medications caused false claims to be submitted to insurers. DFS sought civil penalties for each allegedly fraudulent prescription as well as injunctive relief. In July 2021, EPI, EHSI, PPI and PPCI, among others, filed a petition in New York state court seeking to prohibit DFS from proceeding with its administrative enforcement action. In December 2021, DFS filed a motion to dismiss that petition, which the court granted in June 2022. The Company's subsidiaries, among others, appealed that ruling in July 2022. Both the appeal and the DFS administrative matter were stayed following commencement of the Chapter 11 Cases and have since been discharged and channeled following the Effective Date of the Plan.

Between 2019 and the Petition Date, the Company and/or certain of its subsidiaries executed a number of settlement agreements to resolve governmental opioid claims brought by certain states, counties, cities and/or other governmental entities. Certain related developments include but are not limited to the following:

- In September 2019, EPI, EHSI, PPI and PPCI executed a settlement agreement with two Ohio counties providing for payments totaling $10 million and up to $1 million of VASOSTRICT® and/or ADRENALIN®. The settlement amount was paid during the third quarter of 2019.
- In January 2020, EPI and PPI executed a settlement agreement with the state of Oklahoma providing for a payment of $8.75 million. The settlement amount was paid during the first quarter of 2020.
- In August 2021, EPI, EHSI, nine counties in eastern Tennessee, eighteen municipalities within those counties and a minor individual executed a settlement agreement providing for a payment of $35 million. The settlement amount was paid during the third quarter of 2021.
- In September 2021, Endo International plc, EPI, EHSI, PPI and PPCI executed a settlement agreement with the state of New York and two of its counties providing for a payment of $50 million. The settlement amount was paid during the third quarter of 2021.
- In October 2021, EPI and EHSI executed a settlement agreement with the Alabama Attorney General's office intended to resolve opioid-related cases and claims of the state and other Alabama governmental persons and entities in exchange for a total payment of $25 million, subject to certain participation thresholds. The settlement amount was not paid as of the Petition Date and such claims were resolved pursuant to the Plan.
- In December 2021, Endo International plc, EPI, EHSI, PPI and PPCI executed a settlement agreement with the Texas Attorney General's office and four Texas counties intended to resolve opioid-related cases and claims of the state and other Texas governmental persons and entities in exchange for a total payment of $63 million, subject to certain participation thresholds. The settlement amount was deposited into a QSF during the first quarter of 2022.
- In January 2022, EPI and EHSI executed a settlement agreement with the Florida Attorney General's office intended to resolve opioid-related cases and claims of the state and other Florida governmental persons and entities in exchange for a total payment of up to $65 million, subject to certain participation thresholds. The settlement amount was deposited into a QSF during the second quarter of 2022.
- In February 2022, EPI and EHSI executed a settlement agreement with the Louisiana Attorney General's office intended to resolve opioid-related cases and claims of the state and other Louisiana governmental persons and entities in exchange for a total payment of $7.5 million, subject to certain participation thresholds. The settlement amount was not paid as of the Petition Date and such claims were resolved pursuant to the Plan.
- In March 2022, EPI, EHSI and PPI executed a settlement agreement with the West Virginia Attorney General's office intended to resolve opioid-related cases and claims of the state and other West Virginia governmental persons and entities in exchange for a total payment of $26 million, subject to certain participation thresholds. The settlement amount was not paid as of the Petition Date and such claims were resolved pursuant to the Plan.
- In June 2022, EPI and EHSI executed a settlement agreement with the Arkansas Attorney General's office and certain Arkansas local governments intended to resolve opioid-related cases and claims of the state and other Arkansas governmental persons and entities in exchange for a total payment of $9.75 million, subject to certain participation thresholds. With the exception of certain amounts held back pursuant to an MDL common benefit fund order, the settlement amount was paid during the third quarter of 2022.
- In July 2022, EPI and EHSI executed a settlement agreement with the Mississippi Attorney General's office intended to resolve opioid-related cases and claims of the state and other Mississippi governmental persons and entities in exchange for a total payment of $9 million, subject to certain participation thresholds. The settlement amount was not paid as of the Petition Date and such claims were resolved pursuant to the Plan.

- In July 2022, EPI, EHSI, PPI and PPCI executed a settlement agreement with the City and County of San Francisco providing for an initial payment of $5 million and subsequent payments of $500,000 a year over ten years. The settlement amount was not paid as of the Petition Date and such claims were resolved pursuant to the Plan.

While the specific terms of the agreements vary, each agreement was solely by way of compromise and settlement and was not in any way an admission of wrongdoing, fault or liability of any kind by us or any of our subsidiaries. Certain settlement agreements provided for the creation of QSFs, the repayment of some or all of the settlement amount under certain conditions and/or additional payments in the event certain conditions were met. Depending on the terms of the respective agreements, funds deposited in QSFs have been and may continue to be considered restricted cash and/or restricted cash equivalents for a period of time subsequent to the initial funding. Distribution of funds from the QSFs is conditioned upon certain criteria that vary by agreement.

Certain of the settlement agreements described above provided for injunctive relief. The RSA also provided for certain voluntary injunctive terms that bound the Debtors during the course of the bankruptcy proceedings and were intended to apply to any purchaser of our opioid business in conjunction with the bankruptcy proceedings. The Bankruptcy Court also approved certain injunctive terms in connection with its November 2022 preliminary injunction against the continued litigation of opioid actions brought by public plaintiffs. These voluntary injunctive terms were updated and amended in the Plan and binds the go-forward Endo, Inc. and certain of its subsidiaries' business following the Effective Date.

The Plan provided for the establishment by the Debtors of opioid trusts, and other forms of funding, for the benefit of certain public, tribal and private present and future opioid claimants in exchange for certain releases to be provided to (among others) the Purchaser and Endo International plc, its subsidiaries and affiliated entities and persons. In particular, under the Plan, the opioid trusts would be funded over a period of ten years (subject to prepayment mechanics), with up to a total of approximately $613 million to be distributed to eligible claimants, and the opioid school district recovery trust would be funded, over a period of two years, with up to $3 million to be distributed to public school districts that elect to participate in such initiative. As previously noted, on the Effective Date, where a prepayment option was available, the various opioid trusts were funded in an aggregate amount equal to approximately $446 million. Under the public claimant opioid trust, states which previously entered into settlement agreements and received payments from us may elect to participate in the trust. In doing so, those states would agree to return the amounts previously received under the prior settlement agreement(s), net of the amounts allocated to them by the trust, and would receive in return a release from any claim for the return of settlement funds under the applicable section of the Bankruptcy Code. In April 2024, prior to the Effective Date of the Plan, Florida and Arkansas informed the Debtors they were electing to participate in the public claimant opioid trust, subject to Bankruptcy Court approval. As previously noted, prior to or on the Effective Date of the Plan, the establishment and funding of the opioid trusts and the opioid school district recovery trust (including the trusts for certain future opioid claimants) contemplated under the Plan occurred. In connection therewith, the applicable opioid claims against the Debtors were discharged and channeled to such trusts and/or otherwise administered in accordance with the Plan.

Although the opioid trusts and opioid school district recovery trust were initially contemplated to be funded by the Purchaser in connection with the standalone Sale, and not by the Company or any of its subsidiaries, we previously concluded that these funding amounts, which are now reflected in the Plan, represent the Company's best estimate of the allowed claims related to the contingencies associated with various opioid claims against the Company and its subsidiaries. As such, during the third quarter of 2022, we recorded charges of approximately $419 million to adjust our aggregate opioid liability accrual to approximately $550 million based on the terms set forth in the public opioid trust term sheet attached to the original RSA. In March 2023, the Ad Hoc First Lien Group (and Purchaser) reached certain resolutions in principle with both the UCC and OCC appointed in the Chapter 11 Cases and certain ad hoc groups of debtholders. These resolutions, documented in the stipulation filed with the Bankruptcy Court on March 24, 2023 (and discussed in additional detail under "Resolutions in the Chapter 11 Cases" in Note 2. Bankruptcy Proceedings), are supported by the Debtors. The resolutions include, among other things, a $34 million increase to the funding amount for the voluntary private opioid trust. In addition, the Ad Hoc First Lien Group agreed to a $15 million increase to the funding amount for the voluntary public opioid trust. The agreement to increase the funding amount for the voluntary private opioid trust was announced prior to the filing of the Annual Report on Form 10-K for the year ended December 31, 2022; accordingly, we recorded an additional charge of $34 million in the fourth quarter of 2022 to increase our aggregate opioid liability accrual to approximately $584 million. The agreement to increase the funding amount for the voluntary public opioid trust was not announced until after the filing of the Annual Report on Form 10-K for the year ended December 31, 2022. Therefore, we recorded an additional charge of $15 million in the first quarter of 2023 to increase our aggregate opioid liability accrual to approximately $599 million. On July 13, 2023, the Purchaser and the FCR filed with the Bankruptcy Court both a term sheet for a resolution among such parties (the FCR Term Sheet) and an amended term sheet for the voluntary private opioid trust. The resolution with the FCR provides that, in exchange for certain releases to be provided to (among others) the Purchaser and the Company and its affiliates, the Purchaser will agree to fund a trust of $11.5 million to be established for the benefit of certain future opioid claimants. The amended term sheet for the voluntary private opioid trust provides for a $0.5 million increase to the funding amount for the voluntary private opioid trust. Accordingly, we recorded an additional charge of $12 million in the second quarter of 2023 to increase our aggregate opioid liability to approximately $611 million. In August 2023, the Purchaser and the Public School District Creditors filed with the Bankruptcy Court a term sheet for

a resolution among such parties. In exchange for certain releases to be provided to (among others) the Purchaser and the Company and its affiliates, the Purchaser will agree to fund an opioid school district recovery trust up to $3 million for the purpose of funding opioid abuse/misuse abatement or remediation programs to be implemented by the Public School District Creditors. In September 2023, the Purchaser and the Canadian Provinces filed with the Bankruptcy Court a term sheet for a resolution among such parties. In exchange for certain releases to be provided to (among others) the Purchaser and the Company and its affiliates, the Purchaser will agree to fund a voluntary trust of approximately $7 million to be established for the benefit of the Canadian Provinces. Accordingly, we recorded an additional charge of approximately $10 million in the third quarter of 2023 to increase our aggregate opioid liability to approximately $621 million. In December 2023, in connection with the Plan, state opioid claimants agreed to decrease the gross amount of the initial public opioid trust settlement by approximately $5 million in exchange for certain prepayment rights. In February 2024, the resolutions reached with the DOJ with respect to claims filed in the Chapter 11 Cases by the U.S. Government provides that the U.S. Government will have in connection with its opioid-related criminal and civil investigations of certain of the Debtors: (i) an allowed, general unsecured claim in the amount of $1,086 million in connection with a criminal fine arising from a plea agreement entered into by EHSI and; (ii) an allowed, general unsecured claim in the amount of approximately $476 million in connection with a civil settlement agreement entered into by EHSI. Accordingly, we recorded an additional charge of approximately $1,557 million in the fourth quarter of 2023 to increase our aggregate opioid liability to approximately $2,178 million. These liabilities represent the Company's best estimate of the allowed claims related to the contingencies associated with various opioid claims against the Company and its subsidiaries for the period covered by these Quarterly Financial Statements. Following the period covered by these Quarterly Financial Statements pursuant to the Plan, on the Effective Date thereof, all opioid claims against the Debtors were discharged and channeled to the applicable trusts or otherwise administered in accordance with the Plan.

In addition to the lawsuits and administrative matters described above, the Company and/or its subsidiaries have received certain subpoenas, civil investigative demands (CIDs) and informal requests for information concerning the sale, marketing and/or distribution of prescription opioid medications, including but not limited to the following:

- Various state attorneys general have served subpoenas and/or CIDs on EHSI and/or EPI. Some of these state attorneys general subsequently filed lawsuits against the Company and/or its subsidiaries and/or have indicated their support for the opioid trusts described above. Prior to the Effective Date of the Plan, we cooperated with any ongoing state attorney general investigations.
- In January 2018, EPI received a federal grand jury subpoena from the U.S. District Court for the Southern District of Florida (S.D. Florida) seeking documents and information related to OPANA® ER, other oxymorphone products and marketing of opioid medications. S.D. Florida's investigation was resolved in accordance with Endo's resolution with the DOJ as embodied in the Plan, including that in April 2024, EHSI entered a guilty plea to a single count of misdemeanor misbranding pursuant to the terms of the resolutions with the U.S. Government. The judgment and conviction were entered in May 2024 against EHSI. Given the payments on the Effective Date, EHSI has satisfied the criminal fine, forfeiture judgment and civil settlement amount.
- In December 2020, the Company received a subpoena issued by the U.S. Attorney's Office for the Western District of Virginia seeking documents related to McKinsey & Company. The Company received a related subpoena in May 2021, also issued by the U.S. Attorney's Office for the Western District of Virginia. Prior to the Effective Date of the Plan, we cooperated with the investigation, and following the occurrence of the Effective Date, any potential claims relating to the prepetition conduct at issue in this investigation were discharged.

*Ranitidine Matters*

In June 2020, an MDL pending in the U.S. District Court for the Southern District of Florida, *In re Zantac (Ranitidine) Products Liability Litigation*, was expanded to add PPI and numerous other manufacturers and distributors of generic ranitidine as defendants. The claims are generally based on allegations that under certain conditions the active ingredient in ranitidine medications can break down to form an alleged carcinogen known as N-Nitrosodimethylamine (NDMA). The complaints assert a variety of claims, including but not limited to various product liability, breach of warranty, fraud, negligence, statutory and unjust enrichment claims. Plaintiffs generally seek various remedies including, without limitation, compensatory, punitive and/or treble damages; restitution, disgorgement, civil penalties, abatement, attorneys' fees and costs as well as injunctive and/or other relief. Similar complaints against various defendants, in some instances including PPI, have also been filed in certain state courts, including but not limited to California, Illinois and Pennsylvania. Neither PPI nor its subsidiaries have manufactured or sold ranitidine since 2016.

The MDL court has issued various case management orders, including orders directing the filing of "master" and short-form complaints, establishing a census registry process for potential claimants and addressing various discovery issues. In December 2020, the court dismissed the master complaints as to PPI and other defendants with leave to amend certain claims. Certain plaintiffs, including a third-party payer pursuing class action claims, appealed the dismissal orders. PPI was dismissed from the third-party payer appeal in September 2022. In November 2022, the U.S. Court of Appeals for the Eleventh Circuit (Eleventh Circuit) affirmed the dismissal of the third-party payer complaint and dismissed the other appeals on procedural grounds.

In February 2021, various other plaintiffs filed an amended master personal injury complaint, a consolidated amended consumer economic loss class action complaint and a consolidated medical monitoring class action complaint. PPI was not named as a defendant in the consumer economic loss complaint or the medical monitoring complaint. In July 2021, the MDL court dismissed all claims in the master complaints as to PPI and other generic defendants with prejudice on federal preemption grounds. In November 2021, the MDL court issued a final judgment as to PPI and other generic defendants.

In December 2022, the MDL court granted summary judgment in favor of certain remaining defendants with respect to five "designated cancers" (bladder, esophageal, gastric, liver and pancreatic), holding that plaintiffs had failed to provide sufficient evidence of causation.

In May 2023, the MDL court issued orders extending its December 2022 summary judgment ruling to all MDL defendants. In July 2023, the MDL court entered an order dismissing plaintiffs' non-designated cancer claims for failure to produce expert reports. To facilitate entry of these final judgments notwithstanding the automatic stay applicable to PPI, the MDL court entered orders severing PPI in thousands of pending cases on September 26, 2023.

At various times, certain MDL plaintiffs appealed the MDL court's various orders and judgments, with PPI dismissed from certain of them, and the appeals stayed as to PPI due to the PPI bankruptcy in the remainder. Following the period covered by these Quarterly Financial Statements pursuant to the Plan, on the Effective Date thereof, all ranitidine claims against PPI were discharged and channeled to the applicable trusts. In connection therewith, any potential claims against PPI relating to the prepetition conduct at issue in these remaining appeals were also discharged.

In July 2022, claimants alleging non-designated cancer claims were "exited" from the MDL census registry. Some of these claimants subsequently filed lawsuits in various courts. Following the MDL court's December 2022 summary judgment order, the MDL court closed the census registry, and the registry-related tolling of the statute of limitations for registry participants remaining in the census registry at the time of its closure expired in April 2023.

As of the Petition Date, the claims against PPI (including new complaints and related appeals) became subject to the automatic stay; PPI was subsequently voluntarily dismissed from several pending matters, including the appeal from the MDL court's dismissal of the third-party payer class action complaint.

The resolution reached with the UCC, as embodied in the Plan, contemplated the creation and funding of a trust for the benefit of certain unsecured creditors and sub-trusts established thereunder, one of which was established for the benefit of certain ranitidine claimants. As previously noted, prior to or on the Effective Date of the Plan, the establishment and funding of the ranitidine claims-related sub-trust by the Purchaser contemplated under the Plan occurred. In connection therewith, all ranitidine claims against PPI were discharged and channeled to such trust.

*Generic Drug Pricing Matters*

Since March 2016, various private plaintiffs, state attorneys general and other governmental entities have filed cases against our subsidiary PPI and/or, in some instances, the Company, Generics Bidco I, LLC, DAVA Pharmaceuticals, LLC, DAVA International, LLC, EPI, EHSI and/or PPCI, as well as other pharmaceutical manufacturers and, in some instances, other corporate and/or individual defendants, alleging price-fixing and other anticompetitive conduct with respect to generic pharmaceutical products. These cases, which include proposed class actions filed on behalf of direct purchasers, end-payers and indirect purchaser resellers, as well as non-class action suits, have generally been consolidated and/or coordinated for pretrial proceedings in a federal MDL pending in the U.S. District Court for the Eastern District of Pennsylvania; three cases commenced by writ of summons in Pennsylvania state court are in deferred status. There is also a proposed class action filed in the Federal Court of Canada on behalf of a proposed class of Canadian purchasers.

The various complaints and amended complaints generally assert claims under federal and/or state antitrust law, state consumer protection statutes and/or state common law, and generally seek damages, treble damages, civil penalties, disgorgement, declaratory and injunctive relief, costs and attorneys' fees. Some claims are based on alleged product-specific conspiracies; other claims allege broader, multiple-product conspiracies. Under their overarching conspiracy theories, plaintiffs generally seek to hold all alleged participants in a particular conspiracy jointly and severally liable for all harms caused by the alleged conspiracy, not just harms related to the products manufactured and/or sold by a particular defendant.

The MDL court has issued various case management and substantive orders, including orders denying certain motions to dismiss in whole or in part, and discovery is ongoing.

As of the Petition Date, the claims against the Company and its subsidiaries in the U.S. became subject to the automatic stay. A similar cessation of litigation activity is in place in Canada. Following the period covered by these Quarterly Financial Statements

pursuant to the Plan, on the Effective Date thereof, all such claims against the Debtors were discharged and channeled to the applicable trusts.

In December 2014, our subsidiary PPI received from the Antitrust Division of the DOJ a federal grand jury subpoena issued by the U.S. District Court for the Eastern District of Pennsylvania addressed to "Par Pharmaceuticals." The subpoena requested documents and information focused primarily on product and pricing information relating to the authorized generic version of Lanoxin® (digoxin) oral tablets and generic doxycycline products, and on communications with competitors and others regarding those products. Prior to the Effective Date of the Plan, we cooperated with the investigation, and following the occurrence of the Effective Date, any potential claims relating to the prepetition conduct at issue in this investigation were discharged.

In May 2018, we and our subsidiary PPCI each received a CID from the DOJ in relation to a U.S. False Claims Act (FCA) investigation concerning whether generic pharmaceutical manufacturers engaged in price-fixing and market allocation agreements, paid illegal remuneration and caused the submission of false claims. Prior to the Effective Date of the Plan, we cooperated with the investigation, and following the occurrence of the Effective Date, any potential claims relating to the prepetition conduct at issue in this investigation were discharged.

The resolution reached with the UCC, as embodied in the Plan, contemplated the creation and funding of a trust for the benefit of certain unsecured creditors and sub-trusts established thereunder, one of which was established for the benefit of certain holders of generic drug pricing claims. As previously noted, prior to or on the Effective Date of the Plan, the establishment and funding of the generic drug pricing claims-related sub-trust by the Purchaser contemplated under the Plan occurred. In connection therewith, all such claims against the Debtors were discharged and channeled to such trust.

*Other Antitrust Matters*

Beginning in June 2014, multiple alleged purchasers of OPANA® ER sued our subsidiaries EHSI and EPI; Penwest Pharmaceuticals Co. (Penwest), which our subsidiary EPI had acquired; and Impax Laboratories, LLC (formerly Impax Laboratories, Inc. and referred to herein as Impax), alleging among other things violations of antitrust law arising out of an agreement between EPI and Impax to settle certain patent infringement litigation. Some cases were filed on behalf of putative classes of direct and indirect purchasers; others were non-class action suits. The cases were consolidated and/or coordinated in a federal MDL pending in the U.S. District Court for the Northern District of Illinois. The various complaints asserted claims under Sections 1 and 2 of the Sherman Act, state antitrust and consumer protection statutes and/or state common law. Plaintiffs generally sought damages, treble damages, disgorgement of profits, restitution, injunctive relief and attorneys' fees. In June 2021, the court certified a direct purchaser class and an end-payer class; in August 2021, following an appeal, the district court amended its class certification order to certify a narrower end-payer class. Trial on all plaintiffs' claims began in June 2022. In July 2022, the jury returned a verdict in favor of EHSI, EPI and Penwest (Impax settled during trial). Later that month, plaintiffs filed a motion for judgment as a matter of law or in the alternative for a new trial. As of the Petition Date, the matter became subject to the automatic stay.

Beginning in February 2009, the U.S. Federal Trade Commission (FTC) and certain private plaintiffs sued our subsidiaries PPCI (since June 2016, EGHI) and/or PPI as well as other pharmaceutical companies alleging violations of antitrust law arising out of the settlement of certain patent litigation concerning the generic version of AndroGel® and seeking damages, treble damages, equitable relief and attorneys' fees and costs. The cases were consolidated and/or coordinated for pretrial proceedings in a federal MDL pending in the U.S. District Court for the Northern District of Georgia. In May 2016, plaintiffs representing a putative class of indirect purchasers voluntarily dismissed their claims with prejudice. In February 2017, the FTC voluntarily dismissed its claims against EGHI with prejudice. In June 2018, the MDL court granted in part and denied in part various summary judgment and evidentiary motions filed by defendants. In particular, among other things, the court rejected two of the remaining plaintiffs' causation theories and rejected damages claims related to AndroGel® 1.62%. In July 2018, the court denied certain plaintiffs' motion for certification of a direct purchaser class. Between November 2019 and April 2021, PPI and PPCI entered into settlement agreements with all of the plaintiffs remaining in the MDL. The settlement agreements were solely by way of compromise and settlement and were not in any way an admission of wrongdoing, fault or liability of any kind. Separately, in August 2019, several alleged direct purchasers filed suit against PPI and other pharmaceutical companies in the U.S. District Court for the Eastern District of Pennsylvania asserting claims substantially similar to those asserted in the MDL, as well as additional claims against other defendants relating to other alleged conduct. As of the Petition Date, the claims against PPI became subject to the automatic stay.

Beginning in May 2018, multiple complaints were filed in the U.S. District Court for the Southern District of New York against PPI, EPI and/or us, as well as other pharmaceutical companies, alleging violations of antitrust law arising out of the settlement of certain patent litigation concerning the generic version of Exforge® (amlodipine/valsartan). Some cases were filed on behalf of putative classes of direct and indirect purchasers; others are non-class action suits. The various complaints assert claims under Sections 1 and 2 of the Sherman Act, state antitrust and consumer protection statutes and/or state common law. Plaintiffs generally seek damages, treble damages, equitable relief and attorneys' fees and costs. In September 2018, the putative class plaintiffs stipulated

to the dismissal without prejudice of their claims against EPI and us; the retailer plaintiffs later did the same. PPI filed a partial motion to dismiss certain claims in September 2018; the court granted the motion in August 2019. In March 2022, the putative class plaintiffs filed motions for class certification. In May 2022, defendants filed motions for summary judgment. As of the Petition Date, the claims against PPI became subject to the automatic stay. In January 2023, certain direct purchaser plaintiffs dismissed their claims against PPI, EPI and us with prejudice and, in February 2023, certain indirect purchaser plaintiffs agreed to do the same. In July 2023, the court dismissed the remaining claims filed against PPI, EPI and us.

Beginning in August 2019, multiple complaints were filed in the U.S. District Court for the Southern District of New York against PPI and other pharmaceutical companies alleging violations of antitrust law arising out the settlement of certain patent litigation concerning generic versions of Seroquel XR® (extended-release quetiapine fumarate). The claims against PPI are based on allegations that PPI entered into an exclusive acquisition and license agreement with Handa Pharmaceuticals, LLC (Handa) in 2012 pursuant to which Handa assigned to PPI certain rights under a prior settlement agreement between Handa and AstraZeneca resolving certain patent litigation. Some cases were filed on behalf of putative classes of direct and indirect purchasers; others are non-class action suits. The various complaints assert claims under Sections 1 and 2 of the Sherman Act, state antitrust and consumer protection statutes and/or state common law. Plaintiffs generally seek damages, treble damages, equitable relief and attorneys' fees and costs. In August 2020, the litigation was transferred to the U.S. District Court for the District of Delaware. In July 2022, the court dismissed certain claims asserted under state law but otherwise denied defendants' motions to dismiss. As of the Petition Date, the claims against PPI became subject to the automatic stay.

Beginning in June 2020, multiple complaints were filed against Jazz Pharmaceuticals plc (Jazz) and other pharmaceutical companies, including PPI, alleging violations of state and/or federal antitrust laws in connection with the settlement of certain patent litigation concerning generic versions of Xyrem® (sodium oxybate). Some cases were filed on behalf of putative classes of indirect purchasers; others are non-class action suits. The cases have generally been consolidated and/or coordinated for pretrial proceedings in a federal MDL pending in the U.S. District Court for the Northern District of California; Aetna Inc. (Aetna) filed a similar case in May 2022 in California state court. The various complaints allege that Jazz entered into a series of "reverse-payment" settlements, including with PPI, to delay generic competition for Xyrem® and assert claims under Sections 1 and 2 of the Sherman Act, Section 16 of the Clayton Act, state antitrust and consumer protection statutes and/or state common law. Plaintiffs generally seek damages, treble damages, equitable relief and attorneys' fees and costs. In April 2021, the defendants moved to dismiss the MDL complaints that had been filed as of that time. In August 2021, the MDL court issued an order dismissing certain aspects of the plaintiffs' claims but otherwise denying the motions to dismiss. In July 2022, PPI, among others, filed a motion to quash the Aetna action for lack of personal jurisdiction; the defendants also filed a demurrer, motion to strike and motion to stay Aetna's action. As of the Petition Date, the claims against PPI became subject to the automatic stay. In December 2022, the California state court overseeing the Aetna action granted the motion to quash for lack of personal jurisdiction and, in January 2023, Aetna filed an amended complaint that did not name PPI as a defendant.

In August 2021, a putative class action complaint was filed in the U.S. District Court for the Eastern District of Pennsylvania against Takeda Pharmaceuticals USA Inc., EPI, PPI and others, alleging violations of federal antitrust law in connection with the settlement of certain patent litigation related to generic versions of Colcrys® (colchicine). In particular, the complaint alleged, among other things, that a distribution agreement between Takeda Pharmaceuticals USA Inc. and PPI, with respect to an authorized generic, was in effect an output restriction conspiracy; the plaintiffs asserted claims under Section 1 and Section 2 of the Sherman Act and sought damages, treble damages and attorneys' fees and costs. In November 2021, the plaintiffs dismissed all claims against EPI and in December 2021, the court dismissed the complaint for failure to state a claim. In January 2022, the plaintiffs filed an amended complaint. In February 2022, the defendants filed a motion to dismiss the amended complaint, which the court granted in part and denied in part in March 2022. As of the Petition Date, the claims against PPI became subject to the automatic stay. In September 2022, the plaintiffs voluntarily dismissed all claims against PPI with prejudice, and PPI agreed to provide certain limited discovery as a non-party. In March 2023, the court denied the plaintiffs' motion for class certification. In April 2023, the court authorized the filing of an amended complaint adding certain additional plaintiffs and combining the litigation with the proceedings from which PPI was dismissed; the amended complaint named PPI as a defendant. In September 2023, the court entered an order dismissing the case.

In January 2021, the FTC filed a lawsuit in the U.S. District Court for the District of Columbia against us, EPI, Impax Laboratories, LLC and Amneal Pharmaceuticals, Inc., generally alleging that the 2017 settlement of a contract dispute between EPI and Impax (now Amneal) constituted unfair competition in violation of Section 5(a) of the FTC Act. The complaint generally sought injunctive and equitable monetary relief. In April 2021, the defendants filed motions to dismiss, which the court granted in March 2022. The FTC filed a notice of appeal in May 2022. Briefing on the appeal has concluded and oral argument took place in May 2023. The dismissal was affirmed on appeal in September 2023.

The resolution reached with UCC, as embodied in the Plan, contemplated the creation and funding of a trust for the benefit of certain unsecured creditors and sub-trusts established thereunder, one of which was established for the benefit of certain antitrust claimants. As previously noted, prior to or on the Effective Date of the Plan, the establishment and funding of the antitrust claims-

related sub-trust contemplated under the Plan occurred. In connection therewith, all antitrust claims against the Debtors were discharged and channeled to such trust.

*Securities Litigation*

In June 2020, a putative class action entitled *Benoit Albiges v. Endo International plc, Paul V. Campanelli, Blaise Coleman, and Mark T. Bradley* was filed in the U.S. District Court for the District of New Jersey by an individual shareholder on behalf of himself and all similarly situated shareholders. The lawsuit alleged violations of Section 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder relating to the marketing and sale of opioid medications and DFS's administrative action against the Company, EPI, EHSI, PPI and PPCI. In September 2020, the court appointed Curtis Laakso lead plaintiff in the action. In November 2020, the plaintiffs filed an amended complaint that among other things added Matthew J. Maletta as a defendant. In January 2021, the defendants filed a motion to dismiss, which the court granted in August 2021. In November 2021, the plaintiffs filed a second amended complaint, which among other things added allegations about discovery issues in certain opioid-related lawsuits. In January 2022, the defendants moved to dismiss the second amended complaint. As of the Petition Date, the claims against the Company became subject to the automatic stay. In August 2022, the court granted the motion and dismissed the case with prejudice. Due to the automatic stay, the plaintiffs' time to appeal the dismissal as to the Company was tolled. However, following the period covered by these Quarterly Financial Statements, pursuant to the Plan, on the Effective Date thereof, all prepetition claims against the Debtors, including any claims or rights to appeal relating to this action, were discharged and channeled to the applicable trusts or otherwise administered in accordance with the Plan. The automatic stay does not apply to the individual defendants, and the plaintiffs' time to appeal the ruling as to those defendants has run.

*Miscellaneous Government Investigations*

In March 2022, EPI received a CID from the Texas Attorney General's office seeking documents and information related to hormone blocker products. This followed the Texas Attorney General's December 2021 announcement of an investigation into whether EPI and AbbVie Inc. had advertised or promoted such products, including SUPPRELIN® LA and VANTAS®, for unapproved uses. Prior to the Effective Date of the Plan, we cooperated with the investigation, and following the occurrence of the Effective Date, any potential claims relating to the prepetition conduct at issue in this investigation were discharged.

*Patent Matters*

In January 2023, PSP LLC, PPI and Endo Par Innovation Company, LLC (EPIC) received a notice letter from Baxter Healthcare Corporation (Baxter) pursuant to 505(b)(3)(B)-(D) of the U.S. Federal Food, Drug, and Cosmetic Act (FFDCA) of its New Drug Application (NDA) submitted under 21 U.S.C. §355(b)(2) seeking U.S. Food and Drug Administration (FDA) approval for vasopressin injection products in 20 units/100 ml and 40 units/100 ml strengths. In March 2023, PSP LLC, PPI and EPIC filed a complaint against Baxter in the U.S. District Court for the District of Delaware asserting infringement of three patents. These patents are not listed in the Approved Drug Products with Therapeutic Equivalence Evaluations (Orange Book); therefore, the patent infringement suit does not trigger a 30-month stay on FDA approval of Baxter's NDA. On October 4, 2023, PSP LLC, PPI and EPIC filed a motion for a preliminary injunction/temporary restraining order after the FDA approved Baxter's NDA in late September 2023. The preliminary injunction hearing was held on October 27, 2023. On November 3, 2023, the magistrate judge issued a report and recommendation recommending the court: (i) deny the motion for preliminary injunction/temporary restraining order; and (ii) deny Baxter's motion for judgment on the pleadings. The District Court entered its final order on March 12, 2024. The trial is set for October 2025.

In September 2023, PSP LLC, PPI and EPIC received a notice letter from Long Grove Pharmaceuticals, LLC (Long Grove) pursuant to 505(b)(3)(B)-(D) of the FFDCA of its NDA submitted under 21 U.S.C. §355(b)(2) seeking FDA approval for vasopressin injection products in 20 units/100 ml, 40 units/100 ml, and 50 units/50ml strengths. In December 2023, PSP LLC, PPI and EPIC filed a complaint against Long Grove in the U.S. District Court for the District of Delaware asserting infringement of two patents. These patents are not listed in the Orange Book; therefore, the patent infringement suit does not trigger a 30-month stay on FDA approval of Long Grove's NDA. In April 2024, Long Grove filed a 12(c) motion for judgment of non-infringement.

*Other Proceedings and Investigations*

Proceedings similar to those described above may also be brought in the future. Additionally, we are involved in, or have been involved in, arbitrations or various other proceedings that arise in the normal course of our business. We cannot predict the timing or outcome of these other proceedings. Currently, neither we nor our subsidiaries are involved in any other proceedings that we expect to have a material effect on our business, financial condition, results of operations and cash flows.

## NOTE 15. OTHER COMPREHENSIVE (LOSS) INCOME

During the three months ended March 31, 2024 and 2023, there were no tax effects allocated to any component of Other comprehensive (loss) income and there were no reclassifications out of Accumulated other comprehensive loss. Substantially all of the Company's Accumulated other comprehensive loss balances at March 31, 2024 and December 31, 2023 consist of Foreign currency translation loss.

## NOTE 16. SHAREHOLDERS' DEFICIT

The following table presents a reconciliation of the beginning and ending balances in Total shareholders' deficit for the three months ended March 31, 2024 (in thousands):

| | Euro Deferred Shares | Ordinary Shares | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Loss | Total Shareholders' Deficit |
|---|---|---|---|---|---|---|
| BALANCE, DECEMBER 31, 2023 | $ 44 | $ 24 | $ 8,980,561 | $(15,354,427) | $ (223,762) | $(6,597,560) |
| Net loss | — | — | — | (154,230) | — | (154,230) |
| Other comprehensive loss | — | — | — | — | (2,924) | (2,924) |
| Other | (1) | — | — | — | — | (1) |
| BALANCE, MARCH 31, 2024 | $ 43 | $ 24 | $ 8,980,561 | $(15,508,657) | $ (226,686) | $(6,754,715) |

The following table presents a reconciliation of the beginning and ending balances in Total shareholders' deficit for the three months ended March 31, 2023 (in thousands):

| | Euro Deferred Shares | Ordinary Shares | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Loss | Total Shareholders' Deficit |
|---|---|---|---|---|---|---|
| BALANCE, DECEMBER 31, 2022 | $ 43 | $ 24 | $ 8,969,322 | $(12,904,620) | $ (226,941) | $(4,162,172) |
| Net loss | — | — | — | (3,279) | — | (3,279) |
| Other comprehensive income | — | — | — | — | 607 | 607 |
| Compensation related to share-based awards | — | — | 11,240 | — | — | 11,240 |
| Other | — | — | (1) | — | — | (1) |
| BALANCE, MARCH 31, 2023 | $ 43 | $ 24 | $ 8,980,561 | $(12,907,899) | $ (226,334) | $(4,153,605) |

### Share-Based Compensation

On March 3, 2023, in connection with the Company's ongoing bankruptcy proceedings, the Company took action to reject all outstanding award agreements associated with stock options and stock awards. In connection with the rejection of these agreements, the Company recorded a charge of approximately $9.2 million during the first quarter of 2023 to recognize all remaining unrecognized compensation cost associated with these agreements. The Company recognized share-based compensation expense, inclusive of the charge described above, of $11.2 million during the three months ended March 31, 2023.

## NOTE 17. OTHER EXPENSE (INCOME), NET

The components of Other expense (income), net for the three months ended March 31, 2024 and 2023 are as follows (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| Net gain on sale of business and other assets (1) | $ (178) | $ (527) |
| Foreign currency loss, net (2) | 165 | 117 |
| Net loss from our investments in the equity of other companies (3) | 5 | 122 |
| Other miscellaneous, net (4) | 5,763 | 163 |
| Other expense (income), net | $ 5,755 | $ (125) |

(1) Amounts primarily relate to the sales of certain intellectual property rights and certain other assets.

(2) Amounts relate to the remeasurement of the Company's foreign currency denominated assets and liabilities.
(3) Amounts relate to the income statement impacts of our investments in the equity of other companies, including investments accounted for under the equity method.
(4) The amount for the three months ended March 31, 2024 primarily relates to a charge of approximately $6 million associated with the rejection of an executory contract, which was approved by the Bankruptcy Court in February 2024.

**NOTE 18. INCOME TAXES**

The following table displays our (Loss) income from continuing operations before income tax, Income tax expense and Effective tax rate for the three months ended March 31, 2024 and 2023 (dollars in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| (Loss) income from continuing operations before income tax | $ (145,952) | $ 2,950 |
| Income tax expense | $ 7,882 | $ 5,773 |
| *Effective tax rate* | *(5.4)%* | *195.7%* |

The change in Income tax expense for the three months ended March 31, 2024 compared to the prior year period primarily relates to an increase in accrued interest on uncertain tax positions, 2024 discrete tax benefit related to Canadian uncertain tax positions and changes in geographic mix of pre-tax earnings.

As previously disclosed, Endo International plc concluded that there was substantial doubt about its ability to continue as a going concern within one year after the date of issuance of the Condensed Consolidated Financial Statements included in the Second-Quarter 2022 Form 10-Q. We considered this in determining that certain net deferred tax assets were no longer more likely than not realizable.

The Company maintained a full valuation allowance against the net deferred tax assets in the U.S., Luxembourg, Ireland and certain other foreign tax jurisdictions as of March 31, 2024. As highlighted below, following the period covered by these Quarterly Financial Statements, pursuant to Plan, on the Effective Date thereof, no U.S. federal income net operating losses, tax credits or other U.S. federal income tax attributes shall succeed to any member of the Endo, Inc. group. It is likely that in the future there will be sufficient positive evidence to release a portion or all of the valuation allowance. Release of these valuation allowances would result in a benefit to income tax expense for the period the release is recorded, which could have a material impact on net earnings. The timing and amount of the potential valuation allowance release are subject to significant management judgment and prospective earnings.

On June 3, 2020, in connection with the IRS's examination of our U.S. income tax return for the fiscal year ended December 31, 2015 (2015 Return), we received an acknowledgement of facts (AoF) from the IRS related to transfer pricing positions taken by Endo U.S., Inc. and its subsidiaries (Endo U.S.). The AoF asserted that Endo U.S. overpaid for certain pharmaceutical products that it purchased from certain non-U.S. related parties and proposed a specific adjustment to our 2015 U.S. income tax return position. On September 4, 2020, we received a Form 5701 Notice of Proposed Adjustment (NOPA) that is consistent with the previously disclosed AoF. We believe that the terms of the subject transactions are consistent with comparable transactions for similarly situated unrelated parties, and we have contested the proposed adjustment. While the NOPA was not material to our business, financial condition, results of operations or cash flows, the IRS could seek to apply its position to subsequent tax periods, following the Effective Date of the Plan, and propose similar adjustments. The aggregate impact of these adjustments, if sustained, could have had a material adverse effect on our business, financial condition, results of operations and cash flows. As highlighted below, following the period covered by these Quarterly Financial Statements, pursuant to the Plan, on the Effective Date thereof, these claims against the Debtors were discharged and administered in accordance with the Plan.

In connection with the IRS's examination of our 2015 Return, on December 31, 2020, the IRS issued a Technical Advice Memorandum (TAM) regarding the portion of our 2015 net operating loss (NOL) that we believe qualifies as a specified product liability loss (SLL). The TAM concurred in part with our positions on the 2015 Return but disagreed with our position that the AMS worthless stock loss qualifies as an SLL. In April 2021, we received draft NOPAs from the IRS consistent with the TAM. As highlighted below, following the period covered by these Quarterly Financial Statements, pursuant to the Plan, on the Effective Date thereof, these claims against the Debtors were discharged and administered in accordance with the Plan.

**Bankruptcy-Related Developments**

In connection with our bankruptcy proceedings, the IRS has filed multiple proofs of claim against several of the Debtors. The total amount of the asserted claims filed by the IRS, which relate to tax years ended 2006 through 2014, 2016 through 2018 and 2020 through 2021, was approximately $20 billion. A number of the claims were in respect of the same proposed tax liability but are filed

against multiple subsidiary members of our U.S. consolidated tax groups. After excluding the repetitive claims filed to different members of our U.S. consolidated tax groups, the net claims were approximately $4 billion. In general, the claims primarily related to the IRS's challenges of our historic tax positions for certain intercompany arrangements, including the level of profit earned by our U.S. subsidiaries pursuant to such arrangements, and a product liability loss carryback claim. As highlighted below, following the period covered by these Quarterly Financial Statements, pursuant to the Plan, on the Effective Date thereof, these claims against the Debtors were discharged and administered in accordance with the Plan.

The IRS's claims and uncertain tax positions related to the historical federal income tax positions not specifically challenged by the IRS, as well as certain federal income tax related claims that arose during the Chapter 11 Cases and as a result of the consummation of the Plan, were resolved in accordance with the U.S. Government Economic Settlement which became effective on the Effective Date of the Plan. The claims brought against the Debtors by the IRS were deemed to be, in part, an allowed unsubordinated priority claim and, in part, an allowed, unsubordinated general unsecured claim, each in such amount equal to the settlement amounts to be received by the IRS as allocated by the U.S. Government.

## NOTE 19. NET LOSS PER SHARE

The following is a reconciliation of the numerator and denominator of basic and diluted net loss per share for the three months ended March 31, 2024 and 2023 (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| Numerator: | | |
| Loss from continuing operations | $ (153,834) | $ (2,823) |
| Loss from discontinued operations, net of tax | (396) | (456) |
| Net loss | $ (154,230) | $ (3,279) |
| Denominator: | | |
| For basic per share data—weighted average shares | 235,220 | 235,216 |
| Dilutive effect of ordinary share equivalents | — | — |
| For diluted per share data—weighted average shares | 235,220 | 235,216 |

Basic per share amounts are computed based on the weighted average number of ordinary shares outstanding during the period. Diluted per share amounts are computed based on the weighted average number of ordinary shares outstanding and, if there is net income from continuing operations during the period, the dilutive effect of ordinary share equivalents outstanding during the period.

The dilutive effect of ordinary share equivalents, if any, is measured using the treasury stock method.

On March 3, 2023, in connection with the Company's ongoing bankruptcy proceedings, the Company took action to reject all outstanding award agreements associated with stock options and stock awards.

## NOTE 20. CONDENSED COMBINED DEBTOR-IN-POSSESSION FINANCIAL INFORMATION

The financial statements included in this Note represent the unaudited Condensed Combined Financial Statements of the Debtors only, which include Endo International plc and most of its wholly-owned subsidiaries, except for its Indian subsidiaries and certain subsidiaries associated with the Company's former Astora business. These statements reflect the results of operations, financial position and cash flows of the combined Debtors, including certain amounts and activities between Debtors and Non-Debtor Affiliates of the Company that are eliminated in the Condensed Consolidated Financial Statements.

**CONDENSED COMBINED BALANCE SHEETS (UNAUDITED)**

**(Dollars in thousands)**

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 607,459 | $ 735,927 |
| Restricted cash and cash equivalents | 164,580 | 81,806 |
| Accounts receivable, net | 352,217 | 375,613 |
| Inventories, net | 226,915 | 219,230 |
| Prepaid expenses and other current assets | 84,997 | 68,245 |
| Income taxes receivable | 7,085 | 7,715 |
| Receivables from Non-Debtor Affiliates | 106,915 | 100,829 |
| Total current assets | $ 1,550,168 | $ 1,589,365 |
| PROPERTY, PLANT AND EQUIPMENT, NET | 247,175 | 250,286 |
| OPERATING LEASE ASSETS | 16,968 | 19,002 |
| GOODWILL | 1,352,011 | 1,352,011 |
| OTHER INTANGIBLES, NET | 1,415,208 | 1,477,883 |
| INVESTMENTS IN NON-DEBTOR AFFILIATES | 51,210 | 48,253 |
| RECEIVABLES FROM NON-DEBTOR AFFILIATES | 255,571 | 258,445 |
| OTHER ASSETS | 52,461 | 134,224 |
| TOTAL ASSETS | $ 4,940,772 | $ 5,129,469 |
| **LIABILITIES AND DEFICIT** | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued expenses | $ 467,986 | $ 510,697 |
| Current portion of operating lease liabilities | 253 | 248 |
| Income taxes payable | 1,583 | 181 |
| Payables to Non-Debtor Affiliates | 15,348 | 14,419 |
| Total current liabilities | $ 485,170 | $ 525,545 |
| DEFERRED INCOME TAXES | 17,707 | 16,248 |
| OPERATING LEASE LIABILITIES, LESS CURRENT PORTION | 662 | 750 |
| OTHER LIABILITIES | 78,596 | 74,223 |
| LIABILITIES SUBJECT TO COMPROMISE | 11,103,258 | 11,095,868 |
| TOTAL DEFICIT | (6,744,621) | (6,583,165) |
| TOTAL LIABILITIES AND DEFICIT | $ 4,940,772 | $ 5,129,469 |

**CONDENSED COMBINED STATEMENTS OF OPERATIONS (UNAUDITED)**

**(Dollars in thousands)**

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| TOTAL REVENUES, NET | $ 419,801 | $ 515,230 |
| COSTS AND EXPENSES: | | |
| Cost of revenues | 209,573 | 233,890 |
| Selling, general and administrative | 127,684 | 149,126 |
| Research and development | 28,215 | 29,760 |
| Acquired in-process research and development | 750 | — |
| Litigation-related and other contingencies, net | — | 15,200 |
| Asset impairment charges | 3,550 | 146 |
| Acquisition-related and integration items, net | 621 | 397 |
| Interest income, net | (2,921) | (2,738) |
| Reorganization items, net | 203,046 | 85,352 |
| Other expense, net | 5,846 | (714) |
| LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX | $ (156,563) | $ 4,811 |
| INCOME TAX EXPENSE | 7,744 | 5,657 |
| LOSS FROM CONTINUING OPERATIONS | $ (164,307) | $ (846) |
| DISCONTINUED OPERATIONS, NET OF TAX | (396) | (456) |
| NET LOSS ATTRIBUTABLE TO DEBTOR ENTITIES | $ (164,703) | $ (1,302) |
| EQUITY IN LOSS OF NON-DEBTOR AFFILIATES, NET OF TAX | (318) | (1,616) |
| NET LOSS | $ (165,021) | $ (2,918) |

**CONDENSED COMBINED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)**

**(Dollars in thousands)**

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| NET LOSS | $ (165,021) | $ (2,918) |
| OTHER COMPREHENSIVE (LOSS) INCOME: | | |
| Net unrealized (loss) gain on foreign currency | $ (2,924) | $ 607 |
| Total other comprehensive (loss) income | $ (2,924) | $ 607 |
| COMPREHENSIVE LOSS | $ (167,945) | $ (2,311) |

**CONDENSED COMBINED STATEMENTS OF CASH FLOWS (UNAUDITED)**

**(Dollars in thousands)**

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| OPERATING ACTIVITIES: | | |
| Net cash provided by operating activities (1) | $ 33,155 | $ 60,332 |
| INVESTING ACTIVITIES: | | |
| Capital expenditures, excluding capitalized interest | (12,602) | (23,385) |
| Proceeds from the U.S. Government Cooperative Agreement | 5,324 | 8,938 |
| Acquisitions, including in-process research and development, net of cash and restricted cash acquired | (750) | — |
| Proceeds from sale of business and other assets | 1,565 | 978 |
| Disbursements for loans made to Non-Debtor Affiliates | (6,724) | (4,000) |
| Net cash used in investing activities | $ (13,187) | $ (17,469) |
| FINANCING ACTIVITIES: | | |
| Adequate protection payments | (150,533) | (142,875) |
| Repayments of other indebtedness | (1,810) | (1,633) |
| Payments for contingent consideration | (976) | (207) |
| Non-debtor investment | 3,245 | — |
| Net cash used in financing activities | $ (150,074) | $ (144,715) |
| Effect of foreign exchange rate | (588) | 226 |
| NET DECREASE IN CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS | $ (130,694) | $ (101,626) |
| CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS, BEGINNING OF PERIOD | 902,733 | 1,136,259 |
| CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS, END OF PERIOD | $ 772,039 | $ 1,034,633 |

(1) The difference between the amount of Net cash provided by operating activities included in the table above and the amount of Net cash provided by operating activities included in the Condensed Consolidated Statements of Cash Flows for the same period primarily relates to the fact that the table above: (i) excludes the operating cash flows of our Non-Debtor Affiliates, which are included in the Condensed Consolidated Statements of Cash Flows, and (ii) includes the effects of the operating cash flows of the Debtors with the Non-Debtor Affiliates, which are eliminated in the Condensed Consolidated Statements of Cash Flows.

## UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

### Basis of Presentation

Pursuant to the Plan, Endo, Inc. purchased substantially all of the assets and assumed certain liabilities of Endo International plc on the Effective Date. As of March 31, 2024, Endo, Inc. had approximately $6 million of assets and liabilities, the majority of which related to the Exit Financing Debt transactions. Endo, Inc. had no other assets, liabilities or operating costs during the periods presented in this prospectus. See "*Presentation of Financial and Other Information*" for additional details. The following unaudited pro forma condensed consolidated balance sheet and statements of operations represent historical data of Endo International plc, together with its subsidiaries, as of the dates and for the periods indicated below representing the Predecessor Company, and Endo, Inc., together with its subsidiaries, representing the Successor Company following the consummation of the Plan (as defined below). The unaudited pro forma balance sheet, statement of operations and the accompanying explanatory notes (together, the Pro Forma Financial Statements) have been prepared to illustrate the anticipated effects of consummation of the Plan, including the Exit Financing Debt transactions contemplated thereunder, and the anticipated application of "fresh start" accounting, in accordance with ASC Topic 852, "Reorganizations." The unaudited pro forma condensed consolidated balance sheet reflects the effects of these transactions as if the Effective Date of the Plan and application of fresh start accounting had occurred on March 31, 2024. The unaudited pro forma condensed consolidated statements of operations for the three months ended March 31, 2024 and the year ended December 31, 2023 reflect the effects of these transactions as if the Effective Date of the Plan and application of fresh start accounting had occurred on January 1, 2023, the beginning of the most recently completed fiscal year.

The Plan was confirmed by the Bankruptcy Court on March 22, 2024 and became effective on April 23, 2024. The consolidated financial statements of Endo, Inc. will not be comparable to the historical financial statements of Endo International plc due to the effects of the consummation of the Plan and the application of fresh start accounting. The Pro Forma Financial Statements have been prepared in accordance with Regulation S-X Article 11 and reflect preliminary estimates of the transaction accounting adjustments, including the consummation of the transactions contemplated in the Plan and the application of fresh start accounting.

The Pro Forma Financial Statements presented herein are provided for informational and illustrative purposes only and are not necessarily indicative of the financial results that would have been achieved had the events and transactions occurred on the dates indicated, nor is such financial data necessarily indicative of the results of operations in future periods. The Pro Forma Financial Statements should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Capitalization*," "*The Chapter 11 Restructuring*" and the consolidated financial statements and related notes of Endo International plc, included elsewhere in this prospectus.

### The Plan

Pursuant to the Plan, on the Effective Date, Endo, Inc. purchased substantially all of the assets and assumed certain liabilities of Endo International plc. In accordance with ASC Topic 852, "Reorganizations," Endo, Inc. will become the Successor reporting entity and expects to apply fresh start accounting. The implementation of the Plan and the application of fresh start accounting are expected to result in the carrying amounts and classifications of assets, liabilities and equity of Endo, Inc. being materially different as compared to amounts reported in Endo International plc's historical consolidated financial statements. Prior to the Effective Date, Endo, Inc. had the right to designate certain assets and liabilities as "excluded assets" and "excluded liabilities," respectively. Such excluded assets and excluded liabilities remained in the possession of the Remaining Debtors. These Pro Forma Financial Statements therefore reflect Endo, Inc.'s preliminary judgments and expectations regarding which assets were acquired and which liabilities were assumed by Endo, Inc. and which assets and liabilities were retained by the Remaining Debtors as of the Effective Date. Such judgments are subject to change.

The Plan settlements constitute a good faith, full and final comprehensive compromise and settlement of substantially all claims, interests and controversies described in the Plan based upon the unique facts and circumstances of the Chapter 11 Cases. The Pro Forma Financial Statements reflect the following transactions and treatment of claims contemplated in the Plan, which occurred on or before the Effective Date:

- ***First Lien Claims*** **–** First Lien Claimholders received on account of their claims: (a) on the Effective Date (i) their pro rata share of 96.30% of Endo, Inc. common stock (subject to dilution under or pursuant to the Rights Offerings and the Backstop Commitment Agreements and the management incentive plan) and (ii) the proceeds of the Exit Financing Debt and any Exit Cash (as defined in the Plan) in excess of $200.0 million; and (b) an opportunity to participate in the First Lien Rights Offering.
- ***Second Lien Deficiency Claims and Unsecured Notes Claims*** **–** Holders of Second Lien Deficiency Claims and Unsecured Notes Claims received on account of their claims: (a) on the Effective Date (i) their applicable share of the remaining 3.70% of Endo, Inc. common stock (subject to dilution only by issuances under the management incentive

plan) and (ii) such holders' interests in certain trusts, including any future proceeds distributed on account of such trust interests and (b) an opportunity to participate in the GUC Rights Offering (which was subscribed in July 2023).

- ***Rights Offerings –*** The common stock related to the First Lien Rights Offering (up to $340.0 million), the GUC Rights Offering (up to $160.0 million) and related backstop commitment premium payable to the GUC Backstop Parties and the First Lien Backstop Parties in shares of common stock were issued. Additionally, Endo International plc paid certain First Lien Backstop Parties a cash amount equal to approximately $25.5 million as "Additional Premium" in exchange for their commitments. Shares sold pursuant to the First Lien Rights Offering were sold based on a negotiated total enterprise value of $3.275 billion. Shares sold pursuant to the GUC Rights Offering were sold based on a negotiated total enterprise value of $5.125 billion. The First Lien Rights Offering and the GUC Rights Offering were fully backstopped in accordance with the Backstop Commitment Agreements. On the Effective Date, the First Lien Backstop Parties received a commitment premium of an aggregate value equal to: (a) the First Lien Backstop Premium plus (b) the "Additional Premium."
- ***Establishment of Trusts*** – The Debtors established and funded, on the Effective Date, various trusts and sub-trusts, for the benefit of specified claimants in exchange for the resolution of specified claims against the Debtors, as further described in the Plan and in the applicable settlement and trust agreements. Where a settlement or trust agreement provided an option to prepay the settlement consideration at a discounted amount on the Effective Date, such trusts were fully funded on the Effective Date in an aggregate amount equal to approximately $441.3 million. Where a settlement or trust agreement did not allow a prepayment option, the Pro Forma Financial Statements reflect the required initial funding on the Effective Date in an aggregate amount of approximately $1.4 million and the recognition of a liability for future annual funding amounts equal to an aggregate amount of approximately $5.4 million, representing the present value of the future payment streams.
- ***Exit Financing*** – In connection with the Plan, Endo, Inc. incurred funded indebtedness of $2.5 billion, also referred to as the Exit Financing Debt. The Pro Forma Financial Statements reflect that the Exit Financing Debt is in the form of (i) a $400.0 million senior secured five-year superpriority revolving facility, or the New Revolving Facility, (ii) a $1,500.0 million senior secured seven-year term loan facility, or the New Term Facility, with an interest rate of Term SOFR plus 4.50% per annum or a base rate plus 3.50% per annum, in each case, stepping down by 0.25% upon achievement of certain first lien net leverage levels and (iii) 8.500% senior secured notes in the aggregate principal amount of $1,000.0 million, due 2031, or the New Senior Secured Notes. Endo, Inc. is still evaluating the valuation and accounting for the Exit Financing Debt transactions and the adjustments reflected in these Pro Forma Financial Statements are subject to change.
- ***Global Settlement with U.S. Department of Justice on behalf of the U.S. Government Entities –*** The Plan also incorporates the resolutions reached with the DOJ with respect to claims, including criminal, civil and tax-related claims, filed by the United States of America, referred to as the U.S. Government Claims, as defined in the Plan. This settlement provides for, in full and final satisfaction, settlement, release and discharge of, and in exchange for such U.S. Government Claims, payment of $364.9 million over 10 years, or $200.0 million if the obligation is paid in full on the Effective Date, plus contingent consideration of $25.0 million in each of 2024 to 2028 (capped at $100.0 million in the aggregate) depending on whether Endo, Inc.'s EBITDA (earnings before interest, income taxes, depreciation and amortization) exceeds defined baselines. The Pro Forma Financial Statements reflect that the settlement was paid in full on the Effective Date and assume that it is not probable that Endo, Inc. will exceed the defined EBITDA baselines for payment of the contingent consideration in any applicable year and therefore no liability related to the contingent consideration will be recorded.
- ***Intercompany Interests –*** Intercompany interests were either transferred, directly or indirectly, to the applicable purchaser entities, reinstated or deemed automatically cancelled. Subordinated, Recharacterized, or Disallowed Claims (each as defined in the Plan) were cancelled and did not receive any distribution under the Plan. Existing equity interests in subsidiaries and affiliates of the Debtors were cancelled.
- ***Existing Equity Interests –*** On the Effective Date, all issued and outstanding equity interests of Endo International plc that existed as of and immediately before the Effective Date, were cancelled, extinguished, and discharged, subject to applicable law, and each holder thereof did not receive or retain any property under the Plan on account of such existing equity interest.
- ***Cure Amounts –*** Pre-petition liabilities related to executory contracts that were expected to be assumed and assigned to Endo, Inc. were assumed by Endo, Inc. and paid in full in cash subsequent to the Effective Date.

The Plan with respect to the Remaining Debtors following the Effective Date will be implemented by a plan administrator pursuant to a plan administrator agreement. On the Effective Date, an initial funding amount of $38.0 million was funded under the plan administrator agreement, which initial amount may be adjusted as agreed to between the plan administrator and Endo, Inc. Any amounts required beyond the initial amount will be funded by Endo, Inc. and any residual amounts that may remain shall be subject to

a reversionary interest to Endo, Inc. Assets and liabilities that were excluded from the purchase and therefore remained in the possession of the Remaining Debtors is subject to ongoing evaluation by Endo, Inc.; as such, the Pro Forma Financial Statements may not reflect all adjustments that may ultimately be necessary to eliminate such assets and liabilities retained by the Remaining Debtors. Additionally, while the Plan contemplates distribution of equity awards by Endo, Inc. under a management incentive plan, any such awards are subject to approval by the Board of Directors of Endo, Inc., which did not occur prior to the Effective Date and has yet to occur; as such, the Pro Forma Financial Statements do not reflect any adjustments related to the granting of these awards.

**Fresh Start Accounting**

We expect to apply fresh start accounting in accordance with ASC Topic 852, "Reorganizations," as (i) the holders of existing voting ownership interests of Endo International plc received less than 50% of the voting shares of Endo, Inc. and (ii) the preliminary estimate of the reorganization value of assets immediately prior to confirmation of the Plan is estimated to have been less than the total of all post-petition liabilities and allowed claims.

The application of fresh start accounting requires that reorganization value be assigned to Endo, Inc.'s identified tangible and intangible assets based on their respective fair values, with any excess recorded as goodwill; post-petition liabilities will generally be assumed by Endo, Inc. at their historical carrying values; the Exit Financing Debt liabilities will be measured and recorded by Endo, Inc. at their fair values; and historical accumulated deficit and accumulated other comprehensive loss of Endo International plc will be reset to zero by Endo, Inc. As applicable, Endo International plc's liabilities subject to compromise and certain other liabilities were satisfied in accordance with the Plan's terms.

The Plan and the Disclosure Statement do not include an enterprise value or reorganization value, and while various ranges of value have been utilized for different purposes, Endo, Inc. does not believe any one is indicative of the fair value.

In accordance with ASC 852, "Reorganizations," Endo, Inc. has preliminarily estimated a reorganization value as of the Effective Date of the Plan. Such estimate has not yet been finalized and therefore remains subject to change by Endo, Inc. Reorganization value approximates the fair value of the entity before considering liabilities and approximates the amount a willing buyer would pay for the assets of the entity immediately after the restructuring. Reorganization value is derived from an estimate of enterprise value, which comprises the estimated fair value of Endo, Inc.'s long-term debt and stockholders' equity.

Endo, Inc. estimated its enterprise value to be approximately $4.6 billion for fresh start accounting purposes. Enterprise value was estimated using an income approach that utilizes a discounted cash flow (DCF) model. The net cash flows were discounted using an after-tax weighted average cost of capital, or WACC, methodology reflecting a rate of return that would be expected by a market participant. The WACC also takes into consideration a company specific risk premium reflecting the risk associated with the financial projections used to estimate future cash flows. The present value of future expected net cash flows projected through 2034 is calculated using an estimated discount rate of 16.5%.

The enterprise value and corresponding equity value are dependent upon achieving the future financial results set forth in our projections. All estimates, assumptions, valuations and financial projections, including the fair value adjustments, the estimated enterprise value and estimated equity value, are inherently subject to uncertainties and the resolution of contingencies beyond our control. Accordingly, there can be no assurance that the estimates, assumptions, valuations and financial projections will be realized, and actual results could vary materially. Moreover, the value of Endo, Inc.'s shares subsequent to the Effective Date may differ materially from the values assumed in the Pro Forma Financial Statements.

Preparation of an actual valuation with assumptions and economic data as of January 1, 2023, could result in an enterprise value that is materially different than such valuation presented in the Pro Forma Financial Statements. The intent of the Pro Forma Financial Statements is to illustrate the effects of the Plan based on the underlying economic factors as of the Effective Date.

A reconciliation of the preliminary estimated enterprise value to the preliminary estimated implied value of Endo, Inc.'s shares of common stock and preliminary estimated reorganization value is set forth below (U.S. dollars in thousands):

| | | |
|---|---|---|
| Enterprise value | $ | 4,558,000 |
| Less: Fair value of Exit Financing Debt | | (2,485,000) |
| Plus: Other non-operating assets | | 20,024 |
| Implied value of Endo, Inc.'s common stock | $ | 2,093,024 |
| Enterprise value | $ | 4,558,000 |
| Plus: Other non-operating assets | | 20,024 |
| Plus: Fair value of non-debt current liabilities | | 456,182 |

| | | |
|---|---|---|
| Plus: Fair value of non-debt non-current liabilities | | 109,548 |
| Less: Debt issuance costs | | (38,337) |
| Reorganization value of Endo, Inc.'s assets to be assigned | $ | 5,105,417 |

We preliminarily estimated the fair value of our identified tangible and intangible assets utilizing a combination of the income, market and cost approaches, as described further below.

The income approach was the primary method utilized to estimate our intangible asset values. The intangible asset valuations utilize the forecasts that were relied upon to estimate the enterprise value.

Our inventory, real property and personal property, plant and equipment were valued using a combination of the income, market and cost approaches. The market, or sales comparison, approach is a general way of estimating the value of a business or a tangible or intangible asset using one or more methods that compare the subject to similar investments or assets that have been sold or offered for sale. Sales and offering prices for the comparable investments or assets are adjusted to reflect differences between the investment or asset being valued and the comparable investments or assets, such as historical financial condition and performance, expected economic benefits, time and terms of sale, utility and physical characteristics.

The cost or asset approach may be viewed as a general way of estimating the value of a business, business ownership interest or a tangible or intangible asset by quantifying the amount of money required to replace the investment or asset with another having equivalent utility, sometimes described as future service capability.

**ENDO INTERNATIONAL PLC**
**PRO FORMA UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**
**(U.S. dollars in thousands)**

| | As of March 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | | Transaction Accounting Adjustments | | | | |
| | Predecessor Historical | Reorganization Adjustments | | Fresh Start Adjustments | | Successor Pro Forma |
| **ASSETS** | | | | | | |
| CURRENT ASSETS: | | | | | | |
| Cash and Cash Equivalents | $ 641,373 | (441,373) | (1) | — | | $ 200,000 |
| Restricted cash and cash equivalents | 250,476 | (160,213) | (2) | — | | 90,263 |
| Accounts receivable, net | 364,081 | — | | — | | 364,081 |
| Inventories, net | 265,985 | — | | 234,015 | (15) | 500,000 |
| Prepaid expenses and other current assets | 98,230 | (4,360) | (3) | — | | 93,870 |
| Income taxes receivable | 8,457 | — | | — | | 8,457 |
| Total current assets | 1,628,602 | (605,946) | | 234,015 | | 1,256,671 |
| PROPERTY, PLANT AND EQUIPMENT, NET | 475,291 | — | | 71,620 | (16) | 546,911 |
| OPERATING LEASE ASSETS | 20,761 | — | | — | | 20,761 |
| GOODWILL | 1,352,011 | — | | (1,352,011) | (17) | — |
| OTHER INTANGIBLES, NET | 1,415,208 | — | | 1,307,053 | (18) | 2,722,261 |
| DEFERRED INCOME TAXES | — | 169,830 | (4) | (120,925) | (19) | 48,905 |
| OTHER ASSETS | 57,902 | 4,620 | (5) | 447,386 | (15) | 509,908 |
| TOTAL ASSETS | $ 4,949,775 | $ (431,496) | | $ 587,138 | | $ 5,105,417 |
| **LIABILITIES AND SHAREHOLDERS' DEFICIT** | | | | | | |
| CURRENT LIABILITIES: | | | | | | |
| Accounts payable and accrued expenses | $ 492,812 | (52,744) | (6) | — | | $ 440,068 |
| Contingent Consideration | — | 10,903 | (7) | — | | 10,903 |
| Current portion of operating lease liabilities | 1,021 | 3,919 | (8) | — | | 4,940 |
| Current portion of long-term debt | — | — | | — | | — |
| Income taxes payable | 1,715 | (1,444) | (4) | — | | 271 |
| Total current liabilities | 495,548 | (39,366) | | — | | 456,182 |
| DEFERRED INCOME TAXES | 17,707 | ( 17,707) | (4) | 21,373 | (19) | 21,373 |
| LONG-TERM DEBT, LESS CURRENT PORTION, NET | — | 2,446,663 | (9) | — | | 2,446,663 |
| OPERATING LEASE LIABILITIES, LESS CURRENT PORTION | 3,805 | 14,849 | (8) | — | | 18,654 |
| OTHER LIABILITIES | 84,172 | (14,651) | (10) | — | | 69,521 |
| LIABILITIES SUBJECT TO COMPROMISE | 11,103,258 | (11,103,258) | (11) | — | | — |
| COMMITMENTS AND CONTINGENCIES | | | | | | — |
| SHAREHOLDERS' (DEFICIT)/EQUITY: | | | | | | |
| Endo International plc Euro deferred shares | 43 | (43) | (12) | — | | — |
| Endo International plc ordinary shares | 24 | (24) | (12) | — | | — |
| Endo, Inc. common stock | — | 76 | (13) | — | | 76 |
| Endo International plc additional paid-in capital | 8,980,561 | (8,980,561) | (12) | — | | — |
| Endo, Inc. additional paid-in capital | — | 2,092,948 | (13) | — | | 2,092,948 |
| Endo International plc accumulated deficit | (15,508,657) | 15,169,578 | (14) | 339,079 | (20) | — |
| Endo International plc accumulated other comprehensive loss | (226,686) | — | | 226,686 | (20) | — |
| Total shareholders' (deficit)/equity | (6,754,715) | 8,281,974 | | 565,765 | | 2,093,024 |
| TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIT)/EQUITY | $ 4,949,775 | $ (431,496) | | $ 587,138 | | $ 5,105,417 |

See accompanying Notes to the Pro Forma Financial Information.

**ENDO INTERNATIONAL PLC**
**PRO FORMA UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**
**(U.S. dollars and shares in thousands, except per share data)**

| | For the year ended December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | | Transaction Accounting Adjustments | | | | |
| | Predecessor Historical | Reorganization Adjustments | | Fresh Start Adjustments | | Successor Pro Forma |
| TOTAL REVENUES, NET | $ 2,011,518 | — | | — | | $ 2,011,518 |
| COSTS AND EXPENSES: | | | | | | |
| Cost of revenues | 946,415 | — | | 249,476 | (24) | 1,195,891 |
| Selling, general and administrative | 567,727 | — | | — | | 567,727 |
| Research and development | 115,462 | — | | — | | 115,462 |
| Litigation-related and other contingencies, net | 1,611,090 | — | | — | | 1,611,090 |
| Asset impairment charges | 503 | — | | — | | 503 |
| Acquisition-related and integration items, net | 1,972 | — | | — | | 1,972 |
| Interest expense, net | — | 233,200 | (21) | — | | 233,200 |
| Reorganization items, net | 1,169,961 | (1,169,961) | (22) | — | | — |
| Other income, net | (9,688) | — | | — | | (9,688) |
| (LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX | $ (2,391,924) | $ 936,761 | | $ (249,476) | | $ (1,704,639) |
| INCOME TAX EXPENSE (BENEFIT) | 55,862 | 217,857 | (23) | (58,019) | (25) | 215,700 |
| NET (LOSS) INCOME FROM CONTINUING OPERATIONS | $ (2,447,786) | $ 718,904 | | $ (191,457) | | $ (1,920,339) |
| NET (LOSS) INCOME PER SHARE FROM CONTINUING OPERATIONS: | | | | | | |
| Basic and Diluted | $ (10.41) | | | | (26) | $ (25.14) |
| WEIGHTED AVERAGE SHARES: | | | | | | |
| Basic and Diluted | 235,219 | | | | | 76,400 |

See accompanying Notes to the Pro Forma Financial Information.

**ENDO INTERNATIONAL PLC**
**PRO FORMA UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**
**(U.S. dollars and shares in thousands, except per share data)**

| | For the three months ended March 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | | Transaction Accounting Adjustments | | | | |
| | Predecessor Historical | Reorganization Adjustments | | Fresh Start Adjustments | | Successor Pro Forma |
| TOTAL REVENUES, NET | $ 419,507 | — | | — | | $ 419,507 |
| COSTS AND EXPENSES: | | | | | | |
| Cost of revenues | 199,013 | — | | 64,305 | (24) | 263,318 |
| Selling, general and administrative | 130,068 | — | | — | | 130,068 |
| Research and development | 25,902 | — | | — | | 25,902 |
| Acquired in-process research and development | 750 | — | | — | | 750 |
| Litigation-related and other contingencies, net | — | — | | — | | — |
| Asset impairment charges | 304 | — | | — | | 304 |
| Acquisition-related and integration items, net | 621 | — | | — | | 621 |
| Interest expense, net | — | 58,150 | (21) | — | | 58,150 |
| Reorganization items, net | 203,046 | (203,046) | (22) | — | | — |
| Other expense, net | 5,755 | — | | — | | 5,755 |
| (LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX | $ (145,952) | $ 144,896 | | $ (64,305) | | $ (65,361) |
| INCOME TAX EXPENSE (BENEFIT) | 7,882 | 33,698 | (23) | (14,955) | (25) | 26,625 |
| NET (LOSS) INCOME FROM CONTINUING OPERATIONS | $ (153,834) | $ 111,198 | | $ (49,350) | | $ (91,986) |
| NET (LOSS) INCOME PER SHARE FROM CONTINUING OPERATIONS: | | | | | | |
| Basic and Diluted | $ (0.65) | | | | | $ (1.20) (26) |
| WEIGHTED AVERAGE SHARES: | | | | | | |
| Basic and Diluted | 235,219 | | | | | 76,400 |

See accompanying Notes to the Pro Forma Financial Information.

**Pro Forma Adjustments**

Unless otherwise indicated, U.S. dollar amounts are stated in thousands.

***Pro Forma Adjustments to the Pro Forma Unaudited Condensed Consolidated Balance Sheet***

The adjustments included in the unaudited pro forma condensed consolidated balance sheet reflect the effects of the transaction accounting adjustments, including the transactions contemplated by the Plan (reflected in the column "Reorganization Adjustments") as well as fair value and other required adjustments resulting from the adoption of fresh start accounting (reflected in the column "Fresh Start Adjustments").

**Reorganization Adjustments**

(1) Pro forma changes in cash and cash equivalents include the following:

| | March 31, 2024 |
|---|---|
| Proceeds from the issuance of Exit Financing Debt (see Note 9 below) | $ 2,485,000 |
| Proceeds from the First Lien Rights Offering [(a)] | 340,219 |
| Proceeds from the GUC Rights Offering [(a)] | 160,102 |
| Transfers from restricted cash | 121,571 |
| Distribution of Exit Financing Debt proceeds to holders of First Lien Claims | (2,485,000) |
| Payments to fund trusts for settlement of claims | (441,377) |
| Payment of cash in excess of Exit Cash to holders of First Lien Claims | (129,560) |
| Payment for settlement of U.S. Government Claims | (200,075) |
| Payment of professional fees, including success fees | (146,228) |
| Payment of plan administration fees and expenses related to the wind-down of Remaining Debtors | (38,000) |
| Payment of Additional Premium | (25,540) |
| Payment for cure and other amounts related to the assumption of executory contracts | (39,227) |
| Payment of debt issuance costs associated with Exit Financing Debt | (39,089) |
| Payment of other costs | (2,769) |
| Payment to fund other trusts at the Effective Date for settlement of claims classified as restricted cash due to certain reversionary interest rights | (1,400) |
| Net pro forma change in cash and cash equivalents | $ (441,373) |

(a) Excess proceeds of $321 related to the Equity Rights Offering represents rounding of fractional shares issued.

(2) Pro forma changes in restricted cash and cash equivalents include the following:

| | March 31, 2024 |
|---|---|
| Transfer of restricted cash to cash related to TLC Agreement | $ (85,000) |
| Payment to fund other trusts at the Effective Date for settlement of claims classified as restricted cash due to certain reversionary interest rights | 1,400 |
| Restricted cash of Qualified Settlement Funds, or QSFs, for mesh-related matters classified as liabilities subject to compromise to stay with Remaining Debtors | (40,041) |
| Release of restricted cash to cash related to professional fee hold-backs | (31,654) |
| Release of restricted cash of QSFs for mesh-related matters to cash | (4,782) |
| Transfer of restricted cash to cash for release of utility deposit | (136) |
| Net pro forma change in restricted cash and cash equivalents | $ (160,213) |

(3) Pro forma changes in prepaid expenses and other current assets include the following:

| | March 31, 2024 |
|---|---|
| Reclassification of prepaid debt issuance costs to capitalized debt issuance costs | $ (9,225) |
| Capitalization of debt issuance costs classified as short-term related to the Super Priority Revolving Credit Facility | 1,242 |
| Tax impacts as a result of foreign valuation allowance adjustments based on implementation of the Plan | 3,623 |
| Net pro forma change in prepaid expenses and other current assets | $ (4,360) |

(4) Reflects the pro forma change in deferred tax assets and liabilities and elimination of a tax receivable as a result of implementation of the Plan. Historically, Endo International plc, an Irish-domiciled entity, was the parent company and the reinvestment analysis was completed from an Irish parent perspective. Endo, Inc. is a U.S.-based parent company and therefore our reinvestment analysis going forward will be completed from a U.S.-based parent perspective. Accordingly, Endo, Inc.'s evaluation and conclusions as to whether some or all of the undistributed earnings of our subsidiaries are indefinitely reinvested may differ from those of Endo International plc and such conclusions may materially impact our results of operations. Endo, Inc. has not made an assertion on permanent reinvestment of our foreign affiliates. For purposes of the Pro Forma Financial Statements, we have assumed that the undistributed earnings of our affiliates in Ireland, India and Canada will be indefinitely reinvested. It is not practicable to estimate the additional income taxes related to indefinitely reinvested earnings or the basis differences related to investment in subsidiaries.

(5) Pro forma changes in other assets include the following:

| | March 31, 2024 |
|---|---|
| Write off of directors' and officers' insurance policy of Predecessor | $ (347) |
| Capitalization of debt issuance costs classified as long-term related to the Super Priority Revolving Credit Facility | 4,967 |
| Net pro forma change in other assets | $ 4,620 |

(6) Pro forma changes in accounts payable and accrued expenses include the following:

| | March 31, 2024 |
|---|---|
| Accrual for funding of certain trusts for settlements of claims expected to be paid within one year | $ 1,232 |
| Reinstatement of finance lease liabilities | 5,919 |
| Reinstatement of certain contracts | 1,173 |
| Payment of other amounts | (12,802) |
| Payment of professional fees, including hold-backs | (44,497) |
| Payment of previously accrued debt issuance costs | (3,769) |
| Net pro forma change in accounts payable and accrued expenses | $ (52,744) |

(7) Reflects the reinstatement of contingent consideration liabilities related to executory contracts.

(8) Reflects the reinstatement of operating lease liabilities.

(9) Reflects the proceeds from the issuance of the Exit Financing Debt net of original issuance discounts and capitalized debt issuance costs, as set forth below. No borrowings were made under the New Revolving Facility at the Effective Date.

| | March 31, 2024 |
|---|---|
| Proceeds from issuance of the New Term Facility (net of stated 1% unamortized original issuance discount) | $ 1,485,000 |
| Proceeds from issuance of the New Senior Secured Notes | 1,000,000 |
| Capitalized debt issuance costs for the New Term Facility and New Senior Secured Notes | (38,337) |
| Net pro forma change in long-term debt | $ 2,446,663 |

| | March 31, 2024 |
|---|---|

(10) Pro forma changes in other liabilities include the following:

| | March 31, 2024 |
|---|---|
| Reinstatement of finance lease liabilities | $ 2,391 |
| Accrual for funding of certain trusts for settlements of claims expected to be funded beyond one year | 4,190 |
| Liabilities related to the funding of other trusts at the Effective Date for settlement of claims where Endo, Inc. has certain reversionary interest rights | 1,400 |
| Settlement of tax liabilities in connection with resolution of the U.S. Government Claims | (22,632) |
| Net pro forma change in other liabilities | $ (14,651) |

(11) Liabilities subject to compromise settled in accordance with the Plan and the resulting gain were determined as follows:

| | March 31, 2024 |
|---|---|
| Liabilities subject to compromise | $ 11,103,258 |
| Distribution of Exit Financing Debt proceeds to holders of First Lien Claims | (2,485,000) |
| Issuance of Endo, Inc. common stock to creditors | (910,029) |
| Excess implied value of Endo, Inc. common stock ascribed to creditors participating in the First Lien Rights Offering and GUC Rights Offering[(a)] | (571,466) |
| Issuance of Endo, Inc. common shares for the First Lien and GUC Backstop Commitments | (111,208) |
| Payment of cash in excess of Exit Cash to holders of First Lien Claims | (129,560) |
| Payment for settlement of U.S. Government Claims | (200,075) |
| Payments to fund trusts for settlement of claims | (442,777) |
| Reinstatement of liabilities subject to compromise to accrued liabilities[(b)] | (39,532) |
| Payment of restricted cash of QSFs for mesh-related matters classified as liabilities subject to compromise | (40,041) |
| Payment for cure and other amounts related to the assumption of executory contracts | (26,047) |
| Payment of Additional Premium | (25,540) |
| Accrual for funding of future payments to certain trusts for settlements of claims | (5,422) |
| Gain on settlement of liabilities subject to compromise[(c)] | $ 6,116,561 |

(a) Difference between implied value of Endo, Inc. common stock sold, amounting to $1,071,787, and proceeds received under the terms of the First Lien Rights Offering and GUC Rights Offering, amounting to $500,321.
(b) Primarily includes lease liabilities, contingent obligations and certain tax liabilities.
(c) See note (14).

(12) Reflects the cancellation of Endo International plc's ordinary shares, Euro deferred shares and additional paid-in capital.

(13) Reflects the issuance of 76.4 million shares of Endo, Inc. common stock at a par value of $0.001, and additional paid-in capital (in thousands):

| | March 31, 2024 |
|---|---|
| Issuance of Endo, Inc. common stock, at par, to holders of claims | $ 33 |
| Issuance of Endo, Inc. common stock, at par, in connection with the First Lien Rights Offering and GUC Rights Offering | 39 |
| Issuance of Endo, Inc. common stock, at par, for the First Lien and GUC Backstop Commitments | 4 |
| Net pro forma change in Endo, Inc. common stock | $ 76 |

| | March 31, 2024 |
|---|---|
| Issuance of Endo, Inc. common stock to holders of claims | $ 909,996 |
| Issuance of Endo, Inc. common stock in connection with the First Lien Rights Offering and GUC Rights Offering | 1,071,748 |
| Issuance of Endo, Inc. common stock for the First Lien and GUC Backstop Commitments | 111,204 |
| Net pro forma change in Endo, Inc. additional paid-in capital | $ 2,092,948 |

(14) The decrease in accumulated deficit resulted from the items in the below table. Items included here are not presented in the Pro Forma Unaudited Condensed Consolidated Statement of Operations as the activity would have been recorded in the Predecessor period and is not applicable in the Successor period.

| | March 31, 2024 |
|---|---|
| Cancellation of Endo International plc ordinary shares and additional paid-in capital (direct charge to equity) | $ 8,980,628 |
| Net deferred tax impacts and the elimination of a tax receivable on the effectiveness of the Plan | 192,605 |
| Gain on settlement of liabilities subject to compromise | 6,116,561 |
| Gain on settlement of U.S. tax liabilities as part of the resolution of U.S. Government Claims | 22,632 |
| Professional fees including success fees | (101,732) |
| Payment of other costs | (2,769) |
| Write off of Endo International plc directors' and officers' insurance policy premium | (347) |
| Payment for plan administration fees and expenses related to the wind-down of remaining debtor entities | (38,000) |
| Net pro forma change in accumulated deficit | $ 15,169,578 |

**Fresh Start Adjustments**

(15) Reflects the preliminary fair value adjustment to inventories due to the adoption of fresh start accounting. Inventory in excess of the amount expected to be sold within one year is classified as noncurrent inventory and is included in other assets in the Pro Forma Unaudited Condensed Consolidated Balance Sheet.

(16) Reflects the preliminary fair value adjustment to property, plant and equipment, net due to the adoption of fresh start accounting. The following table summarizes the preliminary fair value of property, plant and equipment, net by asset class:

| | Amount | Estimated Useful Life |
|---|---|---|
| Land and buildings | $ 120,001 | 5-50 years |
| Machinery and equipment | 173,866 | < 1-12 years |
| Leasehold improvements | 18,559 | < 1-6 years |
| Computer equipment and software | 24,523 | < 1-5 years |
| Furniture and fixtures | 3,421 | < 1-7 years |
| Assets under construction | 206,541 | — |
| Total property, plant and equipment | $ 546,911 | |

(17) Reflects the elimination of Predecessor goodwill due to the adoption of fresh start accounting. The preliminary estimated reorganization value has been assigned to the estimated fair value of identifiable tangible and intangible assets with no excess to be recorded as goodwill.

(18) Reflects the preliminary fair value adjustment to other intangibles, net due to the adoption of fresh start accounting. The following table summarizes the components of the preliminary fair value of identified intangible assets:

| | Amount | Average Life |
|---|---|---|
| **Intangible assets subject to amortization** | | |
| Marketed products | $ 2,412,261 | 9 |
| **Intangible assets not subject to amortization** | | |
| In-process research and development | 310,000 | Indefinite |
| Total identified intangible assets | $ 2,722,261 | |

(19) Reflects the pro forma adjustment to deferred tax assets and liabilities as a result of the adoption of fresh start accounting.

(20) Reflects the cumulative impact of fresh start accounting adjustments discussed above and the elimination of Endo International plc accumulated deficit and accumulated other comprehensive loss.

***Pro Forma Adjustments to the Pro Forma Unaudited Condensed Consolidated Statements of Operations***

The adjustments included in the Unaudited Pro Forma Condensed Consolidated Statements of Operations reflect the effects of the transaction accounting adjustments, including the transactions contemplated by the Plan (reflected in the column "Reorganization Adjustments") as well as fair value and other required adjustments resulting from the adoption of fresh start accounting (reflected in the column "Fresh Start Adjustments").

**Reorganization Adjustments**

(21) Reflects the adjustment to interest expense as a result of the New Term Facility and New Senior Secured Notes, calculated using the coupon rate of Term SOFR plus 4.50% per annum and 8.500% per annum, respectively. The pro forma adjustments to interest expense are calculated as $58,150 and $233,200 for the three months ended March 31, 2024 and the year ended December 31, 2023, respectively. The increase or decrease of interest rates by 0.125% would impact the interest expense by $0.781 million and $3.125 million positively or negatively for the three months ended March 31, 2024 and the year ended December 31, 2023, respectively.

(22) Reflects the elimination of reorganization items that were directly attributable to the Chapter 11 restructuring and not applicable to the Successor.

(23) The income tax impact was calculated by applying the estimated blended statutory tax rate of 23.26% of the respective tax jurisdictions to which each pro forma adjustment relates. The blended tax rates applied take into account the impact of the internal legal entity and asset restructuring executed as part of the Plan.

**Fresh Start Adjustments**

(24) Reflects the adjustment to cost of revenues as follows:

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Impact of fair value adjustment to inventory[(a)] | $ 58,354 | $ 234,015 |
| Change in depreciation expense[(b)] | 851 | 3,364 |
| Change in amortization expense[(c)] | 5,100 | 12,097 |
| Pro forma adjustment to cost of revenues | $ 64,305 | $ 249,476 |

(a) The adjustment reflects the portion of the fair value increase to inventory which would be expensed during the three months ended March 31, 2024 and the year ended December 31, 2023.

(b) The adjustment reflects the preliminary estimated increase in fair value and estimated useful lives of real and personal property.

(c) The adjustment reflects the preliminary estimated increase in fair value and estimated useful lives of identified intangible assets subject to amortization.

(25) Reflects the pro forma adjustments to tax expense as a result of adopting fresh start accounting. The income tax impact was calculated by applying the estimated blended statutory tax rate of 23.26% of the respective tax jurisdictions to which each pro

forma adjustment relates. The blended tax rates applied take into account the impact of the internal legal entity and asset restructuring executed as part of the Plan.

(26) Represents the pro forma net loss per share calculated using the weighted average Endo, Inc. shares of common stock outstanding, assuming the impacts of the Plan were effective on January 1, 2023.

The following table reflects the impact of the Plan on historical weighted average shares outstanding:

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| | (in thousands) | (in thousands) |
| Historical weighted average shares outstanding | 235,219 | 235,219 |
| Less: cancellation of Endo International plc ordinary shares | (235,219) | (235,219) |
| Add: Issuance of Endo, Inc. common stock | 76,400 | 76,400 |
| Weighted average common stock outstanding | 76,400 | 76,400 |

The following table represents the calculation of pro forma net loss per share:

| *(in thousands, except per share data)* | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Net loss (A) | $ (91,986) | $ (1,920,339) |
| Weighted average Endo, Inc. common stock outstanding (B) | 76,400 | 76,400 |
| Net loss per share, basic and diluted (A/B) | $ (1.20) | $ (25.14) |