ENDO INTERNATIONAL PLC
(DEBTOR-IN-POSSESSION)
Condensed Consolidated Financial Statements (Unaudited)
For the Quarterly Period Ended March 31, 2024

Cautionary Note Regarding Forward-Looking Statements

This document contains forward-looking statements including, but not limited to, statements that refer to expected, estimated or anticipated future results or that do not relate solely to historical facts. Statements including words such as "believes," "expects," "anticipates," "intends," "estimates," "plan," "will," "may," "look forward," "intends," "guidance," "future," "potential" or similar expressions are forward-looking statements. Because these statements reflect the current views of Endo International plc, expectations and beliefs concerning future events, they involve risks and uncertainties, some of which Endo International plc may not currently be able to predict. Although Endo International plc believes that these forward-looking statements and other information are based upon reasonable assumptions and expectations, readers should not place undue reliance on these or any other forward-looking statements and information. Actual results may differ materially and adversely from current expectations based on a number of factors, including, among other things, the following: the effects of the emergence of Endo International plc's assets from the Chapter 11 financial restructuring process, including as it relates to the accounting for the effects of the Plan (as defined below) and the application of fresh start accounting; changes in competitive, market or regulatory conditions; changes in legislation or regulations; the ability to obtain and maintain adequate protection for intellectual property rights; the impacts of competition such as those related to XIAFLEX®; the timing and uncertainty of the results of both the research and development and regulatory processes; health care and cost containment reforms, including government pricing, tax and reimbursement policies; the performance including the approval, introduction and consumer and physician acceptance of current and new products; the ability to develop and expand our product pipeline and to continue to develop the market for XIAFLEX® and other branded or unbranded products; the effectiveness of advertising and other promotional campaigns; and the timely and successful implementation of any strategic priorities. Endo International plc assumes no obligation to publicly update any forward-looking statements, whether as a result of new information, future developments or otherwise, except as may be required under applicable securities laws.

SEC Review

Endo, Inc. has confidentially submitted a draft registration statement with the U.S. Securities and Exchange Commission (SEC) to effectuate its previously announced goal of listing its common stock on a national stock exchange. The registration statement includes a description of the business, financial and other information of Endo, Inc. and Endo International plc, some of which may be referenced in this document. Comments by the SEC on the registration statement may require modification or reformulation of the description of the business, financial statements, or other information or disclosures of Endo, Inc. and/or Endo International plc. As a result, information that Endo, Inc. presents in the future may differ in presentation or calculation from the information presented herein. This document does not constitute an offer to sell or the solicitation of an offer to buy any securities. Any offers, solicitations or offers to buy, or any sales of securities will be made in accordance with the registration requirements of the Securities Act of 1933, as amended.

ENDO INTERNATIONAL PLC
(DEBTOR-IN-POSSESSION)
INDEX

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.

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	—
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):

Cost basis:	Balance as of December 31, 2023	Acquisitions	Effect of Currency Translation	Balance as of March 31, 2024
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
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.