Laure Park:
Good morning and thank you for joining us to discuss our first-quarter 2022 financial results. Joining me on today's call are Blaise Coleman, Endo's President & CEO, Mark Bradley, Executive Vice President and CFO, and Patrick Barry, President, Global Commercial Operations. We have prepared a slide presentation to accompany today's webcast and that presentation, as well as other materials, are posted online in the Investor section at endo.com. Additionally, later this morning a copy of our prepared comments will also be posted online in the Investor section at endo.com.

I would like to remind you that any forward-looking statements made by management are covered under the U.S. private securities litigation reform act of 1995 and the applicable Canadian securities laws and are subject to the changes, risks and uncertainties described in the press release and in our U.S. and Canadian securities filings.

In addition, during the course of this call, we may refer to non-GAAP financial measures that are not prepared in accordance with accounting principles generally accepted in the United States and that may be different from non-GAAP financial measures used by other companies. Investors are encouraged to review Endo's current report on Form 8-K furnished with the SEC for Endo's reasons for including those non-GAAP financial measures in its earnings release and presentation. The reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures are contained in our earnings press release issued yesterday, unless otherwise noted therein.

I would now like to turn the call over to Blaise.

Blaise Coleman:

Thank you, Laure. Good morning everyone and thank you for joining us.

Turning to Slide 3, As we have previously discussed, our strategic priorities guide all that we do as we work to transform our company.

Our first strategic priority, to expand and enhance our portfolio, is essential to fueling our Company's future growth and will be achieved through a combination of internal and external investments. This week we announced advancements for our sterile injectables and medical aesthetics portfolios.

Starting with sterile injectables, on Monday, we announced the acquisition of a portfolio of six product candidates from Nevakar. These products are in various stages of

development, with the first launch expected in 2025. Endo will control all remaining development, regulatory, manufacturing and commercialization activities for these assets. This acquisition further bolsters and expands our pipeline of differentiated ready-to-use sterile injectables.

Additionally, yesterday, we announced that later this quarter we plan to launch a new multi-cohort, open-label study referred to as APHRODITE-1 focused on reducing bruising associated with the utilization of QWO. The study will test different interventions to assess their potential impact on the reduction of bruising and is part of our investment to achieve QWO's full potential.

Our second strategic priority, to reinvent how we work, permeates our entire organization and everything we do. A key element of this priority is to optimize our manufacturing network, invest in new capabilities in support of our future portfolio and maximize supply chain flexibility and resiliency. Last month, the U.S. FDA completed its first inspection of our new manufacturing facility in Indore, India resulting in no major Form 483 inspection observations. We have already received FDA approvals for several solid oral dose products that will be manufactured at the new site.

Additionally, we continue to identify actions to simplify our ways of working across our business. We expect these actions to generate cost savings in the second half of 2022 with a portion of the savings expected to be utilized to fund certain high priority new initiatives such as our new QWO clinical study.

Our third strategic priority, to be a force for good, embodies our commitment to create sustainable value that benefits all of our stakeholders. It also drives our Environmental, Social and Governance strategy. Last week, we published our 2021 Corporate Responsibility Report, which serves as an annual accounting of our performance and our progress to integrate ESG into our company. I am pleased with our progress, which includes the measurement of Scope 1 and Scope 2 Greenhouse Gas Emissions data.

I want to thank all of our team members for their continued commitment to our vision and for their efforts to advance our strategic priorities.

Moving to Slide 4, this is a snapshot of our segment and consolidated revenues and our adjusted EBITDA for the quarter. First-quarter enterprise revenues of $652 million were better than expected due to slightly higher revenues across each of our business segments. Compared to prior year, revenues decreased by approximately 9%, primarily due to decreased revenues from our Sterile Injectables segment, partially offset by increased revenues from our Generic Pharmaceuticals segment.

First-quarter 2022 adjusted EBITDA of $311 million was better than expected due to higher revenue and favorable product mix, and lower adjusted operating expenses. Compared to prior year, adjusted EBITDA decreased by approximately 15% primarily due to lower total VASOSTRICT revenues, lower adjusted gross margin and higher adjusted operating expenses due to increased commercial investments.

Turning to Slide 5, first-quarter revenues from our Branded Pharmaceuticals segment were better than expected primarily driven by higher growth in XIAFLEX® and other office-administered products. Compared to prior year, segment revenues decreased approximately 1%. This reflects a 12% decrease in our Established products portfolio and a 4% increase from our Specialty Products portfolio.

Although XIAFLEX's performance in January and February was unfavorably impacted by on-going medical and administrative staff shortages in physicians' offices and lower numbers of in-person patient office visits, we saw improving market conditions and a recovery in demand starting in March. We remain optimistic that market conditions will continue to steadily improve throughout the rest of the second quarter and the second half of the year.

First quarter revenues from our Sterile Injectables segment were consistent with our expectations. Compared to prior year, segment revenues decreased by approximately 22% due to decreased VASOSTRICT revenues, primarily related to generic competition as well as lower overall market demand as COVID-19 related hospital utilization declined.

Turning to slide 6, the vasopressin market is currently very dynamic and evolving. First, beginning late last year and continuing early into the first-quarter of this year, hospital purchasing of VASOSTRICT vials continued to be elevated driven by COVID 19 related hospital utilization and projected future needs. This was followed by the entry of multiple generic vasopressin vial competitors, triggered by Eagle's January launch at risk, which substantially reduced market pricing and our VASOSTRICT vial market share. As we moved through the first quarter and COVID-19 related hospital utilization began to decline, overall vasopressin market volumes also began to significantly decline. The convergence of aggressive competition and overall declining market volumes on VASOSTRICT vial demand has resulted in a current high level of VASOSTRICT vial channel inventory in terms of weeks on hand. Based on this, we anticipate experiencing a prolonged period of VASOSTRICT vial destocking through the remainder of the second quarter. Accordingly, we expect to see a material unfavorable impact on revenues from VASOSTRICT in the second quarter, inclusive of a one-time negative destocking impact of approximately $25 million.

Additionally, as we approach the end of Eagle's 180-day exclusivity period in mid-July, we are preparing for potential additional market entrants.

With regards to our VASOSTRICT ready to use bottle, while early in the launch, we are encouraged by the market conversion to the bottle and the positive feedback we have received from our customers to date. Many of our customers have noted the potential for efficiency and convenience, particularly as it relates to room temperature storage of the bottle as well as the flexibility of having the bottle at the site of care.

Moving to Slide 7, first quarter revenues from our Generic Pharmaceuticals segment exceeded expectations due to better than planned varenicline revenues. Compared to prior year, first quarter segment revenues increased by 3% mainly due to revenues from varenicline, partially offset by competitive pressure on certain other generic products. I'll share more about the varenicline opportunity on the next slide.

Finally, International segment revenues for the first-quarter were in line with expectations and essentially flat compared to prior year.

Moving to our varenicline product opportunity on slide 8, we are extremely proud of our team members' efforts to successfully expand our capacity during the quarter which now is fully equipped to supply the market pre-Chantix withdrawal levels. This is critical to our ability to fill the current unmet product demand. Based on recent IQVIA data, we have approximately 85% share of the current market for the molecule. We believe varenicline has the potential to be a significant opportunity for us this year. However, we currently have no visibility into when competition might materialize for this product. Therefore, it's difficult to estimate the full year outlook at this time. What we can say with confidence is that we are working to fully capitalize on the opportunity. This includes investments in omnichannel marketing to create awareness of generic varenicline availability in support of increasing overall varenicline market volumes.

Moving to slide 9, maximizing XIAFLEX for long-term growth is a critical element of our strategic priority to expand and enhance our portfolio. We believe that XIAFLEX has the potential to satisfy the large unmet needs that continue to exist for nonsurgical options to treat both Peyronie's Disease and Dupuytren's Contracture.

We are encouraged by the strong interest by patients seeking treatment which is fueling underlying demand across both indications, as measured by consumer traffic to our website and physician locator sites. This is a good early indicator of patient interest and initial consumer activation.

To realize the potential of these indications and drive meaningful adoption and sustainable long-term growth, we are committed to consistent investment in condition awareness and consumer activation.

For Peyronie's Disease, our branded campaign is intended to motivate men to visit a specially trained urologist and to request XIAFLEX. To help assist with diagnosis, we are also developing a digital app to give men who have a curvature the ability to screen themselves for Peyronie's Disease and securely share that information with a urologic professional, all from the privacy of their own homes. We plan to launch this app later this year.

For Dupuytren's Contracture, we are very encouraged by the consumer response from our new condition awareness campaign featuring real patients. Our Watching Education Unfold commercials are driving strong digital traffic from patients searching for information regarding their condition.

In addition to optimizing our on-market indications, our XIAFLEX maximization plan also includes continued investment in the development of potential future new indications.

The current XIAFLEX indications in clinical development include plantar fibromatosis and adhesive capsulitis. We believe these potential orthopedic focused indications represent the opportunity to potentially bring an innovative treatment option to address a large unmet need for patients who are seeking a non-surgical approach. In addition, these potential indications represent attractive market opportunities, are highly synergistic with our current orthopedic selling footprint and commercial capabilities and represent highly efficient adjacencies for our XIAFLEX franchise. From a timeline perspective, we anticipate last patient to be enrolled in the Phase II study for plantar fibromatosis by the end of the year. For our adhesive capsulitis study, we expect final Phase 2 study results early in the third quarter of this year.

Turning to slide 10, as we indicated last quarter, as a company we are very focused on listening and learning from the medical aesthetics community and becoming a trusted and enduring partner in the space. In response to their feedback, we are committed to identifying potential solutions that prevent and/or mitigate bruising and potential subsequent skin discoloration following the use of QWO. Accordingly, we are advancing a multi-cohort, open-label self-controlled study referred to as APHRODITE-1 later this quarter. Taking into account real world learnings, observations, and historical clinical study findings, APHRODITE-1 will test different interventions to assess their potential

impact on the reduction of bruising following treatment with QWO, as we believe bruising is the likely precursor to the occasional incidents of skin discoloration. Additionally, the study has been created with the flexibility to add cohorts in order to test additional interventions over time if desired. Next week, we will be presenting a poster on the study design at the Symposium for Cosmetic Advances & Laser Education, in Nashville, TN. Currently, we are estimating completion of the study in mid-2023.

On the commercial side, we have adjusted our commercial resource levels and will have a focused approach on HCP outreach, successful practice integration, and targeted consumer activation. We believe this approach continues to give us a meaningful commercial presence in the medical aesthetics space and better meets today's needs. It also enables us to redeploy funding to the QWO Aphrodite-1 study.

Turning to slide 11, we continue to evolve our R&D pipeline and manufacturing capabilities to support the introduction of an increasing number of sterile products that focus on our customers' evolving needs. With the recent acquisition of the six ready-to-use development stage product candidates from Nevakar, we have approximately 40 projects in our pipeline, with sterile injectable products now representing approximately 90%.

Year-to-date across our Sterile Injectables and Generic segments, we've launched five products and expect to launch approximately 10 new products during 2022.

In addition to our organic efforts to expand and enhance our portfolio, we intend to remain active on the business development front. We continue to be focused on opportunities such as the recent Nevakar acquisition which are in our core areas of growth and which we believe will enable us to further leverage our existing capabilities. We have taken and will continue to take a disciplined approach to deploying capital on business development opportunities that align with our strategy.

With that, let me turn the call over to Mark to further discuss the Company's financial results and our financial guidance.

Mark Bradley:
Thank you, Blaise and good morning everyone.

On slide 12, you will see a snapshot of our first-quarter GAAP and Non-GAAP financial results.

On a GAAP basis, loss from continuing operations was approximately $65 million or 28 cents per share on a diluted basis in the first quarter of 2022 compared to income from continuing operations of approximately $47 million or 20 cents per share on a diluted basis in the first quarter of 2021. This decrease was primarily due to decreased revenues and increased operating expenses, primarily related to our investment in consumer marketing efforts to support XIAFLEX, as well as higher litigation-related costs and asset impairment charges.

On an adjusted basis, income from continuing operations was approximately $156 million, or 66 cents per share on a diluted basis, in the first quarter of 2022 compared to income from continuing operations of approximately $175 million, or 73 cents per share on a diluted basis, in the first quarter of 2021. This was primarily attributable to a decrease in revenues that was partially offset by a decrease in adjusted taxes due to lower pre-tax income and a lower adjusted effective tax rate.

As a result of the actions intended to simplify our ways of working that Blaise mentioned earlier, we expect to realize between $55 million and $65 million of annualized pre-tax cash savings by the end of the second quarter of 2023. While we expect to begin realizing some of these savings in the second half of 2022, we also expect to reinvest a portion of the savings back into the business, including to fund the Qwo APHRODITE-1 study.

In connection with these actions, we expect to incur between $40 million and $55 million in total pre-tax restructuring related expenses, which includes approximately $25 million to $35 million of cash charges. In the first quarter of 2022, we recorded a pre-tax charge of approximately $30 million, which included approximately $20 million of cash charges.

Turning to Slide 13, consistent with our approach for the first quarter, we are only providing financial guidance for the second quarter of 2022 at this time due to continued uncertainties in certain key assumptions that are expected to impact the full year.

For the second quarter of 2022, we expect total revenues to be between $500 million and $525 million, adjusted EBITDA to be between $110 million and $125 million, and adjusted loss from continuing operations to be between 15 cents and 17 cents per share on a diluted basis.

As we previously disclosed, beginning with the first quarter of 2022, we no longer exclude acquired in-process R&D from the non-GAAP performance measures we use in connection with our quarterly financial reporting and forward-looking guidance. This change was made in response to views expressed by the SEC and is consistent with broad adoption by others in the industry. Accordingly, our second quarter Adjusted EBITDA

and Adjusted earnings per share guidance includes the non-recurring $35 million payment related to the previously announced Nevakar portfolio acquisition that will be expensed as acquired in-process R&D in the second quarter. However, it is important to note that our credit agreement and bond indentures continue to permit acquired in-process R&D, which includes upfront and milestone payments expensed as R&D, to be added back for purposes of calculating certain leverage ratios and other metrics within those agreements.

With respect to second quarter 2022 total revenues, compared to the first quarter of 2022, our guidance range primarily reflects significant erosion in both VASOSTRICT vial price and underlying demand due to competition, lower overall vasopressin market volumes, and the estimated one-time destocking impact of approximately $25 million. It also reflects slightly improving market conditions for XIAFLEX and the continued impact of competitive events in our Generics business.

Our second quarter 2022 guidance assumes an adjusted gross margin of approximately 67% which is lower than the first quarter of 2022 due to product mix.

We further assume that second quarter 2022 adjusted operating expenses as a percentage of revenue will be approximately 46.5%. This assumption reflects our continued commitment to invest in our core areas of growth. This includes investing in both on-market and potential future new XIAFLEX indications, funding the Qwo APHRODITE-1 clinical study, and investing in the development of new Sterile Injectable products. It also includes the non-recurring $35 million investment related to the Nevakar portfolio acquisition. We believe these strategic investments in our portfolio will generate long term value for Endo.

Relative to the second quarter, we expect operating expenses to decline in the second half of the year as a result of the cost efficiency actions intended to simplify our ways of working that we previously mentioned.

Finally, for the second quarter of 2022, we are assuming interest expense of approximately $143 million and an adjusted effective tax rate of approximately 1%.

Please keep in mind that neither our first quarter actual results nor our second quarter guidance ranges may be indicative of future period results. As I mentioned earlier, we are not providing full year 2022 guidance as there continues to be significant near-term uncertainties associated with certain key assumptions that are expected to impact our full year adjusted results.

The assumptions with the highest degree of near-term uncertainty relate to VASOSTRICT, Varenicline, and our specialty office-administered products, particularly XIAFLEX. These key near-term uncertainties could serve as either a considerable headwind or tailwind in the second half of 2022, relative to our projected second quarter guidance ranges, depending on how actual events materialize throughout the remainder of the year.

For VASOSTRICT, the key uncertainties primarily include the level and rate of VASOSTRICT vial erosion, including the impact of future vial competition following the 180-day period of exclusivity, and the level and rate of vasopressin vial conversion to the ready-to-use VASOSTRICT bottle. A potential resurgence in COVID-19 related hospitalizations also creates some uncertainty for overall vasopressin demand.

For Varenicline, the key uncertainties include the timing and number of future competitive entrants, as well as the rate and extent of the recovery in the total varenicline market volume to pre-CHANTIX withdrawal levels.

For our specialty office-administered products, the key uncertainties relate to the on-going medical and administrative staff shortages in physicians' offices and the corresponding impact on the number of in-person patient office visits. Although we have recently seen improving market conditions for our specialty office-administered products, the rate and extent of the recovery will have a material impact on the performance of this portfolio of products, particularly XIAFLEX, over the remainder of the year.

Switching to slide 14, this is a summary of second quarter 2022 segment revenue assumptions as well as product specific assumptions for XIAFLEX and VASOSTRICT.

Advancing to slide 15 and wrapping up the financial discussion, unrestricted cash flow prior to debt payments was $91 million for first quarter 2022 compared to $250 million in the prior year. This decrease was primarily due to lower adjusted EBITDA coupled with higher opioid related legal expenses and settlements.

We ended the first quarter of 2022 with approximately $1.4 billion of unrestricted cash and a net debt-to-adjusted EBITDA ratio of approximately 4.7 times. These amounts reflect the repayment of approximately $180 million of maturing debt that we made in January.

We expect second-quarter 2022 unrestricted cash outflow prior to debt payments to be between $280 million and $295 million. This range reflects expected payments of approximately $165 million for opioid related legal expenses and accrued liabilities. It

also includes the $35 million payment that has been made for the acquisition of the Nevakar portfolio.

Blaise Coleman:
Thank you, Mark. Prior to turning the call over to Laure to manage our question and answer period, I want to provide a brief update regarding the opioid litigation.

With respect to the opioid litigation as a whole, we continue to be focused on our primary goal of achieving a broad-based resolution of the remaining opioid claims. At the same time, we will continue to actively defend the company in court when necessary, and we will pursue individual settlements when we believe they are in the best interests of the company. Additionally, we are actively exploring other strategic alternatives both in support of achieving a broad-based resolution and in the event we are unable to achieve such resolution. As with any thorough analysis of a complex situation, the path to a resolution will continue to take time and we cannot speculate on the likelihood, nature or timing of any outcome.

More importantly, while we continue to address the opioid litigation, our Endo team members remain highly focused on our day-to-day business execution, advancing our strategic priorities and delivering our portfolio of life-enhancing products to our customers and the patients they serve. I want to thank each of our team members for their strong execution during the first quarter and continued commitment as we move forward in 2022 to helping us to continue to transform the company for the long term.