Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

INTRODUCTION

Unless the context otherwise indicates, as used in this "Management's Discussion and Analysis of Financial Condition and Results of Operations," the terms "we," "us," "our," "Bausch + Lomb," the "Company," and similar terms refer to Bausch + Lomb Corporation and its subsidiaries. This "Management's Discussion and Analysis of Financial Condition and Results of Operations" has been updated through August 4, 2022 and should be read in conjunction with the unaudited interim Condensed Consolidated Financial Statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022 (this "Form 10-Q"). The matters discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" contain certain forward-looking statements within the meaning of Section 27A of The Securities Act of 1933, as amended (the "Act"), and Section 21E of The Securities Exchange Act of 1934, as amended, and that may be forward-looking information within the meaning defined under applicable Canadian securities laws (collectively, "Forward-Looking Statements"). See "Forward-Looking Statements" at the end of this discussion.

Our accompanying unaudited interim Condensed Consolidated Financial Statements as of June 30, 2022 and for the three and six months ended June 30, 2022 and 2021 have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the rules and regulations of the United States Securities and Exchange Commission (the "SEC") for interim financial statements, and should be read in conjunction with our Combined Financial Statements for the year ended December 31, 2021, which are included in Bausch + Lomb's final prospectus as filed with the SEC on May 5, 2022 pursuant to Rule 424(b)(4) under the Act relating to Bausch + Lomb's Registration Statement on Form S-1 and Bausch + Lomb's supplemented PREP prospectus filed with the Canadian Securities Administrators (the "CSA") on May 5, 2022. In our opinion, the unaudited interim Condensed Consolidated Financial Statements reflect all adjustments, consisting of normal and recurring adjustments, necessary for a fair statement of the financial condition, results of operations and cash flows for the periods indicated. Additional Company information is available on SEDAR at www.sedar.com and on the SEC website at www.sec.gov. All currency amounts are expressed in U.S. dollars, unless otherwise noted.

OVERVIEW

Bausch + Lomb is a subsidiary of Bausch Health Companies Inc. ("BHC"), with BHC currently holding, directly or indirectly, approximately 88.7% of the common shares of Bausch + Lomb. Bausch + Lomb is a leading global eye health company dedicated to protecting and enhancing the gift of sight for millions of people around the world—from the moment of birth through every phase of life. Our mission is simple, yet powerful: helping you see better, to live better. We develop, manufacture and market a range of products, primarily in the areas of eye health, which are marketed directly or indirectly in approximately 100 countries. As a fully integrated eye health business, Bausch + Lomb has an established line of contact lenses, intraocular lenses and other medical devices, surgical systems and devices, vitamin and mineral supplements, lens care products, prescription eye-medications and other consumer products that positions us to compete in all areas of the eye health market.

Our comprehensive portfolio of over 400 products is fully integrated and built to serve our customers across the full spectrum of their eye health needs throughout their lives. Our iconic brand is built on the deep trust and loyalty of our customers established over our nearly 170-year history. We have a significant global research, development, manufacturing and commercial footprint of approximately 12,500 employees and a presence in approximately 100 countries, extending our reach to billions of potential customers across the globe. We have long been associated with many of the most significant advances in eye health, and we believe we are well positioned to continue leading the advancement of eye health in the future.

Reportable Segments

Our portfolio of products falls into three operating and reportable segments: (i) Vision Care (formerly Vision Care/ Consumer Health), (ii) Ophthalmic Pharmaceuticals and (iii) Surgical. We have found and continue to believe there is significant opportunity in these businesses and we believe our existing portfolio, commercial footprint and pipeline of product development projects position us to successfully compete in these markets and provide us with the greatest opportunity to build value for our shareholders. The following is a brief description of the Company's segments:

The Vision Care segment—includes both our contact lens and consumer eye care businesses, and includes leading products such as our Biotrue® ONEday daily disposables and our Biotrue® multi-purpose solution.

Our contact lens portfolio spans the spectrum of wearing modalities, including daily disposable and frequently replaced contact lenses, and contact lenses that are indicated for therapeutic use and that can also provide optical correction during healing if required. In particular, our vision care contact lens portfolio includes our Bausch + Lomb INFUSE® (silicone

hydrogel ("SiHy")) daily disposable contact lenses, Biotrue® ONEday daily disposables, PureVision® SiHy contact lenses, SofLens® daily disposables and Bausch + Lomb ULTRA® contact lenses.

Our consumer eye care business consists of contact lens care products, over-the-counter ("OTC") eye drops that address various conditions, including eye allergies, conjunctivitis, dry eye, and redness relief, and eye vitamins and mineral supplements. Our eye vitamin products include our patented PreserVision® AREDS 2 formula which contains the exact levels of six key nutrients recommended by the National Eye Institute to help reduce the risk of progression in patients with moderate to advanced age-related macular degeneration ("AMD") and supplements that support general eye health. Within our consumer eye care business, our lens care product portfolio includes Biotrue® and Renu® multipurpose solutions and Boston® cleaning and conditioning solutions, our eye drops include LUMIFY®, Soothe®, Artelac®, Alaway® and Mioclear™ and our eye vitamins include PreserVision® and Ocuvite®.

For the year ended December 31, 2021, our Vision Care segment had seven product franchises that generated over $100 million in annual revenues, as follows: PreserVision®/Ocuvite®, Biotrue®, SofLens®, Renu®, Bausch + Lomb ULTRA®, Artelac® and LUMIFY®.

The Ophthalmic Pharmaceuticals segment—consists of a broad line of proprietary and generic pharmaceutical products for post-operative treatments and treatments for a number of eye conditions, such as glaucoma, eye inflammation, ocular hypertension, dry eyes and retinal diseases. Key proprietary ophthalmic pharmaceutical brands are VYZULTA®, Lotemax®, Prolensa® and Minims®.

The Surgical Segment—consists of medical device equipment, consumables and instruments and technologies for the treatment of corneal, cataracts, and vitreous and retinal eye conditions, which includes intraocular lenses ("IOLs") and delivery systems, phacoemulsification equipment and other surgical instruments and devices necessary for cataract surgery. Key surgical brands include Akreos®, AMVISC®, Crystalens® IOLs, enVista® IOLs, Millennium®, Stellaris Elite® vision enhancement system, Storz® ophthalmic instruments, VICTUS® femtosecond laser, Teneo®, Eyefill® and Zyoptix®.

Initial Public Offering and Separation of the Bausch + Lomb Eye Health Business

On August 6, 2020, our parent company, BHC, announced its plan to separate our eye health business into an independent publicly traded entity, separate from the remainder of BHC (the "Separation"). In January 2022, BHC completed the internal organizational design and structure of our new eye health entity. The next step in the Separation was an initial public offering of the common shares of Bausch + Lomb. The registration statement related to the initial public offering of Bausch + Lomb (the "B+L IPO") was declared effective on May 5, 2022, and our common stock began trading on the New York Stock Exchange and the Toronto Stock Exchange, in each case under the ticker symbol "BLCO" on May 6, 2022. Prior to the completion of the B+L IPO, we were an indirect wholly-owned subsidiary of BHC. On May 10, 2022, a wholly owned subsidiary of BHC (the "Selling Shareholder") sold 35,000,000 common shares of Bausch + Lomb, at an offering price of $18.00 per share (less the applicable underwriting discount), pursuant to the Bausch + Lomb prospectus. In addition, the Selling Shareholder granted the underwriters an option for a period of 30 days from the date of the B+L IPO to purchase up to an additional 5,250,000 common shares to cover over-allotments at the IPO offering price less underwriting commissions. On May 31, 2022, the underwriters of the B+L IPO partially exercised the over-allotment option granted to them by the Selling Shareholder, and, on June 1, 2022, the Selling Shareholder sold an additional 4,550,357 common shares of Bausch + Lomb, at an offering price of $18.00 per share (less the applicable underwriting discount). The Selling Shareholder received all net proceeds from the B+L IPO. The remainder of the over-allotment option granted to the underwriters expired.

Upon the closing of the B+L IPO (after giving effect to the partial exercise of the over-allotment option), BHC directly or indirectly holds 310,449,643 Bausch + Lomb common shares, which represents approximately 88.7% of our common shares. We understand that BHC expects to complete the separation of Bausch + Lomb, via a spinoff transaction of Bausch + Lomb from BHC, after the expiry of customary lockups related to the B+L IPO and achievement of targeted debt leverage ratios, subject to market conditions and the receipt of applicable shareholder and other necessary approvals and the various risk factors relating to the separation approvals set forth in Bausch + Lomb's final prospectus as filed with the SEC on May 5, 2022 pursuant to Rule 424(b)(4) under the Act relating to our Registration Statement on Form S-1 and in Bausch + Lomb's supplemented PREP prospectus as filed with the CSA on May 5, 2022, under the section entitled "Risk Factors".

See Note 2, "SIGNIFICANT ACCOUNTING POLICIES" to our unaudited interim Condensed Consolidated Financial Statements for additional information.

We believe the Separation presents Bausch + Lomb with a unique opportunity, and will provide us operating flexibility and put us in a strong position to unlock additional value in our eye health business as a separate and dissimilar business from the remainder of BHC's product portfolios and businesses. As a separate entity, Bausch + Lomb's management believes that it is positioned to focus on its core businesses to drive additional growth, more effectively allocate capital and better manage our capital needs. Further, the Separation will allow us and the market to compare the operating results of our eye health business with other "pure play" eye health companies. Although management believes these transactions will bring out additional value, there can be no assurance that the Separation will be consummated, or even if consummated that the Separation will be successful in doing so.

See "Risk Factors — Risks Relating to the Separation" included in Bausch + Lomb's final prospectus as filed with the SEC on May 5, 2022 pursuant to Rule 424(b)(4) under the Act relating to Bausch + Lomb's Registration Statement on Form S-1 and in Bausch + Lomb's supplemented PREP prospectus as filed with the CSA on May 5, 2022.

Positioning for Growth

Product Development

We continuously search for new product opportunities through internal development and strategic licensing agreements, that, if successful, will allow us to leverage our commercial footprint and supplement our existing product portfolio and address specific unmet needs in the market.

We are focused on bringing innovative products to market to serve doctors, patients, and consumers in the pursuit of helping people see better to live better all over the world. We consistently look for key trends in the eye health market to meet changing doctor, patient, and consumer needs and identify areas for investment to expand our market share and maintain our leading positions across business segments. Our leadership team actively manages our pipeline in order to identify what we believe are innovative and realizable projects that meet the unmet needs of consumers, patients and eye health professionals and are expected to provide incremental and sustainable revenues and growth into the future. We believe that our current pipeline is strong enough to meet these objectives and provide future sources of revenues, in our core businesses, sufficient enough to sustain our growth and corporate health as other products in our established portfolio face generic competition and lose momentum.

We believe our unparalleled eye health knowledge and insights allow us to capitalize on market trends by differentiating our approach to product development, with a pipeline focused on prioritizing customer needs and actively seeking external innovation to design, develop and advance creative, ethical eye health products across our portfolio, to address unmet and evolving needs of eye care professionals, patients and consumers. Since 2017, we have introduced more than 260 new products in approximately 60 countries. Our team of approximately 850 dedicated research and Development ("R&D") employees is focused on advancing our pipeline and identifying new product opportunities and we believe we have a significant innovation opportunity today. We plan to develop and commercialize our global pipeline of over 60 projects, many of which are global projects being developed in and for multiple countries. These global and individual projects are in various stages of pre-clinical and clinical development, including new contact lenses and prescription medications for myopia, next-generation cataract equipment, premium IOLs, investigational treatments for dry eye, novel formulation for eye vitamins and preservative free formulation of eye drops, next-generation cataract equipment, among others, that are designed to grow our portfolio and accelerate future growth.

Our internal R&D organization focuses on the development of products through clinical trials. As of June 30, 2022, we have over 60 projects in our global pipeline (or over 100 projects taking into account that these global projects are being developed in and for multiple countries). Certain core internal R&D projects that have received a significant portion of our R&D investment in current and prior periods are listed below.

Vision Care Pipeline

We believe that vision care is a very innovation-sensitive market. As a result, we believe our vision care business will achieve growth through our focus on new materials and products. We have leveraged our expertise in eye health to build a vision care pipeline based on innovative next generation materials and products, and we intend to continue developing our pipeline through a combination of internal and external business development initiatives. Our range of vision care pipeline products are as follows:

Contact Lens Pipeline

We are developing new materials and expect to continue to introduce innovative products, like our Bausch + Lomb INFUSE® contact lens, which is a silicone hydrogel daily disposable contact lens designed with a next generation material infused with ProBalance Technology™ to help maintain ocular surface homeostasis and help reduce symptoms of contact lens dryness. Silicone hydrogel materials provide increased oxygen transmission for eye health, improved safety and

increased comfort for end users. This combination should continue to benefit our other SiHy brands: Bausch + Lomb ULTRA®, AQUALOX™ and PureVision®.

- SiHy Daily - A silicone hydrogel daily disposable contact lens designed to provide clear vision throughout the day. In September 2018, we launched SiHy Daily in Japan under the branded name AQUALOX™ ONE DAY. In August 2020, we launched SiHy Daily in the U.S. under the branded name Bausch + Lomb INFUSE® SiHy Daily Disposable contact lens. In the fourth quarter of 2020, SiHy Daily was launched in Australia, Hong Kong and Canada under the branded name Bausch + Lomb Ultra® ONE DAY. SiHy Daily has also received regulatory approval in China, New Zealand, Japan, South Korea, Europe, Singapore and Malaysia, where it will be branded as Bausch + Lomb Ultra® ONE DAY, and in the second quarter of 2021, we launched SiHy Daily in South Korea and Singapore as Bausch + Lomb Ultra® ONE DAY.

- Biotrue® ONEday for Astigmatism - A daily disposable contact lens for astigmatic patients. The Biotrue® ONEday contact lens incorporates Surface Active Technology™ to provide a dehydration barrier. The Biotrue® ONEday for Astigmatism also includes evolved peri-ballast geometry to deliver stability and comfort for the astigmatic patient. We launched this product in December 2016 and launched an extended power range and further extended power ranges in each of the years 2017 through 2020. Biotrue® ONEday for Astigmatism has also received regulatory approval in China.

- Bausch + Lomb ULTRA® monthly silicone hydrogel lens - Specifically designed to address the lifestyle and vision needs of patients with MoistureSeal® technology, which maintains 95% of contact lens moisture for a full 16 hours. In the second quarter of 2020, Bausch + Lomb ULTRA® received a seven day extended wear indication approval from the European Union and received regulatory approval from the NMPA in China.

- Bausch + Lomb ULTRA® Multifocal for Astigmatism contact lens - The first and only multifocal toric lens available as a standard offering in the eye care professional's fit set. The new monthly silicone hydrogel lens, which was specifically designed to address the lifestyle and vision needs of patients with both astigmatism and presbyopia, combines the Company's unique 3-Zone Progressive™ multifocal design with the stability of its OpticAlign® toric with MoistureSeal® technology to provide eye care professionals and their patients an advanced contact lens technology that offers the convenience of same-day fitting during the initial lens exam. Bausch + Lomb ULTRA® Multifocal for Astigmatism was launched in June 2019 and received European Union regulatory approval in the second quarter of 2020. In July 2021, we launched an extended parameter range of this product.

- Zen™ Multifocal Scleral Lens for presbyopia - In January 2019, we launched this product in the U.S. exclusively available with Zenlens™ and Zen™ RC scleral lenses and will allow eye care professionals to fit presbyopic patients with regular and irregular corneas and those with ocular surface disease, such as dry eye. The Zen™ Multifocal Scleral Lens incorporates decentered optics, enabling the near power to be positioned over the visual axis.

- Tangible® Hydra-PEG® - A high-water polymer coating that is bonded to the surface of a contact lens and designed to address contact lens discomfort and dry eye. We launched this product in the U.S. during March 2019. Tangible® Hydra-PEG® coating technology in combination with our Boston® materials and Zenlens™ family of scleral lenses will help eye care professionals provide a better lens wearing experience for their patients with challenging vision needs.

- In October 2020, we announced that we had entered into an exclusive global licensing agreement with Brien Holden Vision Institute ("BHVI" and the license, the "BHVI License") for a myopia control contact lens design developed by BHVI. We plan to pair BHVI's novel contact lens design with our leading contact lens technologies to develop potential contact lens treatments designed to slow the progression of myopia in children.

- We are developing a custom-finished orthokeratology lens with a proprietary software based fitting system for the treatment of myopia, especially in children, which we expect to launch in 2023, subject to FDA approval.

- We are developing certain cosmetic contact lenses with improved color technology, which we expect to launch in certain Asian markets in 2023 and 2024.

- In June 2022, we launched Revive™ custom soft contact lenses in the United States. Revive™ is a new family of customizable soft contact lenses, which are available in spherical, toric, multifocal and multifocal toric options and are designed to meet the vision needs of more patients, including those with high or unique prescriptions.

Consumer Eye Care Pipeline

We have built and strengthened our consumer eye care product pipeline through internal development initiatives and external business development opportunities and intend to continue developing our pipeline through a combination of internal and external business development initiatives. Our consumer eye care product pipeline includes:

- LUMIFY® (brimonidine tartrate ophthalmic solution, 0.025%) - An OTC eye drop developed as an ocular redness reliever. We launched this product in the U.S. in May 2018 and received Canadian approval in May 2022. Currently, we have several new line formulations under development. The first Phase 3 study in support of these line extensions has initiated. Additional studies are expected to commence in the second half of 2022.

- Renu® Advanced Multi-Purpose Solution ("MPS") - Contains a triple disinfectant system that kills 99.9% of germs tested, and has a dual surfactant system that provides up to 20 hours of moisture. Renu® Advanced MPS is FDA cleared with indications for use to condition, clean, remove protein, disinfect, rinse and store soft contact lenses including those composed of silicone hydrogels. Prior to 2022, Renu® Advanced MPS was launched in India, Mexico, Korea, Turkey and Greece and gained regulatory approvals in Indonesia, Malaysia, Singapore, the European Union, Belarus and China. In 2022, Renu® Advanced MPS was launched in Taiwan, Czech Republic, Israel, Poland, Slovakia. We anticipate launches in China, Taiwan, Argentina and the Latin America region during 2022 and launches in additional regions in 2023 and 2024.

- Biotrue® Hydration Plus Multi-Purpose Solution – A next generation Biotrue® MPS that contains 25% more Hyaluronan (HA), triple disinfectant system that kills 99.9% of germs tested, dual surfactant system that provides lens conditioning/cleaning and erythritol providing antioxidant properties. This formulation provides up to 20 hours of hydration. Biotrue® Hydration Plus MPS is FDA cleared with indications for use to condition, clean, remove protein, disinfect, rinse and store soft contact lenses including those composed of silicone hydrogels. Biotrue® Hydration Plus MPS was launched in the U.S. in 2022 and has gained regulatory approval from Health Canada and China's National Medical Products Administration ("NMPA"). We anticipate launches in Canada and China in 2022 and in 2023, respectively.

- Preservative Free Biotrue® Hydration Boost lubricant eye drops was launched in the U.S. during June 2021. This formulation is enhanced with Hyaluronan (HA), electrolytes, an anti-oxidant and marketed in a preservative free multi-dose container. Additional line extensions are currently under development.

Ophthalmic Pharmaceutical Pipeline

We intend to strengthen our innovative pharmaceuticals pipeline through internal development and external business development opportunities with a focus on life cycle management, generics and biosimilars, dry eye and "back of the eye" diseases. Our range of ophthalmic pharmaceutical pipeline products are described below:

- In October 2019, we acquired an exclusive license from Clearside Biomedical, Inc. ("Clearside" and the license, the "Clearside License") for the commercialization and development of XIPERE® (triamcinolone acetonide suprachoroidal injectable suspension) in the U.S. and Canada. XIPERE® is a proprietary suspension of the corticosteroid triamcinolone acetonide formulated for suprachoroidal administration via Clearside's proprietary SCS Microinjector®. In October 2021, the FDA approved XIPERE® for suprachoroidal use for the treatment of macular edema associated with uveitis. We launched XIPERE® in the first quarter of 2022, and believe that it is the first and only therapy currently available in the U.S. for suprachoroidal use for the treatment of macular edema associated with uveitis.

- In December 2019, we announced that we had acquired an exclusive license from Novaliq GmbH (the "Novaliq License") for the commercialization and development in the U.S. and Canada of the investigational treatment NOV03 (perfluorohexyloctane), a first-in-class investigational drug that if approved by the FDA will have a novel mechanism of action to treat dry eye disease ("DED") associated with Meibomian Gland Dysfunction ("MGD"). In April 2021, we announced statistically significant topline data from the first of two Phase 3 studies, and in September 2021, we announced statistically significant topline data from the second Phase 3 study. The New Drug Application was filed with the FDA in June 2022, and, if approved, we anticipate launching in the U.S. in 2023. If approved by the FDA, we believe the addition of this investigational treatment for DED with MGD will help build upon our strong portfolio of integrated eye health products.

- Under the terms of an October 2020 agreement with Eyenovia, Inc., we have acquired an exclusive license (the "Eyenovia License") in the U.S. and Canada for the development and commercialization of an investigational microdose formulation of atropine ophthalmic solution; a potentially first-in-class investigational treatment of the reduction of pediatric myopia progression. Microdose administration is designed to result in low systemic and ocular drug exposure. We expect to complete enrollment for a Phase 3 study during the first quarter of 2023. If approved by the FDA, we believe this investigational product could potentially change the treatment paradigm for the reduction of myopia progression in children.

- In May 2020, we entered into an exclusive license agreement (the "STADA-Xbrane License") with STADA Arzneimittel AG and its development partner, Xbrane Biopharma AB ("Xbrane"), to commercialize in the U.S. and Canada a biosimilar candidate to Lucentis® (ranibizumab), a VEGF inhibitor used in the treatment of serious eye diseases, such as wet AMD. We expect that Xbrane will resubmit the abbreviated Biologics License Application ("aBLA") for the product by the end of 2022 and we anticipate launching the product in the U.S. in late 2023 or early 2024 (depending on the exact timing of such resubmission).

Surgical Pipeline

We have built and strengthened our ophthalmic surgical pipeline through internal and external development and licensing initiatives and intend to continue developing our pipeline through a combination of internal and external business development initiatives. Our range of surgical pipeline products are developed with the goal to reinforce our position in existing segments as well as entering new segments in order to broaden the offering.

- In the first quarter of 2021, we launched LuxSmart™ IOLs with extended depth of focus ("EDOF") design. We started first implantation in December 2020, and we expanded prelaunch activities in the U.K., France, Germany, Sweden, Italy, Spain, Poland, Hong Kong and the Czech Republic in the first quarter of 2021. During the remainder of 2021, we expanded the launch of LuxSmart™ IOLs to other European countries, including Belgium, Netherlands, Norway, Portugal, Switzerland, Greece, Bulgaria, Hungary, Romania and Serbia. We expect to expand the launch of LuxSmart™ IOLs in select other markets later in 2022 and in 2023.

- We are expanding our portfolio of premium IOLs built on the enVista® platform with Monofocal Plus, EDOF and Trifocal optical designs for presbyopia correction. We expect that they will be commercialized together with a new preloaded inserter with two options: non-Toric, as well as Toric for astigmatism patients. We anticipate launching Monofocal Plus, Trifocal and EDOF optical designs for presbyopia in the U.S. in 2023, 2024 and 2025/2026, respectively.

- We are developing a new generation Phaco and Vitroretinal combined surgical system that we expect will be a future innovation that builds on the existing Stellaris Elite® vision enhancement system by introducing a new fluidics system, enhancing interconnectivity and networking, expanding surgical parameters and offering a wide range of new peripherals to enhance the surgeons' control throughout the surgical procedures.

- We are developing two new femto lasers with advanced technology that we expect to launch in 2024. These products are designed for the cataract and refractive surgery markets.

- We are developing new innovative, personalized corneal treatments for our Teneo Excimer laser, which we expect to launch in the U.S. in 2023.

- New Ophthalmic Viscosurgical Device ("OVD") product - A formulation to protect corneal endothelium during phacoemulsification process during a cataract surgery and to help chamber maintenance and lubrication during IOL delivery. A clinical study report was completed for the cohesive OVD product (StableVisc™) during the second quarter of 2022. FDA approval is expected in the fourth quarter of 2022 and launch is expected in the first quarter of 2023. In addition, in March 2021, we received Premarket Approval from the FDA for Clearvisc™ dispersive OVD, which we launched in the U.S. in June 2021.

Strategic Licensing Agreements

To supplement our internal R&D initiatives and to build-out and refresh our product portfolio, we also search for opportunities to augment our pipeline through arrangements that allow us to gain access to unique products and investigational treatments, by strategically aligning ourselves with other innovative product solutions. Our strategic licensing agreements include the BVHI License outlined in the discussion of our Vision Care pipeline above and the Clearside License, Novaliq License, Eyenovia License and STADA-Xbrane License each outlined in the discussion of our Ophthalmic Pharmaceutical product pipeline above.

In addition, during July 2022, we entered into an exclusive European distribution agreement with Sanoculis Ltd. ("Sanoculis") for Sanoculis' Minimally Invasive Micro Sclerostomy ("MIMS®"). MIMS® is an innovative minimally invasive surgical procedure for the treatment of glaucoma. We also made an equity investment in Sanoculis as part of a Series C round of funding and have an option to acquire all of the assets of Sanoculis. We believe this distribution agreement, as well as the equity stake and option, will help build upon our strong portfolio of integrated eye health products.

In the normal course of business, we will enter into select licensing and collaborative agreements for the commercialization and/or development of unique products. These products are sometimes investigational treatments in early stage development that target unique conditions. The ultimate outcome, including whether the product will be: (i) fully developed, (ii) approved by the FDA or other regulators, (iii) covered by third-party payors or (iv) profitable for distribution,

is highly uncertain. Under certain agreements, the Company may be required to make payments contingent upon the achievement of specific developmental, regulatory, or commercial milestones.

We are and we will continue to consider further strategic licensing opportunities to address the unmet needs of the consumer, patient and eye health professional, some of which could be material in size.

Strategic Acquisitions

We selectively consider any acquisition that we believe aligns well with our current organization and strategic plan. We seek to enter into only those acquisitions that provide us with significant synergies with our existing business, thereby minimizing risks to our core businesses and providing long-term growth opportunities. Recently, we have entered into transactions that although not immediately impactful to our operating results, are expected to be accretive to our bottom line in future years and contribute to our long-term growth strategies.

We are considering further acquisition opportunities within our core therapeutic areas, some of which could be material in size.

Sales Force Expansion

We have an established sales network that uniquely positions us to meet customers' demands across the geographies we serve, building deeply loyal and enduring relationships. Through our teams, we are engaged with various physician and patient associations across the world. These professional relationships are the foundation of our proven track record of converting innovation into trusted products with high sales and provide us additional patient insights and consumer feedback that virtuously informs the innovation effort. We look for opportunities to strategically expand our sales force in specific geographies as need and in support of new product launches, most recently in support of our launches of our Bausch + Lomb INFUSE®, Biotrue® ONEday and Bausch + Lomb ULTRA® contact lenses in order to drive growth and maximize the return on our product portfolio.

e-Commerce

We see an opportunity in e-Commerce for growth, which now represents more than 10% of our Vision Care revenues. We believe that the trend of using e-Commerce platforms to shop for our products will continue to affect our business due to the convenience of online ordering and subscription delivery. We believe that our products are well suited to sales through e-Commerce channels as they are shelf stable, inexpensive to ship as our products are light in weight, and easy to transport. Additionally, the recurring purchase cycles for many of our products will position them to capitalize on continued growth of subscription services. We continue to look for additional opportunities to invest in these platforms to meet consumer demand and drive growth.

Investment in Our Manufacturing Facilities

In support of our core businesses, we have and continue to make strategic investments in our infrastructure, the most significant of which are at our Waterford facility in Ireland, our Rochester facility in New York and our Lynchburg facility in Virginia.

To meet the forecasted demand for our Biotrue® ONEday range of contact lenses, in July 2017, we placed into service a $175 million multi-year strategic expansion project of the Waterford facility. The emphasis of the expansion project was to: (i) develop new technology to manufacture, automatically inspect and package contact lenses, (ii) bring that technology to full validation and (iii) increase the size of the Waterford facility.

To address the expected global demand for our Bausch + Lomb ULTRA® range of contact lenses, in December 2017, we completed a multi-year, $220 million strategic upgrade to our Rochester facility. The upgrade increased production capacity in support of our Bausch + Lomb Ultra® and SiHy Daily AQUALOX™ product lines and better supports the production of other well-established contact lenses, such as our PureVision®, PureVision®2 (SVS, Toric, and Multifocal), SofLens® 38 and SilSoft®.

To address the expected global demand for our SiHy Daily disposable contact lenses, in November 2018, we initiated $300 million of additional expansion projects to add multiple production lines to our Rochester and Waterford facilities. The first phase of the production line installation program has been completed, and in the first half of 2022, we commenced commercial production of certain of our latest contact lenses at both our Rochester and Waterford facilities. We expect to complete the expansion programs at our Rochester and Waterford facilities in the second half of 2022.

To further help us meet the anticipated demand of our contact lenses, in 2020, we initiated an expansion of our Lynchburg distribution center. The new facility is expected to create new jobs over the next five years and expand the overall site to 200,000 square feet, which will provide distribution capabilities for medical devices, primarily contact lens products,

and be the main point of distribution for these products in the U.S. This expansion program is expected to be completed in the second half of 2022.

In July 2021, we announced plans to invest an additional $90 million to increase capacity at our Waterford facility to meet the expected demand for our Biotrue® ONEday range of daily disposable contact lenses. The new production lines are expected to be completed in 2023. If completed as planned, the recently announced expansion of our Waterford facility will be the fifth major expansion of our Bausch + Lomb manufacturing facilities in support of our efforts to increase market share in the contact lens market in the seven years ending 2023.

We believe the investments in our Waterford, Rochester and Lynchburg facilities further demonstrates the growth potential we see in our Bausch + Lomb products.

Our Competitive Environment

We operate in a marketplace with many competitors and face competition from competitors' products and new products entering the market. We also face the threat of competition from new entrants to our markets as well as from existing competitors, including those overseas who may have lower production costs. In order to protect and grow our market share we: (i) actively manage our pricing, (ii) refresh our product portfolio with innovative new products and (iii) manage our product portfolio to address generic competition.

Business Trends

In addition to the actions previously outlined, the events described below have affected and may affect our business trends. The matters discussed in this section contain Forward-Looking Statements. Please see "Forward-Looking Statements" for additional information.

Russia-Ukraine War

In February 2022, Russia invaded Ukraine. As military activity and sanctions against Russia, Belarus and specific areas of Ukraine have continued, the war has increasingly affected economic and global financial markets and exacerbated ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption.

Our revenues attributable to Russia for the six months ended June 30, 2022 and 2021 were $47 million and $42 million, respectively. Our revenues attributable to Ukraine for the six months ended June 30, 2022 and 2021 were $3 million and $4 million, respectively. Our revenues attributable to Belarus for the six months ended June 30, 2022 and 2021 were $1 million and $3 million, respectively. As the geopolitical situation in Eastern Europe continues to intensify, political events and sanctions are continually changing, and we continue to assess the impact of the Russia-Ukraine war will have on our businesses. These impacts may include but are not limited to: (i) interruptions or stoppage of production, (ii) damage or loss of inventories, (iii) supply-chain and product distribution disruptions in Eastern Europe, (iv) volatility in commodity prices and currencies, (v) disruption in banking systems and capital markets, (vi) reductions in sales and earnings of business in affected areas, (vii) increased costs and (viii) cyberattacks.

To date, these challenges have not yet had a material impact on our operations; however, the ongoing conflict in this region and the sanctions and other actions by the global community in response has hindered (and we anticipate will continue to hinder) our ability to conduct business with customers and vendors in this region. For example, we expect to experience further disruption and delays in the supply of our products to our customers in Russia, Belarus and Ukraine. We may also experience further decreased demand for our products in these countries as a result of the conflict and invasion. In addition, we may experience difficulties in collecting receivables from such customers. If we continue to be hampered in our ability to conduct business with new or existing customers and vendors in this region, our business, and operations, including our revenues, profitability and cash flows, could be adversely impacted. Furthermore, if the sanctions and other retaliatory measures imposed by the global community change, we may be required to cease or suspend our operations in the region or, should the conflict worsen, we may voluntarily elect to do so. We cannot provide assurance that current sanctions or potential future changes in these sanctions or other measures will not have a material impact on our operations in Russia, Belarus and Ukraine. The disruption to or suspension of our business and operations in Russia, Belarus and Ukraine may have a material adverse impact on our business, financial condition, cash flows and results of operations. We will continue to monitor the impacts of the Russia-Ukraine war on macroeconomic conditions and continually assess the effect these matters may have on our businesses.

For a further discussion of these and other risks relating to our international business, see "Risk Factors—Risks Relating to the International Scope of our Business" included in Bausch + Lomb's final prospectus as filed with the SEC on May 5, 2022 pursuant to Rule 424(b)(4) under the Act relating to Bausch + Lomb's Registration Statement on Form S-1 and in Bausch + Lomb's supplemented PREP prospectus as filed with the CSA on May 5, 2022.

Impacts of COVID-19 Pandemic

The unprecedented nature of the COVID-19 pandemic has, and continues to, adversely impact the global economy. The COVID-19 pandemic and the reactions of governments, private sector participants and the public in an effort to contain the spread of the COVID-19 virus and/or address its impacts have had significant direct and indirect effects on businesses and commerce. This includes, but is not limited to, disruption to supply chains, employee base and transactional activity, facilities closures and production suspensions. Our revenues were most negatively impacted during our second quarter of 2020 by certain social restrictions and other precautionary measures taken in response to the COVID-19 pandemic. However, as governments began lifting social restrictions, allowing offices of certain health care providers to reopen and certain surgeries and elective medical procedures to proceed, the negative trend in the revenues of certain businesses began to level off and stabilize prior to our third quarter of 2020. After the launch of effective vaccines in December 2020, infection rates began to decline, signaling the beginning of a recovery from the COVID-19 pandemic.

Our revenues gradually returned to pre-pandemic levels for many of our businesses and geographies throughout 2021. However, in some regions, including China (as further described below), we continue to experience negative impacts of the COVID-19 pandemic on our business in those regions. The rates of recovery for each business will vary by geography and will be dependent upon, among other things, the availability and effectiveness of vaccines for the COVID-19 virus and variant and subvariant strains thereof, government responses, rates of economic recovery, precautionary measures taken by patients and customers, the rate at which remaining social restrictions are lifted and, once lifted, the presumption that social restrictions will not be materially reenacted in the event of a resurgence of the virus or variant and subvariant strains thereof and other actions taken in response to the COVID-19 pandemic.

The outbreak of the omicron variant in China in 2022 has resulted in government enforced lockdowns and other social restrictions, which impacted our ability to conduct business as usual in certain regions in China, particularly Shanghai. The lockdowns in China have impacted the demand for certain products, particularly our contact lens and consumer eye care products, as shelter in place orders limit the demand and need for the use of contact lenses and related products. Our revenues in China for the six months ended June 30, 2022 and 2021 were $158 million and $183 million, respectively, a decrease of $25 million and, in part, reflects the challenges created by the surge of the omicron variant in China. We expect the impact on our revenues from the headwinds from China's COVID policies and lockdowns that we saw during the first half of 2022 to normalize in the second half of 2022, although there can be no assurance they will do so. Additionally, government enforced lockdowns have caused certain businesses to suspend operations, creating distribution and other logistic issues for the distribution of our products and the sourcing for a limited number of raw materials. Through the date of this filing, we have dealt with these issues in China with only a minimal impact on our manufacturing and distribution processes. However, as the impacts of global reaction to the COVID-19 pandemic remains a fluid situation, we continue to monitor the impacts on our businesses of the COVID-19 virus and variant and subvariant strains thereof in order to timely address new issues if and when they arise.

For a further discussion of these and other COVID-19 related risks, see "Risk Factors— Risks Relating to COVID-19" included in Bausch + Lomb's final prospectus as filed with the SEC on May 5, 2022 pursuant to Rule 424(b)(4) under the Act relating to Bausch + Lomb's Registration Statement on Form S-1 and in Bausch + Lomb's supplemented PREP prospectus as filed with the CSA on May 5, 2022.

U.S. Tax Reform

In April 2021, U.S. President Joseph Biden proposed changes to the U.S. tax system. Since that date, both houses of Congress have released their own proposals for changes to the U.S. tax system, which differ in a number of respects from the President's proposal. The proposals under discussion have included changes to the U.S. corporate tax system that would increase U.S. corporate tax rates, although the most recent proposals do not include any such rate increase, and changes that would raise the tax rate on and make other changes to the taxation of Global Intangible Low Tax Income earned by foreign subsidiaries. Also under consideration are modifications to the Base Erosion and Anti-Abuse Tax, which would tax certain payments, including some that are related to inventory, made to affiliates that are subject to an effective tax rate of less than specified rates. Certain proposals also include limitations on the participation exemption for foreign dividends received and interest expense. In addition, certain proposals include limitations on the deduction of interest expense and carryforwards of unused interest expense, as well as an excise tax on certain pharmaceutical products that are non-compliant with the proposed drug pricing legislation.

We are unable to predict which, if any, U.S. tax reform proposals will be enacted into law, and what effects any enacted legislation might have on our liability for U.S. corporate tax. However, it is possible that the enactment of changes in the U.S. corporate tax system could have a material adverse effect on our liability for U.S. corporate tax and our consolidated effective tax rate.

Global Minimum Corporate Tax Rate

On October 8, 2021, the Organisation for Economic Co-operation and Development ("OECD")/G20 inclusive framework on Base Erosion and Profit Shifting (the "Inclusive Framework") published a statement updating and finalizing the key components of a two-pillar plan on global tax reform originally agreed on July 1, 2021, and a timetable for implementation by 2023. The timetable for implementation has since been extended to 2024. The Inclusive Framework plan has now been agreed to by 141 OECD members, including several countries which did not agree to the initial plan. Under pillar one, a portion of the residual profits of multinational businesses with global turnover above €20 billion and a profit margin above 10% will be allocated to market countries where such allocated profits would be taxed. Under pillar two, the Inclusive Framework has agreed on a global minimum corporate tax rate of 15% for companies with revenue above €750 million, calculated on a country-by-country basis. On October 30, 2021, the G20 formally endorsed the new global minimum corporate tax rate rules. The Inclusive Framework agreement must now be implemented by the OECD Members who have agreed to the plan, effective in 2024. On December 20, 2021, the OECD published model rules to implement the pillar two rules, which are generally consistent with the agreement reached by the Inclusive Framework in October 2021. Some further guidance on the plan and the related rules has been published, with additional guidance expected to be published in 2023. We will continue to monitor the implementation of the Inclusive Framework agreement by the countries in which we operate. While we are unable to predict when and how the Inclusive Framework agreement will be enacted into law in these countries, and it is possible that the implementation of the Inclusive Framework agreement, including the global minimum corporate tax rate could have a material effect on our liability for corporate taxes and our consolidated effective tax rate.

Health Care Reform

The U.S. federal and state governments continue to propose and pass legislation designed to regulate the health care industry. In March 2010, the Patient Protection and Affordable Care Act (the "ACA") was enacted in the U.S. The ACA contains several provisions that impact our business, including: (i) an increase in the minimum Medicaid rebate to states participating in the Medicaid program, (ii) the extension of the Medicaid rebates to Managed Care Organizations that dispense drugs to Medicaid beneficiaries, (iii) the expansion of the 340(B) Public Health Services Act drug pricing program, which provides outpatient drugs at reduced rates, to include additional hospitals, clinics and health care centers and (iv) a fee payable to the federal government based on our prior-calendar-year share relative to other companies of branded prescription drug sales to specified government programs.

In addition, in 2013 federal subsidies began to be phased in for brand-name prescription drugs filled in the Medicare Part D coverage gap. The ACA also included provisions designed to increase the number of Americans covered by health insurance. In 2014, the ACA's private health insurance exchanges began to operate. The ACA also allows states to expand Medicaid coverage with most of the expansion's cost paid for by the federal government.

For 2021 and 2020, we incurred costs of $3 million and $3 million, respectively, related to the annual fee assessed on prescription drug manufacturers and importers that sell branded prescription drugs to specified U.S. government programs (e.g., Medicare and Medicaid). For 2021 and 2020, we also incurred costs of $24 million and $20 million, respectively, on Medicare Part D utilization incurred by beneficiaries whose prescription drug costs cause them to be subject to the Medicare Part D coverage gap (i.e., the "donut hole").

The financial impact of the ACA will be affected by certain additional developments over the next few years, including pending implementation guidance and certain health care reform proposals. Additionally, policy efforts designed specifically to reduce patient out-of-pocket costs for medicines could result in new mandatory rebates and discounts or other pricing restrictions. Also, it is possible, as discussed further below, that legislation will be passed by Congress repealing the ACA in whole or in part. Adoption of legislation at the federal or state level could materially affect demand for, or pricing of, our products.

Beginning in 2011, the law imposed a significant annual fee on companies that manufacture or import branded prescription drug products. More recently, the Bipartisan Budget Act of 2018 amended the ACA, effective January 1, 2019, to close the donut hole in most Medicare drug plans. In addition, in April 2018, the Centers for Medicare & Medicaid Services published a final rule that gives states greater flexibility in setting benchmarks for insurers in the individual and small group marketplaces, which may have the effect of relaxing the essential health benefits required under the ACA for plans sold through such marketplaces.

In 2018, we faced uncertainties due to federal legislative and administrative efforts to repeal, substantially modify or invalidate some or all of the provisions of the ACA. However, we believe there is low likelihood of repeal of the ACA, given the recent failure of the Senate's multiple attempts to repeal various combinations of ACA provisions and the change in the U.S. Presidential administration. There is no assurance that any replacement or administrative modifications of the ACA will not adversely affect our business and financial results, particularly if the replacing legislation reduces incentives for

employer-sponsored insurance coverage, and we cannot predict how future federal or state legislative or administrative changes relating to the reform will affect our business.

In 2019, the U.S. Department of Health and Human Services announced a preliminary plan to allow for the importation of certain lower-cost drugs from Canada. The preliminary plan excludes insulin, biological drugs, controlled substances and intravenous drugs. The preliminary plan relies on individual states to develop proposals for safe importation of those drugs from Canada and submit those proposals to the federal government for approval. Although the preliminary plan has some support from the prior administration, at this time, studies to evaluate the related costs and benefits, evaluate the reasonableness of the logistics, and measure the public reaction of such a plan have not been performed. While we do not believe this will have a significant impact on our future cash flows, we cannot provide assurance as to the effect or impact of such a plan.

In 2019, the Government of Canada (Health Canada) published in the Canada Gazette the new pricing regulation for patented drugs. These regulations were scheduled to become effective on July 1, 2021, but were delayed to July 1, 2022. The new regulations, among other things, change the mechanics of establishing the pricing for products submitted for approval after August 21, 2019 and the number and composition of reference countries used to determine if a drug's price is excessive. While we do not believe this will have a significant impact on our future cash flows, as additional facts materialize, we cannot provide assurance as to the ultimate content, timing, effect or impact of such regulations.

In July 2020, former U.S. President Donald Trump signed four Executive Orders related to drug pricing, including orders addressing: (i) Part D rebate reform, (ii) the provision of deeply discounted insulin and/or an EpiPen to patients of Federally Qualified Health Centers, (iii) drug importation from Canada and (iv) most favored nation pricing for Medicare. In November 2020, former U.S. President Donald Trump announced the Most Favored Nation Model for Medicare Part B Payment which was to be implemented by the Center for Medicare & Medicaid Services Innovation on January 1, 2021; however, it has not been implemented, as it is currently being challenged in court. It is also uncertain whether the Biden administration intends to reverse these measures or adopt similar policy initiatives. However, U.S. President Joseph Biden and several members of the current U.S. Congress have indicated that lowering drug prices is a legislative and political priority, and some have introduced proposals that seek to address drug pricing.

In December 2020, as part of a series of drug pricing-related rules issued by the Trump Administration, the Center for Medicare & Medicaid Services issued a Final Rule that makes significant modifications to the Medicaid Drug Rebate Program regulations in several areas, including with respect to the definition of key terms "line extension" and "new formulation" and best price (BP) reporting relating to certain value-based purchasing (VBP) arrangements (which took effect on January 1, 2022) and the price reporting treatment of manufacturer-sponsored patient benefit programs (which take effect on January 1, 2023).

In March 2021, the U.S. Congress enacted the American Rescue Plan Act of 2021. One of the provisions included within the American Rescue Plan Act of 2021 eliminated the Maximum Rebate Amount for Single Source drugs and Innovator Multiple Source drugs in the Medicaid Drug Rebate Program. We are currently reviewing the legislation, the impact of which is uncertain at this time.

Other legislative efforts relating to drug pricing have been enacted and others have been proposed at the U.S. federal and state levels. For instance, certain states have enacted legislation related to prescription drug pricing transparency. Several states have passed importation legislation and Florida is working with the U.S. government to implement an importation program from Canada. We also anticipate that Congress, state legislatures and third-party payors may continue to review and assess alternative health care delivery and payment systems and may in the future propose and adopt legislation or policy changes or implementations affecting additional fundamental changes in the health care delivery system. We continually review newly enacted and proposed U.S. federal and state legislation, as well as proposed rulemaking and guidance published by the U.S. Department of Health and Human Services and the FDA; however, at this time, it is unclear the effect these matters may have on our businesses.

Generic Competition and Loss of Exclusivity

Certain of our products face the expiration of their patent or regulatory exclusivity in 2022 or in later years, following which we anticipate generic competition of these products. In addition, in certain cases, as a result of negotiated settlements of some of our patent infringement proceedings against generic competitors, we have granted licenses to such generic companies, which will permit them to enter the market with their generic products prior to the expiration of our applicable patent or regulatory exclusivity. Finally, for certain of our products that lost patent or regulatory exclusivity in prior years, we anticipate that generic competitors may launch in 2022 or in later years. Following a loss of exclusivity ("LOE") of and/or generic competition for a product, we would anticipate that product sales for such product would decrease significantly shortly following the LOE or entry of a generic competitor. Where we have the rights, we may elect to launch an authorized generic ("AG") of such product (either ourselves or through a third-party) prior to, upon or following generic entry, which

may mitigate the anticipated decrease in product sales; however, even with launch of an authorized generic, the decline in product sales of such product would still be expected to be significant, and the effect on our future revenues could be material.

Certain of our products already face generic competition. During 2021, in the U.S., these products include, among others, Lotemax® Gel, Bepreve® and certain other products, which in aggregate accounted for less than 1% of our total revenues in 2021. Based on current patent expiration dates, settlement agreements and/or competitive information, we have also identified branded products that we believe could begin facing potential LOE and/or generic competition in the U.S. during the years 2022 through 2026, which in the aggregate accounted for approximately 1% of our total revenues in 2021. These dates may change based on, among other things, successful challenge to our patents, settlement of existing or future patent litigation and at-risk generic launches. We believe the entry into the market of generic competition generally would have an adverse impact on the volume and/or pricing of the affected products, however we are unable to predict the magnitude or timing of this impact.

In addition, the PreserVision® U.S. formulation patent expired in March 2021, but a patent covering methods of using the formulation remains in force into 2026. PreserVision® products accounted for approximately 6% of our total revenues in 2021. PreserVision® is (or was) the subject of certain ongoing and past patent infringement proceedings. While the Company cannot predict the magnitude or timing of the impact from the PreserVision® patent expiry, this is an OTC product and thus, the impact is not expected to be as significant as the LOE of a branded pharmaceutical product.

In addition, in connection with our Lumify®, PreserVision® and Vyzulta® products, we have commenced ongoing infringement proceedings (or anticipate commencing infringement proceedings) against potential generic competitors in the U.S. If we are not successful in these proceedings, we may face increased generic competition for these products.

See Note 18, "LEGAL PROCEEDINGS" to our unaudited interim Condensed Consolidated Financial Statements, as well as Note 18, "LEGAL PROCEEDINGS" of our Combined Financial Statements for the year ended December 31, 2021, which are included in Bausch + Lomb's final prospectus as filed with the SEC on May 5, 2022 pursuant to Rule 424(b)(4) under the Act relating to Bausch + Lomb's Registration Statement on Form S-1 and Bausch + Lomb's supplemented PREP prospectus filed with the CSA on May 5, 2022, for further details regarding certain of these infringement proceedings.

The risks of generic competition are a fact of the eye health industry and are not specific to our operations or product portfolio. These risks are not avoidable, but we believe they are manageable. To manage these risks, our leadership team continually evaluates the impact that generic competition may have on future profitability and operations. In addition to aggressively defending our patents and other intellectual property, our leadership team makes operational and investment decisions regarding these products and businesses at risk, not the least of which are decisions regarding our pipeline. Our leadership team actively manages our pipeline in order to identify innovative and realizable projects that are expected to provide incremental and sustainable revenues and growth into the future. We believe that we have a well-established product portfolio that is diversified within our core businesses. We also believe that we have a robust pipeline that not only provides for the next generation of our existing products, but also brings new solutions into the market.

See the section entitled "Risk Factors" included in Bausch + Lomb's final prospectus as filed with the SEC on May 5, 2022 pursuant to Rule 424(b)(4) under the Act relating to Bausch + Lomb's Registration Statement on Form S-1 and in Bausch + Lomb's supplemented PREP prospectus as filed with the CSA on May 5, 2022, for additional information on the risks associated with our intellectual property and our competition risks.

Regulatory Matters

In the normal course of business, our products, devices and facilities are the subject of ongoing oversight and review by regulatory and governmental agencies, including general, for cause and pre-approval inspections by the relevant competent authorities where we have business operations. Through the date of this filing, all of our global operations and facilities have the relevant operational good manufacturing practices certificates and all of our products and operating sites are in good compliance standing with all relevant notified bodies and global health authorities. Further, all sites under FDA jurisdiction are rated as either No Action Indicated (where there was no Form 483 observation) or Voluntary Action Indicated ("VAI") (where there was a Form 483 with one or more observations). In the case of VAI inspection outcomes, the FDA has accepted our responses to the issues cited, which will be verified when the agency makes its next inspection of those specific facilities.

FINANCIAL PERFORMANCE HIGHLIGHTS

On April 28, 2022, Bausch + Lomb effected a share consolidation as a result of which it had 350,000,000 issued and outstanding common shares. These common shares are treated as issued and outstanding at January 1, 2021 for purposes of calculating Basic and diluted (loss) income per share attributable to Bausch + Lomb Corporation. The following table provides selected unaudited financial information for the three and six months ended June 30, 2022 and 2021:

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions, except per share data)	2022	2021	Change	2022	2021	Change
Revenues	$ 941	$ 934	$ 7	$ 1,830	$ 1,815	$ 15
Operating income	$ 56	$ 58	$ (2)	$ 110	$ 143	$ (33)
Income before provision for income taxes	$ 27	$ 67	$ (40)	$ 56	$ 144	$ (88)
Net income attributable to Bausch + Lomb Corporation	$ 5	$ 44	$ (39)	$ 25	$ 71	$ (46)
Basic and diluted income per share attributable to Bausch + Lomb Corporation	$ 0.01	$ 0.13	$ (0.12)	$ 0.07	$ 0.20	$ (0.13)

Financial Performance

Summary of the Three Months Ended June 30, 2022 Compared to the Three Months Ended June 30, 2021

Revenues for the three months ended June 30, 2022 and 2021 were $941 million and $934 million, respectively, an increase of $7 million, or 1%. The increase was attributable to increases in: (i) volumes, primarily in our Vision Care and Surgical segments and (ii) net realized pricing, primarily in our Vision Care segment. These increases were partially offset by: (i) the unfavorable impact of foreign currencies across all our international businesses and (ii) the impact of divestitures and discontinuations.

Operating income for the three months ended June 30, 2022 and 2021 was $56 million and $58 million, respectively, a decrease of $2 million which reflects, among other factors:

- a decrease in contribution (product sales revenue less cost of goods sold, exclusive of amortization and impairments of intangible assets) of $6 million, primarily driven by higher manufacturing variances, primarily as a result of inflationary pressures related to certain manufacturing costs, partially offset by the increase in revenues. The higher manufacturing variances were partially offset by the non-recurrence of prior year charges related to a quality issue at a third-party supplier, as discussed below;
- an increase in selling, general and administrative ("SG&A") expenses of $10 million, primarily attributable to: (i) higher professional fees, (ii) higher selling expenses and (iii) higher compensation expenses, partially offset by the favorable impact of foreign currencies;
- an increase in R&D of $4 million primarily due to higher medical device regulation costs;
- a decrease in Amortization of intangible assets of $13 million, primarily due to fully amortized intangible assets no longer being amortized in 2022; and
- a favorable change in Other (income) expense, net of $4 million, primarily due to: (i) a fair value adjustment related to acquisition-related contingent consideration and (ii) lower asset impairment charges, partially offset by higher restructuring, integration and separation costs.

Operating income for the three months ended June 30, 2022 and 2021 was $56 million and $58 million, respectively, and includes non-cash charges for Depreciation and amortization of intangible assets of $98 million and $111 million and Share-based compensation of $11 million and $15 million, respectively.

Income before provision for income taxes for the three months ended June 30, 2022 and 2021 was $27 million and $67 million, respectively, a decrease of $40 million and is primarily attributable to: (i) an increase in interest expense of $44 million and (ii) the decrease in our operating results of $2 million, as previously discussed, partially offset by a favorable net change in Foreign exchange and other of $5 million.

Net income attributable to Bausch + Lomb for the three months ended June 30, 2022 was $5 million, as compared to Net income attributable to Bausch + Lomb for the three months ended June 30, 2021 of $44 million, a decrease in our results of $39 million and was primarily due to the decreases in Income before provision for income taxes of $40 million, as previously discussed, partially offset by a decrease in the Provision for income taxes of $1 million.

Summary of the Six Months Ended June 30, 2022 Compared to the Six Months Ended June 30, 2021

Revenues for the six months ended June 30, 2022 and 2021 were $1,830 million and $1,815 million, respectively, an increase of $15 million, or 1%. The increase was attributable to: (i) increases in volumes in each of our segments and (ii) an increase in net realized pricing in our Vision Care segment, partially offset by decreases in net realized pricing in our Ophthalmic Pharmaceuticals segment. These increases were also partially offset by: (i) the unfavorable impact of foreign currencies across all our international businesses and (ii) the impact of divestitures and discontinuations.

Operating income for the six months ended June 30, 2022 and 2021 was $110 million and $143 million, respectively, a decrease of $33 million which reflects, among other factors:

- a decrease in contribution (product sales revenue less cost of goods sold, exclusive of amortization and impairments of intangible assets) of $12 million, primarily driven by: (i) higher manufacturing variances and (ii) year-over-year changes in product mix. The higher manufacturing variances were partially offset by the non-recurrence of prior year charges related to a quality issue at a third-party supplier, as discussed below;
- an increase in SG&A expenses of $35 million, primarily attributable to: (i) higher selling, advertising and promotional expenses, (ii) higher professional service fees and (iii) higher compensation expenses partially offset by the favorable impact of foreign currencies;
- an increase in R&D of $14 million primarily due to higher medical device regulation costs;
- a decrease in Amortization of intangible assets of $24 million, primarily due to fully amortized intangible assets no longer being amortized in 2022; and
- a decrease in Other expense, net of $4 million, primarily due to: (i) a fair value adjustment related to acquisition-related contingent consideration and (ii) lower asset impairment charges, partially offset by higher restructuring, integration and separation costs.

Operating income for the six months ended June 30, 2022 and 2021 was $110 million and $143 million, respectively, and includes non-cash charges for Depreciation and amortization of intangible assets of $193 million and $217 million and Share-based compensation of $27 million and $29 million, respectively.

Income before provision for income taxes for the six months ended June 30, 2022 and 2021 was $56 million and $144 million, respectively, a decrease of $88 million and is primarily attributable to: (i) an increase in interest expense of $64 million and (ii) the decrease in our operating results of $33 million, as previously discussed, partially offset by a favorable net change in Foreign exchange and other of $8 million.

Net income attributable to Bausch + Lomb for the six months ended June 30, 2022 and 2021 was $25 million and $71 million, respectively, a decrease in our results of $46 million and was primarily due to the decreases in Income before provision for income taxes of $88 million, as previously discussed, partially offset by a decrease in the Provision for income taxes of $42 million.

RESULTS OF OPERATIONS

Our unaudited operating results for the three and six months ended June 30, 2022 and 2021 were as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Revenues						
Product sales	$ 935	$ 928	$ 7	$ 1,818	$ 1,802	$ 16
Other revenues	6	6	—	12	13	(1)
	941	934	7	1,830	1,815	15
Expenses						
Cost of goods sold (excluding amortization and impairments of intangible assets) (Note 4)	377	364	13	723	695	28
Cost of other revenues	2	3	(1)	4	5	(1)
Selling, general and administrative (Note 4)	368	358	10	711	676	35
Research and development (Note 4)	75	71	4	152	138	14
Amortization of intangible assets	64	77	(13)	129	153	(24)
Other (income) expense, net	(1)	3	(4)	1	5	(4)
	885	876	9	1,720	1,672	48
Operating income	56	58	(2)	110	143	(33)
Interest income	1	—	1	1	—	1
Interest expense (Note 4)	(44)	—	(44)	(64)	—	(64)
Foreign exchange and other	14	9	5	9	1	8
Income before provision for income taxes	27	67	(40)	56	144	(88)
Provision for income taxes	(20)	(21)	1	(26)	(68)	42
Net income	7	46	(39)	30	76	(46)
Net income attributable to noncontrolling interest	(2)	(2)	—	(5)	(5)	—
Net income attributable to Bausch + Lomb Corporation	$ 5	$ 44	$ (39)	$ 25	$ 71	$ (46)

Three Months Ended June 30, 2022 Compared to the Three Months Ended June 30, 2021

Revenues

Our revenues are primarily generated from product sales in the therapeutic areas of eye health that consist of: (i) branded prescription eye-medications and pharmaceuticals, (ii) generic and branded generic prescription eye medications and pharmaceuticals, (iii) OTC vitamin and supplement products and (iv) medical devices (contact lenses, intraocular lenses and ophthalmic surgical equipment). Other revenues include alliance and service revenue from the licensing and co-promotion of products and contract service revenue. Contract service revenue is derived primarily from contract manufacturing for third parties and is not material.

Our revenues were $941 million and $934 million for the three months ended June 30, 2022 and 2021, respectively, an increase of $7 million, or 1%. The increase was attributable to increases in: (i) volumes of $41 million and (ii) net realized pricing of $15 million, within Vision Care. The increase in volumes was due to: (i) our consumer eye care business, driven by: (a) increased demand for Lumify®, Biotrue® and PreserVision® and (b) the non-recurrence of a third-party supplier quality issue, which negatively impacted the prior year revenues of certain consumer eye care products, as discussed below and (ii) increased demand of consumables and intraocular lenses within our Surgical segment, partially offset by: (i) a decrease in volume in our international contact lens business, primarily driven by the impact of the COVID-19 pandemic in China and (ii) a decrease in volume in our U.S. Ophthalmic Pharmaceuticals business, primarily driven by the impact of generic competition on certain products that had previously lost exclusivity, such as Lotemax® Gel, Lotemax® Suspension and Bepreve®. The overall increases in revenues and net realized pricing were partially offset by: (i) the unfavorable impact of foreign currencies across all our international businesses of $46 million primarily in Europe and Asia and (ii) the impact of divestitures and discontinuations of $3 million, related to the discontinuation of certain products.

The changes in our segment revenues and segment profits for the three months ended June 30, 2022 are discussed in further detail in the respective subsequent sections titled "—Reportable Segment Revenues and Profits."

Cash Discounts and Allowances, Chargebacks and Distribution Fees

As is customary in the health care industry, gross product sales are subject to a variety of deductions in arriving at net product sales. Provisions for these deductions are recognized concurrently with the recognition of gross product sales. These provisions include cash discounts and allowances, chargebacks, and distribution fees, which are paid or credited to direct customers, as well as rebates and returns, which can be paid or credited to direct and indirect customers. Provision balances relating to amounts payable to direct customers are netted against trade receivables and balances relating to indirect customers are included in accrued liabilities.

We actively manage these offerings, focusing on the incremental costs of our patient assistance programs, the level of discounting to non-retail accounts and identifying opportunities to minimize product returns. We also concentrate on managing our relationships with our payors and wholesalers, reviewing the ranges of our offerings and being disciplined as to the amount and type of incentives we negotiate. Provisions recorded to reduce gross product sales to net product sales and revenues for the three months ended June 30, 2022 and 2021 were as follows:

	Three Months Ended June 30,			
	2022		2021	
(in millions)	Amount	Pct.	Amount	Pct.
Gross product sales	$ 1,302	100.0 %	$ 1,268	100.0 %
Provisions to reduce gross product sales to net product sales				
Discounts and allowances	83	6.40 %	87	6.90 %
Returns	17	1.30 %	26	2.00 %
Rebates	142	10.90 %	138	10.90 %
Chargebacks	119	9.10 %	84	6.60 %
Distribution fees	6	0.50 %	5	0.40 %
Total provisions	367	28.20 %	340	26.80 %
Net product sales	935	71.80 %	928	73.20 %
Other revenues	6		6	
Revenues	$ 941		$ 934	

Cash discounts and allowances, returns, rebates, chargebacks and distribution fees as a percentage of gross product sales were 28.2% and 26.8% for the three months ended June 30, 2022 and 2021, respectively, an increase of 1.4% percentage points, and is primarily attributable to the increase in chargebacks as a percentage of revenues. Chargebacks were $119 million and $84 million for the three months ended June 30, 2022 and 2021, respectively, an increase of $35 million. The increase in chargebacks is primarily attributable to our generics portfolio as a result of product and customer mix and lower contract pricing due to increased competition on certain products.

Operating Expenses

Cost of Goods Sold (exclusive of amortization and impairments of intangible assets)

Cost of goods sold primarily includes: manufacturing and packaging; the cost of products we purchase from third parties; royalty payments we make to third parties; depreciation of manufacturing facilities and equipment; and lower of cost or market adjustments to inventories. Cost of goods sold typically vary between periods as a result of product mix, volume, royalties, changes in foreign currency and inflation. Cost of goods sold excludes the amortization and impairments of intangible assets.

Cost of goods sold was $377 million and $364 million for the three months ended June 30, 2022 and 2021, respectively, an increase of $13 million or 4%. The increase was primarily driven by: (i) higher volumes, as previously discussed and (ii) higher manufacturing variances, primarily as a result of inflationary pressures related to certain manufacturing costs, partially offset by the favorable impact of foreign currencies. The higher manufacturing variances were partially offset by the non-recurrence of prior year charges related to a quality issue at a third-party supplier, as discussed below. We continue to monitor the impact of inflationary pressures on our operating results, particularly on our manufacturing costs, and we expect higher year over year manufacturing variances for the remainder of 2022 as a result of inflation.

During the three months ended June 30, 2021, we were notified by a third-party supplier of sterilization services for our lens care solution bottles and caps at our Milan, Italy facility, of inconsistencies in the sterilization data versus certificates of conformance previously submitted to us by that supplier. Based on our internal Health and Safety Analysis, it was determined that this issue did not affect the safety or performance of any of our products and was limited to a specific number of lots for certain consumer eye care products within our Vision Care segment. However, out of an abundance of caution and working with the appropriate notified body and responsible health authorities, we contained and/or recalled down to the consumer level the limited number of affected lots of products resulting in $7 million of manufacturing variances and $6 million of returns during the three months ended June 30, 2021. Further, although our Greenville, South Carolina facility increased production to support some of the demand in the near term, due to the limited availability of qualified materials, production at the Milan facility could not keep up with demand which negatively impacted our sales for the affected products in this region during the three months ended June 30, 2021. During the third quarter of 2021, we had removed this supplier from our Approved Supplier List and qualified another sterilization supplier, who, along with an existing secondary supplier, will provide bottle sterilization, thereby allowing our Milan facility to return to full production capacity.

Cost of goods sold as a percentage of Product sales was 40.3% and 39.2% for the three months ended June 30, 2022 and 2021, respectively, an increase of 1%, primarily attributable to higher manufacturing variances, as previously discussed, partially offset by the increase in net realized pricing.

Selling, General and Administrative Expenses

SG&A expenses primarily include: employee compensation associated with sales and marketing, finance, legal, information technology, human resources and other administrative functions; certain outside legal fees and consultancy costs; product promotion expenses; overhead and occupancy costs; depreciation of corporate facilities and equipment; and other general and administrative costs.

SG&A expenses were $368 million and $358 million for the three months ended June 30, 2022 and 2021, respectively, an increase of $10 million or 3%. The increase was primarily attributable to: (i) higher professional fees, (ii) higher selling expenses, primarily related to freight and travel and entertainment costs and (iii) higher compensation expenses, partially offset by the favorable impact of foreign currencies.

We expect to incur higher SG&A costs going forward as a standalone entity due to dis-synergies that result from the Separation.

Research and Development Expenses

Included in R&D are costs related to our product development and quality assurance programs. Expenses related to product development include: employee compensation costs; overhead and occupancy costs; depreciation of research and development facilities and equipment; clinical trial costs; clinical manufacturing and scale-up costs; and other third-party

development costs. Quality assurance are the costs incurred to meet evolving customer and regulatory standards and include: employee compensation costs; overhead and occupancy costs; amortization of software; and other third-party costs.

R&D expenses were $75 million and $71 million for the three months ended June 30, 2022 and 2021, respectively, an increase of $4 million, or 6%. R&D expenses as a percentage of Product sales were approximately 8.0% and 8.0% for the three months ended June 30, 2022 and 2021, respectively. The increase in R&D expenses is primarily due to higher medical device regulation costs.

While we are not currently conducting clinical trials in Russia, Belarus or Ukraine, certain planned trials in Russia and any future trials in this region will need to be postponed and/or relocated; however, we do not anticipate that the impact of this postponement or relocation will have a material impact to any of our development programs or pipeline products.

Amortization of Intangible Assets

Intangible assets with finite lives are amortized using the straight-line method over their estimated useful lives, generally 1 to 17 years. Management continually assesses the useful lives related to our long-lived assets to reflect the most current assumptions.

Amortization of Intangible assets was $64 million and $77 million for the three months ended June 30, 2022 and 2021, respectively, a decrease of $13 million primarily due to fully amortized intangible assets no longer being amortized in 2022.

See Note 8, "INTANGIBLE ASSETS AND GOODWILL" to our unaudited interim Condensed Consolidated Financial Statements for further details related to the Amortization of intangible assets.

Other (income) expense, net

Other (income) expense, net for the three months ended June 30, 2022 and 2021 consists of the following:

	Three Months Ended June 30,	
(in millions)	**2022**	**2021**
Asset impairments	$ —	$ 2
Restructuring, integration and separation costs	4	—
Acquired in-process research and development costs	—	1
Acquisition-related contingent consideration	(5)	—
Other (income) expense, net	$ (1)	$ 3

Non-Operating Income and Expense

Interest Expense

Interest expense primarily consists of interest payments due, amortization of debt premiums, discounts and deferred issuance costs on indebtedness under our credit facilities and interest due on a promissory note to BHC.

Interest expense was $44 million and $0 for the three months ended June 30, 2022 and 2021, respectively, an increase of $44 million. The increase is primarily attributable to interest associated with: (i) the Term Facility (as defined and discussed in further detail, under Item "— Liquidity and Capital Resources — Liquidity and Debt — Long-term Debt") entered into May 2022 and (ii) BHC Purchase Debt (as defined below) entered into in January 2022. See Note 10, "CREDIT FACILITIES" to our unaudited interim Condensed Consolidated Financial Statements for further details regarding the Term Facility.

On January 1, 2022, in anticipation of the B+L IPO, Bausch + Lomb issued a $2,200 million promissory note to BHC (the "BHC Purchase Debt") in conjunction with a legal reorganization. Included in Interest expense for the three months ended June 30, 2022 was $27 million of interest attributed to the BHC Purchase Debt. The BHC Purchase Debt was repaid in full on May 10, 2022. See Note 4, "RELATED PARTIES" to our unaudited interim Condensed Consolidated Financial Statements for further details.

Foreign Exchange and Other

Foreign exchange and other primarily includes translation gains/losses on intercompany loans and third-party liabilities and the gain/loss due to the change in fair value of foreign currency exchange contracts. Foreign exchange and other was a net income of $14 million and $9 million for the three months ended June 30, 2022 and 2021, respectively.

Income Taxes

Provision for income taxes were $20 million and $21 million for the three months ended June 30, 2022 and 2021, respectively, a decrease of $1 million. The decrease in income taxes was primarily related to: (i) a change in the jurisdictional mix of earnings and (ii) discrete tax effects of: (a) changes in uncertain tax positions, (b) the filing of certain tax returns and (c) a change in the deduction for stock compensation.

See Note 16, "INCOME TAXES" to our unaudited interim Condensed Consolidated Financial Statements for further details.

Reportable Segment Revenues and Profits

The following is a brief description of Bausch + Lomb's segments:

- ***The Vision Care segment*** consists of: (i) sales of contact lenses that span the spectrum of wearing modalities, including daily disposable and frequently replaced contact lenses and (ii) sales of contact lens care products and OTC eye drops, eye vitamins and mineral supplements that address various conditions including eye allergies, conjunctivitis and dry eye.
- ***The Ophthalmic Pharmaceuticals segment*** consists of sales of a broad line of proprietary and generic pharmaceutical products for post-operative treatments and the treatment of a number of eye conditions such as glaucoma, ocular hypertension and retinal diseases.
- ***The Surgical segment*** consists of sales of tools and technologies for the treatment of cataracts, and vitreous and retinal eye conditions and includes intraocular lenses and delivery systems, phacoemulsification equipment and other surgical instruments and devices.

Segment profit is based on operating income after the elimination of intercompany transactions. Certain costs, such as Amortization of intangible assets and Other (income) expense, net, are not included in the measure of segment profit, as management excludes these items in assessing segment financial performance. See Note 19, "SEGMENT INFORMATION" to our unaudited interim Condensed Consolidated Financial Statements for a reconciliation of segment profit to Income before provision for income taxes.

The following table presents segment revenues, segment revenues as a percentage of total revenues and the period-over-period changes in segment revenues for the three months ended June 30, 2022 and 2021. The following table also presents segment profits, segment profits as a percentage of segment revenues and the period-over-period changes in segment profits for the three months ended June 30, 2022 and 2021.

	Three Months Ended June 30,					
	2022		2021		Change	
(in millions)	Amount	Pct.	Amount	Pct.	Amount	Pct.
Segment Revenues						
Vision Care	$ 589	63 %	$ 556	59 %	$ 33	6 %
Ophthalmic Pharmaceuticals	168	18 %	193	21 %	(25)	(13)%
Surgical	184	19 %	185	20 %	(1)	(1)%
Total revenues	$ 941	100 %	$ 934	100 %	$ 7	1 %
Segment Profits / Segment Profit Margins						
Vision Care	$ 145	25 %	$ 121	22 %	$ 24	20 %
Ophthalmic Pharmaceuticals	52	31 %	78	40 %	(26)	(33)%
Surgical	11	6 %	13	7 %	(2)	(15)%
Total segment profits	$ 208	22 %	$ 212	23 %	$ (4)	(2)%

Organic Revenues and Organic Growth Rates (non-GAAP)

Organic growth, a non-GAAP measure, is defined as a change on a period-over-period basis in revenues on a constant currency basis (if applicable) excluding the impact of recent acquisitions, divestitures and discontinuations. Organic revenue growth (non-GAAP) is growth in Revenue (its most directly comparable GAAP financial measure), adjusted for certain items, of businesses that have been owned for one or more years. Organic revenue (non-GAAP) is impacted by changes in product volumes and price. The price component is made up of two key drivers: (i) changes in product gross selling price and (ii) changes in sales deductions. The Company uses organic revenue (non-GAAP) and organic revenue growth (non-GAAP)

to assess performance of its reportable segments, and the Company in total, without the impact of foreign currency exchange fluctuations and recent acquisitions, divestitures and product discontinuations. The Company believes that such measures are useful to investors as they provide a supplemental period-to-period comparison.

Organic revenue growth (non-GAAP) reflects adjustments for: (i) the impact of period-over-period changes in foreign currency exchange rates on revenues and (ii) the revenues associated with acquisitions, divestitures and discontinuations of businesses divested and/or discontinued. These adjustments are determined as follows:

Foreign currency exchange rates: Although changes in foreign currency exchange rates are part of our business, they are not within management's control. Changes in foreign currency exchange rates, however, can mask positive or negative trends in the underlying business performance. The impact for changes in foreign currency exchange rates is determined as the difference in the current period reported revenues at their current period currency exchange rates and the current period reported revenues revalued using the monthly average currency exchange rates during the comparable prior period.

Acquisitions, divestitures and discontinuations: In order to present period-over-period organic revenues (non-GAAP) on a comparable basis, revenues associated with acquisitions, divestitures and discontinuations are adjusted to include only revenues from those businesses and assets owned during both periods. Accordingly, organic revenue growth (non-GAAP) excludes from the current period all revenues attributable to each acquisition for the twelve months subsequent to the day of acquisition, as there are no revenues from those businesses and assets included in the comparable prior period. Organic revenue growth (non-GAAP) excludes from the prior period (but not the current period), all revenues attributable to each divestiture and discontinuance during the twelve months prior to the day of divestiture or discontinuance, as there are no revenues from those businesses and assets included in the comparable current period.

Non-GAAP financial measures and non-GAAP ratios are not prepared in accordance with GAAP nor do they have any standardized meaning under GAAP. In addition, other companies may use similarly titled non-GAAP financial measures and ratios that are calculated differently from the way we calculate such measures and ratios. Accordingly, the Company's non-GAAP financial measures and ratios may not be comparable to such similarly titled non-GAAP financial measures and ratios used by other companies.

The following table presents a reconciliation of Revenues to organic revenues (non-GAAP) and the period-over-period changes in organic revenue (non-GAAP) for the three months ended June 30, 2022 and 2021.

	Three Months Ended June 30, 2022			Three Months Ended June 30, 2021			Change in Organic Revenue (Non-GAAP)	
(in millions)	Revenue as Reported	Changes in Exchange Rates	Organic Revenue (Non-GAAP)	Revenue as Reported	Divestitures and Discontinuations	Organic Revenue (Non-GAAP)	Amount	Pct.
Vision Care	$ 589	$ 29	$ 618	$ 556	$ —	$ 556	$ 62	11 %
Ophthalmic Pharmaceuticals	168	6	174	193	—	193	(19)	(10)%
Surgical	184	11	195	185	(3)	182	13	7 %
Total	$ 941	$ 46	$ 987	$ 934	$ (3)	$ 931	$ 56	6 %

Vision Care Segment:

Vision Care Segment Revenue

The Vision Care segment revenue was $589 million and $556 million for the three months ended June 30, 2022 and 2021, respectively, an increase of $33 million, or 6%. The increase was driven by: (i) an increase in volumes of $33 million, primarily due to: (a) increased demand for Lumify®, Biotrue® and PreserVision® within our consumer eye care business and (b) the non-recurrence of a third-party supplier quality issue on the prior year revenues of certain consumer eye care products, as previously discussed and (ii) an increase in net pricing of $29 million primarily within our consumer eye care business. The increases were partially offset by: (i) the unfavorable impact of foreign currencies of $29 million, primarily in Europe and Asia and (ii) a decrease in volume in our international contact lens business, driven by the impact of the COVID-19 pandemic in China.

Vision Care Segment Profit

The Vision Care segment profit was $145 million and $121 million for the three months ended June 30, 2022 and 2021, respectively, an increase of $24 million, or 20%. The increase was primarily driven by: (i) the increase in volumes and net realized pricing as previously discussed and (ii) lower advertising and promotional expenses. These increases were partially offset by: (i) inflationary pressures related to certain manufacturing costs, primarily within our contact lens business and (ii) the unfavorable impact of foreign currencies. The higher manufacturing costs were partially offset by the non-recurrence of prior year charges related to a quality issue at a third-party supplier, as discussed above.

Ophthalmic Pharmaceuticals Segment:

Ophthalmic Pharmaceuticals Segment Revenue

The Ophthalmic Pharmaceuticals segment revenue was $168 million and $193 million for the three months ended June 30, 2022 and 2021, respectively, a decrease of $25 million, or 13%. The decrease was driven by: (i) a decrease in net realized pricing of $15 million primarily attributable to higher chargeback rates for certain generics products as a result of product and customer mix and lower contract pricing due to increased competition on certain products, (ii) the unfavorable impact of foreign currencies of $6 million, primarily in Europe and (iii) the decrease in volumes of $4 million in the U.S. primarily driven by the impact of generic competition on certain products that had previously lost exclusivity, such as Lotemax® Gel, Lotemax® Suspension and Bepreve®.

Ophthalmic Pharmaceuticals Segment Profit

The Ophthalmic Pharmaceuticals segment profit was $52 million and $78 million for the three months ended June 30, 2022 and 2021, respectively, a decrease of $26 million, or 33%. The decrease was primarily driven by: (i) the decrease in net realized pricing, as previously discussed and (ii) higher advertising and promotional costs, primarily attributable to the launch of XIPERE® in the first quarter of 2022.

Surgical Segment:

Surgical Segment Revenue

The Surgical segment revenue was $184 million and $185 million for the three months ended June 30, 2022 and 2021, respectively, a decrease of $1 million, or 1%. The decrease was driven by: (i) the unfavorable effect of foreign currencies of $11 million, primarily in Europe and (ii) the impact of divestitures and discontinuations of $3 million, related to the discontinuation of certain products. These decreases were partially offset by: (i) an increase in volumes of $12 million, primarily due to increased demand of consumables and intraocular lenses and (ii) an increase in net realized pricing of $1 million.

Surgical Segment Profit

The Surgical segment profit was $11 million and $13 million for the three months ended June 30, 2022 and 2021, respectively, a decrease of $2 million, or 15%. The decrease was primarily driven by: (i) higher selling expenses and (ii) the unfavorable impact of foreign currencies. These decreases were partially offset by the increase in volumes, as previously discussed.

Six Months Ended June 30, 2022 Compared to the Six Months Ended June 30, 2021

Revenues

Our revenues were $1,830 million and $1,815 million for the six months ended June 30, 2022 and 2021, respectively, an increase of $15 million, or 1%. The increase was attributable to increases in: (i) volumes of $88 million across each of our segments and (ii) net realized pricing of $8 million. The increase in volumes was primarily driven by: (i) our consumer eye care business, driven by: (a) increased demand for Lumify®, Biotrue® and PreserVision® and (b) the non-recurrence of a third-party supplier quality issue on the prior year revenues of certain consumer eye care products, as discussed above and (ii) increased demand of consumables and intraocular lenses within our Surgical segment, partially offset by a decrease in volume in our international contact lens business, primarily driven by the impact of the COVID-19 pandemic in China. These increases were partially offset by: (i) the unfavorable impact of foreign currencies across all our international businesses of $75 million, primarily in Europe and Asia and (ii) the impact of divestitures and discontinuations of $6 million, related to the discontinuation of certain products.

The changes in our segment revenues and segment profits for the six months ended June 30, 2022 are discussed in further detail in the respective subsequent sections titled "—Reportable Segment Revenues and Profits."

Cash Discounts and Allowances, Chargebacks and Distribution Fees

Provisions recorded to reduce gross product sales to net product sales and revenues for the six months ended June 30, 2022 and 2021 were as follows:

	Six Months Ended June 30,			
	2022		2021	
(in millions)	Amount	Pct.	Amount	Pct.
Gross product sales	$ 2,505	100.0 %	$ 2,428	100.0 %
Provisions to reduce gross product sales to net product sales				
Discounts and allowances	160	6.40 %	163	6.70 %
Returns	35	1.40 %	45	1.90 %
Rebates	270	10.80 %	256	10.50 %
Chargebacks	211	8.50 %	153	6.30 %
Distribution fees	11	0.40 %	9	0.40 %
Total provisions	687	27.40 %	626	25.80 %
Net product sales	1,818	72.60 %	1,802	74.20 %
Other revenues	12		13	
Revenues	$ 1,830		$ 1,815	

Cash discounts and allowances, returns, rebates, chargebacks and distribution fees as a percentage of gross product sales were 27.4% and 25.8% for the six months ended June 30, 2022 and 2021, respectively, an increase of 1.6 percentage points, and is primarily attributable to the increase in chargebacks as a percentage of revenues. Chargebacks were $211 million and $153 million for the six months ended June 30, 2022 and 2021, respectively, an increase of $58 million. The increase in chargebacks is primarily attributable to our generics portfolio as a result of product and customer mix and lower contract pricing due to increased competition on certain products.

Operating Expenses

Cost of Goods Sold (exclusive of amortization and impairments of intangible assets)

Cost of goods sold was $723 million and $695 million for the six months ended June 30, 2022 and 2021, respectively, an increase of $28 million or 4%. The increase was primarily driven by: (i) higher volumes, as previously discussed and (ii) higher manufacturing variances, primarily as a result of inflationary pressures related to certain manufacturing costs, partially offset by the favorable impact of foreign currencies. The higher manufacturing variances were partially offset by the non-recurrence of prior year charges related to a quality issue at a third-party supplier, as discussed above. We continue to monitor the impact of inflationary pressures on our operating results, particularly on our manufacturing costs, and we expect higher year over year manufacturing variances for the remainder of 2022 as a result of inflation.

Cost of goods sold as a percentage of Product sales was 39.8% and 38.6% for the six months ended June 30, 2022 and 2021, respectively, an increase of 1.2% primarily attributable to: (i) higher manufacturing variances and (ii) year-over-year changes in product mix.

Selling, General and Administrative Expenses

SG&A expenses were $711 million and $676 million for the six months ended June 30, 2022 and 2021, respectively, an increase of $35 million or 5%. The increase was primarily attributable to: (i) higher selling, advertising and promotional expenses, (ii) higher professional service fees and (iii) higher compensation expenses partially offset by the favorable impact of foreign currencies.

We expect to incur higher SG&A costs going forward as a standalone entity due to dis-synergies that result from the Separation.

Research and Development Expenses

R&D expenses were $152 million and $138 million for the six months ended June 30, 2022 and 2021, respectively, an increase of $14 million, or 10%. R&D expenses as a percentage of Product sales were approximately 8% and 8% for the six months ended June 30, 2022 and 2021, respectively.

In 2020, certain of our R&D activities were limited and others, including new patient enrollments in clinical trials, were temporarily paused, as most trial sites were not able to accept new patients due to government-mandated shutdowns in response to the COVID-19 pandemic. During our third quarter of 2020, many of these trial sites began to reopen and the pace of new patient enrollments increased heading into 2021. During 2021 these activities and related R&D spend gradually increased until they approached a normalized spend rate toward the end of the year. As of the date of this filing, we have not had to make material changes to our development timelines and the pause in our clinical trials has not had a material impact on our operating results; however, a resurgence of the virus could result in unanticipated delays in our ability to conduct new patient enrollments and create other delays which could have a significant adverse effect on our future operating results.

While we are not currently conducting clinical trials in Russia, Belarus or Ukraine, certain planned trials in Russia and any future trials in this region will need to be postponed and/or relocated; however, we do not anticipate that the impact of this postponement or relocation will have a material impact to any of our development programs or pipeline products.

Amortization of Intangible Assets

Amortization of Intangible assets was $129 million and $153 million for the six months ended June 30, 2022 and 2021, respectively, a decrease of $24 million primarily due to fully amortized intangible assets no longer being amortized in 2022.

See Note 8, “INTANGIBLE ASSETS AND GOODWILL” to our unaudited interim Condensed Consolidated Financial Statements for further details related to the Amortization of intangible assets.

Other expense, net

Other expense, net for the six months ended June 30, 2022 and 2021 consists of the following:

	Six Months Ended June 30,	
(in millions)	**2022**	**2021**
Asset impairments	$ —	$ 3
Restructuring, integration and separation costs	6	1
Acquired in-process research and development costs	—	1
Acquisition-related contingent consideration	(5)	—
Other expense, net	$ 1	$ 5

Non-Operating Income and Expense

Interest Expense

Interest expense was $64 million and $0 for the six months ended June 30, 2022 and 2021, respectively, an increase of $64 million. The increase is primarily attributable to interest associated with: (i) the Term Facility (as defined and discussed in further detail, under Item “— Liquidity and Capital Resources — Liquidity and Debt — Long-term Debt”) entered into May 2022 and (ii) BHC Purchase Debt entered into in January 2022. See Note 10, “CREDIT FACILITIES” to our unaudited interim Condensed Consolidated Financial Statements for further details regarding the Term Facility.

On January 1, 2022, in anticipation of the B+L IPO, Bausch + Lomb issued BHC Purchase Debt consisting of $2,200 million promissory note to BHC in conjunction with a legal reorganization. Included in Interest expense for the six months ended June 30, 2022 was $47 million of interest attributed to the BHC Purchase Debt. The BHC Purchase Debt was repaid in full on May 10, 2022. See Note 4, "RELATED PARTIES" to our unaudited interim Condensed Consolidated Financial Statements for further details.

Foreign Exchange and Other

Foreign exchange and other was a net income of $9 million and $1 million for the six months ended June 30, 2022 and 2021, respectively.

Income Taxes

Provision for income taxes were $26 million and $68 million for the six months ended June 30, 2022 and 2021, respectively, a favorable change of $42 million. The decrease in income taxes was primarily related to: (i) a change in the jurisdictional mix of earnings and (ii) discrete tax effects of: (a) internal restructurings in 2021, (b) the filings of certain tax returns and (c) a change in the deduction for stock compensation.

See Note 16, "INCOME TAXES" to our unaudited interim Condensed Consolidated Financial Statements for further details.

Reportable Segment Revenues and Profits

The following table presents segment revenues, segment revenues as a percentage of total revenues and the period-over-period changes in segment revenues for the six months ended June 30, 2022 and 2021. The following table also presents segment profits, segment profits as a percentage of segment revenues and the period-over-period changes in segment profits for the six months ended June 30, 2022 and 2021.

	Six Months Ended June 30,					
	2022		2021		Change	
(in millions)	Amount	Pct.	Amount	Pct.	Amount	Pct.
Segment Revenues						
Vision Care	$ 1,149	63 %	$ 1,112	61 %	$ 37	3 %
Ophthalmic Pharmaceuticals	323	18 %	356	20 %	(33)	(9)%
Surgical	358	19 %	347	19 %	11	3 %
Total revenues	$ 1,830	100 %	$ 1,815	100 %	$ 15	1 %
Segment Profits / Segment Profit Margins						
Vision Care	$ 304	26 %	$ 286	26 %	$ 18	6 %
Ophthalmic Pharmaceuticals	92	28 %	134	38 %	(42)	(31)%
Surgical	26	7 %	29	8 %	(3)	(10)%
Total segment profits	$ 422	23 %	$ 449	25 %	$ (27)	(6)%

The following table presents a reconciliation of Revenues to organic revenues (non-GAAP) and the period-over-period changes in organic revenue (non-GAAP) for the six months ended June 30, 2022 and 2021. Organic revenues (non-GAAP) and organic growth (non-GAAP) rates are defined in the previous section titled "Reportable Segment Revenues and Profits".

	Six Months Ended June 30, 2022			Six Months Ended June 30, 2021			Change in Organic Revenue (Non-GAAP)	
(in millions)	Revenue as Reported	Changes in Exchange Rates	Organic Revenue (Non-GAAP)	Revenue as Reported	Divestitures and Discontinuations	Organic Revenue (Non-GAAP)	Amount	Pct.
Vision Care	$ 1,149	$ 48	$ 1,197	$ 1,112	$ —	$ 1,112	$ 85	8 %
Ophthalmic Pharmaceuticals	323	10	333	356	—	356	(23)	(6)%
Surgical	358	17	375	347	(6)	341	34	10 %
Total	$ 1,830	$ 75	$ 1,905	$ 1,815	$ (6)	$ 1,809	$ 96	5 %

Vision Care Segment:

Vision Care Segment Revenue

The Vision Care segment revenue was $1,149 million and $1,112 million for the six months ended June 30, 2022 and 2021, respectively, an increase of $37 million, or 3%. The increase was driven by: (i) an increase in volumes of $50 million and (ii) an increase in net pricing of $35 million. The increase in volumes was primarily due to: (i) increased demand for Lumify®, Biotrue® and PreserVision® within our consumer eye care business and (ii) the non-recurrence of a third-party supplier quality issue on the prior year revenues of certain consumer eye care products, as previously discussed, partially offset by a decrease in volumes in our international contact lens business, driven by the impact of the COVID-19 pandemic in China. These increases were partially offset by the unfavorable impact of foreign currencies of $48 million, primarily in Europe and Asia.

Vision Care Segment Profit

The Vision Care segment profit was $304 million and $286 million for the six months ended June 30, 2022 and 2021, respectively, an increase of $18 million, or 6%. The increase was primarily driven by: (i) the increase in volumes and net realized pricing as previously discussed and (ii) lower G&A expenses in the U.S. contact lens and consumer eye care businesses. These increases were partially offset by: (i) higher manufacturing variances, primarily as a result of inflationary pressures related to certain manufacturing costs, (ii) the unfavorable impact of foreign currencies and (iii) higher selling expenses primarily due to increased freight costs. The higher manufacturing costs were partially offset by the non-recurrence of prior year charges related to a quality issue at a third-party supplier, as discussed above.

Ophthalmic Pharmaceuticals Segment:

Ophthalmic Pharmaceuticals Segment Revenue

The Ophthalmic Pharmaceuticals segment revenue was $323 million and $356 million for the six months ended June 30, 2022 and 2021, respectively, a decrease of $33 million, or 9%. The decrease was driven by: (i) a decrease in net realized pricing of $30 million due to higher chargeback rates for certain generics products as a result of product and customer mix and lower contract pricing due to increased competition on certain products and (ii) the unfavorable impact of foreign currencies of $10 million, partially offset by an increase in volumes of $7 million, primarily in Europe.

Ophthalmic Pharmaceuticals Segment Profit

The Ophthalmic Pharmaceuticals segment profit was $92 million and $134 million for the six months ended June 30, 2022 and 2021, respectively, a decrease of $42 million, or 31%. The decrease was primarily driven by: (i) the decrease in net realized pricing, as previously discussed and (ii) higher selling, advertising and promotional expenses.

Surgical Segment:

Surgical Segment Revenue

The Surgical segment revenue was $358 million and $347 million for the six months ended June 30, 2022 and 2021, respectively, an increase of $11 million, or 3%. The increase was driven by: (i) an increase in volumes of $31 million, primarily due to increased demand of consumables and intraocular lenses and (ii) an increase in net realized pricing of $3 million. These increases were partially offset by: (i) the unfavorable effect of foreign currencies of $17 million, primarily in Europe and (ii) the impact of divestitures and discontinuations of $6 million, related to the discontinuation of certain products.

Surgical Segment Profit

The Surgical segment profit was $26 million and $29 million for the six months ended June 30, 2022 and 2021, respectively, a decrease of $3 million, or 10%. The decrease was primarily driven by: (i) higher selling, advertising and promotional expenses, (ii) higher R&D expenses and (iii) the unfavorable impact of foreign currencies. These decreases were partially offset by the increase in volumes, as previously discussed.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

	Six Months Ended June 30,		
(in millions)	2022	2021	Change
Net cash provided by operating activities	$ 159	$ 438	$ (279)
Net cash used in investing activities	(76)	(93)	17
Net cash provided by (used in) financing activities	197	(297)	494
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(11)	(5)	(6)
Net increase in cash and cash equivalents and restricted cash	269	43	226
Cash and cash equivalents and restricted cash, beginning of period	177	238	(61)
Cash and cash equivalents and restricted cash, end of period	$ 446	$ 281	$ 165

Operating Activities

Net cash provided by operating activities was $159 million and $438 million for the six months ended June 30, 2022 and 2021, respectively, a decrease of $279 million. The decrease is primarily attributable to: (i) the change in our operating assets and liabilities, primarily driven by the timing of payments in the ordinary course of business, (ii) the change in deferred income taxes and (iii) the decrease in our operating results, as previously discussed.

Investing Activities

Net cash used in investing activities was $76 million and $93 million for the six months ended June 30, 2022 and 2021, respectively, a decrease of $17 million and was primarily driven by a decrease in Purchases of property, plant and equipment.

Financing Activities

Net cash provided by financing activities was $197 million for the six months ended June 30, 2022 as compared to Net cash used in financing activities of $297 million for the six months ended June 30, 2021, an increase of $494 million. The increase is primarily attributable to the issuance of long-term debt, net of $2,440 million, related to the Term Facility (defined below), partially offset by intercompany transactions between Bausch + Lomb and our parent company, BHC. These intercompany transactions include: (i) Net transfers to BHC of $2,271 million and $297 million for the six months ended June 30, 2022 and 2021, respectively and (ii) Net borrowings under BHC pooled financing arrangements of $31 million and $0 for the six months ended June 30, 2022 and 2021, respectively. For further details regarding Net transfers to BHC, see Note 4, “RELATED PARTIES” to our unaudited interim Condensed Consolidated Financial Statements.

Liquidity and Debt

Future Sources of Liquidity

Our primary sources of liquidity are expected to be our cash and cash equivalents, cash collected from customers, funds as available from our Revolving Credit Facility (as defined below), and issuances of other long-term debt, additional equity and equity-linked securities not anticipated as of the date of this filing. We believe these sources will be sufficient to meet our current liquidity needs for the next twelve months and be sufficient to support our future cash needs, however, we can provide no assurance that our liquidity and capital resources will meet future funding requirements.

The global financial markets recently have undergone and may continue to experience significant volatility and disruption. The timing and sustainability of an economic recovery is uncertain and additional macroeconomic, business and financial disruptions may arise. As markets change, there can be no assurance that the challenging economic environment or a further economic downturn would not impact our liquidity or our ability to obtain future financing.

We will regularly evaluate market conditions, our liquidity profile, and various financing alternatives for opportunities to enhance our capital structure. If opportunities are favorable, we may from time to time enter into new financing arrangements, refinance the Credit Facilities or repurchase debt, or issue additional equity and equity-linked securities.

Long-term Debt

Prior to the B+L IPO, we participated in BHC’s cash management arrangements, and generally all of our excess cash was transferred to BHC periodically. Cash disbursements for operations and/or investing activities were funded as needed by BHC. Cash and cash equivalents and Restricted cash as presented in our Combined Financial Statements for the year ended December 31, 2021, which are included in Bausch + Lomb’s final prospectus as filed with the SEC on May 5, 2022 pursuant to Rule 424(b)(4) under the Act relating to Bausch + Lomb’s Registration Statement on Form S-1 and in Bausch + Lomb’s

supplemented PREP prospectus as filed with the CSA on May 5, 2022 and in our unaudited interim Condensed Consolidated Financial Statements are amounts recorded on legal entities dedicated to Bausch + Lomb.

On May 10, 2022, in connection with the B+L IPO and in order to properly capitalize our business, Bausch + Lomb entered into a credit agreement (the "Credit Agreement", and the credit facilities thereunder, the "Credit Facilities") providing for term loans of $2,500 million with a five-year term to maturity (the "Term Facility") and a five-year revolving credit facility of $500 million (the "Revolving Credit Facility" or such financing, the "Debt Financing"). As of August 4, 2022, the Revolving Credit Facility remains undrawn. The Credit Facilities are secured by substantially all of the assets of Bausch + Lomb and its material, wholly-owned Canadian, U.S., Dutch and Irish subsidiaries, subject to certain exceptions. The term loans are denominated in U.S. dollars, and borrowings under the Revolving Credit Facility will be made available in U.S. dollars, euros, pounds sterling and Canadian dollars.

Currently, we are a restricted subsidiary under the BHC Credit Agreement and BHC Indentures, under which BHC had an aggregate amount of $19,556 million in outstanding indebtedness as of June 30, 2022 (which excludes amounts under our Credit Facilities). Although neither we nor our subsidiaries are guarantors of such debt, our status as a restricted subsidiary means that our ability to take certain actions, including the incurrence of debt, will be restricted by the terms of the BHC Credit Agreement and BHC Indentures. We will remain a restricted subsidiary until BHC designates us as "unrestricted", which is expected to occur at or prior to the distribution anticipated under the proposed Separation. See "Risk Factors—Risks Relating to the Separation—We expect that we will initially remain a restricted subsidiary under BHC's credit facilities and indentures at the time of completion of this offering and will be subject to various covenants under these facilities and indentures, which may adversely affect our operations" included in Bausch + Lomb's final prospectus as filed with the SEC on May 5, 2022 pursuant to Rule 424(b)(4) under the Act relating to Bausch + Lomb's Registration Statement on Form S-1 and in Bausch + Lomb's supplemented PREP prospectus as filed with the CSA on May 5, 2022.

Description of Credit Facilities

Borrowings under the Revolving Credit Facility in: (i) U.S. dollars bear interest at a rate per annum equal to, at our option, either (a) a term Secured Overnight Financing Rate ("SOFR")-based rate or (b) a U.S. dollar base rate, (ii) Canadian dollars bear interest at a rate per annum equal to, at our option, either (a) Canadian Dollar Offered Rate ("CDOR") or (b) a Canadian dollar prime rate, (iii) euros bear interest at a rate per annum equal to EURIBOR and (iv) pounds sterling bear interest at a rate per annum equal to Sterling Overnight Index Average ("SONIA") (provided, however, that the term SOFR-based rate, CDOR, EURIBOR and SONIA shall be no less than 0.00% per annum at any time and the U.S. dollar base rate and the Canadian dollar prime rate shall be no less than 1.00% per annum at any time), in each case, plus an applicable margin. Term SOFR-based loans are subject to a credit spread adjustment of 0.10%.

The applicable interest rate margins for borrowings under the Revolving Credit Facility are (i) between 0.75% to 1.75% with respect to U.S. dollar base rate or Canadian dollar prime rate borrowings and between 1.75% to 2.75% with respect to SOFR, EURIBOR, SONIA or CDOR borrowings based on the company's total net leverage ratio and (ii) after (x) Bausch + Lomb's senior unsecured non-credit-enhanced long-term indebtedness for borrowed money receives an investment grade rating from at least two of S&P, Moody's and Fitch and (y) the term loan facility has been repaid in full in cash (the "IG Trigger"), between 0.015% to 0.475% with respect to U.S. dollar base rate or Canadian dollar prime rate borrowings and between 1.015% to 1.475% with respect to SOFR, EURIBOR, SONIA or CDOR borrowings based on the Company's debt rating. In addition, we are required to pay commitment fees of 0.25% per annum in respect of the unutilized commitments under the Revolving Credit Facility, payable quarterly in arrears until the IG Trigger and a facility fee between 0.110% to 0.275% of the total revolving commitments, whether used or unused, based on the Company's debt rating and payable quarterly in arrears. We are also required to pay letter of credit fees on the maximum amount available to be drawn under all outstanding letters of credit in an amount equal to the applicable margin on SOFR borrowings under the Revolving Credit Facility on a per annum basis, payable quarterly in arrears, as well as customary fronting fees for the issuance of letters of credit and agency fees.

Borrowings under the term loan facility bear interest at a rate per annum equal to, at our option, either (i) a term SOFR-based rate, plus an applicable margin of 3.25% or (ii) a U.S. dollar base rate, plus an applicable margin of 2.25% (provided, however, that the term SOFR-based rate shall be no less than 0.50% per annum at any time and the U.S. dollar base rate shall not be lower than 1.50% per annum at any time). Term SOFR-based loans are subject to a credit spread adjustment of 0.10%.

Subject to certain exceptions and customary baskets set forth in the Credit Agreement, the Company is required to make mandatory prepayments of the loans under the Term Facility under certain circumstances, including from: (i) 100% of the net cash proceeds of insurance and condemnation proceeds for property or asset losses (subject to reinvestment rights, decrease based on leverage ratios and net proceeds threshold), (ii) 100% of the net cash proceeds from the incurrence of debt (other than permitted debt as described in the Credit Agreement), (iii) 50% of Excess Cash Flow (as defined in the Credit Agreement) subject to decrease based on leverage ratios and subject to a threshold amount and (iv) 100% of net cash

proceeds from asset sales (subject to reinvestment rights, decrease based on leverage ratios and net proceeds threshold). These mandatory prepayments may be used to satisfy future amortization.

The amortization rate for the Term Facility is 1.00% per annum and the first installment is payable on September 30, 2022. Bausch + Lomb may direct that prepayments be applied to such amortization payments in order of maturity. Provided, however, that the term SOFR-based rate shall be no less than 0.50% per annum at any time and the U.S. dollar base rate shall not be lower than 1.50% per annum at any time. Term SOFR-based loans are subject to a credit spread adjustment of 0.10%.

Credit Ratings

As of the date of this filing, August 4, 2022, the credit ratings and outlook from Moody's, Standard & Poor's ("S&P") and Fitch for certain outstanding obligations of Bausch + Lomb were as follows:

Rating Agency	Corporate Rating	Senior Secured Rating	Outlook
Moody's		B1	Negative
Standard & Poor's	CCC+	CCC+	Developing
Fitch	B+	BB+	Rating Watch Evolving

In April 2022, S&P initially assigned Bausch + Lomb a B+ corporate rating and a B+ senior secured rating. On May 31, 2022, S&P lowered these ratings one notch to a B corporate rating and a B senior secured rating. In August 2022, S&P lowered these ratings two notches to a CCC+ corporate rating and a CCC+ senior secured rating simultaneously with its downgrade of the corporate rating and senior secured rating of our parent company BHC. In April 2022, Moody's initially assigned Bausch + Lomb a Ba2 senior secured rating and, in August 2022, lowered this rating two notches to a B1 senior secured rating, reflecting a similar downgrade assigned to our parent company BHC. In April 2022, Fitch initially assigned Bausch + Lomb a BB- corporate rating and, in August 2022, lowered this rating one notch to a B+ corporate rating, reflecting a similar downgrade assigned to our parent company BHC. As previously discussed, Bausch + Lomb is a restricted subsidiary under the BHC Credit Agreement and BHC Indenture and we will remain a restricted subsidiary until BHC designates us as "unrestricted", which is expected to occur at or prior to the distribution anticipated under the proposed Separation. We expect Bausch + Lomb's credit ratings could be capped to that of BHC, until BHC designates us as "unrestricted".

Any downgrade in our corporate credit ratings or senior secured ratings may increase our cost of borrowing and may negatively impact our ability to raise additional debt capital.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

We have no off-balance sheet arrangements that have a material current effect or that are reasonably likely to have a material future effect on our results of operations, financial condition, capital expenditures, liquidity, or capital resources.

Other Future Cash Requirements

Our other future cash requirements relate to working capital, capital expenditures, business development transactions (contingent consideration), restructuring and integration, benefit obligations and litigation settlements. In addition, we may use cash to enter into licensing arrangements and/or to make strategic acquisitions. We regularly consider further acquisition opportunities within our core therapeutic areas, some of which could be sizable.

In addition to our working capital requirements, as of the date of this filing, August 4, 2022, we expect our primary cash requirements (excluding the repayments to BHC related to the BHC Purchase Debt and capital return as discussed below) for the period July 1, 2022 through December 31, 2022 to include:

- *Debt repayments and interest*—We expect to make interest payments of approximately $74 million and mandatory debt amortization payments of $13 million for the period July 1, 2022 through December 31, 2022 under our Term Facility and may elect to make additional principal payments under certain circumstances. Further, in the ordinary course of business, we may borrow and repay amounts under our Revolving Credit Facility to meet business needs;

- *Capital expenditures*—We expect to make payments of approximately $149 million for property, plant and equipment for the period July 1, 2022 through December 31, 2022 and;

- *Benefit obligations*—We expect to make aggregate payments under our pension and postretirement obligations of $6 million for the period July 1, 2022 through December 31, 2022. See Note 11, "PENSION AND POSTRETIREMENT EMPLOYEE BENEFIT PLANS" to our Combined Financial Statements for the year ended December 31, 2021, which were included in Bausch + Lomb's final prospectus as filed with the SEC on May 5, 2022 pursuant to Rule 424(b)(4) under the Act relating to Bausch + Lomb's Registration Statement on Form S-1 and in Bausch + Lomb's supplemented PREP prospectus as filed with the CSA on May 5, 2022.

Repayment of BHC Purchase Debt and Capital Return

As discussed in detail in Note 4, "RELATED PARTIES" to our unaudited interim Condensed Consolidated Financial Statements, on May 10, 2022, in connection with the B+L IPO, Bausch + Lomb, using the proceeds from the Term Facility of approximately $2,500 million of principal indebtedness and cash on hand: (i) repaid approximately $2,200 million of BHC Purchase Debt, (ii) made $229 million of net distributions to our parent, BHC and affiliates and (iii) paid approximately $47 million of interest on the BHC Purchased Debt. Prior to the B+L IPO, Bausch + Lomb was a wholly-owned subsidiary of BHC. We did not receive any proceeds from the sale of the common shares in the B+L IPO. The net proceeds from the B+L IPO were received by the Selling Shareholder.

Restructuring, Integration and Separation Costs

The Company evaluates opportunities to improve its operating results and implements cost savings programs to streamline its operations and eliminate redundant processes and expenses. Restructuring and integration costs primarily consist of costs associated with the implementation of cost savings programs to streamline operations and eliminate redundant processes and expenses. The expenses associated with the implementation of these cost savings programs include expenses associated with: (i) reducing headcount, (ii) eliminating real estate costs associated with unused or under-utilized facilities and (iii) implementing contribution margin improvement and other cost reduction initiatives. Although a specific plan does not exist at this time, we may identify and take additional exit and cost-rationalization restructuring actions in the future, the costs of which could be material.

In connection with the Separation, we have incurred and will continue to incur additional costs associated with activities taken to: (i) separate the Bausch + Lomb business from the remainder of BHC and (ii) register the Bausch + Lomb business as an independent publicly traded entity and these costs could be material. During 2022 and until the proposed Separation is completed, if completed, in addition to amounts paid for internal costs incurred in preparing for the separation of Bausch + Lomb from the remainder of BHC, we anticipate making cash payments for third-party costs. These third-party costs include amounts for, but not limited to; legal, consulting, accounting, IT infrastructure and certain other administrative services. While we have begun executing on our plan for the Separation, these payments cannot be reasonably estimated at this time and could be material.

Further, in connection with the Separation, we continue to evaluate opportunities to improve our operating results and may initiate cost savings programs to streamline our operations and eliminate redundant processes and expenses. These cost savings programs may include, but are not limited to: (i) reducing headcount, (ii) eliminating real estate costs associated with

unused or under-utilized facilities and (iii) implementing contribution margin improvement and other cost reduction initiatives. The expenses associated with the implementation of these cost savings programs could be material and may impact our cash flows.

Future Litigation

In the ordinary course of business, we are involved in litigation, claims, government inquiries, investigations, charges and proceedings. See Note 18, "LEGAL PROCEEDINGS" to our unaudited interim Condensed Consolidated Financial Statements for further details of these matters. Our ability to successfully defend the Company against pending and future litigation may impact cash flows.

Future Licensing Payments

In the ordinary course of business, we may enter into select licensing and collaborative agreements for the commercialization and/or development of unique products. In connection with these agreements, the Company may pay an upfront fee to secure the agreement. See Note 19, "COMMITMENTS AND CONTINGENCIES" to our Combined Financial Statements for the year ended December 31, 2021, which were included in Bausch + Lomb's final prospectus as filed with the SEC on May 5, 2022 pursuant to Rule 424(b)(4) under the Act relating to Bausch + Lomb's Registration Statement on Form S-1 and in Bausch + Lomb's supplemented PREP prospectus as filed with the CSA on May 5, 2022.

OUTSTANDING SHARE DATA

On April 28, 2022, Bausch + Lomb effected a share consolidation as a result of which it had 350,000,000 issued and outstanding common shares. These common shares are treated as issued and outstanding at January 1, 2021 for purposes of calculating Basic and diluted (loss) income per share attributable to Bausch + Lomb Corporation.

The registration statement related to the B+L IPO was declared effective on May 5, 2022, and our common stock began trading on the New York Stock Exchange and the Toronto Stock Exchange, in each case under the ticker symbol "BLCO" on May 6, 2022. Prior to the effectiveness of the registration statement, we were an indirect wholly-owned subsidiary of BHC. On May 10, 2022, the Selling Shareholder sold 35,000,000 common shares of Bausch + Lomb, at an offering price of $18.00 per share (less the applicable underwriting discount), pursuant to the Bausch + Lomb prospectuses. In addition, the Selling Shareholder granted the underwriters an option for a period of 30 days from the date of the B+L IPO to purchase up to an additional 5,250,000 common shares to cover over-allotments at the IPO offering price less underwriting commissions. On May 31, 2022, the underwriters of the B+L IPO partially exercised the over-allotment option granted to them by the Selling Shareholder, and, on June 1, 2022, the Selling Shareholder sold an additional 4,550,357 common shares of Bausch + Lomb, at an offering price of $18.00 per share (less the applicable underwriting discount). The remainder of the over-allotment option granted to the underwriters expired. Upon the closing of the B+L IPO (after giving effect to the partial exercise of the over-allotment option), BHC directly or indirectly holds 310,449,643 Bausch + Lomb common shares, which represents approximately 88.7% of our common shares.

At August 1, 2022, we had 350,000,000 issued and outstanding common shares. In addition, as of August 1, 2022, we had outstanding approximately 6,400,000 stock options and 3,200,000 restricted share units that each represent the right of a holder to receive one of Bausch + Lomb's common shares.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies and estimates are those policies and estimates that are most important and material to the preparation of our Condensed Consolidated Financial Statements, and which require management's most subjective and complex judgment due to the need to select policies from among alternatives available, and to make estimates about matters that are inherently uncertain. Management has reassessed the critical accounting policies and estimates as disclosed in Note 2 to the Combined Financial Statements for the year ended December 31, 2021 included in Bausch + Lomb's final prospectus as filed with the SEC on May 5, 2022 pursuant to Rule 424(b)(4) under the Act relating to Bausch + Lomb Registration Statement on Form S-1 and in Bausch + Lomb's supplemented PREP prospectus as filed with the CSA on May 5, 2022, and determined that there were no significant changes in our critical accounting policies and estimates during the six months ended June 30, 2022, except for: estimates and assumptions regarding the nature, timing and extent that the COVID-19 pandemic had on the Company's operations and cash flows as discussed in Note 2, "SIGNIFICANT ACCOUNTING POLICIES" to our unaudited interim Condensed Consolidated Financial Statements.

NEW ACCOUNTING STANDARDS

None.

FORWARD-LOOKING STATEMENTS

Caution regarding forward-looking information and statements and "Safe-Harbor" statements under the U.S. Private Securities Litigation Reform Act of 1995 and applicable Canadian securities laws:

To the extent any statements made in this Form 10-Q contain information that is not historical, these statements are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and may be forward-looking information within the meaning defined under applicable Canadian securities laws (collectively, "forward-looking statements").

These forward-looking statements relate to, among other things: our business strategy, business plans and prospects and forecasts and changes thereto; product pipeline, prospective products and product approvals, expected launches of new products, product development and results of current and anticipated products; anticipated revenues for our products; expected R&D and marketing spend; our expected primary cash and working capital requirements for 2022 and beyond; our plans for continued improvement in operational efficiency and the anticipated impact of such plans; our liquidity and our ability to satisfy our debt maturities as they become due; our ability to comply with the covenants contained in our credit agreement (the "Credit Agreement") and, during the period in which we remain a restricted subsidiary thereunder, the credit agreement of Bausch Health Companies Inc. (the "BHC Credit Agreement") and the senior notes indentures of Bausch Health Companies Inc. (the "BHC Indentures"); any proposed pricing actions; exposure to foreign currency exchange rate changes and interest rate changes; the outcome of contingencies, such as litigation, subpoenas, investigations, reviews, audits and regulatory proceedings; the anticipated impact of the adoption of new accounting standards; general market conditions; our expectations regarding our financial performance, including our future financial and operating performance, revenues, expenses, gross margins and income taxes; our impairment assessments, including the assumptions used therein and the results thereof; the anticipated impact of the evolving COVID-19 pandemic and related responses from governments and private sector participants on the Company and, its supply chain, third-party suppliers, project development timelines, costs, revenues, margins, liquidity and financial condition and the anticipated timing, speed and magnitude of recovery from these COVID-19 pandemic related impacts; the anticipated impact from the ongoing conflict between Russia and Ukraine; and the anticipated separation from BHC, including the structure and expected timetable for completing such separation transaction.

Forward-looking statements can generally be identified by the use of words such as "believe," "anticipate," "expect," "intend," "estimate," "plan," "continue," "will," "may," "could," "would," "should," "target," "potential," "opportunity," "designed," "create," "predict," "project," "forecast," "seek," "strive," "ongoing," "decrease" or "increase" and variations or other similar expressions. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances are forward-looking statements. These forward-looking statements may not be appropriate for other purposes. Although we have previously indicated certain of these statements set out herein, all of the statements in this Form 10-Q that contain forward-looking statements are qualified by these cautionary statements. These statements are based upon the current expectations and beliefs of management. Although we believe that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making such forward-looking statements, including, but not limited to, factors and assumptions regarding the items previously outlined, those factors, risks and uncertainties outlined below and the assumption that none of these factors, risks and uncertainties will cause actual results or events to differ materially from those described in such forward-looking statements. Actual results may differ materially from those expressed or implied in such statements. Important factors, risks and uncertainties that could cause actual results to differ materially from these expectations include, among other things, the following:

- the risks and uncertainties caused by or relating to the evolving COVID-19 pandemic, the fear of that pandemic, the emergence of variants and sub-variants of COVID-19 (including, but not limited to, the resurgence of COVID-19 cases in China and other countries) and any resulting reinstitution of lockdowns or other restrictions, the availability and effectiveness of vaccines for COVID-19 (including with respect to current or future variants and sub-variants), COVID-19 vaccine immunization rates, the evolving reaction of governments, private sector participants and the public to that pandemic, and the potential effects and economic impact of the pandemic and the reaction to it, the severity, duration and future impact of which are highly uncertain and cannot be predicted, and which may have a significant adverse impact on us, including but not limited to our supply chain, third-party suppliers, project development timelines, employee base, liquidity, stock price, financial condition and costs (which may increase) and revenue and margins (both of which may decrease);

- the challenges the Company faces as a result of the closing of its recent initial public offering (the "B+L IPO"), including the challenges and difficulties associated with managing an independent, complex business, the transitional services being provided by and to BHC, any potential, actual or perceived conflict of interest of some of our directors and officers because of their equity ownership in BHC and/or because they also serve as directors of BHC;

- our status as a controlled company, and the possibility that BHC's interest may conflict with our interests and the interests of our other shareholders;
- the impact on our business of remaining a restricted subsidiary for a period of time following the B+L IPO under the BHC Credit Agreement and the BHC Indentures, which may adversely affect our operations;
- the risks and uncertainties associated with the proposed plan to separate or spinoff Bausch + Lomb from BHC, which include, but are not limited to, the expected benefits and costs of the spinoff transaction, the expected timing of completion of the spinoff transaction and its terms (including the expectation that the spinoff transaction will be completed following the expiry of customary lock-ups related to the B+L IPO and achievement of targeted debt leverage ratios, subject to market conditions and receipt of applicable shareholder and other necessary approvals), the ability to complete the spinoff transaction considering the various conditions to the completion of the spinoff transaction (some of which are outside the Company's and BHC's control, including conditions related to regulatory matters and receipt of applicable shareholder approvals), the impact of any potential sales of our common shares by BHC subject to expiring of customary lock-ups, that market or other conditions are no longer favorable to completing the transaction, that applicable shareholder, stock exchange, regulatory or other approval is not obtained on the terms or timelines anticipated or at all, business disruption during the pendency of, or following, the spinoff transaction, diversion of management time on spinoff transaction-related issues, retention of existing management team members, the reaction of customers and other parties to the spinoff transaction, the qualification of the spinoff transaction as a tax-free transaction for Canadian and/or U.S. federal income tax purposes (including whether or not an advance ruling from the Canada Revenue Agency and/or the Internal Revenue Service will be sought or obtained), the ability of the Company and BHC to satisfy the conditions required to maintain the tax-free status of the spinoff transaction (some of which are beyond their control), other potential tax or other liabilities that may arise as a result of the spinoff transaction, the potential dissynergy costs resulting from the spinoff transaction, the impact of the spinoff transaction on relationships with customers, suppliers, employees and other business counterparties, general economic conditions, conditions in the markets the Company is engaged in, behavior of customers, suppliers and competitors, technological developments, as well as legal and regulatory rules affecting the Company's business. In particular, the Company can offer no assurance that any spinoff transaction will occur at all, or that any such transaction will occur on the timelines anticipated by the Company and BHC;
- ongoing litigation and potential additional litigation, claims, challenges and/or regulatory investigations challenging or otherwise relating to the B+L IPO and the proposed separation from BHC and the costs, expenses, use of resources, diversion of management time and efforts, liability and damages that may result therefrom;
- pricing decisions that we have implemented or may in the future elect to implement at the direction of our recently established Pricing Committee or otherwise;
- legislative or policy efforts, including those that may be introduced and passed by the U.S. Congress, designed to reduce patient out-of-pocket costs for medicines and other products, which could result in new mandatory rebates and discounts or other pricing restrictions, controls or regulations (including mandatory price reductions);
- ongoing oversight and review of our products and facilities by regulatory and governmental agencies, including periodic audits by the U.S. Food and Drug Administration (the "FDA") and equivalent agencies outside of the United States and the results thereof;
- actions by the FDA or other regulatory authorities with respect to our products or facilities;
- compliance with the legal and regulatory requirements of our marketed products;
- our ability to comply with the financial and other covenants contained in our Credit Agreement and other current or future debt agreements and, during the period in which we are a restricted subsidiary thereunder, those covenants contained in the BHC Credit Agreement and BHC Indentures, including the limitations, restrictions and prohibitions such covenants may impose on the way we conduct our business including prohibitions on incurring additional debt if certain financial covenants are not met, our ability to draw under the revolving credit facility under our Credit Agreement and restrictions on our ability to make certain investments and other restricted payments;
- any downgrade by rating agencies in our or BHC's credit ratings, which may impact, among other things, our ability to raise debt and the cost of capital for additional debt issuances;
- changes in the assumptions used in connection with our impairment analyses or assessments, which would lead to a change in such impairment analyses and assessments and which could result in an impairment in the goodwill associated with any of our reporting units or impairment charges related to certain of our products or other intangible assets;

- the uncertainties associated with the acquisition and launch of new products, assets and businesses, including, but not limited to, our ability to provide the time, resources, expertise and funds required for the commercial launch of new products, the acceptance and demand for new products, and the impact of competitive products and pricing, which could lead to material impairment charges;
- our ability or inability to extend the profitable life of our products, including through line extensions and other life-cycle programs;
- our ability to retain, motivate and recruit executives and other key employees, including our ability to find a new Chief Executive Officer;
- our ability to implement effective succession planning for our executives and key employees;
- factors impacting our ability to achieve anticipated revenues for our products, including changes in anticipated marketing spend on such products and launch of competing products;
- factors impacting our ability to achieve anticipated market acceptance for our products, including the pricing of such products, effectiveness of promotional efforts, reputation of our products and launch of competing products;
- our ability to compete against companies that are larger and have greater financial, technical and human resources than we do, as well as other competitive factors, such as technological advances achieved, patents obtained and new products introduced by our competitors;
- the extent to which our products are reimbursed by government authorities, pharmacy benefit managers ("PBMs") and other third-party payors; the impact our distribution, pricing and other practices may have on the decisions of such government authorities, PBMs and other third-party payors to reimburse our products; and the impact of obtaining or maintaining such reimbursement on the price and sales of our products;
- the inclusion of our products on formularies or our ability to achieve favorable formulary status, as well as the impact on the price and sales of our products in connection therewith;
- the consolidation of wholesalers, retail drug chains and other customer groups and the impact of such industry consolidation on our business;
- our ability to maintain strong relationships with physicians and other healthcare professionals;
- our eligibility for benefits under tax treaties and the continued availability of low effective tax rates for the business profits of certain of our subsidiaries;
- the implementation of the Organisation for Economic Co-operation and Development inclusive framework on Base Erosion and Profit Shifting, including the global minimum corporate tax rate, by the countries in which we operate;
- the actions of our third-party partners or service providers of research, development, manufacturing, marketing, distribution or other services, including their compliance with applicable laws and contracts, which actions may be beyond our control or influence, and the impact of such actions on us;
- the risks associated with the international scope of our operations, including our presence in emerging markets and the challenges we face when entering and operating in new and different geographic markets (including the challenges created by new and different regulatory regimes in such countries and the need to comply with applicable anti-bribery and economic sanctions, laws and regulations);
- adverse global economic conditions and credit markets and foreign currency exchange uncertainty and volatility in certain of the countries in which we do business;
- the impact of the United States-Mexico-Canada Agreement ("USMCA") and any potential changes to other trade agreements;
- the trade conflict between the United States and China;
- the impact of the ongoing conflict between Russia and Ukraine and the export controls, sanctions and other restrictive actions that have been or may be imposed by the United States, Canada and other countries against governmental and other entities and individuals in or associated with Russia, Belarus and parts of Ukraine;
- our ability to obtain, maintain and license sufficient intellectual property rights over our products and enforce and defend against challenges to such intellectual property;

- the ability of BHC to enforce and defend against challenges to its intellectual property in connection with the filing by Norwich Pharmaceuticals Inc. ("Norwich") of its Abbreviated New Drug Application ("ANDA") for Xifaxan® (rifaxamin) 550 mg tablets and the Company's related lawsuit filed against Norwich in connection therewith and the impact of such matter on, among other things, our planned separation or spinoff transaction and the timing thereof;
- the introduction of generic, biosimilar or other competitors of our branded products and other products, including the introduction of products that compete against our products that do not have patent or data exclusivity rights;
- the expense, timing and outcome of pending or future legal and governmental proceedings, arbitrations, investigations, subpoenas, tax and other regulatory audits, examinations, reviews and regulatory proceedings against us or relating to us and settlements thereof;
- our ability to obtain components, raw materials or finished products supplied by third parties (some of which may be single-sourced) and other manufacturing and related supply difficulties, interruptions and delays;
- the disruption of delivery of our products and the routine flow of manufactured goods;
- potential work stoppages, slowdowns or other labor problems at our facilities and the resulting impact on our manufacturing, distribution and other operations;
- economic factors over which we have no control, including changes in inflation as a result of changes in inflationary pressures and otherwise, interest rates, foreign currency rates, and the potential effect of such factors on revenues, expenses and resulting margins;
- a potential recession and its impact on revenues, expenses and resulting margins;
- interest rate risks associated with our floating rate debt borrowings;
- our ability to effectively distribute our products and the effectiveness and success of our distribution arrangements;
- our ability to effectively promote our own products and those of our co-promotion partners;
- our ability to secure and maintain third-party research, development, manufacturing, licensing, marketing or distribution arrangements;
- the risk that our products could cause, or be alleged to cause, personal injury and adverse effects, leading to potential lawsuits, product liability claims and damages and/or recalls or withdrawals of products from the market;
- the mandatory or voluntary recall or withdrawal of our products from the market and the costs associated therewith;
- the availability of, and our ability to obtain and maintain, adequate insurance coverage and/or our ability to cover or insure against the total amount of the claims and liabilities we face, whether through third-party insurance or self-insurance;
- our indemnity agreements, which may result in an obligation to indemnify or reimburse the relevant counterparty, which amounts may be material;
- the difficulty in predicting the expense, timing and outcome within our legal and regulatory environment, including with respect to approvals by the FDA, Health Canada, the European Medicines Agency (“EMA”) and similar agencies in other jurisdictions, legal and regulatory proceedings and settlements thereof, the protection afforded by our patents and other intellectual and proprietary property, successful generic challenges to our products and infringement or alleged infringement of the intellectual property of others;
- the results of continuing safety and efficacy studies by industry and government agencies;
- the success of preclinical and clinical trials for our drug development pipeline or delays in clinical trials that adversely impact the timely commercialization of our pipeline products, as well as other factors impacting the commercial success of our products, which could lead to material impairment charges;
- uncertainties around the successful improvement and modification of our existing products and development of new products, which may require significant expenditures and efforts;
- the results of management reviews of our research and development portfolio (including following the receipt of clinical results or feedback from the FDA or other regulatory authorities), which could result in terminations of specific projects which, in turn, could lead to material impairment charges;
- the seasonality of sales of certain of our products;

- declines in the pricing and sales volume of certain of our products that are distributed or marketed by third parties, over which we have no or limited control;
- compliance by us or our third-party partners and service providers (over whom we may have limited influence), or the failure by us or these third parties to comply, with health care "fraud and abuse" laws and other extensive regulation of our marketing, promotional and business practices (including with respect to pricing), worldwide anti-bribery laws (including the U.S. Foreign Corrupt Practices Act and the Canadian Corruption of Foreign Public Officials Act), worldwide economic sanctions and/or export laws, worldwide environmental laws and regulation and privacy and security regulations;
- the impacts of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (the "Health Care Reform Act") and any potential amendment thereof and other legislative and regulatory health care reforms in the countries in which we operate, including with respect to recent government inquiries on pricing;
- the impact of any changes in or reforms to the legislation, laws, rules, regulation and guidance that apply to us and our businesses and products or the enactment of any new or proposed legislation, laws, rules, regulations or guidance that will impact or apply to us or our businesses or products;
- the impact of changes in federal laws and policy that may be undertaken under the Biden administration;
- illegal distribution or sale of counterfeit versions of our products;
- interruptions, breakdowns or breaches in our information technology systems; and
- the risks under the section entitled "Risk Factors" in our final prospectus as filed with the U.S. Securities and Exchange Commission ("SEC") on May 5, 2022 pursuant to Rule 424(b)(4) under the Securities Act of 1933, as amended (the "Act") relating to our Registration Statement on Form S-1, and our supplemented PREP prospectus as filed with the CSA (as defined below) on May 5, 2022 and risks detailed from time to time in our other filings with the SEC and the Canadian Securities Administrators (the "CSA"), as well as our ability to anticipate and manage the risks associated with the foregoing.

Additional information about these factors and about the material factors or assumptions underlying such forward-looking statements may be found in Bausch + Lomb's final prospectus as filed with the SEC on May 5, 2022 pursuant to Rule 424(b)(4) under the Act relating to our Registration Statement on Form S-1 and in Bausch + Lomb's supplemented PREP prospectus as filed with the CSA on May 5, 2022, under the section entitled "Risk Factors" and in the Company's other filings with the SEC and CSA. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. These forward-looking statements speak only as of the date made. We undertake no obligation to update or revise any of these forward-looking statements to reflect events or circumstances after the date of this Form 10-Q or to reflect actual outcomes, except as required by law. We caution that, as it is not possible to predict or identify all relevant factors that may impact forward-looking statements, the foregoing list of important factors that may affect future results is not exhaustive and should not be considered a complete statement of all potential risks and uncertainties.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Other than as indicated below under "— Interest Rate Risk" and "— Inflation Risk", there have been no material changes to the risk factors as disclosed in the section entitled "Quantitative and Qualitative Disclosures About Market Risk" included in Bausch + Lomb's final prospectus as filed with the SEC on May 5, 2022 pursuant to Rule 424(b)(4) under the Act relating to Bausch + Lomb's Registration Statement on Form S-1 and in Bausch + Lomb's supplemented PREP prospectus as filed with the CSA on May 5, 2022.

Interest Rate Risk

As of June 30, 2022, we had $2,500 million principal amount of issued variable rate debt. We are subject to interest rate risk on our variable rate debt as changes in interest rates could adversely affect earnings and cash flows. A 100 basis-points increase or decrease in interest rates would have an annualized pre-tax effect of approximately $25 million in our Consolidated Statements of Operations and Cash Flows, based on current outstanding borrowings and effective interest rates on our variable rate debt. While our variable-rate debt may impact earnings and cash flows as a result of changes in effective interest rates, it is not subject to changes in fair value.

Inflation Risk

We are subject to price control restrictions on our pharmaceutical products in a number of countries in which we operate. As a result, our ability to raise prices in a timely fashion in anticipation of inflation may be limited in some markets.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), has evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2022. Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of June 30, 2022.

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act or under other applicable U.S. or Canadian securities laws or stock exchange rules is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal controls over financial reporting that occurred during the three months ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.