UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-41380

Bausch + Lomb Corporation

(Exact name of registrant as specified in its charter)

Canada	**98-1613662**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

520 Applewood Crescent, Vaughan, Ontario, Canada L4K 4B4
(Address of Principal Executive Offices) (Zip Code)

(905) 695-7700
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered	
Common Shares, No Par Value	**BLCO**	**New York Stock Exchange**	**Toronto Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐	Non-accelerated filer	☒	Smaller reporting company	☐	Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common shares, no par value — 350,855,769 shares outstanding as of October 27, 2023.

BAUSCH + LOMB CORPORATION
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2023

INDEX

BAUSCH + LOMB CORPORATION
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2023

Introductory Note

Except where the context otherwise requires, all references in this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023 (this "Form 10-Q") to the "Company", "we", "us", "our" or similar words or phrases are to Bausch + Lomb Corporation and its subsidiaries, taken together. In this Form 10-Q, references to "$" are to United States ("U.S.") dollars and references to "€" are to euros. Unless otherwise indicated, the statistical and financial data contained in this Form 10-Q are presented as of September 30, 2023.

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, business 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; our recently consummated acquisition of XIIDRA® and certain other ophthalmology assets; anticipated revenues for our products; expected R&D and marketing spend; our expected primary cash and working capital requirements for the remainder of 2023 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, as recently amended, (the "Amended Credit Agreement") and in the indenture governing our October 2028 Secured Notes (as defined below); 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 and economic uncertainty; 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 effect of current market conditions and recessionary pressures in one or more of our markets; the anticipated effect of macroeconomic factors, including inflation; the anticipated impact of the evolving COVID-19 pandemic; the anticipated impact from the ongoing conflict between Russia and Ukraine; and the anticipated separation from Bausch Health Companies Inc. ("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," "schedule," "continue," "will," "may," "can," "might," "could," "would," "should," "target," "potential," "opportunity," "designed," "create," "predict," "project," "timeline," "forecast," "outlook," "seek," "strive," "suggest," "prospective," "strategy," "indicative," "intend," "ongoing," "decrease" or "increase" and positive and negative variations thereof 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:

- *adverse economic conditions and other macroeconomic factors, including inflation, slower growth or a potential recession, which could adversely impact our revenues, expenses and resulting margins;*
- *the effect of current market conditions and recessionary pressures in one or more of our markets;*

- *the risks and uncertainties caused by or relating to the evolving COVID-19 pandemic, including the potential effects and economic and future impact of that pandemic (or any resurgence thereof) or another pandemic and the reaction to such pandemic (including as it relates to the reinstitution of any lockdowns or other restrictions);*

- *the challenges the Company faces following its 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, and 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 and other stakeholders;*

- *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 achievement of targeted debt leverage ratios, subject to receipt of applicable shareholder and other necessary approvals and other factors), 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, 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, the impact on the spinoff transaction (and the timing thereof) of the filing by Norwich Pharmaceuticals Inc. ("Norwich") of its Abbreviated New Drug Application ("ANDA") for Xifaxan® (rifaxamin) 550 mg tablets and BHC's related lawsuit filed against Norwich in connection therewith (including BHC's ability to successfully appeal the decision of the U.S. District Court for the District of Delaware in such lawsuit), 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 structure of the spinoff transaction and related distribution, 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 dis-synergy 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 or in the manner 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 pricing committees 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 Amended Credit Agreement, the indenture governing our October 2028 Secured Notes and other current or future debt agreements, 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 Amended Credit Agreement (the "Revolving Credit Facility") and restrictions on our ability to make certain investments and other restricted payments;

- *any downgrade or additional 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 risks and uncertainties relating to our recently-consummated acquisition of XIIDRA® and certain other ophthalmology assets (the "XIIDRA Acquisition"), including our ability to effectively and efficiently integrate the acquired XIIDRA® product, pipeline products, transferred sales force and other assets into our existing business, risks that such integration efforts will potentially divert the efforts and attention of management and other employees away from our ongoing business operations, the effect of the transaction on our ability to maintain relationships with customers, suppliers, and other business partners, risks relating to our increased levels of debt as a result of debt incurred to finance such acquisition and risks that we may not realize the expected benefits of the acquisition on a timely basis or at all;*
- *the possibility that the unaudited pro forma financial information included in this Form 10-Q may not necessarily be indicative of what the consolidated results of operations would have been had the XIIDRA Acquisition been completed on January 1, 2022 and may differ materially from the future results of operations of the combined company;*
- *the uncertainties associated with the acquisition and launch of new products, assets and businesses (including the recently-acquired XIIDRA® product and Blink® product line), 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, the failure to obtain required regulatory approvals, clearances or authorizations, 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 manage the transition to our new Chairman and Chief Executive Officer and other new executive officers, the success of such individuals in assuming their respective roles and the ability of such individuals to implement and achieve the strategies and goals of the Company as they develop;*
- *our ability to retain, motivate and recruit executives and other key employees;*
- *our ability to implement effective succession planning for our executives and other 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 health care 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 implementation of the new U.S. federal corporate alternative minimum tax (the "CAMT") under the recently enacted Inflation Reduction Act (the "IRA") and any future guidance with respect to the interpretation and application of the CAMT, as well as the impact of the other changes made under the IRA;*
- *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;*
- *trade conflicts, including 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, the EU and other countries against governmental and other entities and individuals in or associated with Russia, Belarus and parts of Ukraine, including potential impact on sales, earnings, market conditions and the ability of the Company to manage resources and historical investment in Russia;*
- *the impact of the recent escalation in conflict in the Middle East, including attacks on Israel by Hamas and any related military conflict, including potential impact on our operations, sale of products and revenues in this region;*
- *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 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 inflationary pressures as a result of historically high domestic and global inflation and otherwise, interest rates, foreign currency rates, and the potential effect of such factors 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*
- *risks in Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the U.S. Securities and Exchange Commission ("SEC") and the Canadian Securities Administrators (the "CSA") on February 22, 2023, risks in Item 1A. "Risk Factors" of Part II of our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023, filed on August 2, 2023 and risks detailed from time to time in our other filings with the SEC and 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 our Annual Report on Form 10-K for the year ended December 31, 2022, filed on February 22, 2023, under Item 1A. "Risk Factors", in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023, filed on August 2, 2023, under Item 1A. "Risk Factors" of Part II and in the Company's other filings with the SEC and the 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.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

BAUSCH + LOMB CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except share amounts)
(Unaudited)

	September 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 355	$ 354
Restricted cash	5	26
Trade receivables, net (Note 4)	783	724
Inventories, net	754	628
Prepaid expenses and other current assets (Note 4)	567	405
Total current assets	2,464	2,137
Property, plant and equipment, net	1,284	1,300
Intangible assets, net	3,662	2,058
Goodwill	4,526	4,507
Deferred tax assets, net	920	927
Other non-current assets (Note 4)	212	215
Total assets	$ 13,068	$ 11,144
Liabilities		
Current liabilities:		
Accounts payable (Note 4)	$ 364	$ 370
Accrued and other current liabilities	992	901
Current portion of long-term debt	30	25
Total current liabilities	1,386	1,296
Deferred tax liabilities, net	11	7
Other non-current liabilities	353	329
Long-term debt	4,435	2,411
Total liabilities	6,185	4,043
Commitments and contingencies (Note 17)		
Equity		
Common shares, no par value, unlimited shares authorized, 350,824,535 and 350,000,749 issued and outstanding at September 30, 2023 and December 31, 2022, respectively	—	—
Additional paid-in capital	8,334	8,285
Accumulated (deficit) earnings	(200)	6
Accumulated other comprehensive loss	(1,317)	(1,258)
Total Bausch + Lomb Corporation shareholders' equity	6,817	7,033
Noncontrolling interest	66	68
Total equity	6,883	7,101
Total liabilities and equity	$ 13,068	$ 11,144

The accompanying notes are an integral part of these condensed consolidated financial statements.

BAUSCH + LOMB CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Revenues				
Product sales	$ 1,004	$ 937	$ 2,963	$ 2,755
Other revenues	3	5	10	17
	1,007	942	2,973	2,772
Expenses				
Cost of goods sold (excluding amortization and impairments of intangible assets) (Note 4)	391	370	1,179	1,093
Cost of other revenues	1	2	2	6
Selling, general and administrative (Note 4)	418	381	1,253	1,092
Research and development (Note 4)	82	77	244	229
Amortization of intangible assets	47	59	160	188
Other expense, net	28	7	54	8
	967	896	2,892	2,616
Operating income	40	46	81	156
Interest income	4	2	12	3
Interest expense (Note 4)	(76)	(35)	(184)	(99)
Foreign exchange and other	(3)	6	(18)	15
(Loss) income before provision for income taxes	(35)	19	(109)	75
Provision for income taxes	(45)	(34)	(88)	(60)
Net (loss) income	(80)	(15)	(197)	15
Net income attributable to noncontrolling interest	(4)	(3)	(9)	(8)
Net (loss) income attributable to Bausch + Lomb Corporation	$ (84)	$ (18)	$ (206)	$ 7
Basic and diluted (loss) income per share attributable to Bausch + Lomb Corporation	$ (0.24)	$ (0.05)	$ (0.59)	$ 0.02
Basic weighted-average common shares	350.8	350.0	350.4	350.0
Diluted weighted-average common shares	350.8	350.0	350.4	350.1

The accompanying notes are an integral part of these condensed consolidated financial statements.

BAUSCH + LOMB CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in millions)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net (loss) income	$ (80)	$ (15)	$ (197)	$ 15
Other comprehensive loss				
Foreign currency translation adjustment	(70)	(169)	(59)	(351)
Pension and postretirement benefit plan adjustments, net of income taxes	(1)	(1)	(2)	(4)
Other comprehensive loss	(71)	(170)	(61)	(355)
Comprehensive loss	(151)	(185)	(258)	(340)
Comprehensive income attributable to noncontrolling interest	(3)	(2)	(7)	(4)
Comprehensive loss attributable to Bausch + Lomb Corporation	$ (154)	$ (187)	$ (265)	$ (344)

The accompanying notes are an integral part of these condensed consolidated financial statements.

BAUSCH + LOMB CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(in millions)
(Unaudited)

	Common Shares		BHC Investment	Additional Paid in Capital	Accumulated (Deficit) Earnings	Accumulated Other Comprehensive Loss	Bausch + Lomb Corporation Shareholders' Equity	Non-controlling Interest	Total Equity
	Shares	Amount							
	Three Months Ended September 30, 2023								
Balances, July 1, 2023	**350.5**	**$ —**	**$ —**	**$ 8,321**	**$ (116)**	**$ (1,247)**	**$ 6,958**	**$ 72**	**$ 7,030**
Common shares issued under share-based compensation plans	0.3	—	—	—	—	—	—	—	—
Share-based compensation	—	—	—	16	—	—	16	—	16
Employee withholding taxes related to share-based awards	—	—	—	(3)	—	—	(3)	—	(3)
Noncontrolling interest distributions	—	—	—	—	—	—	—	(9)	(9)
Net (loss) income	—	—	—	—	(84)	—	(84)	4	(80)
Other comprehensive loss	—	—	—	—	—	(70)	(70)	(1)	(71)
Balances, September 30, 2023	**350.8**	**$ —**	**$ —**	**$ 8,334**	**$ (200)**	**$ (1,317)**	**$ 6,817**	**$ 66**	**$ 6,883**
	Three Months Ended September 30, 2022								
Balances, July 1, 2022	**350.0**	**$ —**	**$ —**	**$ 8,088**	**$ 25**	**$ (1,217)**	**$ 6,896**	**$ 75**	**$ 6,971**
Net distributions to BHC and affiliates (Note 4)	—	—	—	2	—	—	2	—	2
Noncontrolling interest distributions	—	—	—	—	—	—	—	(11)	(11)
Share-based compensation	—	—	—	18	—	—	18	—	18
Net (loss) income	—	—	—	—	(18)	—	(18)	3	(15)
Other comprehensive loss	—	—	—	—	—	(169)	(169)	(1)	(170)
Balances, September 30, 2022	**350.0**	**$ —**	**$ —**	**$ 8,108**	**$ 7**	**$ (1,386)**	**$ 6,729**	**$ 66**	**$ 6,795**
	Nine Months Ended September 30, 2023								
Balances, January 1, 2023	**350.0**	**$ —**	**$ —**	**$ 8,285**	**$ 6**	**$ (1,258)**	**$ 7,033**	**$ 68**	**$ 7,101**
Common shares issued under share-based compensation plans	0.8	—	—	—	—	—	—	—	—
Share-based compensation	—	—	—	58	—	—	58	—	58
Employee withholding taxes related to share-based awards	—	—	—	(9)	—	—	(9)	—	(9)
Noncontrolling interest distributions	—	—	—	—	—	—	—	(9)	(9)
Net (loss) income	—	—	—	—	(206)	—	(206)	9	(197)
Other comprehensive loss	—	—	—	—	—	(59)	(59)	(2)	(61)
Balances, September 30, 2023	**350.8**	**$ —**	**$ —**	**$ 8,334**	**$ (200)**	**$ (1,317)**	**$ 6,817**	**$ 66**	**$ 6,883**
	Nine Months Ended September 30, 2022								
Balances, January 1, 2022	**—**	**$ —**	**$ 10,364**	**$ —**	**$ —**	**$ (1,035)**	**$ 9,329**	**$ 73**	**$ 9,402**
Issuance of common shares (Note 16)	350.0	—	(8,164)	8,164	—	—	—	—	—
Issuance of BHC Purchase Debt (Note 4)	—	—	(2,200)	—	—	—	(2,200)	—	(2,200)
Net distributions to BHC and affiliates (Note 4)	—	—	—	(85)	—	—	(85)	—	(85)
Noncontrolling interest distributions	—	—	—	—	—	—	—	(11)	(11)
Share-based compensation	—	—	—	29	—	—	29	—	29
Net income	—	—	—	—	7	—	7	8	15
Other comprehensive loss	—	—	—	—	—	(351)	(351)	(4)	(355)
Balances, September 30, 2022	**350.0**	**$ —**	**$ —**	**$ 8,108**	**$ 7**	**$ (1,386)**	**$ 6,729**	**$ 66**	**$ 6,795**

The accompanying notes are an integral part of these condensed consolidated financial statements.

BAUSCH + LOMB CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(Unaudited)

	Nine Months Ended September 30,	
	2023	**2022**
Cash Flows From Operating Activities		
Net (loss) income	$ (197)	$ 15
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization of intangible assets	266	286
Amortization and write-off of debt premiums, discounts and issuance costs	25	5
Asset impairments	—	1
Allowances for losses on trade receivables and inventories	13	20
Deferred income taxes	(9)	(39)
Additions (payments) of accrued legal settlements	2	(4)
Share-based compensation	58	45
Foreign exchange gain (loss)	11	(10)
Gain excluded from hedge effectiveness	(10)	(3)
Other	(4)	(23)
Changes in operating assets and liabilities:		
Trade receivables	(82)	(68)
Inventories	(144)	(108)
Prepaid expenses and other current assets	(18)	(10)
Accounts payable, accrued and other liabilities	57	79
Net cash (used in) provided by operating activities	(32)	186
Cash Flows From Investing Activities		
Acquisitions and other investments	(1,892)	(5)
Purchases of property, plant and equipment	(97)	(125)
Purchases of marketable securities	(13)	(15)
Proceeds from sale of marketable securities	14	20
Proceeds from sale of assets and businesses, net of costs to sell	1	—
Interest settlements from cross-currency swaps	13	—
Net cash used in investing activities	(1,974)	(125)
Cash Flows From Financing Activities		
Issuance of long-term debt, net of discounts	2,180	2,440
Repayments of debt	(154)	(6)
Payment of employee withholding taxes related to share-based awards	(9)	—
Payments of financing costs	(16)	(3)
Payments of noncontrolling interest distributions	(9)	(11)
Net borrowings under BHC pooled financing arrangements (Note 4)	—	31
Net transfers to BHC (Note 4)	—	(2,363)
Net cash provided by financing activities	1,992	88
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(6)	(29)
Net (decrease) increase in cash and cash equivalents and restricted cash	(20)	120
Cash and cash equivalents and restricted cash, beginning of period	380	177
Cash and cash equivalents and restricted cash, end of period	$ 360	$ 297
Non-cash Investing and Financing Activities		
Accrued purchases of property, plant and equipment	$ 34	$ 18
Issuance of BHC Purchase Debt (Note 4)	$ —	$ 2,200

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. DESCRIPTION OF BUSINESS

Overview

Bausch + Lomb Corporation ("Bausch + Lomb" or the "Company") 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. The Company operates in three reportable segments: (i) Vision Care segment which includes both a contact lens business and a consumer eye care business that consists of contact lens care products, over-the-counter ("OTC") eye drops and eye vitamins, (ii) Pharmaceuticals segment which 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 and (iii) Surgical segment which consists of medical device equipment, consumables, instruments and technologies for the treatment of cataracts, corneal and vitreous and retinal eye conditions, which includes intraocular lenses ("IOLs") and delivery systems, phacoemulsification equipment and other surgical instruments and devices necessary for ophthalmic surgery. Effective June 30, 2023, the Company renamed its former Ophthalmic Pharmaceuticals segment to the Pharmaceuticals segment. Aside from the change in name, there were no other changes made to this segment at that time. See Note 18, "SEGMENT INFORMATION" for additional information regarding these reportable segments. Bausch + Lomb is a subsidiary of Bausch Health Companies Inc. ("BHC"), with BHC holding, directly or indirectly, approximately 88.5% of the issued and outstanding common shares of Bausch + Lomb as of October 27, 2023.

Separation of Bausch + Lomb

On August 6, 2020, BHC announced its plan to separate Bausch + Lomb into an independent, publicly traded company, separate from the remainder of BHC (the "Separation"), commencing with an initial public offering of Bausch + Lomb's common shares (as further described below). Prior to January 1, 2022, Bausch + Lomb had nominal assets and liabilities. In connection with the B+L IPO (as defined below), BHC transferred to Bausch + Lomb, in a series of steps, all the entities, assets, liabilities and obligations that Bausch + Lomb held upon completion of the B+L IPO pursuant to a Master Separation Agreement (the "MSA") with BHC.

The registration statement related to the initial public offering (the "IPO") of Bausch + Lomb's common shares (the "B+L IPO") was declared effective on May 5, 2022, and Bausch + Lomb's common shares 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. Bausch + Lomb also obtained a final receipt to its Canadian base PREP prospectus on May 5, 2022. Prior to the B+L IPO, Bausch + Lomb was a 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 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 price less underwriting commissions. On May 31, 2022, the underwriters for the B+L IPO partially exercised the over-allotment option granted 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. The Selling Shareholder received all net proceeds from the B+L IPO and the partial exercise of the over-allotment option by the underwriters. As of October 27, 2023, BHC directly or indirectly held 310,449,643 common shares of Bausch + Lomb, which represented approximately 88.5% of the issued and outstanding common shares of Bausch + Lomb.

The completion of the full Separation of Bausch + Lomb, which includes the transfer of all or a portion of BHC's remaining direct or indirect equity interest in Bausch + Lomb to its shareholders (the "Distribution"), is subject to the achievement of targeted debt leverage ratios and the receipt of applicable shareholder and other necessary approvals and other factors and is subject to various risk factors relating to the Separation. Bausch + Lomb understands that BHC continues to believe that completing the B+L Separation makes strategic sense and that BHC continues to evaluate all relevant factors and considerations related to completing the Separation, including the effect of the lawsuit filed against Norwich Pharmaceuticals Inc.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The unaudited financial statements for all periods presented, including the historical results of the Company prior to May 10, 2022, are referred to as "Condensed Consolidated Financial Statements", and have been prepared by the Company in United States ("U.S.") dollars and in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial reporting and pursuant to the rules and regulations for reporting on Form 10-Q, which do not conform in all respects to the requirements of U.S. GAAP for annual financial statements. Accordingly, certain information and disclosures required by U.S. GAAP for complete Consolidated Financial Statements are not included herein. Accordingly, these notes to the unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements prepared in accordance with U.S. GAAP that are contained in the Company's Annual Report. The unaudited Condensed Consolidated Financial Statements have been prepared using accounting policies that are consistent with the policies used in preparing the Company's audited Consolidated Financial Statements for the year ended December 31, 2022. The unaudited Condensed Consolidated Financial Statements reflect all normal and recurring adjustments necessary for a fair statement of the Company's financial position and results of operations for the interim periods. The operating results for the interim periods presented are not necessarily indicative of the results expected for the full year.

Prior to the B+L IPO, Bausch + Lomb had historically operated as part of BHC; therefore, separate financial statements were not historically prepared. The accompanying unaudited Condensed Consolidated Financial Statements for periods prior to the B+L IPO were prepared from BHC's historical accounting records. Prior to the B+L IPO, Bausch + Lomb relied on BHC's corporate and other support functions. Therefore, certain corporate and shared costs for periods prior to the B+L IPO had been allocated to Bausch + Lomb. Refer to Note 2 in the Company's Annual Report for additional details on the Company's basis of presentation during the periods prior, and subsequent, to the B+L IPO.

Following the B+L IPO, certain functions that BHC provided to Bausch + Lomb prior to the B+L IPO were provided and, in some cases, continue to be provided to Bausch + Lomb by BHC under a Transition Services Agreement (the "TSA") or are performed using Bausch + Lomb's own resources or third-party service providers. Bausch + Lomb has incurred certain costs in its establishment as a standalone public company, and expects additional ongoing costs associated with operating as an independent, publicly traded company. See Note 4, "RELATED PARTIES" for further information regarding agreements between Bausch + Lomb and BHC.

Use of Estimates

In preparing the Company's Condensed Consolidated Financial Statements, management is required to make estimates and assumptions. This includes estimates and assumptions regarding the nature, timing and extent of the impacts that certain global macroeconomic conditions, including, but not limited to, those related to inflation and supply chain, will have on the Company's operations and cash flows. The estimates and assumptions used by the Company affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates made by management include: provisions for product returns, rebates, chargebacks, discounts and allowances and distribution fees paid to certain wholesalers; useful lives of finite-lived intangible assets and property, plant and equipment; expected future cash flows used in evaluating intangible assets for impairment, assessing compliance with debt covenants, reporting unit fair values for testing goodwill for impairment; acquisition-related contingent consideration liabilities; provisions for loss contingencies; provisions for income taxes, uncertain tax positions and realizability of deferred tax assets; the fair value of cross-currency swaps; and the fair value of foreign currency exchange contracts. Prior to the B+L IPO, significant estimates made by management also included the related allocations described in the basis of presentation.

All estimates in these Condensed Consolidated Financial Statements are based on assumptions that management believes are reasonable. On an ongoing basis, management reviews its estimates to ensure that these estimates appropriately reflect changes in the Company's business and new information as it becomes available. If historical experience and other factors used by management to make these estimates do not reasonably reflect future activity, the Company's business, financial condition, cash flows and results of operations could be materially impacted.

The extent to which certain global macroeconomic conditions, including, but not limited to, those related to inflation and supply chain, may continue to impact the Company's business, financial condition, cash flows and results of operations, in particular, will depend on future developments which are highly uncertain and many of which are outside the Company's control. The Company has assessed the possible effects and outcomes of these macroeconomic conditions on, among other things, its supply chain, customers and distributors, discounts and rebates, employee base, product sustainability, research and development efforts, product pipeline and consumer demand and currently believes that its estimates are reasonable.

Out of Period Adjustments

During the preparation of the Condensed Consolidated Financial Statements for the three months ended March 31, 2022, management identified immaterial prior period accounting misstatements related to the income tax impact of unrealized gains and losses of the Company's pension and postretirement benefit plan, which are included in Other comprehensive loss in the Condensed Consolidated Statement of Comprehensive Income and related to the impact of deferred taxes on the Condensed Consolidated Statement of Cash Flows. The misstatements resulted in an overstatement of Other comprehensive loss and of Net cash provided by operating activities of $6 million and an overstatement of Net cash used in financing activities of $6 million for the nine months ended September 30, 2021 and in an understatement of $10 million of Accumulated other comprehensive loss in the Condensed Consolidated Balance Sheet as of December 31, 2021. Bausch + Lomb recorded out of period corrections for the misstatements during the nine months ended September 30, 2022, resulting in an out of period unrealized loss of $10 million, reflected in the Pension and postretirement benefit plan adjustments, net of income taxes caption of its Condensed Consolidated Statements of Comprehensive Loss. The out of period correction also resulted in a decrease in the Deferred income taxes caption and an offsetting increase in the Net Transfers to BHC caption of its Condensed Consolidated Statement of Cash Flows of $10 million for the nine months ended September 30, 2022.

Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

Adoption of New Accounting Standards

There were no new accounting standards adopted during the three months ended September 30, 2023.

3. REVENUE RECOGNITION

Revenue Recognition

The Company's 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, IOLs 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. See Note 18, "SEGMENT INFORMATION" for the disaggregation of revenues.

The Company recognizes revenue when the customer obtains control of promised goods or services and in an amount that reflects the consideration to which the Company expects to be entitled to receive in exchange for those goods or services. To achieve this core principle, the Company applies the five-step revenue model to contracts within its scope: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

Product Sales

A contract with the Company's customers exists for each product sale. Where a contract with a customer contains more than one performance obligation, the Company allocates the transaction price to each distinct performance obligation based on its relative standalone selling price. The transaction price is adjusted for variable consideration which is discussed further below. The Company recognizes revenue for product sales at a point in time, when the customer obtains control of the products in accordance with contracted delivery terms, which is generally upon shipment or customer receipt. Contracted delivery terms will vary by customer and geography. In the U.S., control is generally transferred to the customer upon receipt.

Revenue from sales of surgical equipment and related software is generally recognized upon delivery and installation of the equipment. IOLs and delivery systems, disposable surgical packs and other surgical instruments are distinct from the surgical equipment and may be sold together with the surgical equipment in a single contract or on a standalone basis. Revenue from the sale of delivery systems, disposable surgical packs and other surgical instruments is recognized in accordance with the contracted delivery terms, generally upon shipment or customer receipt. IOLs are sold primarily on a consignment basis and revenue is recognized upon notification of use, which typically occurs when a replacement order is placed.

When a sale transaction in the Surgical segment contains multiple performance obligations, the transaction price is allocated to each performance obligation based on the relative standalone sales price and revenue is recognized upon satisfaction of each performance obligation.

Product Sales Provisions

As is customary in the eye health industry, gross product sales of certain product categories are subject to a variety of deductions in arriving at reported net product sales. The transaction price for such product categories is typically adjusted for variable consideration, which may be in the form of cash discounts, allowances, returns, rebates, chargebacks and distribution fees paid to customers. Provisions for variable consideration are established to reflect the Company's best estimates of the amount of consideration to which it is entitled based on the terms of the contract. The amount of variable consideration included in the transaction price may be constrained, and is included in the net sales price only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in the future period.

Provisions for these deductions are recorded concurrently with the recognition of gross product sales revenue and include cash discounts and allowances, chargebacks and distribution fees, which are paid to direct customers, as well as rebates and returns, which can be paid to direct and indirect customers. Returns provision balances and volume discounts to direct customers are included in Accrued and other current liabilities. All other provisions related to direct customers are included in Trade receivables, net, while provision balances related to indirect customers are included in Accrued and other current liabilities.

The following tables present the activity and ending balances of the Company's variable consideration provisions for the nine months ended September 30, 2023 and 2022:

	Nine Months Ended September 30, 2023					
(in millions)	Discounts and Allowances	Returns	Rebates	Chargebacks	Distribution Fees	Total
Reserve balance, January 1, 2023	$ 146	$ 59	$ 188	$ 73	$ 18	$ 484
Current period provision	272	58	415	402	18	1,165
Payments and credits	(281)	(51)	(419)	(418)	(11)	(1,180)
Reserve balance, September 30, 2023	$ 137	$ 66	$ 184	$ 57	$ 25	$ 469

Included in Rebates in the table above are cooperative advertising credits due to customers of approximately $41 million and $35 million as of September 30, 2023 and January 1, 2023, respectively, which are reflected as a reduction of Trade receivables, net in the Condensed Consolidated Balance Sheets.

	Nine Months Ended September 30, 2022					
(in millions)	Discounts and Allowances	Returns	Rebates	Chargebacks	Distribution Fees	Total
Reserve balance, January 1, 2022	$ 167	$ 60	$ 195	$ 29	$ 17	$ 468
Current period provision	245	52	403	330	17	1,047
Payments and credits	(256)	(57)	(390)	(291)	(7)	(1,001)
Reserve balance, September 30, 2022	$ 156	$ 55	$ 208	$ 68	$ 27	$ 514

Included in Rebates in the table above are cooperative advertising credits due to customers of approximately $40 million and $31 million as of September 30, 2022 and January 1, 2022, respectively, which are reflected as a reduction of Trade receivables, net in the Condensed Consolidated Balance Sheets.

Contract Assets and Contract Liabilities

There are no contract assets for any period presented. Contract liabilities consist of deferred revenue, the balance of which is not material to any period presented.

Allowance for Credit Losses

An allowance is maintained for potential credit losses. The Company estimates the current expected credit loss on its receivables based on various factors, including historical credit loss experience, customer credit worthiness, value of collaterals (if any), and any relevant current and reasonably supportable future economic factors. Additionally, the Company generally estimates the expected credit loss on a pooled basis when customers are deemed to have similar risk characteristics. Trade receivable balances are written off against the allowance when it is deemed probable that the trade receivable will not be collected. Trade receivables, net are stated net of certain sales provisions and the allowance for credit losses.

The activity in the allowance for credit losses for trade receivables for the nine months ended September 30, 2023 and 2022 is as follows:

(in millions)	Nine Months Ended September 30, 2023	2022
Balance, beginning of period	$ 22	$ 16
Provision	3	2
Write-offs	(2)	(2)
Foreign exchange and other	(1)	2
Balance, end of period	$ 22	$ 18

4. RELATED PARTIES

Prior to May 10, 2022, Bausch + Lomb had been managed and operated in the ordinary course of business with other affiliates of BHC. Accordingly, certain corporate and shared costs prior to May 10, 2022 were allocated to Bausch + Lomb and reflected as expenses in the unaudited Condensed Consolidated Financial Statements. On May 10, 2022, Bausch + Lomb became an independent publicly traded company. However, as of October 27, 2023, BHC directly or indirectly held 310,449,643 common shares of Bausch + Lomb, which represented approximately 88.5% of the issued and outstanding common shares of Bausch + Lomb.

Additionally, there have been no sales made to related parties for all periods presented.

Allocated Centralized Costs Prior to May 10, 2022

Prior to May 10, 2022, the unaudited Condensed Consolidated Financial Statements have been prepared on a standalone basis and were derived from the unaudited consolidated financial statements and accounting records of BHC. BHC incurred significant corporate costs for services it provided to Bausch + Lomb, as well as to other BHC businesses. The allocated corporate and shared costs to Bausch + Lomb for the nine months ended September 30, 2023 and 2022 were $0 and $76 million, respectively. The allocated corporate and shared costs to Bausch + Lomb are included in Cost of goods sold (excluding amortization and impairments of intangible assets), Selling, general and administrative ("SG&A") and Research and development in the Condensed Consolidated Statements of Operations. All such amounts have been deemed to have been incurred and settled by Bausch + Lomb in the period in which the costs were recorded and are included in Additional paid-in capital during the nine months ended September 30, 2022.

In the opinion of management of BHC and Bausch + Lomb, the expense and cost allocations have been determined on a basis considered to be a reasonable reflection of the utilization of services provided or the benefit received by Bausch + Lomb during the nine months ended September 30, 2022. The amounts that would have been, or will be, incurred on a standalone basis could differ from the amounts allocated due to economies of scale, difference in management judgment, a requirement for more or fewer employees or other factors. In addition, the future results of operations, financial position and cash flows could differ materially from the historical results presented herein.

Accounts Receivable and Payable

Certain related party transactions between Bausch + Lomb and BHC have been included in Additional paid-in capital during the nine months ended September 30, 2022 when the related party transactions were not settled in cash.

Certain transactions between Bausch + Lomb and BHC and affiliate businesses are cash-settled on a current basis and, therefore, are reflected in the Condensed Consolidated Balance Sheets. Amounts payable to BHC and its affiliates related to related party transactions were $34 million and $53 million as of September 30, 2023 and December 31, 2022, respectively, and are included within Accounts payable in the Condensed Consolidated Balance Sheets. Amounts due from BHC and its affiliates related to related party transactions were $69 million and $102 million as of September 30, 2023 and December 31, 2022, respectively, of which $57 million and $90 million are included within Prepaid expenses and other current assets and $12 million and $12 million are included within Other non-current assets on the Condensed Consolidated Balance Sheets as of September 30, 2023 and December 31, 2022, respectively. These amounts are inclusive of the receivables and payables associated with the separation agreements entered into in connection with the B+L IPO, as discussed below.

BHC Pooled Financing Arrangements

Prior to the B+L IPO, certain legal entities comprising Bausch + Lomb participated in BHC pooled financing arrangements, which allowed for individual legal entities participating in the arrangements to borrow from the sponsoring bank. Total borrowings by the BHC pool participants were limited to the aggregate cash maintained in accounts held by the sponsoring

bank. Net borrowings under BHC pooled financing arrangements from legal entities comprising Bausch + Lomb were $0 as of December 31, 2022. BHC held a net positive cash balance in this pool, as these borrowings were more than offset by cash held by other BHC owned legal entities, including legal entities which have commingled Bausch + Lomb and non-Bausch + Lomb activities. Cash from these commingled legal entities has generally not been included in Bausch + Lomb's Condensed Consolidated Balance Sheets as such cash is not specifically identifiable to Bausch + Lomb. These borrowings are presented on the Condensed Consolidated Balance Sheets within Accrued and other current liabilities and in the Cash Flows From Financing Activities section of the Condensed Consolidated Statements of Cash Flows as Net borrowings under BHC pooled financing arrangements. Interest incurred on such borrowings were not material for any period presented.

Net Transfers to BHC

The total effect of the settlement of related party transactions is reflected as a financing activity in the Condensed Consolidated Statements of Cash Flows. The components of the Net transfers to BHC for the three and nine months ended September 30, 2023 and 2022 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2023**	**2022**	**2023**	**2022**
Cash pooling and general financing activities	$ —	$ 2	$ —	$ (227)
Corporate allocations	—	—	—	76
Benefit from income taxes	—	—	—	66
Total net transfers to BHC (as reflected in Net distributions to BHC and affiliates in the Condensed Consolidated Statements of Equity)	**$ —**	**$ 2**	**—**	**(85)**
Payment of BHC Purchase Debt			—	(2,200)
Share-based compensation			—	(16)
Other, net			—	(62)
Net transfers to BHC (as reflected in the Condensed Consolidated Statements of Cash Flows)			**$ —**	**$ (2,363)**

Repayment of BHC Purchase Debt and Return of Capital

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. On May 10, 2022, Bausch + Lomb made payments to BHC of: (i) $2,200 million in full satisfaction of the BHC Purchase Debt and (ii) $229 million in return of capital using the proceeds from the May 2027 Term Facility (as defined in Note 10, "FINANCING ARRANGEMENTS") and cash on hand. Included in Interest expense in the Condensed Consolidated Statements of Operations for the nine months ended September 30, 2022 was $47 million of interest attributed to the BHC Purchase Debt.

Separation Agreement with BHC

In connection with the completion of the B+L IPO, the Company entered into the MSA, that, together with the other agreements summarized herein, govern the relationship between BHC and the Company following the completion of the B+L IPO.

Other agreements that the Company entered into with BHC that govern aspects of Bausch + Lomb's relationship with BHC following the B+L IPO include:

- Transition Services Agreement - In connection with the completion of the B+L IPO, Bausch + Lomb has entered into the TSA with BHC to provide each other, on a transitional basis, certain administrative, human resources, treasury and support services and other assistance, for a limited time to help ensure an orderly transition following the B+L IPO. The TSA specifies the calculation of Bausch + Lomb costs and receipts for these services. Under the TSA, Bausch + Lomb has received certain services from BHC, including information technology services, technical and engineering support, application support for operations, legal, payroll, finance, tax and accounting, general administrative services and other support services, and has also provided certain similar services to BHC. Individual services provided under the TSA have been scheduled for a specific period, generally ranging from six to twelve months, depending on the nature of the services. As of the date of this filing, a number of these transitional services have either expired or been terminated; however, certain transitional services are still being provided by the parties.

- Tax Matters Agreement - In connection with the completion of the B+L IPO, Bausch + Lomb has entered into a Tax Matters Agreement with BHC that governs the parties' respective rights, responsibilities and obligations with

respect to tax liabilities and benefits, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings and other matters regarding taxes following the B+L IPO.

- Employee Matters Agreement - In connection with the completion of the B+L IPO, Bausch + Lomb has entered into an Employee Matters Agreement with BHC that governs, among other things, the allocation of employee-related liabilities, the mechanics for the transfer of Bausch + Lomb employees, the treatment of outstanding equity awards and the treatment of Bausch + Lomb employees' participation in BHC's retirement and health and welfare plans.

In addition to the previously discussed agreements, Bausch + Lomb has entered into certain other agreements with BHC including, but not limited to, the Intellectual Property Matters Agreement and the Real Estate Matters Agreement that provide a framework for the ongoing relationship with BHC.

Charges incurred related to the above agreements were $2 million and $6 million for the nine months ended September 30, 2023 and 2022, respectively, and are primarily reflected within SG&A in the Condensed Consolidated Statements of Operations.

5. ACQUISITIONS AND LICENSING AGREEMENTS

The Company regularly considers strategic licensing and acquisition opportunities. Acquired businesses are accounted for using the acquisition method of accounting, which requires that assets acquired and liabilities assumed be recorded at fair value, with limited exceptions. Transaction costs and costs to restructure the acquired company are expensed as incurred. The operating results of the acquired business are reflected in the Condensed Consolidated Financial Statements from the date of acquisition. Goodwill is recorded with the acquisition and is calculated as the difference between the acquisition date fair value of the consideration transferred and the values assigned to the assets acquired and liabilities assumed. Acquired in-process research and development ("IPR&D") is recognized at fair value and initially characterized as an indefinite-lived intangible asset, irrespective of whether the acquired IPR&D has an alternative future use. If the acquired net assets do not constitute a business, the transaction is accounted for as an asset acquisition and no goodwill is recognized. In an asset acquisition, the amount allocated to acquired IPR&D with no alternative future use is charged to expense at the acquisition date and any future contingent consideration is not recorded until it becomes probable.

2023 Acquisitions

Acquisition of XIIDRA®

On June 30, 2023, a wholly owned subsidiary of the Company, Bausch + Lomb Ireland Limited, entered into a Stock and Asset Purchase Agreement (the "Acquisition Agreement") with Novartis Pharma AG and Novartis Finance Corporation (together with Novartis Pharma AG, "Novartis") and, solely for purposes of guaranteeing certain obligations of the acquiring entity under the Acquisition Agreement, the Company, to acquire XIIDRA® (lifitegrast ophthalmic solution) and certain other ophthalmology assets (the "XIIDRA Acquisition").

On September 29, 2023, under the terms of the Acquisition Agreement, the Company, through its affiliate, consummated the XIIDRA Acquisition for: (i) an up-front cash payment of $1,750 million, (ii) the assumption of certain pre-existing milestone payments and (iii) potential future milestone obligations of up to $750 million, as discussed below. The strategic XIIDRA Acquisition is expected to complement Bausch + Lomb's existing dry eye franchise that includes eye and contact lens drops from the Company's consumer brand franchises and novel treatments within its pharmaceutical business, such as MIEBO™ (perfluorohexyloctane ophthalmic solution). The assets acquired and liabilities assumed are included within the Company's Pharmaceuticals segment.

The XIIDRA Acquisition has been accounted for as a business combination under the acquisition method of accounting. The estimated aggregate acquisition consideration of approximately $1,753 million is calculated as follows:

(in millions)		
Cash consideration paid to Novartis at closing, per Acquisition Agreement	$	1,750
Estimated fair value of contingent consideration		3
Preliminary aggregate purchase consideration	$	1,753

The up-front cash payment of $1,750 million was paid on September 29, 2023, using the proceeds received from the issuance of the October 2028 Secured Notes and the establishment of the September 2028 Term Facility, each as defined and further discussed in Note 10, "FINANCING ARRANGEMENTS".

Contingent consideration included as part of the consideration relates to potential future milestone obligations of up to $750 million, including: (i) up to $475 million in cash payable upon the achievement of specified commercialization and sales milestones for certain pipeline products and (ii) up to $275 million in cash payable upon the achievement of specified

sales milestones for XIIDRA®. The fair value of the contingent consideration recognized on the acquisition date of $3 million was estimated by using the inputs disclosed in Note 6, "FAIR VALUE MEASUREMENTS". The Company reassesses its acquisition-related contingent consideration liabilities each quarter for changes in fair value.

Assets Acquired and Liabilities Assumed

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed related to the XIIDRA Acquisition as of the acquisition date:

(in millions)		
Intangible assets, net	$	1,595
Prepaid expenses and other current assets		167
Accrued and other current liabilities		(1)
Other non-current liabilities		(31)
Total identifiable net assets		1,730
Goodwill		23
Total fair value of consideration transferred	$	1,753

The fair value of the identifiable intangible assets is determined primarily using the "income approach," which requires a forecast of the expected future cash flows. The intangible assets acquired, as well as their fair values and estimated useful life consist of the following:

(in millions)		**Fair Value**	**Estimated Useful Life (In Years)**
Product brands	$	1,590	8.75
Acquired in-process research and development intangible asset		5	N/A
Total Intangible assets, net	$	1,595	

Prepaid expenses and other current assets associated with the XIIDRA Acquisition represents the terms of an interim contract to purchase inventory, as embedded within the agreements associated with the XIIDRA Acquisition. The favorable contract will be released to Cost of goods sold (excluding amortization and impairments of intangible assets) as the Company acquires inventory from Novartis. The balance of this favorable contract will be fully released to the Condensed Consolidated Statements of Operations over an assumed inventory turnover cycle of approximately two years.

Other non-current liabilities associated with the XIIDRA Acquisition represent the fair value of the historical contingent consideration liability assumed from Novartis by the Company as a part of the XIIDRA Acquisition. The fair value of the assumed contingent consideration recognized on the acquisition date was $31 million and was estimated by using a discount rate of 11%. The Company reassesses its acquisition-related contingent consideration liabilities each quarter for changes in fair value. See Note 6, "FAIR VALUE MEASUREMENTS" for additional information regarding the fair value assessment of the acquisition-related contingent consideration liabilities.

Goodwill associated with the XIIDRA Acquisition represents the workforce acquired, as well as future operating efficiencies and cost savings. Substantially all of the goodwill associated with the XIIDRA Acquisition is deductible for income tax purposes.

The valuation of the assets acquired and liabilities assumed, as part of the XIIDRA Acquisition, has not yet been finalized as of September 30, 2023. The fair value estimates for the assets acquired and liabilities assumed were based upon preliminary valuations. The primary areas that could be subject to change relate to the finalization of the valuation of intangible assets, prepaid expenses and other current assets, other non-current liabilities and Goodwill. The Company will finalize these amounts no later than one year from the acquisition date.

Revenue and Operating Results

Revenues and operating results associated with the XIIDRA Acquisition from the date of acquisition through September 30, 2023 were not material.

Pro Forma Financial Information

The following table presents the unaudited pro forma condensed combined results of the Company and the acquired assets for the three and nine months ended September 30, 2023 and 2022 as if the XIIDRA Acquisition, and the related financing, had occurred on January 1, 2022:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2023	2022	2023	2022
Revenues	$ 1,071	$ 1,051	$ 3,222	$ 3,114
Net loss attributable to Bausch + Lomb Corporation	$ (168)	$ (94)	$ (425)	$ (244)

The unaudited pro forma condensed combined financial information was prepared using the acquisition method of accounting and was based on the historical financial information of the Company and the acquired assets. In order to reflect the occurrence of the acquisition on January 1, 2022 as required, the unaudited pro forma financial information includes adjustments to reflect incremental amortization expense to be incurred based on the current preliminary fair values of the identifiable intangible assets acquired, the incremental cost of products sold related to the fair value adjustments associated with the terms of an interim contract to purchase inventory, as embedded within the agreements associated with the XIIDRA Acquisition, elimination of historical impairments and accretion expenses related to historical contingent considerations recorded by Novartis, the recording of new/assumed contingent consideration accretion expense, the additional interest expense associated with the issuance of debt to finance the acquisition and the tax impact of each of the aforementioned adjustments. Included in the B+L Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2023 are: (i) acquisition-related transaction costs, included within Other expense, net, of $14 million, which are directly related to the XIIDRA Acquisition, and include expenditures for representation and warranty insurance premiums, legal, valuation, accounting and other similar professional services and (ii) acquisition-related financing costs, included within Interest expense, of $16 million, which are directly related to the XIIDRA Acquisition, and include expenditures for certain upfront financing commitment costs related to debt financing commitments in place prior to the XIIDRA Acquisition, the issuance of the October 2028 Secured Notes and the establishment of the September 2028 Term Facility, each as defined and further discussed in Note 10, “FINANCING ARRANGEMENTS”. These acquisition-related transaction and financing costs are reflected in pro forma Net loss attributable to Bausch + Lomb Corporation, in the table above, for the nine months ended September 30, 2022.

The unaudited pro forma financial information is not necessarily indicative of what the consolidated results of operations would have been had the XIIDRA Acquisition been completed on January 1, 2022. In addition, the unaudited pro forma financial information is not a projection of future results of operations of the combined company nor does it reflect the expected realization of any synergies or cost savings associated with the acquisition.

Acquisition of Blink® Product Line

On July 6, 2023, the Company announced that it had consummated a transaction with Johnson & Johnson Vision, pursuant to which the Company, through an affiliate, had acquired the Blink® product line of eye and contact lens drops, which consists of Blink® Tears Lubricating Eye Drops, Blink® Tears Preservative Free Lubricating Eye Drops, Blink GelTears® Lubricating Eye Drops, Blink® Triple Care Lubricating Eye Drops, Blink Contacts® Lubricating Eye Drops and Blink-N-Clean® Lens Drops. This acquisition was made by the Company to continue to grow its global over-the-counter business. Under the terms of the purchase agreement, the Company, through an affiliate, acquired the Blink® product line of eye and contact lens drops for an up-front cash payment of $107 million, which was paid on the closing of the transaction in early July 2023. The acquired assets are included within the Company's Vision Care segment.

The Company accounted for the transaction as an asset acquisition. The acquired assets consist of inventory and intangible assets. The intangible assets acquired, as well as their fair values and estimated useful life consist of the following:

(in millions)	Fair Value	Estimated Useful Life (In Years)
Corporate brands	$ 72	12
Product brands	12	10
Technology and other	6	9
Total Intangible assets, net	$ 90	

Acquisition of AcuFocus, Inc.

On January 17, 2023, the Company acquired AcuFocus, Inc. ("AcuFocus") for an up-front payment of $35 million, $31 million of which was paid in January 2023 with the remaining purchase price to be paid within 18 months following the date of the transaction, less any amounts that are the subject of any indemnification claims. AcuFocus is an ophthalmic medical device company. The acquisition was made by the Company to acquire breakthrough small aperture intraocular technology for certain cataract patients. The AcuFocus business is included within the Surgical segment. Supplemental pro forma information related to revenue and earnings for 2023 are not provided as they did not have a material impact on the Company's operations. Additional contingent payments may become due upon achievement of future sales milestones. At the time of acquisition, the acquisition-related contingent consideration liability related to this transaction was approximately $5 million, which the Company reassesses each quarter for changes in fair value. See Note 6, “FAIR VALUE MEASUREMENTS” for additional information regarding the fair value assessment of the acquisition-related contingent consideration liabilities.

The acquisition of AcuFocus has been accounted for as a business combination under the acquisition method of accounting as: (i) substantially all the fair value of the assets acquired is not concentrated in a single identifiable asset or group of similar identifiable assets and (ii) substantive inputs and processes were acquired to contribute to the creation of outputs. As a result of this transaction, recorded within the Condensed Consolidated Balance Sheets are Inventories, net of $4 million, Prepaid expenses and other current assets of $4 million, Intangible assets, net of $28 million, Goodwill of $2 million, Deferred tax assets, net of $2 million, Property, plant and equipment, net of $1 million, Accounts payable of $1 million and Accrued and other current liabilities of $1 million. Since the date of acquisition, adjustments made during the measurement process have included a decrease of $6 million to Deferred tax assets, net with an offset to Goodwill.

2022 Licensing Agreement and Acquisitions

As described below, during 2022, the Company entered a strategic licensing agreement and completed the following acquisitions for an aggregate up-front payment of $45 million.

On July 28, 2022, the Company entered into an exclusive five year 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 and is expected to complement existing Bausch + Lomb products within this market. As a part of the agreement, the Company agreed to purchase the MIMS® product from Sanoculis for distribution in various European countries.

On November 21, 2022, the Company acquired Paragon BioTeck, Inc. (“Paragon BioTeck”), an eye-care focused drug development company, having a primary emphasis on the early detection of ocular diseases. The acquisition of Paragon BioTeck has been accounted for by the Company as an asset acquisition. The primary asset in the transaction, the trademarks, represented substantially all of the fair value of the gross assets acquired. There are no future sales milestones associated with this transaction.

On December 12, 2022, the Company acquired Total Titanium, Inc. (“Total Titanium”), a privately held ophthalmic microsurgical instrument and machined parts manufacturing company. The transaction was completed to assist in driving revenue growth as well as increasing manufacturing capacity. The fair value of the acquisition of Total Titanium has been accounted for as a business combination and included in the Surgical segment. Supplemental pro forma information related to revenue and earnings for 2022 are not provided as they did not have a material impact on the Company's operations. Additional contingent payments may be payable upon reaching key future milestone achievements related to sales and employee retention. Refer to Note 21, “COMMITMENTS AND CONTINGENCIES” in the Annual Report for further detail regarding potential future milestone payments related to previously entered transactions and agreements.

As a result of these transactions, recorded within the Condensed Consolidated Balance Sheets are Trade receivables, net of $1 million, Inventories, net of $1 million, Property, plant and equipment, net of $2 million, Intangibles, net of $43 million, Goodwill of $5 million and Deferred tax liabilities, net of $11 million.

6. FAIR VALUE MEASUREMENTS

Fair value measurements are estimated based on valuation techniques and inputs categorized as follows:

- Level 1 — Quoted prices in active markets for identical assets or liabilities;
- Level 2 — Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

- Level 3 — Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using discounted cash flow methodologies, pricing models, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

If the inputs used to measure the financial assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following fair value hierarchy table presents the components and classification of the Company's financial assets and liabilities measured at fair value on a recurring basis:

	September 30, 2023				December 31, 2022			
(in millions)	Carrying Value	Level 1	Level 2	Level 3	Carrying Value	Level 1	Level 2	Level 3
Assets:								
Cash equivalents	$ 42	$ 36	$ 6	$ —	$ 81	$ 72	$ 9	$ —
Foreign currency exchange contracts	$ 1	$ —	$ 1	$ —	$ 5	$ —	$ 5	$ —
Liabilities:								
Acquisition-related contingent consideration	$ 42	$ —	$ —	$ 42	$ 4	$ —	$ —	$ 4
Foreign currency exchange contracts	$ 1	$ —	$ 1	$ —	$ 2	$ —	$ 2	$ —
Cross-currency swaps	$ 44	$ —	$ 44	$ —	$ 39	$ —	$ 39	$ —

Cash equivalents consist of highly liquid investments, primarily money market funds, with maturities of three months or less when purchased, and are reflected in the Condensed Consolidated Balance Sheets at carrying value, which approximates fair value due to their short-term nature.

There were no transfers into or out of Level 3 during the nine months ended September 30, 2023 and 2022.

Cross-currency Swaps

During the third quarter of 2022, the Company entered into cross-currency swaps, with an aggregate notional value of $1,000 million, to mitigate fluctuation in the value of a portion of its euro-denominated net investment in its Condensed Consolidated Financial Statements from fluctuation in exchange rates. The euro-denominated net investment being hedged is the Company's investment in certain euro-denominated subsidiaries.

The assets and liabilities associated with the Company's cross-currency swaps as included in the Condensed Consolidated Balance Sheets as of September 30, 2023 and December 31, 2022 are as follows:

(in millions)	September 30, 2023	December 31, 2022
Other non-current liabilities	$ 47	$ 45
Prepaid expenses and other current assets	$ 3	$ 6
Net fair value	$ 44	$ 39

The following table presents the effect of hedging instruments on the Condensed Consolidated Statements of Comprehensive Loss and the Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2023 and 2022:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2023	2022	2023	2022
Gain (loss) recognized in Other comprehensive loss	$ 21	$ 11	$ (2)	$ 11
Gain excluded from assessment of hedge effectiveness	$ 3	$ 3	$ 10	$ 3
Location of gain of excluded component	Interest expense		Interest Expense	

No portion of the cross-currency swaps were ineffective for the nine months ended September 30, 2023. During the nine months ended September 30, 2023, the Company received $13 million in interest settlements, which are reported as investing activities in the Condensed Consolidated Statements of Cash Flows.

Foreign Currency Exchange Contracts

The Company enters into foreign currency exchange contracts to economically hedge the foreign exchange exposure on certain of the Company's intercompany balances. As of September 30, 2023, these contracts had an aggregate notional amount of $186 million.

The assets and liabilities associated with the Company's foreign exchange contracts as included in the Condensed Consolidated Balance Sheets as of September 30, 2023 and December 31, 2022 are as follows:

(in millions)	September 30, 2023	December 31, 2022
Accrued and other current liabilities	$ 1	$ 2
Prepaid expenses and other current assets	$ 1	$ 5
Net fair value	$ —	$ 3

The following table presents the effect of the Company's foreign exchange contracts on the Condensed Consolidated Statements of Operations and the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2023 and 2022:

	Nine Months Ended September 30,	
(in millions)	2023	2022
Loss related to changes in fair value	$ (2)	$ (1)
Gain (loss) related to settlements	$ 2	$ (7)

Acquisition-related Contingent Consideration Obligations

Acquisition-related contingent consideration, which primarily consists of potential milestone payments, is recorded in the Condensed Consolidated Balance Sheets at its acquisition date estimated fair value, in accordance with the acquisition

method of accounting. The fair value of the acquisition-related contingent consideration is remeasured each reporting period, with changes in fair value recorded in the Condensed Consolidated Statements of Operations. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement as defined in fair value measurement accounting.

The fair value measurement of contingent consideration obligations arising from business combinations is determined via a probability-weighted discounted cash flow analysis, using unobservable (Level 3) inputs. These inputs may include: (i) the estimated amount and timing of projected cash flows, (ii) the probability of the achievement of the factor(s) on which the contingency is based and (iii) the risk-adjusted discount rate used to present value the probability-weighted cash flows. Significant increases or decreases in any of those inputs in isolation could result in a significantly higher or lower fair value measurement. At September 30, 2023, the fair value measurements of acquisition-related contingent consideration were determined using risk-adjusted discount rates ranging from 11% to 28%, and a weighted average risk-adjusted discount rate of 12%. The weighted average risk-adjusted discount rate was calculated by weighting each contract's relative fair value at September 30, 2023.

The following table presents a reconciliation of contingent consideration obligations measured on a recurring basis using significant unobservable inputs (Level 3) for the nine months ended September 30, 2023 and 2022:

	September 30,	
(in millions)	**2023**	**2022**
Balance, beginning of period	$ 4	$ 9
Adjustments to Acquisition-related contingent consideration:		
Accretion for the time value of money	$ 1	$ —
Fair value adjustments due to changes in estimates of future payments	(1)	(5)
Acquisition-related contingent consideration adjustments	—	(5)
Additions (Note 5)	38	—
Payments/Settlements	—	—
Balance, end of period	42	4
Current portion included in Accrued and other current liabilities	4	4
Non-current portion	$ 38	$ —

Fair Value of Long-term Debt

The fair value of long-term debt as of September 30, 2023 and December 31, 2022 was $4,473 million and $2,354 million, respectively, and was estimated using the quoted market prices for similar debt issuances (Level 2).

7. INVENTORIES

Inventories, net consist of:

(in millions)	**September 30, 2023**	**December 31, 2022**
Raw materials	$ 200	$ 163
Work in process	66	44
Finished goods	488	421
	$ 754	$ 628

8. INTANGIBLE ASSETS AND GOODWILL

Intangible Assets

The major components of intangible assets consist of:

(in millions)	September 30, 2023 Gross Carrying Amount	September 30, 2023 Accumulated Amortization and Impairments	September 30, 2023 Net Carrying Amount	December 31, 2022 Gross Carrying Amount	December 31, 2022 Accumulated Amortization and Impairments	December 31, 2022 Net Carrying Amount
Finite-lived intangible assets:						
Product brands	$ 4,307	$ (2,480)	$ 1,827	$ 2,650	$ (2,373)	$ 277
Corporate brands	84	(9)	75	12	(7)	5
Product rights/patents	991	(947)	44	992	(919)	73
Technology and other	75	(62)	13	66	(61)	5
Total finite-lived intangible assets	5,457	(3,498)	1,959	3,720	(3,360)	360
Acquired in-process research and development intangible asset	5	—	5	—	—	—
B&L Trademark	1,698	—	1,698	1,698	—	1,698
	$ 7,160	$ (3,498)	$ 3,662	$ 5,418	$ (3,360)	$ 2,058

Long-lived assets with finite lives are tested for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment charges associated with these assets are included in Other expense, net in the Condensed Consolidated Statements of Operations. Bausch + Lomb continues to monitor the recoverability of its finite-lived intangible assets and tests the intangible assets for impairment if indicators of impairment are present.

Asset impairments were not material during the nine months ended September 30, 2023 and 2022.

Estimated amortization expense of finite-lived intangible assets for the remainder of 2023 and the five succeeding years ending December 31 and thereafter are as follows:

(in millions)	Remainder of 2023	2024	2025	2026	2027	2028	Thereafter	Total
Amortization	$ 80	$ 287	$ 242	$ 209	$ 206	$ 206	$ 729	$ 1,959

Goodwill

The changes in the carrying amounts of goodwill during the nine months ended September 30, 2023 and the year ended December 31, 2022 were as follows:

(in millions)	Vision Care	Pharmaceuticals	Surgical	Total
Balance, January 1, 2022	$ 3,596	$ 675	$ 315	$ 4,586
Acquisitions (Note 5)	—	—	5	5
Foreign exchange and other	(47)	(30)	(7)	(84)
Balance, December 31, 2022	3,549	645	313	4,507
Acquisitions (Note 5)	—	23	8	31
Foreign exchange and other	(4)	(9)	1	(12)
Balance, September 30, 2023	$ 3,545	$ 659	$ 322	$ 4,526

Goodwill is not amortized but is tested for impairment at least annually as of October 1st at the reporting unit level. A reporting unit is the same as, or one level below, an operating segment. Bausch + Lomb performs its annual impairment test by first assessing qualitative factors. Where the qualitative assessment suggests that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, a quantitative fair value test is performed for that reporting unit (Step 1).

2022 Annual Goodwill Impairment Test

The Company conducted its annual goodwill impairment test as of October 1, 2022 by performing a quantitative assessment for each of its reporting units. The quantitative assessment utilized long-term growth rates of 2.0% and 3.0% and discount rates of 9.5% and 12.25%, in estimation of the fair value of the reporting units. After completing the testing, the fair value of each of these reporting units exceeded its carrying value by more than 25%, and, therefore, there was no impairment to goodwill.

September 30, 2023 Interim Goodwill Impairment Assessment

No events occurred or circumstances changed during the period from October 1, 2022 (the last time goodwill was tested for all reporting units) through September 30, 2023 that would indicate that the fair value of any reporting unit might be below its carrying value.

If market conditions deteriorate, or if the Company is unable to execute its strategies, it may be necessary to record impairment charges in the future.

There were no goodwill impairment charges from October 1, 2022 through September 30, 2023.

9. ACCRUED AND OTHER CURRENT LIABILITIES

Accrued and other current liabilities consist of:

(in millions)	September 30, 2023	December 31, 2022
Employee compensation and benefit costs	$ 198	$ 196
Product rebates	143	153
Discounts and allowances	85	85
Professional fees	74	66
Product returns	66	59
Other	426	342
	$ 992	$ 901

Under the terms of a December 2019 license agreement with Novaliq GmbH, the Company is required to make a future payment related to the first commercial sale of MIEBO™ (formerly known as NOV03). On May 18, 2023, the U.S. Food and Drug Administration ("FDA") approved the New Drug Application ("NDA") for MIEBO™, and in anticipation of the launch of this product in the United States (which occurred in September 2023), the Company accrued the $45 million milestone payment, which is included within Other, in the table above, as of September 30, 2023.

10. FINANCING ARRANGEMENTS

Principal amounts of debt obligations and principal amounts of debt obligations net of issuance costs consist of the following:

		September 30, 2023		December 31, 2022	
(in millions)	Maturity	Principal Amount	Net of Issuance Costs	Principal Amount	Net of Issuance Costs
Senior Secured Credit Facilities					
Revolving Credit Facility	May 2027	$ 175	$ 175	$ —	$ —
May 2027 Term Facility	May 2027	2,469	2,426	2,488	2,436
September 2028 Term Facility	September 2028	500	488	—	—
Senior Secured Notes					
8.375% Secured Notes	October 2028	1,400	1,376	—	—
Total long-term debt		$ 4,544	4,465	$ 2,488	2,436
Less: Current portion of long-term debt			30		25
Non-current portion of long-term debt			$ 4,435		$ 2,411

Senior Secured Credit Facilities

On May 10, 2022, Bausch + Lomb entered into a credit agreement (the “Credit Agreement”, and the credit facilities thereunder, the “Credit Facilities”). Prior to the September 2023 Credit Facility Amendment (as defined below), the Credit Agreement provided for a term loan of $2,500 million with a five-year term to maturity (the “May 2027 Term Facility”) and a five-year revolving credit facility of $500 million (the “Revolving Credit Facility”).

On September 29, 2023, Bausch + Lomb entered into an incremental term loan facility secured on a pari passu basis with the Company’s existing May 2027 Term Facility. This incremental term loan facility was entered into in the form of an incremental amendment (the "September 2023 Credit Facility Amendment") to the Company’s existing Credit Agreement (the Credit Agreement, as amended by the September 2023 Credit Facility Amendment, the “Amended Credit Agreement”) and consisted of borrowings of $500 million in new term B loans with a five-year term to maturity (the "September 2028 Term Facility") and, together with the May 2027 Term Facility and the Revolving Credit Facility, the “Senior Secured Credit Facilities”). A portion of the proceeds from the September 2028 Term Facility and October 2028 Secured Notes (as defined below) were used to finance the $1,750 million upfront payment related to the XIIDRA Acquisition (as discussed further in Note 5, “ACQUISITIONS AND LICENSING AGREEMENTS”) and related acquisition and financing costs.

The Senior Secured 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 May 2027 Term Facility and September 2028 Term Facility are denominated in U.S. dollars, and borrowings under the Revolving Credit Facility may be made available in U.S. dollars, euros, pounds sterling and Canadian dollars. As of September 30, 2023, the Company had $175 million of outstanding borrowings, $25 million of issued and outstanding letters of credit and remaining availability of $300 million under its Revolving Credit Facility.

Borrowings under the Revolving Credit Facility in: (i) U.S. dollars bear interest at a rate per annum equal to, at Bausch + Lomb’s 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 Bausch + Lomb’s 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 borrowings under the Revolving Credit Facility 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 Bausch + Lomb’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 Standard & Poor’s (“S&P”), Moody’s and Fitch and (y) the May 2027 Term Facility and September 2028 Term Facility have 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 Bausch + Lomb’s debt rating. The stated rate of interest for borrowings under the Revolving Credit Facility at September 30, 2023 ranges from 7.67% to 7.68% per annum. In addition, Bausch + Lomb is 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, thereafter, a facility fee between 0.110% to 0.275% of the total revolving commitments, whether used or unused, based on Bausch + Lomb’s debt rating and payable quarterly in arrears. Bausch + Lomb is 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 May 2027 Term Facility bear interest at a rate per annum equal to, at Bausch + Lomb’s 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 borrowings under the May 2027 Term Facility are subject to a credit spread adjustment of 0.10%. The stated rate of interest under the May 2027 Term Facility at September 30, 2023 was 8.76% per annum.

Borrowings under the September 2028 Term Facility bear interest at a rate per annum equal to, at Bausch + Lomb’s option, either: (i) a term SOFR-based rate, plus an applicable margin of 4.00%, or (ii) a U.S. dollar base rate, plus an applicable margin of 3.00% (provided, however, that the term SOFR-based rate shall be no less than 0.00% per annum at any time and the U.S. dollar base rate shall not be lower than 1.00% per annum at any time). Term SOFR-based borrowings under the September 2028 Term Facility are not subject to any credit spread adjustment. The stated rate of interest under the September 2028 Term Facility at September 30, 2023 was 9.32% per annum.

Subject to certain exceptions and customary baskets set forth in the Amended Credit Agreement, Bausch + Lomb is required to make mandatory prepayments of the loans under the May 2027 Term Facility and September 2028 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 Amended Credit Agreement), (iii) 50% of Excess Cash Flow (as defined in the Amended 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 May 2027 Term Facility is 1.00% per annum, or $25 million, payable in quarterly installments. Bausch + Lomb may direct that prepayments be applied to such amortization payments in order of maturity. As of September 30, 2023, the remaining mandatory quarterly amortization payments for the May 2027 Term Facility were $88 million through March 2027, with the remaining term loan balance being due in May 2027.

The amortization rate for the September 2028 Term Facility is 1.00% per annum, or $5 million, payable in quarterly installments. Bausch + Lomb may direct that prepayments be applied to such amortization payments in order of maturity. As of September 30, 2023, the remaining mandatory quarterly amortization payments for the September 2028 Term Facility were $24 million through June 2028, with the remaining term loan balance being due in September 2028.

Senior Secured Notes

On September 29, 2023, Bausch + Lomb issued $1,400 million aggregate principal amount of 8.375% Senior Secured Notes due October 2028 (the "October 2028 Secured Notes"). A portion of the proceeds from the October 2028 Secured Notes, along with the proceeds of September 2028 Term Facility, were used to finance the $1,750 million upfront payment related to the acquisition of XIIDRA® and certain other ophthalmology assets from Novartis (as discussed further in Note 5, “ACQUISITIONS AND LICENSING AGREEMENTS”) and related acquisition-related transaction and financing costs. The October 2028 Secured Notes accrue interest at a rate of 8.375% per year, payable semi-annually in arrears on each April 1 and October 1, commencing on April 1, 2024.

The October 2028 Secured Notes are guaranteed by each of the Company’s subsidiaries that is a guarantor under the Amended Credit Agreement (the “Note Guarantors”). The October 2028 Secured Notes and the guarantees related thereto are senior obligations and are secured, subject to permitted liens and certain other exceptions, by the same first priority liens that secure the Company’s obligations under the Amended Credit Agreement under the terms of the indentures governing the October 2028 Secured Notes.

The October 2028 Secured Notes and the guarantees related thereto rank equally in right of repayment with all of the Company’s and Note Guarantors’ respective existing and future unsubordinated indebtedness and senior to the Company’s and Note Guarantors’ respective future subordinated indebtedness. The October 2028 Secured Notes and the guarantees related thereto are effectively pari passu with the Company’s and the Note Guarantors’ respective existing and future indebtedness secured by a first priority lien on the collateral securing the October 2028 Secured Notes and effectively senior to the Company’s and the Note Guarantors’ respective existing and future indebtedness that is unsecured, or that is secured by junior liens, in each case to the extent of the value of the collateral. In addition, the October 2028 Secured Notes are structurally subordinated to: (i) all liabilities of any of the Company’s subsidiaries that do not guarantee the October 2028 Secured Notes and (ii) any of the Company’s debt that is secured by assets that are not collateral.

Upon the occurrence of a change in control (as defined in the indenture governing the October 2028 Secured Notes), unless the Company has exercised its right to redeem all of the notes of a series, holders of the October 2028 Secured Notes may require the Company to repurchase such holder’s notes, in whole or in part, at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, but not including, the date of purchase.

The October 2028 Secured Notes are redeemable at the option of the Company, in whole or in part, at any time on or after October 1, 2025, at the redemption prices set forth in the indenture. Prior to October 1, 2025, the Company may redeem the October 2028 Secured Notes in whole or in part at a redemption price equal to the principal amount of the Notes redeemed plus a make-whole premium. Prior to October 1, 2025, the Company may on any one or more occasions redeem up to 40% of the aggregate principal amount of the October 2028 Secured Notes at a redemption price of 108.375% of the principal amount thereof, redeemed plus accrued and unpaid interest to, but not including, the date of redemption with the proceeds of one of more equity offerings.

Weighted Average Stated Rate of Interest

The weighted average stated rate of interest for the Company’s outstanding debt obligations as of September 30, 2023 and December 31, 2022 was 8.66% and 7.84%, respectively.

Covenant Compliance

The Credit Facilities contain customary affirmative and negative covenants and specified events of default. These affirmative and negative covenants include, among other things, and subject to certain qualifications and exceptions, covenants that restrict Bausch + Lomb's ability and the ability of its subsidiaries to: incur or guarantee additional indebtedness; create or permit liens on assets; pay dividends on capital stock or redeem, repurchase or retire capital stock or subordinated indebtedness; make certain investments and other restricted payments; engage in mergers, acquisitions, consolidations and amalgamations; transfer and sell certain assets; and engage in transactions with affiliates. The Revolving Credit Facility also contains financial covenants that: (1) prior to the IG Trigger, require Bausch + Lomb to, if, as of the last day of any fiscal quarter of Bausch + Lomb (commencing with the fiscal quarter ending December 31, 2022), loans under the Revolving Credit Facility and swingline loans are outstanding in an aggregate amount greater than 40% of the total commitments in respect of the Revolving Credit Facility at such time, maintain a maximum first lien net leverage ratio of not greater than 4.50:1.00 and (2) after the IG Trigger, require Bausch + Lomb to, as of the last day of each fiscal quarter ending after the IG Trigger, (a) maintain a total leverage ratio of not greater than 4.00:1.00 (provided that such ratio will increase to 4.50:1.00 in connection with certain acquisitions for the four fiscal quarter period commencing with the quarter in which such acquisition is consummated) and (b) maintain an interest coverage ratio of not less than 3.00:1.00. The financial covenant in effect prior to the IG Trigger may be waived or amended without the consent of the term loan facility lenders and contains a customary term loan facility standstill and customary cure rights. The indenture governing the October 2028 Secured Notes also contains negative covenants and events of default that are similar to those contained in the Credit Facilities.

As of September 30, 2023, the Company was in compliance with its financial covenants related to its debt obligations. Bausch + Lomb, based on its current forecast for the next twelve months from the date of issuance of these financial statements, expects to remain in compliance with its financial covenants and meet its debt service obligations over that same period.

11. SHARE-BASED COMPENSATION

BHC Long-term Incentive Program

Prior to May 5, 2022, Bausch + Lomb employees participated in BHC's long-term incentive program. Therefore, prior to May 5, 2022, share-based compensation expense attributable to Bausch + Lomb was derived from: (i) the specific identification of Bausch + Lomb employees and (ii) an allocation of charges from BHC, related to BHC employees providing corporate services to Bausch + Lomb. Accordingly, the amounts presented are not necessarily indicative of future awards and do not necessarily reflect the results that Bausch + Lomb would have experienced as an independent company for the periods presented. Subsequent to May 5, 2022, share-based compensation expense attributable to Bausch + Lomb employees participating in BHC's long-term incentive program for grants made prior to May 5, 2022 is recognized as expense by Bausch + Lomb over the remaining vesting period.

Bausch + Lomb 2022 Omnibus Incentive Plan

Effective May 5, 2022, Bausch + Lomb established the Bausch + Lomb Corporation 2022 Omnibus Incentive Plan (as amended and restated (as described below), the "Plan"). A total of 28,000,000 common shares of Bausch + Lomb were originally authorized for issuance under the Plan. Effective April 24, 2023, Bausch + Lomb's shareholders approved an amendment and restatement of the Plan to increase the number of shares authorized for issuance thereunder by an additional 10,000,000 common shares, resulting in an aggregate 38,000,000 common shares of Bausch + Lomb authorized for issuance under the Plan (the "Plan Amendment"). The Plan provides for the grant of various types of awards, including restricted stock units ("RSUs"), restricted stock, stock appreciation rights, stock options, performance-based awards and cash awards. Under the Plan, the exercise price of awards, if any, is set on the grant date and may not be less than the fair market value per share on that date. Generally, stock options have a term of ten years and a three-year vesting period, subject to limited exceptions.

Approximately 18,900,000 common shares were available for future grants as of September 30, 2023. Bausch + Lomb uses reserved and unissued common shares to satisfy its obligations under its share-based compensation plans.

The Company has a long-term incentive program with the objective of aligning the share-based awards granted to senior management with the Company's focus on enhancing its revenue growth while maintaining focus on total shareholder return over the long-term. In addition to stock options and RSUs, during the first quarter of 2023, performance restricted share units ("PSUs") were also granted. The PSUs are comprised of awards that vest upon: (i) achievement of certain share price appreciation conditions, including absolute and relative total shareholder return ("TSR") (the "TSR PSUs") and (ii) attainment of certain performance targets that are based on the Company's Organic Revenue Growth (the "Organic Revenue Growth PSUs"). If the Company's performance is below a specified performance level, no common shares will be paid. Each vested PSU represents the right of a holder to receive a number of the Company's common shares up to a specified maximum.

The fair value of each TSR PSU granted was estimated using a Monte Carlo Simulation model, which utilizes multiple input variables to estimate the probability that the performance condition will be achieved. The fair value of the Organic Revenue Growth PSUs is estimated based on the trading price of the Company's common shares on the date of grant. Expense recognized for the Organic Revenue Growth PSUs in each reporting period reflects the Company's latest estimate of Organic Revenue Growth in determining the number of PSUs that are expected to vest. If the Organic Revenue Growth PSUs do not ultimately vest due to the Organic Revenue Growth targets not being met, no compensation expense is recognized and any previously recognized compensation expense is reversed.

On February 15, 2023, Bausch + Lomb announced the appointment of Brent Saunders as Chief Executive Officer ("CEO") and Chair of the Board of Directors of the Company, effective March 6, 2023. Pursuant to Mr. Saunders' employment agreement, on February 23, 2023, Mr. Saunders was granted the following equity grants under the Plan: 750,000 PSUs, 1,318,681 stock options and 375,000 RSUs. The RSUs are scheduled to vest 50% on the second anniversary of the grant date and the remaining 50% on the third anniversary of the grant date. The stock options are scheduled to vest in equal one-third installments on each of the first three anniversaries of the grant date. The PSUs vest on the fourth anniversary from grant date based on the Company's achievement of absolute share price hurdles, or upon achievement of absolute and relative TSR hurdles in relation to the S&P 500 Index during the four-year performance period.

The components and classification of share-based compensation expense related to stock options, PSUs and RSUs directly attributable to those employees specifically identified as Bausch + Lomb employees for the three and nine months ended September 30, 2023 and 2022 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2023**	**2022**	**2023**	**2022**
Stock options	$ 3	$ 1	$ 9	$ 3
PSUs/RSUs	13	17	49	36
Share-based compensation expense	$ 16	$ 18	$ 58	$ 39
Research and development expenses	$ 3	$ 1	$ 7	$ 5
Selling, general and administrative expenses	13	17	51	34
Share-based compensation expense	$ 16	$ 18	$ 58	$ 39

In addition to share-based compensation expense attributable to employees that are specific to Bausch + Lomb's business, share-based compensation expense also includes $0 and $6 million for the nine months ended September 30, 2023 and 2022, respectively, of allocated charges from BHC, based on revenues, related to BHC employees providing corporate services to Bausch + Lomb.

Share-based awards granted for the nine months ended September 30, 2023 and 2022 consist of:

	Nine Months Ended September 30,	
	2023	2022
Stock options		
Granted	3,453,000	6,455,000
Weighted-average exercise price	$ 18.21	$ 18.00
Weighted-average grant date fair value	$ 5.33	$ 4.55
RSUs		
Granted	3,165,000	4,205,000
Weighted-average grant date fair value	$ 17.97	$ 17.22
TSR performance-based RSUs		
Granted	1,175,000	—
Weighted-average grant date fair value	$ 27.65	$ —
Organic Revenue Growth performance-based RSUs		
Granted	142,000	—
Weighted-average grant date fair value	$ 17.96	$ —

As of September 30, 2023, the remaining unrecognized compensation expenses related to all outstanding non-vested stock options, time-based RSUs and performance-based RSUs amounted to $101 million, which will be amortized over a weighted-average period of 2.23 years.

12. ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss as of September 30, 2023 and as of December 31, 2022 consist of:

(in millions)	September 30, 2023	December 31, 2022
Foreign currency translation adjustment	$ (1,288)	$ (1,231)
Pension adjustment, net of tax	(29)	(27)
	$ (1,317)	$ (1,258)

Income taxes are not provided for foreign currency translation adjustments arising on the translation of Bausch + Lomb's operations having a functional currency other than the U.S. dollar, except to the extent of translation adjustments related to Bausch + Lomb's retained earnings for foreign jurisdictions in which Bausch + Lomb is not considered to be permanently reinvested.

13. RESEARCH AND DEVELOPMENT

Included in Research and development are costs related to product development and quality assurance programs. Quality assurance are the costs incurred to meet evolving customer and regulatory standards. Research and development costs for the three and nine months ended September 30, 2023 and 2022 consist of:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2023	2022	2023	2022
Product related research and development	$ 77	$ 71	$ 228	$ 212
Quality assurance	5	6	16	17
Research and development	$ 82	$ 77	$ 244	$ 229

14. OTHER EXPENSE, NET

Other expense, net for the three and nine months ended September 30, 2023 and 2022 consists of:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2023	2022	2023	2022
Asset impairments	$ —	$ 1	$ —	$ 1
Restructuring, integration and separation costs	11	5	33	11
Litigation and other matters	2	—	2	—
Acquired in-process research and development costs	—	1	—	1
Acquisition-related costs	16	—	19	—
Acquisition-related contingent consideration	(1)	—	—	(5)
Other expense, net	$ 28	$ 7	$ 54	$ 8

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 are expenses associated with the implementation of these cost savings programs and include expenses associated with reducing headcount and other cost reduction initiatives. Restructuring and integration costs for the nine months ended September 30, 2023 and 2022 were $32 million and $4 million, respectively and primarily consist of employee severance costs. These severance costs were provided under an ongoing benefit arrangement and were therefore recorded once they were both probable and reasonably estimable in accordance with the provisions of ASC 712-10, “Nonretirement Postemployment Benefits”.

In connection with the Separation, the Company has incurred and will continue to incur additional costs associated with activities taken to separate the Bausch + Lomb business from the remainder of BHC. Separation costs are incremental costs directly related to the Separation, and include but are not limited to: (i) legal, audit and advisory fees, (ii) talent acquisition costs and (iii) costs associated with establishing new boards of directors and related board committees for Bausch + Lomb. Included in Other expense for the nine months ended September 30, 2023 and 2022 are Separation costs of $1 million and $7 million, respectively. The Company has also incurred, and will continue to incur, separation-related costs which are incremental costs indirectly related to the Separation and include, but are not limited to: (i) IT infrastructure and software licensing costs, (ii) rebranding costs and (iii) costs associated with facility relocation and/or modification. The extent and timing of future charges for these costs cannot be reasonably estimated at this time and could be material. Included within SG&A and R&D for the nine months ended September 30, 2023 and 2022 are Separation-related costs of $6 million and $21 million, respectively.

As a result of the completion of the B+L IPO, and as the Company prepares for post-Separation operations, the Company is launching certain initiatives that may result in certain changes to, and investment in, its organizational structure and operations. The Company refers to the charges related to these initiatives as "Business Transformation Costs". These costs are recorded in SG&A in the unaudited Condensed Consolidated Statements of Operations and include third-party advisory costs, as well as certain compensation-related costs associated with changes in the Company's executive officers, such as severance-related costs associated with the departure of the Company's former executives and the costs associated with the appointment of the Company's new executives. Further, in connection with the Separation, the Company continues to evaluate opportunities to improve its operating results and may initiate cost savings programs to streamline the Company's 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. Although a specific plan does not exist at this time, the Company may identify and take additional exit and cost-rationalization restructuring actions in the future, the costs of which could be material.

15. INCOME TAXES

For interim financial statement purposes, U.S. GAAP income tax expense/benefit related to ordinary income is determined by applying an estimated annual effective income tax rate against a company’s ordinary income, subject to certain limitations on the benefit of losses. Income tax expense/benefit related to items not characterized as ordinary income is recognized as a discrete item when incurred. The estimation of Bausch + Lomb’s income tax provision requires the use of management forecasts and other estimates, application of statutory income tax rates, and an evaluation of valuation allowances. The Company’s estimated annual effective income tax rate may be revised, if necessary, in each interim period.

Provision for income taxes for the nine months ended September 30, 2023 was $88 million. The difference between the statutory tax rate and the effective tax rate was primarily attributable to jurisdictional mix of earnings and discrete tax effects of establishing a valuation allowance in Canada, the impact of a change in tax attributes, and a change in the deduction for

stock compensation. Provision for income taxes for the nine months ended September 30, 2022 was $60 million. The difference between the statutory tax rate and the effective tax rate was primarily attributable to jurisdictional mix of earnings and discrete tax effects of the filing of certain tax returns and a change in the deduction for stock compensation.

The Company records a valuation allowance against its deferred tax assets to reduce the net carrying value to an amount that it believes is more likely than not to be realized. When the Company establishes or reduces the valuation allowance against its deferred tax assets, the provision for income taxes will increase or decrease, respectively, in the period such determination is made. The valuation allowance against deferred tax assets was $150 million and $54 million as of September 30, 2023 and December 31, 2022, respectively. The increase is related to the valuation allowance established against the prior deferred tax assets in Canada as well as certain attributes the Company acquired during the year that are expected to expire prior to their utilization.

The Company's U.S. affiliates remain under examination for various state tax audits in the U.S. for years 2015 through 2022.

The Company's subsidiaries in Germany are under audit for tax years 2014 through 2019. During the three months ended September 30, 2023, the Company received a preliminary assessment from the German taxing authority that would disallow certain transfer pricing adjustments. The Company intends to contest this alleged tax deficiency through the appropriate appeals process, and if necessary, intends to continue to contest any alleged tax deficiency through appropriate litigation. Accordingly, no income tax provision has been recorded as of September 30, 2023. The Company continues to believe any liability to arise from this audit would be indemnified by BHC pursuant to the Tax Matters Agreement.

As of September 30, 2023 and December 31, 2022, the Company had $70 million and $70 million of unrecognized tax benefits, which included $10 million and $9 million of interest and penalties, respectively. Of the total unrecognized tax benefits as of September 30, 2023, $63 million would reduce the Company's effective tax rate, if recognized. The Company believes that it is reasonably possible that the total amount of unrecognized tax benefits at September 30, 2023 could decrease by an immaterial amount in the next 12 months as a result of the resolution of certain tax audits and other events.

16. EARNINGS PER SHARE

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, 2022 for purposes of calculating Basic and diluted (loss) income per share attributable to Bausch + Lomb Corporation.

(Loss) income per share attributable to Bausch + Lomb Corporation for the three and nine months ended September 30, 2023 and 2022 were calculated as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, except per share amounts)	**2023**	**2022**	**2023**	**2022**
Net (loss) income attributable to Bausch + Lomb Corporation	$ (84)	$ (18)	$ (206)	$ 7
Basic weighted-average common shares outstanding	350.8	350.0	350.4	350.0
Diluted effect of stock options and RSUs	—	—	—	0.1
Diluted weighted-average common shares outstanding	350.8	350.0	350.4	350.1
Basic and Diluted (Loss) Earnings per share attributable to Bausch + Lomb Corporation	$ (0.24)	$ (0.05)	$ (0.59)	$ 0.02

During the three and nine months ended September 30, 2023 and three months ended September 30, 2022, all potential common shares issuable for RSUs, performance-based RSUs and stock options were excluded from the calculation of diluted loss per share, as the effect of including them would have been anti-dilutive. The dilutive effect of potential common shares issuable for RSUs, performance-based RSUs and stock options on the weighted-average number of common shares outstanding would have been approximately 1,862,000 and 1,589,000 common shares for the three and nine months ended September 30, 2023, respectively. The dilutive effect of potential common shares issuable for RSUs and stock options on the weighted-average number of common shares outstanding would have been approximately 155,500 common shares for the three months ended September 30, 2022. There were no dilutive equity instruments or equity awards outstanding prior to the B+L IPO.

During the three and nine months ended September 30, 2023, RSUs, performance-based RSUs and stock options to purchase approximately 3,345,000 and 3,365,000 common shares, respectively, were not included in the computation of diluted earnings per share because the effect would have been anti-dilutive under the treasury stock method. During the three months ended September 30, 2022, RSUs, performance-based RSUs and stock options to purchase approximately 2,729,000 were not included in the computation of diluted earnings per share because the effect would have been anti-dilutive under the treasury stock method. During the three and nine months ended September 30, 2023, an additional 4,874,000 IPO Founders Grants in the form of stock options and RSUs, which were granted to certain eligible recipients in connection with the B+L IPO, and an additional 873,000 PSUs, were not included in the computation of diluted earnings per share as they are either linked to the completion of the Separation or the required performance conditions had not yet been met. During the three months ended September 30, 2022, an additional 5,417,000 IPO Founders Grants, in the form of stock options and RSUs, were not included in the computation of diluted earnings per share as they are linked to the completion of the Separation.

17. LEGAL PROCEEDINGS

Bausch + Lomb is involved, and, from time to time, may become involved, in various legal and administrative proceedings, which include or may include product liability, intellectual property, commercial, tax, antitrust, governmental and regulatory investigations, related private litigation and ordinary course employment-related issues. From time to time, Bausch + Lomb also initiates or may initiate actions or file counterclaims. Bausch + Lomb could be subject to counterclaims or other suits in response to actions it may initiate. Bausch + Lomb believes that the prosecution of these actions and counterclaims is important to preserve and protect Bausch + Lomb, its reputation and its assets.

On a quarterly basis, Bausch + Lomb evaluates developments in legal proceedings, potential settlements and other matters that could increase or decrease the amount of the liability accrued. As of September 30, 2023, Bausch + Lomb's Condensed Consolidated Balance Sheets includes accrued current loss contingencies of $6 million related to matters which are both probable and reasonably estimable. For all other matters, unless otherwise indicated, Bausch + Lomb cannot reasonably predict the outcome of these legal proceedings, nor can it estimate the amount of loss, or range of loss, if any, that may result from these proceedings. An adverse outcome in certain of these proceedings could have a material adverse effect on Bausch + Lomb's business, financial condition and results of operations, and could cause the market value of its common shares to decline.

Antitrust

Generic Pricing Antitrust Litigation

BHC's subsidiaries, Oceanside Pharmaceuticals, Inc., Bausch Health US, LLC (formerly Valeant Pharmaceuticals North America LLC) ("Bausch Health US"), and Bausch Health Americas, Inc. (formerly Valeant Pharmaceuticals International) ("Bausch Health Americas") (for the purposes of this paragraph, collectively, the "Company"), are defendants in multidistrict antitrust litigation ("MDL") entitled In re: Generic Pharmaceuticals Pricing Antitrust Litigation, pending in the U.S. District Court for the Eastern District of Pennsylvania (MDL 2724, 16 MD-2724). The lawsuits seek damages under federal and state antitrust laws, state consumer protection and unjust enrichment laws and allege that the Company's subsidiaries entered into a conspiracy to fix, stabilize, and raise prices, rig bids and engage in market and customer allocation for generic pharmaceuticals. The lawsuits, which have been brought as putative class actions by direct purchasers, end payers, and indirect resellers, and as direct actions by direct purchasers, end payers, insurers, hospitals, pharmacies, States, and various Counties, Cities, and Towns, have been or will be consolidated into the MDL. There are also additional, separate complaints which have been consolidated in the same MDL that do not name the Company or any of its subsidiaries as a defendant. There are cases pending in the Court of Common Pleas of Philadelphia County against the Company and other defendants related to the multidistrict litigation, but no complaint has been filed in these cases. The cases have been put in deferred status. The Company disputes the claims against it and these cases will be defended vigorously.

Additionally, BHC and certain U.S. and Canadian subsidiaries (for the purposes of this paragraph, collectively "the Company") have been named as defendants in a proposed class proceeding entitled Kathryn Eaton v. Teva Canada Limited, et al. in the Federal Court in Toronto, Ontario, Canada (Court File No. T-607-20). The plaintiff seeks to certify a proposed class action on behalf of persons in Canada who purchased generic drugs in the private sector, alleging that the Company and

other defendants violated the Competition Act by conspiring to allocate the market, fix prices, and maintain the supply of generic drugs, and seeking damages under federal law. The proposed class action contains similar allegations to the In re: Generic Pharmaceuticals Pricing Antitrust Litigation pending in the United States Court for the Eastern District of Pennsylvania. The Company disputes the claims against it and this case will be defended vigorously.

These lawsuits cover products of both Bausch + Lomb and BHC's other businesses. It is anticipated that Bausch + Lomb and BHC will split the fees and expenses associated with defending these claims, as well as any potential damages or other liabilities awarded in or otherwise arising from these claims, in the manner set forth in the MSA.

PreserVision® AREDS 2 Antitrust Litigation

Bausch & Lomb Incorporated ("B&L Inc.") was a defendant in an antitrust suit filed by a competitor, ZeaVision, LLC ("ZeaVision"), on December 20, 2021, in the United States District Court for the Eastern District of Missouri (ZeaVision, LLC v. Bausch & Lomb Incorporated, et al., Civil Action No. 4:21-cv-01487), alleging various antitrust and Lanham act claims, including that B&L Inc.'s efforts to enforce its patents constitutes sham litigation, that certain B&L Inc. advertising is false and violates antitrust laws and the Lanham Act and that certain conduct by B&L Inc. constitutes monopolization. In November, 2022, the action was dismissed for lack of personal jurisdiction. ZeaVision appealed this decision. On August 14, 2023, B&L Inc. and ZeaVision entered into a settlement agreement, resolving all claims in this action. Shortly thereafter, ZeaVision filed a Stipulation of Dismissal in the Eighth Circuit, dismissing its appeal with prejudice.

Product Liability

Shower to Shower® Products Liability Litigation

Since 2016, BHC and its affiliates, including Bausch + Lomb, have been named in a number of product liability lawsuits involving the Shower to Shower® body powder product acquired in September 2012 from Johnson & Johnson; due to dismissals, twenty-six (26) of such product liability suits currently remain pending. In three (3) cases pending in the Atlantic County, New Jersey Multi-County Litigation, agreed stipulations of dismissal have been entered by the Court, thus dismissing the Company from those cases. Potential liability (including its attorneys' fees and costs) arising out of these remaining suits is subject to full indemnification obligations of Johnson & Johnson owed to BHC and its affiliates, including Bausch + Lomb, and legal fees and costs will be paid by Johnson & Johnson. Twenty-five (25) of these lawsuits filed by individual plaintiffs allege that the use of Shower to Shower® caused the plaintiffs to develop ovarian cancer, mesothelioma or breast cancer. The allegations in these cases include failure to warn, design defect, manufacturing defect, negligence, gross negligence, breach of express and implied warranties, civil conspiracy concert in action, negligent misrepresentation, wrongful death, loss of consortium and/or punitive damages. The damages sought include compensatory damages, including medical expenses, lost wages or earning capacity, loss of consortium and/or compensation for pain and suffering, mental anguish anxiety and discomfort, physical impairment and loss of enjoyment of life. Plaintiffs also seek pre- and post-judgment interest, exemplary and punitive damages, and attorneys' fees. Additionally, two proposed class actions were filed in Canada against BHC and various Johnson & Johnson entities (one in the Supreme Court of British Columbia and one in the Superior Court of Quebec), on behalf of persons who have purchased or used Johnson & Johnson's Baby Powder or Shower to Shower®. The class actions allege the use of the product increases certain health risks (British Columbia) or negligence in failing to properly test, failing to warn of health risks, and failing to remove the products from the market in a timely manner (Quebec). The plaintiffs in these actions are seeking awards of general, special, compensatory and punitive damages. On November 17, 2020, the British Columbia court issued a judgment declining to certify a class as to BHC or Shower to Shower®, and at this time no appeal of that judgment has been filed. On December 16, 2021, the plaintiff in the British Columbia class action filed a Second Amended Notice of Civil Claim and Application for Certification, removing BHC as a defendant; as a result, the British Columbia class action is concluded as to BHC.

Johnson & Johnson, through one or more subsidiaries has purported to have completed a Texas divisional merger with respect to any talc liabilities at Johnson & Johnson Consumer, Inc. ("JJCI"). LTL Management, LLC ("LTL"), the resulting entity of the divisional merger, assumed JJCI's talc liabilities and thereafter filed for Chapter 11 bankruptcy protection in the United States Bankruptcy Court for the Western District of North Carolina. Pursuant to court orders entered in November 2021, the case was transferred to the United States District Court for the District of New Jersey (the "Bankruptcy Court"). Notwithstanding the divisional merger and LTL's bankruptcy case, BHC and Bausch + Lomb continue to have indemnification claims and rights against Johnson & Johnson and LTL pursuant to the terms of the indemnification agreement entered into between JJCI and its affiliates and BHC and its affiliates, which indemnification agreement remains in effect. As a result, it is Bausch + Lomb's current expectation that BHC and Bausch + Lomb will not incur any material impairments with respect to its indemnification claims as a result of the divisional merger or the bankruptcy.

In December 2021, certain talc claimants filed motions to dismiss the bankruptcy case. On February 25, 2022, the Bankruptcy Court entered orders denying the motions to dismiss. The order denying the motions to dismiss was subject to appeal and the Bankruptcy Court certified directly to the United States Court of Appeals for the Third Circuit. On January 30, 2023, a

unanimous three-judge Third Circuit Court of Appeals panel issued its decision directing the Bankruptcy Court to dismiss LTL's bankruptcy case, concluding that LTL was not in financial distress and could not file a bankruptcy case in good faith. On April 4, 2023, the Bankruptcy Court entered orders dismissing the bankruptcy case and related adversary proceedings.

However, on April 4, 2023, shortly after the issuance of the dismissal order, LTL re-filed for Chapter 11 bankruptcy protection in the Bankruptcy Court. On or around April 24, 2023, multiple motions to dismiss the newly filed Chapter 11 case were filed, and a hearing on the motions to dismiss was held the week of June 27, 2023. On July 28, 2023, the Bankruptcy Court granted the motions to dismiss and, on August 11, 2023, entered the order dismissing the second Chapter 11 case. On August 24, 2023, LTL and certain supporting creditors and tort claimants filed notices of appeal of the dismissal order. On September 20, 2023, the Bankruptcy Court granted the motion and certified the appeals to the Third Circuit. On October 20, 2023, the Third Circuit accepted the appeal, and a briefing schedule is pending. During the pendency of LTL's bankruptcy cases, the Bankruptcy Court extended a preliminary injunction that had stayed substantially all cases subject to the indemnification agreement related to Johnson & Johnson's talc liability, which injunction was terminated in connection with the bankruptcy case dismissal.

After the dismissal of the Chapter 11 case, BHC's and Bausch + Lomb's position vis a vis Johnson & Johnson returned to the status quo prior to the filing. The litigation against BHC, Bausch + Lomb and other defendants is no longer stayed, and LTL and Johnson & Johnson continues to have indemnification obligations running to BHC and its affiliates, including Bausch + Lomb, for Shower to Shower® related product liability litigation.

General Civil Actions

California Proposition 65 Related Matter

On June 19, 2019, plaintiffs filed a proposed class action in California state court against Bausch Health US and Johnson & Johnson (Gutierrez, et al. v. Johnson & Johnson, et al., Case No. 37-2019-00025810-CU-NP-CTL), asserting claims for purported violations of the California Consumer Legal Remedies Act, False Advertising Law and Unfair Competition Law in connection with their sale of talcum powder products that the plaintiffs allege violated Proposition 65 and/or the California Safe Cosmetics Act. This lawsuit was served on Bausch Health US in June 2019 and was subsequently removed to the United States District Court for the Southern District of California, where it is currently pending. Plaintiffs seek damages, disgorgement of profits, injunctive relief, and reimbursement/restitution. Bausch Health US filed a motion to dismiss Plaintiffs' claims, which was granted in April 2020 without prejudice. In May 2020, Plaintiffs filed an amended complaint and in June 2020, filed a motion for leave to amend the complaint further, which was granted. In August 2020, Plaintiffs filed the Fifth Amended Complaint. On January 22, 2021, the Court granted the motion to dismiss with prejudice. On February 19, 2021, Plaintiffs filed a Notice of Appeal with the Ninth Circuit Court of Appeals. On July 1, 2021, Appellants (Plaintiffs) filed their opening brief; Appellees' response briefs were filed October 8, 2021. This matter was stayed by the Ninth Circuit on December 7, 2021, due to the preliminary injunction entered by the Bankruptcy Court in the LTL bankruptcy proceeding. This stay included Appellants' reply brief deadline, which was previously due to be filed on or before December 2, 2021. On March 9, 2022, the Ninth Circuit issued an order extending the stay through July 29, 2022. On July 29, 2022, Johnson & Johnson filed a status report in the Gutierrez appeal, outlining the developments since the last status report and the imposition of the stay. Johnson & Johnson noted that following a July 26, 2022, hearing, the Bankruptcy Court left the preliminary injunction in place, and asked the Ninth Circuit to continue to stay this action while the bankruptcy preliminary injunction remained in place. On January 20, 2023, the Ninth Circuit extended the stay until February 17, 2023. On February 17, 2023, Johnson & Johnson requested that the court afford it 60 days – until April 18, 2023, or seven (7) days following any lifting of the LTL Bankruptcy Court's preliminary injunction, whichever comes earliest – to provide an additional status report about the bankruptcy proceeding and the Third Circuit dismissal for which the LTL has requested a rehearing. On April 7, 2023, Johnson & Johnson Consumer Inc. filed a status report regarding the bankruptcy proceeding advising the Court of the dismissal of the prior bankruptcy proceeding and the filing of the second bankruptcy proceeding, as well as the preliminary injunction and stay order, and requesting the stay of the appeal remain in place until May 10, 2023, which was granted. Following the entry of a preliminary injunction applicable to this case, which was extended until August 26, 2023, the Ninth Circuit extended the stay to June 15, 2023. On June 22, 2023, J&J/LTL filed a status report requesting the stay be extended to August 26, 2023, consistent with the extension of the preliminary injunction by the bankruptcy court. On August 15, 2023, J&J filed a supplemental status report notifying the Ninth Circuit that the second bankruptcy proceeding was dismissed on August 11, 2023so the stay could be lifted and briefing could proceed to conclusion and setting of oral argument. On September 13, 2023, the Ninth Circuit lifted the stay and indicated the matter would be placed back on calendar at some point in the future, but no remaining briefing schedule or oral argument date has been issued yet. The Ninth Circuit issued a notice related to potential oral argument dates in February and March 2024, but no date has been set yet.

Bausch Health US disputes the claims in this lawsuit and will defend it vigorously.

*New Mexico Attorney General Consumer Protection Actio*n

BHC and Bausch Health US were named in an action brought by State of New Mexico ex rel. Hector H. Balderas, Attorney General of New Mexico, in the County of Santa Fe New Mexico First Judicial District Court (New Mexico ex rel. Balderas v. Johnson & Johnson, et al., Civil Action No. D-101-CV-2020-00013, filed on January 2, 2020), alleging consumer protection claims against Johnson & Johnson and Johnson & Johnson Consumer, Inc., BHC and Bausch Health US related to Shower to Shower® and its alleged causal link to mesothelioma and other cancers. In April 2020, Bausch Health US filed a motion to dismiss, which in September 2020, the Court granted in part as to the New Mexico Medicaid Fraud Act and New Mexico Fraud Against Taxpayers Act claims and denied as to all other claims. The State of New Mexico brings claims against all defendants under the New Mexico Unfair Practices Act and other common law and equitable causes of action, alleging defendants engaged in wrongful marketing, sale and promotion of talcum powder products. The lawsuit seeks to recover the cost of the talcum powder products as well as the cost of treating asbestos-related cancers allegedly caused by those products. Bausch Health US filed its answer on November 16, 2020. On December 30, 2020, Johnson & Johnson filed a Motion for Partial Judgment on the Pleadings and on January 4, 2021, Bausch Health US filed a joinder to that motion, which was denied on March 8, 2021. Trial was scheduled to begin on May 30, 2023, until the case was stayed by an interlocutory appeal to the New Mexico Supreme Court by Johnson & Johnson.

On July 14, 2022, LTL filed an adversary proceeding in the Bankruptcy Court (Case No. 21-30589, Adv. Pro. No. 22-01231) against the State of New Mexico ex rel. Hector H. Balderas, Attorney General, and a motion seeking an injunction barring the New Mexico Attorney General from continuing to prosecute the action while the bankruptcy case is pending. A hearing was held on September 14, 2022, and, on October 4, 2022, the Bankruptcy Court entered an order granting the injunction. Following the Third Circuit's decision requiring dismissal of the main bankruptcy proceeding, and its subsequent denials of LTL's requests for a rehearing or a stay pending disposition by the Supreme Court, on April 4, 2023, the Bankruptcy Court entered orders dismissing the bankruptcy case and related adversary proceedings. However, also on April 4, 2023, LTL re-filed for Chapter 11 bankruptcy protection in the Bankruptcy Court and again sought a preliminary injunction, though it did not include this lawsuit. The Bankruptcy Court ultimately dismissed LTL's second bankruptcy case. Accordingly, this suit has returned to its status quo prior to LTL's filing.

BHC and Bausch Health US dispute the claims against them, and this lawsuit will be defended vigorously.

U.S. Securities Litigation - New Jersey Declaratory Judgment Lawsuit

On March 24, 2022, BHC and Bausch + Lomb were named in a declaratory judgment action in the Superior Court of New Jersey, Somerset County, Chancery Division, brought by certain individual investors in BHC's common shares and debt securities who are also maintaining individual securities fraud claims against BHC and certain current or former officers and directors as part of the U.S. Securities Litigation. This action seeks a declaratory judgment that alleged transfers of certain BHC assets to Bausch + Lomb would constitute a voidable transfer under the New Jersey Voidable Transactions Act and that Bausch + Lomb would be liable for damages, if any, awarded against BHC in the individual opt-out actions. The declaratory judgment action also alleges that the potential future separation of Bausch + Lomb from BHC by distribution of Bausch + Lomb stock to BHC's shareholders would leave BHC with inadequate financial resources to satisfy these plaintiffs' alleged securities fraud damages in the underlying individual opt-out actions. None of the plaintiffs in this declaratory judgment action have obtained a judgment against BHC in the underlying individual opt-out actions and BHC disputes the claims against it in those underlying actions. The underlying individual opt-out actions assert claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), and certain actions assert claims under Section 18 of the Exchange Act. The allegations in those underlying individual opt-out actions are made against BHC and several of its former officers and directors only and relate to, among other things, allegedly false and misleading statements made during the 2013-2016 time period by BHC and/or failures to disclose information about BHC's business and prospects, including relating to drug pricing and the use of specialty pharmacies. On March 31, 2022, BHC and Bausch + Lomb removed the declaratory judgment action to the U.S. District Court for the District of New Jersey. On April 29, 2022, Plaintiffs filed a motion to remand. On November 29, 2022, the District Court granted Plaintiffs' remand motion and the case was remanded to the New Jersey Superior Court Chancery Division. On December 8, 2022, Plaintiffs filed a proposed Order to Show Cause and motion for a preliminary injunction and sought interim relief including expedited discovery. On December 13, 2022, the Court denied Plaintiffs' proposed Order to Show Cause and stayed discovery pending the resolution of BHC's and Bausch + Lomb's forthcoming motions to dismiss, while instructing BHC to provide certain notice to Plaintiffs of the intended completion of a potential future distribution referenced above under certain circumstances. On December 22, 2022, Plaintiffs filed an amended complaint which, among other things, added claims seeking injunctive relief. On January 11, 2023, BHC and Bausch + Lomb moved to dismiss the amended complaint. Briefing was complete on February 24, 2023, and the motion to dismiss was heard on March 3, 2023. On April 3, 2023, the Court issued a decision granting in part and denying in part the motion to dismiss.

Both BHC and Bausch + Lomb dispute the claims in this declaratory judgment action and intend to vigorously defend this matter.

Doctors Allergy Formula Lawsuit

In April 2018, Doctors Allergy Formula, LLC ("Doctors Allergy"), filed a lawsuit against Bausch Health Americas in the Supreme Court of the State of New York, County of New York, asserting breach of contract and related claims under a 2015 Asset Purchase Agreement, which purports to include milestone payments that Doctors Allergy alleges should have been paid by Bausch Health Americas. Doctors Allergy claims its damages are not less than $23 million. Bausch Health Americas has asserted counterclaims against Doctors Allergy. Bausch Health Americas filed a motion seeking an order granting Bausch Health Americas' summary judgment on its counterclaims against Plaintiff and dismissing Plaintiff's claims against Bausch Health Americas. The motion was fully briefed as of May 2021.The Court held a hearing on the motion on January 25, 2022. On May 12, 2023, the Court issued a Decision and Order denying Bausch Health Americas' motion. On June 14, 2023, Bausch Health Americas filed a Notice of Appeal as to the Decision and Order. Bausch Health Americas disputes the claims against it and this lawsuit will be defended vigorously.

Intellectual Property Matters

PreserVision® AREDS Patent Litigation

PreserVision® AREDS and PreserVision® AREDS 2 are OTC eye vitamin formulas for those with moderate-to-advanced AMD. The PreserVision® U.S. formulation patent expired in March 2021, but a patent covering methods of using the formulation remains in force into 2026. B&L Inc. has filed patent infringement proceedings against 19 named defendants in 16 proceedings claiming infringement of these patents and, in certain circumstances, related unfair competition and false advertising causes of action. Thirteen of these proceedings were subsequently settled; two resulted in a default. As of the date of this filing, there is one ongoing action: Bausch & Lomb Inc. & PF Consumer Healthcare 1 LLC v. SBH Holdings LLC, C.A. No. 20-cv-01463-GBW-CJB (D. Del.). Bausch + Lomb remains confident in the strength of these patents and B&L Inc. will continue to vigorously pursue this matter and defend its intellectual property.

Patent Litigation against Certain Ocuvite® and PreserVision®

In June and November, 2021, ZeaVision filed complaints for patent infringement (asserting three patents) against certain of the Ocuvite® and PreserVision® products in the Eastern District of Missouri (Case No. 4:21-cv-00739-RWS; Case No. 4:21-cv-01352-RWS). The cases were subsequently consolidated. On August 14, 2023, the Parties entered into a settlement agreement, resolving all claims in this action. Shortly thereafter, the court dismissed the case with prejudice.

Lumify® Paragraph IV Proceedings

On August 16, 2021, B&L Inc. received a Notice of Paragraph IV Certification from Slayback Pharma LLC ("Slayback"), in which Slayback asserted that certain U.S. patents, each of which is listed in the FDA's Orange Book for Lumify® (brimonidine tartrate solution) drops (the "Lumify Patents"), are either invalid, unenforceable and/or will not be infringed by the commercial manufacture, use or sale of Slayback's generic drops, for which an Abbreviated New Drug Application ("ANDA") has been filed by Slayback. B&L Inc., through its affiliate Bausch + Lomb Ireland Limited, exclusively licenses the Lumify Patents from Eye Therapies, LLC ("Eye Therapies"). On September 10, 2021, B&L Inc., Bausch + Lomb Ireland Limited and Eye Therapies filed suit against Slayback pursuant to the Hatch-Waxman Act, alleging infringement by Slayback of one or more claims of the Lumify Patents, thereby triggering a 30-month stay of the approval of the Slayback ANDA. Since then, U.S. Patent No. 9,259,425 has been dismissed from the case.

On May 15, 2023, the United States Patent & Trademark Office's Patent Trial and Appeal Board issued a Final Written Decision, finding all claims of U.S. Patent No. 8,293,742 unpatentable. This decision has been appealed to the United States Court of Appeals for the Federal Circuit and is ongoing. Additionally, an additional patent (US. Patent No. 11,596,600) has been listed in the Orange Book related to Lumify®, and lawsuits were filed against Slayback and its licensee, Dr. Reddy's Laboratories S.A. and Dr. Reddy's Laboratories, Inc. and Lupin, respectively.

The lawsuit against Slayback and its and its licensee, Dr. Reddy's Laboratories S.A. and Dr. Reddy's Laboratories, Inc., is ongoing in the District of New Jersey, with no trial date set. Bausch + Lomb remains confident in the strength of the Lumify® related patents and intends to vigorously defend its intellectual property.

A Notice of Paragraph IV Certification was received from Lupin Ltd. ("Lupin") in January 2022 making similar assertions against the Lumify Patents, in connection with Lupin's generic brimonidine tartrate solution for which ANDA No. 216716 had been filed by Lupin. Subsequently, in February 2022, B&L Inc., Bausch + Lomb Ireland Limited and Eye Therapies filed suit against Lupin pursuant to the Hatch-Waxman Act, alleging patent infringement of one or more of the Lumify Patents. On September 27, 2023, the Parties entered into a settlement agreement, pursuant to which all claims against Lupin were voluntarily dismissed by the Company. Shortly thereafter, on October 2, 2023, the court signed and entered the stipulated dismissal with respect to Lupin.

In addition to the intellectual property matters described above, in connection with the Vyzulta® and Lotemax® SM products, the Company has commenced ongoing infringement proceedings against a potential generic competitor in the U.S.

18. SEGMENT INFORMATION

Reportable Segments

The Company's CEO, who is the Company's Chief Operating Decision Maker, manages the business through operating and reportable segments consistent with how the Company's CEO: (i) assesses operating performance on a regular basis, (ii) makes resource allocation decisions and (iii) designates responsibilities of his direct reports. The Company operates in the following reportable segments which are generally determined based on the decision-making structure of Bausch + Lomb and the grouping of similar products and services: (i) Vision Care, (ii) Pharmaceuticals and (iii) Surgical.

- ***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 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 medical devices and technologies for the treatment of cataracts, cornea, vitreous and retinal eye conditions and includes IOLs and delivery systems, phacoemulsification and vitrectomy equipment and other surgical instruments and devices.

Effective in the first quarter of 2023, certain products historically included in the reported results of the Pharmaceuticals segment are now included in the reported results of the Vision Care segment and certain products included in the reported results of the Vision Care segment are now included in the reported results of the Pharmaceuticals segment. Management believes these movements are necessary in order to better align these products with the groupings of similar products. The net impact of these product movements were not material to the periods presented. Prior period presentations of segment revenues and profits have been conformed to the current segment reporting structure.

Segment profit is based on operating income after the elimination of intercompany transactions. Certain costs, such as Amortization of intangible assets, and Other expense (income), net, are not included in the measure of segment profit, as management excludes these items in assessing segment financial performance.

Corporate includes the finance, treasury, certain research and development programs, tax and legal operations of Bausch + Lomb's businesses and incurs certain expenses, gains and losses related to the overall management of Bausch + Lomb, which are not allocated to the other business segments. In assessing segment performance and managing operations, management does not review segment assets. Furthermore, a portion of share-based compensation is considered a corporate cost, since the amount of such expense depends on company-wide performance rather than the operating performance of any single segment.

Segment Revenues and Profit

Segment revenues and profits for the three and nine months ended September 30, 2023 and 2022 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2023**	**2022**	**2023**	**2022**
Revenues:				
Vision Care	$ 648	$ 597	$ 1,881	$ 1,745
Pharmaceuticals	174	173	529	497
Surgical	185	172	563	530
Total revenues	$ 1,007	$ 942	$ 2,973	$ 2,772
Segment profit:				
Vision Care	$ 182	$ 167	$ 503	$ 471
Pharmaceuticals	53	50	167	142
Surgical	9	9	29	35
Total segment profit	244	226	699	648
Corporate	(129)	(114)	(404)	(296)
Amortization of intangible assets	(47)	(59)	(160)	(188)
Other expense, net	(28)	(7)	(54)	(8)
Operating income	40	46	81	156
Interest income	4	2	12	3
Interest expense (Note 4)	(76)	(35)	(184)	(99)
Foreign exchange and other	(3)	6	(18)	15
(Loss) income before provision for income taxes	$ (35)	$ 19	$ (109)	$ 75

Revenues by Segment and by Product Category

Revenues by segment and product category were as follows:

	Vision Care		Pharmaceuticals		Surgical		Total	
	Three Months Ended September 30,							
(in millions)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Pharmaceuticals	$ 1	$ 1	$ 112	$ 117	$ —	$ —	$ 113	$ 118
Devices	227	221	—	—	184	169	411	390
OTC	408	364	—	—	—	—	408	364
Branded and Other Generics	10	9	62	56	—	—	72	65
Other revenues	2	2	—	—	1	3	3	5
	$ 648	$ 597	$ 174	$ 173	$ 185	$ 172	$ 1,007	$ 942
	Nine Months Ended September 30,							
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Pharmaceuticals	$ 3	$ 3	$ 352	$ 336	$ —	$ —	$ 355	$ 339
Devices	666	648	—	—	559	521	1,225	1,169
OTC	1,182	1,066	—	—	—	—	1,182	1,066
Branded and Other Generics	24	22	177	159	—	—	201	181
Other revenues	6	6	—	2	4	9	10	17
	$ 1,881	$ 1,745	$ 529	$ 497	$ 563	$ 530	$ 2,973	$ 2,772

Certain reclassifications to product categories have been made and are reflected in the table above. These reclassifications are not material.

The top ten products/franchises represented 57% and 58% of total revenues for the nine months ended September 30, 2023 and 2022, respectively.

Geographic Information

Revenues are attributed to a geographic region based on the location of the customer and were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2023**	**2022**	**2023**	**2022**
U.S. and Puerto Rico	$ 471	$ 425	$ 1,341	$ 1,241
China	87	93	250	251
France	47	43	165	154
Japan	45	46	139	143
Germany	33	30	115	106
United Kingdom	31	27	89	81
Canada	27	27	80	73
Russia	26	43	76	90
Spain	18	15	62	56
Italy	19	16	61	57
Mexico	19	14	50	39
Poland	11	10	37	33
South Korea	12	11	35	33
Australia	11	9	32	26
Other	150	133	441	389
	$ 1,007	$ 942	$ 2,973	$ 2,772

Major Customers

No individual customer accounted for 10% or more of total revenues.

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 November 1, 2023 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 September 30, 2023 (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 September 30, 2023 and for the three and nine months ended September 30, 2023 and 2022 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 Consolidated Financial Statements for the year ended December 31, 2022, which were included in our Annual Report on Form 10-K filed with the SEC and the Canadian Securities Administrators (the "CSA") on February 22, 2023 (the "Annual Report"). 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.sedarplus.com and on the SEC website at www.sec.gov. All currency amounts are expressed in U.S. dollars, unless otherwise noted. Certain defined terms used herein have the meaning ascribed to them in the accompanying unaudited interim Condensed Consolidated Financial Statements as of September 30, 2023 and for the three and nine months ended September 30, 2023 and 2022.

OVERVIEW

Bausch + Lomb is a subsidiary of Bausch Health Companies Inc. ("BHC"), with BHC holding (as of October 27, 2023), directly or indirectly, approximately 88.5% of the issued and outstanding 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 ("IOLs") 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 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 170-year history. We have a significant global research, development, manufacturing and commercial footprint of approximately 13,000 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, (ii) 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, redness relief, and eye vitamins and mineral supplements. Our eye vitamin products include our PreserVision® AREDS 2 formula and other 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®.

The 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 pharmaceutical brands are Vyzulta®, Lotemax®, Prolensa® and Minims®. In addition, during September 2023, the Company acquired XIIDRA® (as further discussed below), which the Company expects will complement and grow its existing dry eye franchise. Effective June 30, 2023, the Company renamed its former Ophthalmic Pharmaceuticals segment to the Pharmaceuticals segment. Aside from the change in name, there were no other changes made to this segment at that time.

The Surgical Segment—consists of medical device equipment, consumables and technologies for the treatment of cataracts, corneal, vitreous and retinal eye conditions, which includes IOLs and delivery systems, phacoemulsification equipment and other surgical instruments and devices necessary for cataract surgery. Key surgical brands include Akreos®, AMVISC®, IC-8® Apthera™, Crystalens® IOLs, enVista® IOLs, Millennium®, Stellaris Elite® vision enhancement system, Synergetics™, ClearVisc™, StableVisc, 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 shares 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. Bausch + Lomb also obtained a final receipt to its Canadian base PREP prospectus on May 5, 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 of Bausch + Lomb to cover over-allotments at the IPO offering price less underwriting commissions. On May 31, 2022, the underwriters partially exercised the over-allotment option granted 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. The Selling Shareholder received all net proceeds from the B+L IPO. As of October 27, 2023, BHC directly or indirectly held 310,449,643 issued and outstanding common shares of Bausch + Lomb, which represented approximately 88.5% of our common shares.

The completion of the full Separation of Bausch + Lomb, which includes the transfer of all or a portion of BHC's remaining direct or indirect equity interest in Bausch + Lomb to its shareholders (the "Distribution"), is subject to the achievement of targeted debt leverage ratios and the receipt of applicable shareholder and other necessary approvals and other factors, and is subject to various risk factors relating to the Separation. We understand that BHC continues to believe that completing the B+L Separation makes strategic sense and that BHC continues to evaluate all relevant factors and considerations related to completing the Separation, including the effect of the lawsuit filed against Norwich Pharmaceuticals Inc. BHC may effect the Distribution through a plan of arrangement, one or more distributions effected as a dividend or a tax-free reduction of capital to all BHC shareholders, one or more distributions in exchange for BHC shares or other securities, or any combination thereof. Prior to the completion of any such Distribution, BHC may also sell a portion of its remaining direct or indirect equity interest in us through an offering to third parties. On August 3, 2023, BHC disclosed that it now believes it may be optimal to effect the Distribution through a tax-free reduction of capital rather than pursuant to the terms of the existing plan of arrangement. BHC has indicated that it continues to evaluate the structure of any Distribution and other related details.

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 provides us operating flexibility and puts 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 allows us and the market to compare the operating results of our eye health business with other eye health companies. Although management believes these transactions will unlock value for our shareholders, there can be no assurance that the Separation will be consummated, or, even if consummated, that the Separation will be successful in doing so.

For additional information on the risks related to the Separation, see Item 1A. "Risk Factors — Risks Relating to the Separation" of our Annual Report.

Positioning for Growth

Product Development

We continuously search for new product opportunities through internal development, strategic licensing agreements and acquisitions, 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.

We believe our 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. 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, where applicable, 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, 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 robust bench testing that is designed to comply with international standards and through clinical trials. Certain key near-term pipeline products that have received a significant portion of our R&D investment in current and prior periods are listed below.

- SiHy Daily - A silicone hydrogel daily disposable contact lens designed to provide outstanding comfort and clear vision throughout the day. To date SiHy Daily has been launched in approximately 50 countries, under the brand names INFUSE®, ULTRA® ONE DAY and AQUALOX® ONE DAY. We continue to plan to launch our SiHy Daily lenses into additional countries throughout 2023. In addition, we launched our first silicone hydrogel daily disposable multifocal contact lens in May 2023, and plan to launch a toric lens in 2024.

- Lumify® (brimonidine tartrate ophthalmic solution, 0.025%) - An OTC eye drop developed as an ocular redness reliever. To date, we have launched and acquired the right to launch Lumify® in various countries. We also have several innovative new line extension formulations that were recently launched or under development, including Lumify® Eye Illuminations, which launched in the U.S. in September 2023, Lumify Preservative Free, for which the New Drug Application ("NDA") was submitted to the U.S. Food and Drug Administration (the "FDA") in May 2023, and Lumify® Allergy, for which we expect to submit an NDA during 2024.

- Biotrue® – We have expanded, and continue to expand, the Biotrue® brand. Biotrue® Hydration Plus Multi-Purpose Solution was launched in the U.S. and Canada (branded as Biotrue® Advanced MPS) in 2022 and we launched Biotrue® Advanced MPS in China in August 2023. In addition, certain Biotrue® branded dry eye line extensions have been developed or are currently under development, including Biotrue® Preservative Free Contact Lens Rehydrating Drops, which received FDA clearance in December 2022 and was launched in May 2023.

- MIEBO™ (perfluorohexyloctane) (formerly known as NOV03) – In December 2019, we acquired an exclusive license from Novaliq GmbH (the "Novaliq License") for the commercialization and development in the U.S. and Canada of MIEBO™ for the treatment of the signs and symptoms of dry eye disease ("DED"). The NDA was filed with the FDA in June 2022, approved by the FDA on May 18, 2023 and launched in the U.S. in September 2023. We submitted the filing for Canadian approval of this product during the first quarter of 2023. MIEBO™ is the first and only FDA-approved treatment for DED that directly targets tear evaporation and we believe the addition of MIEBO™ will help build upon our strong portfolio of integrated eye health products.

- LuxLife™ – We are expanding our portfolio of premium IOLs built on the "Lux" platform with the LuxLife™ Trifocal IOL with two options, non-Toric and Toric for astigmatic patients. This product is expected to be launched in various European markets in 2024.

- enVista® – We are expanding our portfolio of premium IOLs built on the enVista® platform with Aspire™ (Monofocal Plus), Envy™ Trifocal and BEYOND™ (extended depth of focus ("EDOF")) optical designs with two options: non-Toric and Toric for astigmatism patients. enVista® Aspire monofocal and toric IOLs with Intermediate Optimized optics began launching in the U.S. during October 2023 and we anticipate launching Trifocal and EDOF optical designs for presbyopia in the U.S. in 2024 and 2025/2026, respectively.

Strategic Acquisitions and 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. In addition to licensing agreements, we selectively consider any acquisition that we believe aligns well with our current organization and strategic plan to help drive profitable growth and advance our mission of helping people see better to live better. Certain recent strategic acquisitions and licensing agreements that we have entered into include the following:

2023 Acquisitions

- Acquisition of XIIDRA® – In September 2023, the Company acquired XIIDRA®, the first and only non-steroid eye drop specifically approved to treat the signs and symptoms of dry eye disease focusing on inflammation associated with dry eye, which we expect to begin facing loss of exclusivity ("LOE") in the second quarter of 2032, and certain other ophthalmology assets from Novartis Pharma AG and Novartis Finance Corporation (together with Novartis Pharma AG, "Novartis") (the "XIIDRA Acquisition"). As part of the XIIDRA Acquisition, the Company also acquired libvatrep (also known as SAF312), an investigational compound being studied for the treatment of chronic ocular surface pain, AcuStream® technology, an investigational device that may have the potential to facilitate precise dosing and accurate delivery of certain topical ophthalmic medications to the eye, and OJL332, a non-competitive antagonist (inhibitor) of TRPV1 that is still in the pre-clinical stage. We believe the XIIDRA Acquisition will complement and grow our existing dry eye franchise.

- Acquisition of Blink® Product Line – In July 2023, we acquired the Blink® OTC product line of eye and contact lens drops from Johnson & Johnson Vision, which consists of Blink® Tears Lubricating Eye Drops, Blink® Tears Preservative Free Lubricating Eye Drops, Blink GelTears® Lubricating Eye Drops, Blink® Triple Care Lubricating Eye Drops, Blink Contacts® Lubricating Eye Drops and Blink-N-Clean® Lens Drops (collectively, the "Blink® Product Line"). We believe this acquisition will enable us to continue to grow our global OTC business.

- Acquisition of AcuFocus – During January 2023, we acquired AcuFocus, Inc. ("AcuFocus"). AcuFocus is an ophthalmic medical device company that has delivered breakthrough small aperture intraocular technology to address diverse unmet needs in eye care. The IC-8® Apthera™ IOL was approved by the FDA in July 2022 as the first and only small aperture non-toric EDOF IOL for certain cataract patients who have as much as 1.5 diopters of corneal astigmatism and wish to address presbyopia at the same time. We believe that the IC-8® Apthera™ EDOF IOL will bolster our surgical portfolio by enhancing our IOL offerings, which is a strategic area of focus for the Company.

2022 Licensing Agreement and Acquisitions

- 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.

- During September 2022, we entered into an exclusive distribution agreement with Alfa Instruments s.r.l., under which Bausch + Lomb will distribute and commercialize Alfa Instruments' line of surgical intraocular dyes, Vitreocare, globally with the exception of Italy, where Alfa Instruments is based.
- During November 2022, we acquired Paragon BioTeck, Inc. ("Paragon BioTeck"), an eye-care focused drug development company, having a primary emphasis on the early detection of ocular diseases. This acquisition allows us to maximize the revenues and margins associated with Paragon BioTeck's products, for which Bausch + Lomb had previously had commercialization rights.
- During December 2022, we acquired Total Titanium Inc., an ophthalmic microsurgical instrument and machined parts manufacturing company. We believe that this acquisition is an important step in continuing to expand our surgical portfolio as it provides us with the opportunity to increase our manufacturing capacity and more specifically bolster our position in the ophthalmic microsurgical instrumentation market.

We regularly consider further strategic licensing and acquisition opportunities, some of which could be material in size.

Investment in Our Manufacturing Facilities

As our business continues to grow, we have made 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, as well as certain international facilities. The continued investment in our infrastructure is in support of our recent and future product launches; to increase capacity to meet increased demand for our products; as well as to promote efficiencies, including those to enhance our supply chain and distribution capabilities in both the U.S. and international locations. Continued investment in our infrastructure remains an area of our focus and further demonstrates the growth potential we see in our 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 high levels of inflation and global supply-chain disruption.

In May 2023, the Biden administration announced a round of U.S. sanctions and export controls against Russia and Belarus in response to the ongoing war. These sanctions impact our ability to distribute our U.S. manufactured contact lenses and our U.S. surgical products to Russia and Belarus. However, in response to these sanctions, we have applied for licenses with the U.S. Department of Commerce's Bureau of Industry and Security, which, once received, will allow us to resume the sale of the applicable currently sanctioned products. Certain of these licenses have been obtained, while others remain pending. The recent sanctions imposed by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) in September 2023 do not require us to obtain any further licenses, other than those already in process. In addition, in June 2023, the EU agreed upon another round of sanctions against Russia that include, among other key elements, new targeted sanctions against individuals and entities, an expansion of the restrictions on the sale, export and transit of certain goods and technology and additional anti-circumvention measures. However, we were not required to obtain any additional licenses in response to these new EU sanctions, as we had previously obtained the requisite licenses from the applicable authorities in this region in response to sanctions previously imposed by the EU. To date, the challenges associated with the Russia-Ukraine War and related sanctions from the U.S., EU and elsewhere have not yet had a material impact on our operations.

Our revenues attributable to Russia, Ukraine and Belarus were approximately 3% and 4% of our total revenues for the nine months ended September 30, 2023 and year ended December 31, 2022, respectively. In addition, we do not have any research or manufacturing facilities in Russia, Ukraine or Belarus. While we have been monitoring this conflict, and will

continue to do so as this conflict continues to evolve, we are unable to predict the impact of this conflict on the Company's business.

For a further discussion of these and other risks relating to our international business, see "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations- Business Trends" of our Annual Report.

Impacts of COVID-19 Pandemic

As the global economy recovers from the impacts of the COVID-19 pandemic, the outbreak of the omicron variant in China in 2022 resulted in government enforced lockdowns and other social restrictions, which impacted our ability to conduct business as usual in certain regions in China. Throughout 2022, lockdowns in China 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. Additionally, government enforced lockdowns 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. We have dealt with these issues in China with only a minimal impact on our manufacturing and distribution processes. These lockdowns in China were halted in December 2022, and, in March 2023, China reopened its borders to tourists. Our revenues in China for the nine months ended September 30, 2023 and 2022 were $250 million and $251 million, respectively, representing a decrease of $1 million, which was due to the unfavorable change in foreign currency. We expect to continue to see gradual improvements to our revenues in China over time. 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. Future developments with respect to COVID-19, the reaction thereto and other governmental and/or geopolitical developments in China may impact our business and results of operations, and while we remain confident that our business in China is well-positioned to return to stable growth over time, there can be no guarantee as to the performance of our business in China for any future period.

For a further discussion of these and other COVID-19 related risks, see "Risk Factors— Risks Relating to Economic and Market Conditions" and "Management's Discussion and Analysis of Financial Condition and Results of Operations-Business Trends" of our Annual Report.

Inflation and Supply Chain

Changes in economic conditions, including, supply chain constraints, logistics challenges, labor shortages, the Russia-Ukraine War, and steps taken by governments and central banks, particularly in response to the COVID-19 pandemic, as well as other stimulus and spending programs, have led to higher inflation, which has led to an increase in costs and may cause changes in fiscal and monetary policy, including increased interest rates. In a higher inflationary environment, we may be unable to raise the prices of our products and services sufficiently to keep up with the rate of inflation. Moreover, negative macroeconomic conditions could adversely impact our ability to obtain financing in the future on terms acceptable to us, or at all. In addition, geopolitical instability and related sanctions could continue to have significant ramifications on global financial markets, including volatility in the U.S. and global financial markets. As a result of these global macroeconomic conditions, including, but not limited to those caused by the Russia-Ukraine War and the COVID-19 pandemic, we have experienced inflationary pressures related to certain materials for our products. We have also been experiencing certain supply chain challenges which have caused disruptions in availability and delays in shipping, which has led to challenges in meeting end market demand, primarily within our contact lens and surgical businesses.

The supply-chain challenges have impacted our revenues and resulting margins, despite our efforts to manage these impacts through strategic pricing actions and other initiatives. While we expect these supply chain challenges to continue through the remainder of 2023 and into 2024, the duration and extent of these challenges is uncertain and could have an adverse impact on results of operations. We will continue to monitor these inflationary and supply chain challenges and are implementing actions to help mitigate these challenges, including strategically spot buying key components of inventory and securing multiple supply sources; however, we expect these supply constraints may build-up a higher cost of inventory and, therefore, put pressure on our future margins. However, we are subject to price control restrictions on our prescription ophthalmology products in a number of countries in which we operate, and, as a result, our ability to raise prices in a timely fashion in anticipation of, or responding to, inflation may be limited or delayed.

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 143 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 consolidated revenue of at least €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 15, 2022, the European Union member states unanimously adopted the directive to implement pillar two rules. According to the directive, the member states are expected to enact pillar two rules into domestic law, with certain elements becoming effective for fiscal years beginning after December 31, 2023. The OECD has published model rules and other guidance with respect to pillar two, which are generally consistent with the agreement reached by the Inclusive Framework in October 2021. On February 1, 2023, the Inclusive Framework released a package of technical and administrative guidance on the implementation of pillar two, including the scope of companies that will be subject to the Global Anti-Base Erosion Rules, transition rules, and guidance on domestic minimum taxes that countries may choose to adopt, among other topics. We will continue to monitor the implementation of the Inclusive Framework agreement by the countries in which we operate. On August 4, 2023, Canada released draft legislation intended to enact the pillar 2 provisions of the Inclusive Framework, the Global Minimum Tax Act ("GMTA"). The GMTA is generally aligned with the model rules proposed by OECD and expected to become effective for fiscal years beginning after December 31, 2023. Although we are unable to predict when and how the Inclusive Framework agreement will be enacted into law in these countries, 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. On February 1, 2023, the U.S. Financial Accounting Standards Board indicated that they believe the minimum tax imposed under pillar two is an alternative minimum tax, and, accordingly, deferred tax assets and liabilities associated with the minimum tax would not be recognized or adjusted for the estimated future effects of the minimum tax but would be recognized in the period incurred.

Health Care Reform

The U.S. federal and state governments continue to propose and pass legislation designed to regulate the health care industry. Many of these changes focus on health care cost containment, which result in pricing pressures relating to the sales and reimbursements of health care products. The Biden administration and Congress continue to focus on health care cost containment which could result in legislative and regulatory changes that may negatively impact our businesses.

In addition, we continue to face various proposed health care pricing changes and regulations from governments throughout the world in locations in which we operate our business. These proposed changes may also continue to result in pricing pressures relating to sales, promotions and reimbursement of our product portfolio.

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, the FDA and applicable foreign governments in locations in which we operate; 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 over the next five years, following which we anticipate generic competition of these products. Following a 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.

Based on current patent expiration dates, settlement agreements and/or competitive information, we have identified one product, Prolensa®, which is expected to begin facing LOE in the fourth quarter of 2023, which in the aggregate accounted for approximately 1% of our total revenues in 2022. This could 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, in connection with our Lumify®, PreserVision®, Vyzulta® and Lotemax® SM products, we have commenced ongoing infringement proceedings (or anticipate commencing infringement proceedings) against potential generic competitors or other potential infringers in the U.S. If we are not successful in these proceedings, we may face increased generic competition for these products.

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 7% and 6% of our total revenues in 2022 and 2021, respectively. 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.

See Note 17, "LEGAL PROCEEDINGS" to our unaudited interim Condensed Consolidated Financial Statements included elsewhere in this Form 10-Q, as well as Note 20, "LEGAL PROCEEDINGS" of our audited Consolidated Financial Statements for the year ended December 31, 2022, included in our Annual Report, 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 routinely 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, including 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 our Annual Report, 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.

RESULTS OF OPERATIONS

Our unaudited operating results for the three and nine months ended September 30, 2023 and 2022 were as follows:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Revenues						
Product sales	$ 1,004	$ 937	$ 67	$ 2,963	$ 2,755	$ 208
Other revenues	3	5	(2)	10	17	(7)
	1,007	942	65	2,973	2,772	201
Expenses						
Cost of goods sold (excluding amortization and impairments of intangible assets) (Note 4)	391	370	21	1,179	1,093	86
Cost of other revenues	1	2	(1)	2	6	(4)
Selling, general and administrative (Note 4)	418	381	37	1,253	1,092	161
Research and development (Note 4)	82	77	5	244	229	15
Amortization of intangible assets	47	59	(12)	160	188	(28)
Other expense, net	28	7	21	54	8	46
	967	896	71	2,892	2,616	276
Operating income	40	46	(6)	81	156	(75)
Interest income	4	2	2	12	3	9
Interest expense (Note 4)	(76)	(35)	(41)	(184)	(99)	(85)
Foreign exchange and other	(3)	6	(9)	(18)	15	(33)
(Loss) income before provision for income taxes	(35)	19	(54)	(109)	75	(184)
Provision for income taxes	(45)	(34)	(11)	(88)	(60)	(28)
Net (loss) income	(80)	(15)	(65)	(197)	15	(212)
Net income attributable to noncontrolling interest	(4)	(3)	(1)	(9)	(8)	(1)
Net (loss) income attributable to Bausch + Lomb Corporation	$ (84)	$ (18)	$ (66)	$ (206)	$ 7	$ (213)

Three Months Ended September 30, 2023 Compared to the Three Months Ended September 30, 2022

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, IOLs 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. See Note 18, "SEGMENT INFORMATION" to our unaudited interim Condensed Consolidated Financial Statements for the disaggregation of revenues which depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by the economic factors of each category of customer contracts.

Our revenues were $1,007 million and $942 million for the three months ended September 30, 2023 and 2022, respectively, an increase of $65 million, or 7%. The increase was attributable to: (i) increased volumes of $41 million across each of our segments, (ii) increased net realized pricing of $22 million, primarily driven by our Vision Care segment and (iii) incremental sales attributable to acquisitions of $15 million primarily within our Vision Care and Surgical segments. The increases in revenue were partially offset by: (i) the unfavorable impact of foreign currencies of $10 million, primarily in Asia, and (ii) the impact of divestitures and discontinuations of $3 million, particularly the discontinuation of certain products within our Surgical and Vision Care segments.

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 September 30, 2023 and 2022.

	2023		2022		Change	
(in millions)	**Amount**	**Pct.**	**Amount**	**Pct.**	**Amount**	**Pct.**
Segment Revenues						
Vision Care	$ 648	64 %	$ 597	64 %	$ 51	9 %
Pharmaceuticals	174	17 %	173	18 %	1	1 %
Surgical	185	19 %	172	18 %	13	8 %
Total revenues	$ 1,007	100 %	$ 942	100 %	$ 65	7 %

Beginning in the first quarter of 2023, certain products historically included in the reported results of the Pharmaceuticals segment are now included in the reported results of the Vision Care segment and certain products included in the reported results of the Vision Care segment are now included in the reported results of the Pharmaceuticals segment. The net impact of these product movements were not material to the periods presented. Prior period presentations of segment revenues and profits have been conformed to the current segment reporting structure. See Note 18, "SEGMENT INFORMATION" to the unaudited interim Condensed Consolidated Financial Statements for additional information regarding these reportable segments.

Constant Currency Revenues and Constant Currency Revenue Growth (non-GAAP)

Constant Currency Revenue Growth, a non-GAAP measure, is defined as a change in Revenues (its most directly comparable GAAP financial measure) on a period-over-period basis adjusted for changes in foreign currency exchange rates (if applicable). The Company uses Constant Currency Revenues (non-GAAP) and Constant Currency Revenue Growth (non-GAAP) to assess performance of its reportable segments, and the Company in total, without the impact of foreign currency exchange fluctuations. The Company believes that such measures are useful to investors as they provide a supplemental period-to-period comparison.

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.

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 constant currency revenues (non-GAAP) and the period-over-period changes in constant currency revenue (non-GAAP) for the three months ended September 30, 2023 and 2022.

(in millions)	Three Months Ended September 30, 2023			Three Months Ended September 30, 2022	Change in Constant Currency Revenue (Non-GAAP)	
	Revenue as Reported	Changes in Exchange Rates	Constant Currency Revenue (Non-GAAP)	Revenue as Reported	Amount	Pct.
Vision Care	$ 648	$ 13	$ 661	$ 597	$ 64	11 %
Pharmaceuticals	174	—	174	173	1	1 %
Surgical	185	(3)	182	172	10	6 %
Total	$ 1,007	$ 10	$ 1,017	$ 942	$ 75	8 %

Vision Care Segment Revenue

The Vision Care segment revenue was $648 million and $597 million for the three months ended September 30, 2023 and 2022, respectively, an increase of $51 million, or 9%. The increase was driven by: (i) an increase in volumes of $29 million, (ii) an increase in net pricing of $24 million and (iii) incremental sales attributable to acquisitions driven by the acquisition of the Blink® Product Line in July 2023. The increases in volumes and pricing were primarily driven by higher sales of Lumify® and PreserVision® in our consumer eye care business and SiHy Daily lenses and Ultra® within our contact lens business. These increases were partially offset by: (i) the unfavorable impact of foreign currencies of $13 million, primarily in Russia and Asia, and (ii) the impact of divestitures and discontinuations of $1 million, driven by the discontinuation of certain products.

Our change in volumes for the three months ended September 30, 2023 within our contact lens business was unfavorably impacted by unfulfilled orders at our Lynchburg distribution facility. During the second quarter of 2023, we put into place a system upgrade; however, we incurred disruptions during the implementation of this upgrade, which resulted in the slower than normal processing of certain orders, thereby negatively impacting our revenues for the three months ended September 30, 2023. We expect to substantially resolve the Lynchburg implementation disruptions, and optimize the system upgrade, during the first quarter of 2024.

Pharmaceuticals Segment Revenue

The Pharmaceuticals segment revenue was $174 million and $173 million for the three months ended September 30, 2023 and 2022, respectively, an increase of $1 million, or 1%, primarily due to higher sales of Vyzulta® and our International Pharmaceuticals portfolio. The increase was driven by an increase in volumes of $3 million, partially offset by a decrease in net realized pricing of $2 million.

Surgical Segment Revenue

The Surgical segment revenue was $185 million and $172 million for the three months ended September 30, 2023 and 2022, respectively, an increase of $13 million, or 8%. The increase was driven by: (i) an increase in volumes of $9 million, primarily due to increased demand of consumables and equipment, (ii) incremental sales attributable to acquisitions of $3 million and (iii) the favorable effect of foreign currencies of $3 million, driven by parts of Europe.

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 September 30, 2023 and 2022 were as follows:

	Three Months Ended September 30,			
	2023		2022	
(in millions)	Amount	Pct.	Amount	Pct.
Gross product sales	$ 1,394	100.0 %	$ 1,297	100.0 %
Provisions to reduce gross product sales to net product sales				
Discounts and allowances	92	6.60 %	85	6.60 %
Returns	22	1.60 %	17	1.30 %
Rebates	136	9.80 %	133	10.30 %
Chargebacks	134	9.60 %	119	9.20 %
Distribution fees	6	0.40 %	6	0.50 %
Total provisions	390	28.00 %	360	27.80 %
Net product sales	1,004	72.00 %	937	72.20 %
Other revenues	3		5	
Revenues	$ 1,007		$ 942	

Cash discounts and allowances, returns, rebates, chargebacks and distribution fees as a percentage of gross product sales were 28.0% and 27.8% for the three months ended September 30, 2023 and 2022, respectively, an increase of 0.2% percentage points, and is primarily attributable to the increase in chargebacks as a percentage of revenues. Chargebacks were $134 million and $119 million for the three months ended September 30, 2023 and 2022, respectively, an increase of $15 million. The increase in chargebacks is primarily attributable to our generics portfolio as a result of changes in product and customer mix, as well as growth in volume.

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 $391 million and $370 million for the three months ended September 30, 2023 and 2022, respectively, an increase of $21 million, or 6%. The increase was primarily driven by: (i) higher volumes and (ii) costs of sales associated with acquisitions entered into in the current year, partially offset by lower inventory write-offs.

Contribution (product sales revenue less cost of goods sold, exclusive of amortization and impairments of intangible assets) increased by $46 million, primarily driven by: (i) the increase in net realized pricing and volumes, as previously discussed, (ii) lower inventory write-offs and (iii) contribution associated with acquisitions entered into in the current year, partially offset by: (i) the increase in cost of goods sold due to supply shortages and (ii) the unfavorable impact of foreign currencies.

Cost of goods sold as a percentage of Product sales was 38.9% and 39.5% for the three months ended September 30, 2023 and 2022, respectively.

Selling, General and Administrative Expenses

Selling, general and administrative ("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 $418 million and $381 million for the three months ended September 30, 2023 and 2022, respectively, an increase of $37 million, or 10%. The increase was primarily attributable to: (i) higher professional fees, primarily related to Business Transformation Costs (as defined below), (ii) higher selling, advertising and promotion expenses due to product launches during the quarter, primarily MIEBO™ and costs related to the advertising and sales of products acquired during the year, primarily Blink®, (iii) inflation and (iv) dis-synergy costs associated with the Company becoming a stand-alone entity.

As a result of the completion of the B+L IPO, and as the Company prepares for post-Separation operations, the Company is launching certain initiatives that may result in certain changes to, and investment in, its organizational structure and operations. The Company refers to the charges related to these initiatives as "Business Transformation Costs". These costs are recorded in SG&A in the unaudited Condensed Consolidated Statements of Operations and include third-party advisory costs, as well as certain compensation-related costs associated with changes in the Company's executive officers, such as severance-related costs associated with the departure of the Company's former executives and the costs associated with the appointment of the Company's new executives.

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 $82 million and $77 million for the three months ended September 30, 2023 and 2022, respectively, an increase of $5 million, or 6%, primarily due to certain products in development, as previously discussed.

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 $47 million and $59 million for the three months ended September 30, 2023 and 2022, respectively, a decrease of $12 million, or 20%, primarily due to fully amortized intangible assets no longer being amortized in 2023.

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 three months ended September 30, 2023 and 2022 consists of the following:

	Three Months Ended September 30,	
(in millions)	**2023**	**2022**
Asset impairments	$ —	$ 1
Restructuring, integration and separation costs	11	5
Litigation and other matters	2	—
Acquired in-process research and development costs	—	1
Acquisition-related costs	16	—
Acquisition-related contingent consideration	(1)	—
Other expense, net	$ 28	$ 7

Operating income

Operating income was $40 million and $46 million for the three months ended September 30, 2023 and 2022, respectively, a decrease of $6 million, or 13%, and primarily reflects the increase in SG&A and Other expense, partially offset by the increase in contribution, each as previously discussed.

Segment Profit

Segment profit is based on operating income after the elimination of intercompany transactions. Certain costs, such as Amortization of intangible assets and Other expense, net, are not included in the measure of segment profit, as management excludes these items in assessing segment financial performance. Segment profit is a measure of operating performance of our reportable segments and may not be comparable to similar measures reported by other companies. Segment profit is a performance metric utilized by the Company's CEO, who is the Company's Chief Operating Decision Maker, to allocate resources to and assess performance of the Company's segments. See Note 18, "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 profits, segment profits as a percentage of segment revenues and the period-over-period changes in segment profits for the three months ended September 30, 2023 and 2022.

	2023		2022		Change	
(in millions)	Amount	Pct.	Amount	Pct.	Amount	Pct.
Segment Profits / Segment Profit Margins						
Vision Care	$ 182	28 %	$ 167	28 %	$ 15	9 %
Pharmaceuticals	53	30 %	50	29 %	3	6 %
Surgical	9	5 %	9	5 %	—	— %

Vision Care Segment Profit

The Vision Care segment profit was $182 million and $167 million for the three months ended September 30, 2023 and 2022, respectively, an increase of $15 million, or 9%. The increase was primarily driven by increased contribution, driven by the increases in volume and pricing, as previously discussed, partially offset by higher selling expenses across each of our businesses and higher R&D expense primarily related to the Lumify® projects, as previously discussed.

Pharmaceuticals Segment Profit

The Pharmaceuticals segment profit was $53 million and $50 million for the three months ended September 30, 2023 and 2022, respectively, an increase of $3 million, or 6%. The increase was primarily driven by increased contribution, driven by the increase in volume, as previously discussed, partially offset by higher advertising and promotional expenses, primarily as a result of increased spending related to the launch of MIEBO™.

Surgical Segment Profit

The Surgical segment profit was $9 million for each of the three months ended September 30, 2023 and 2022, as the increase in revenue was offset by higher cost of sales.

Non-Operating Income and Expense

Interest Expense

Interest expense primarily consists of interest payments due, amortization of debt discounts and deferred issuance costs on indebtedness under our credit facilities.

Interest expense was $76 million and $35 million for the three months ended September 30, 2023 and 2022, respectively, an increase of $41 million. The increase is primarily attributable to: (i) increased interest expense associated with the May 2027 Term Facility (as defined and discussed in further detail, under Item "— Liquidity and Capital Resources — Liquidity and Debt — Long-term Debt"), (ii) certain upfront financing commitment costs incurred in connection with the XIIDRA Acquisition and (iii) interest expense related to the outstanding balance under our Revolving Credit Facility (as defined and discussed in further detail, under Item "— Liquidity and Capital Resources — Liquidity and Debt — Long-term Debt"). See Note 10, "FINANCING ARRANGEMENTS" to our unaudited interim Condensed Consolidated Financial Statements for further details regarding the May 2027 Term Facility and the Revolving Credit Facility.

Foreign Exchange and Other

Foreign exchange and other primarily includes translation gains/losses on intercompany balances 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 loss of $3 million and a net gain of $6 million for the three months ended September 30, 2023 and 2022, respectively.

Income Taxes

Provision for income taxes were $45 million and $34 million for the three months ended September 30, 2023 and 2022, respectively, an increase of $11 million. The increase in income taxes was primarily related to: (i) a change in the jurisdictional mix of earnings and (ii) discrete tax effects of: (a) the filings of certain tax returns and (b) a change in the deduction for stock compensation.

See Note 15, "INCOME TAXES" to our unaudited interim Condensed Consolidated Financial Statements for further details.

Net (loss) income attributable to Bausch + Lomb Corporation

Net loss attributable to Bausch + Lomb Corporation for the three months ended September 30, 2023 and 2022 was $84 million and $18 million, respectively, a decrease in our results of $66 million and was primarily due to: (i) an increase in interest expense of $41 million, (ii) the increase in the Provision for income taxes of $11 million and (iii) the decrease in our operating results of $6 million, each as previously discussed.

Nine Months Ended September 30, 2023 Compared to the Nine Months Ended September 30, 2022

Revenues

Our revenues were $2,973 million and $2,772 million for the nine months ended September 30, 2023 and 2022, respectively, an increase of $201 million, or 7%. The increase was attributable to increases in: (i) volumes of $167 million across each of our segments, (ii) net realized pricing of $81 million, primarily driven by our Vision Care segment and (iii) incremental sales attributable to acquisitions of $19 million driven by our Vision care and Surgical segments. The increases in revenue were partially offset by: (i) the unfavorable impact of foreign currencies across all of our international businesses of $59 million, primarily in Asia and Europe, and (ii) the impact of divestitures and discontinuations of $7 million, related to the discontinuation of certain products within our Surgical and Vision Care segments.

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 nine months ended September 30, 2023 and 2022.

	2023		2022		Change	
(in millions)	Amount	Pct.	Amount	Pct.	Amount	Pct.
Segment Revenues						
Vision Care	$ 1,881	63 %	$ 1,745	63 %	$ 136	8 %
Pharmaceuticals	529	18 %	497	18 %	32	6 %
Surgical	563	19 %	530	19 %	33	6 %
Total revenues	$ 2,973	100 %	$ 2,772	100 %	$ 201	7 %

Constant Currency Revenues and Constant Currency Revenue Growth (non-GAAP)

The following table presents a reconciliation of Revenues to constant currency revenues (non-GAAP) and the period-over-period changes in constant currency revenue (non-GAAP) for the nine months ended September 30, 2023 and 2022. Constant Currency Revenues (non-GAAP) and Constant Currency Revenue Growth (non-GAAP) are defined in the previous section titled "Constant Currency Revenues and Constant Currency Revenue Growth (non-GAAP)".

	Nine Months Ended September 30, 2023			Nine Months Ended September 30, 2022	Change in Constant Currency Revenue (Non-GAAP)	
(in millions)	Revenue as Reported	Changes in Exchange Rates	Constant Currency Revenue (Non-GAAP)	Revenue as Reported	Amount	Pct.
Vision Care	$ 1,881	$ 48	$ 1,929	$ 1,745	$ 184	11 %
Pharmaceuticals	529	7	536	497	39	8 %
Surgical	563	4	567	530	37	7 %
Total	$ 2,973	$ 59	$ 3,032	$ 2,772	$ 260	9 %

Vision Care Segment Revenue

The Vision Care segment revenue was $1,881 million and $1,745 million for the nine months ended September 30, 2023 and 2022, respectively, an increase of $136 million, or 8%. The increase was driven by: (i) an increase in volumes of $99 million, (ii) an increase in net pricing of $75 million and (iii) incremental sales attributable to acquisitions, driven by the acquisition of the Blink® Product Line in July 2023. The increases in volumes and pricing were primarily driven by higher

sales of Lumify®, PreserVision®, Artelac® and Biotrue® Multi-Purpose Solution in our consumer eye care business and SiHy Daily lenses and Ultra® within our contact lens business. These increases were partially offset by: (i) the unfavorable impact of foreign currencies of $48 million, primarily in Asia and Europe and (ii) the impact of divestitures and discontinuations of $2 million, driven by the discontinuation of certain products.

Our change in volumes for the nine months ended September 30, 2023 within our contact lens business was unfavorably impacted by unfulfilled orders at our Lynchburg distribution facility. During the second quarter of 2023, we put into place a system upgrade; however, we incurred disruptions during the implementation of this upgrade, which resulted in the slower than normal processing of certain orders, thereby negatively impacting our revenues for the nine months ended September 30, 2023. We expect to substantially resolve the Lynchburg implementation disruptions, and optimize the system upgrade, during the first quarter of 2024.

Pharmaceuticals Segment Revenue

The Pharmaceuticals segment revenue was $529 million and $497 million for the nine months ended September 30, 2023 and 2022, respectively, an increase of $32 million, or 6%. The increase was driven by: (i) an increase in volumes of $37 million, primarily driven by opportunities from competitor supply issues within our generics business and increased demand for Vyzulta®, primarily related to certain international launches and (ii) an increase in net realized pricing of $2 million. These increases were partially offset by the unfavorable impact of foreign currencies of $7 million, primarily in Asia.

Surgical Segment Revenue

The Surgical segment revenue was $563 million and $530 million for the nine months ended September 30, 2023 and 2022, respectively, an increase of $33 million, or 6%. The increase was driven by: (i) an increase in volumes of $31 million, primarily due to increased demand of consumables and equipment, (ii) an increase in net realized pricing of $4 million, primarily driven by strategic pricing increases taken in January 2023 across certain products and (iii) incremental sales attributable to acquisitions of $7 million. These increases were partially offset by: (i) the unfavorable effect of foreign currencies of $4 million, primarily in Asia, and (ii) the impact of divestitures and discontinuations of $5 million, related to the discontinuation of certain products.

Cash Discounts and Allowances, Chargebacks and Distribution Fees

Provisions recorded to reduce gross product sales to net product sales and revenues for the nine months ended September 30, 2023 and 2022 were as follows:

	Nine Months Ended September 30,			
	2023		2022	
(in millions)	Amount	Pct.	Amount	Pct.
Gross product sales	$ 4,128	100.0 %	$ 3,802	100.0 %
Provisions to reduce gross product sales to net product sales				
Discounts and allowances	272	6.60 %	245	6.40 %
Returns	58	1.40 %	52	1.40 %
Rebates	415	10.10 %	403	10.60 %
Chargebacks	402	9.70 %	330	8.70 %
Distribution fees	18	0.40 %	17	0.40 %
Total provisions	1,165	28.20 %	1,047	27.50 %
Net product sales	2,963	71.80 %	2,755	72.50 %
Other revenues	10		17	
Revenues	$ 2,973		$ 2,772	

Cash discounts and allowances, returns, rebates, chargebacks and distribution fees as a percentage of gross product sales were 28.20% and 27.50% for the nine months ended September 30, 2023 and 2022, respectively, an increase of 0.7% percentage points, and is primarily attributable to the increase in chargebacks as a percentage of revenues. Chargebacks were $402 million and $330 million for the nine months ended September 30, 2023 and 2022, respectively, an increase of $72 million. The increase in chargebacks is primarily attributable to our generics portfolio as a result of changes in product and customer mix, as well as growth in volume.

Operating Expenses

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

Cost of goods sold was $1,179 million and $1,093 million for the nine months ended September 30, 2023 and 2022, respectively, an increase of $86 million, or 8%. The increase was primarily driven by: (i) higher volumes, (ii) inflationary pressures, (iii) supply shortages resulting in increased costs, most notably in our Surgical products (iv) higher manufacturing efficiency ramp-up costs of our Daily SiHy lenses during the first half of 2023 and (v) costs of sales associated with acquisitions entered into in the current year. These increases were partially offset by the favorable impact of foreign currencies.

Contribution (product sales revenue less cost of goods sold, exclusive of amortization and impairments of intangible assets) increased by $122 million, primarily driven by: (i) the increase in net realized pricing and volumes, as previously discussed and (ii) contribution associated with acquisitions entered into in the current year, partially offset by: (i) the increase in cost of goods sold due to inflation and supply shortages, (ii) the Lynchburg system implementation disruptions (as further described above) and (iii) the unfavorable impact of foreign currencies.

Cost of goods sold as a percentage of Product sales was 39.8% and 39.7% for the nine months ended September 30, 2023 and 2022, respectively, an increase of 0.1%, primarily attributable to inflation, supply shortages, the Lynchburg system implementation disruptions (as further described above), higher manufacturing efficiency ramp-up costs of our Daily SiHy lenses during the first half of 2023 and the unfavorable impact of foreign currencies.

Selling, General and Administrative Expenses

SG&A expenses were $1,253 million and $1,092 million for the nine months ended September 30, 2023 and 2022, respectively, an increase of $161 million, or 15%. The increase was primarily attributable to: (i) higher compensation expenses, primarily related to dis-synergy costs associated with the Company becoming a stand-alone entity, (ii) higher professional fees, primarily related to Business Transformation Costs, (iii) higher advertising and promotion expenses due to product launches, including the launch of MIEBO™ and (iv) higher selling expense due to warehousing and distribution costs, mostly driven by inflation. These increases in SG&A expenses were partially offset by the favorable impact of foreign currencies.

Research and Development Expenses

R&D expenses were $244 million and $229 million for the nine months ended September 30, 2023 and 2022, respectively, an increase of $15 million, or 7%, primarily due to certain products in development, as previously discussed.

Amortization of Intangible Assets

Amortization of Intangible assets was $160 million and $188 million for the nine months ended September 30, 2023 and 2022, respectively, a decrease of $28 million, or 15%, primarily due to fully amortized intangible assets no longer being amortized in 2023.

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 nine months ended September 30, 2023 and 2022 consists of the following:

	Nine Months Ended September 30,	
(in millions)	**2023**	**2022**
Asset impairments	$ —	$ 1
Restructuring, integration and separation costs	33	11
Litigation and other matters	2	—
Acquired in-process research and development costs	—	1
Acquisition-related costs	19	—
Acquisition-related contingent consideration	—	(5)
Other expense, net	$ 54	$ 8

Operating Income

Operating income for the nine months ended September 30, 2023 and 2022 was $81 million and $156 million, respectively, a decrease of $75 million, or 48%, and primarily reflects the increase in SG&A and Other expense, partially offset by the increase in contribution, each as previously discussed.

Segment Profit

The following table presents segment profits, segment profits as a percentage of segment revenues and the period-over-period changes in segment profits for the nine months ended September 30, 2023 and 2022.

	2023		2022		Change	
(in millions)	**Amount**	**Pct.**	**Amount**	**Pct.**	**Amount**	**Pct.**
Segment Profits / Segment Profit Margins						
Vision Care	$ 503	27 %	$ 471	27 %	$ 32	7 %
Pharmaceuticals	167	32 %	142	29 %	25	18 %
Surgical	29	5 %	35	7 %	(6)	(17)%

Vision Care Segment Profit

The Vision Care segment profit was $503 million and $471 million for the nine months ended September 30, 2023 and 2022, respectively, an increase of $32 million, or 7%. The increase was primarily driven by the increase in contribution, driven by the increase in revenues, as previously discussed, partially offset by increased cost of goods sold, driven by inflationary pressures and higher manufacturing efficiency ramp-up costs of our Daily SiHy lenses during the first half of 2023. This increase in contribution was partially offset by higher selling expenses across each of our businesses, primarily attributable to increased distribution costs.

Pharmaceuticals Segment Profit

The Pharmaceuticals segment profit was $167 million and $142 million for the nine months ended September 30, 2023 and 2022, respectively, an increase of $25 million, or 18%. The increase was primarily driven by increased contribution, mostly driven by the increase in volume, as previously discussed. This increase was partially offset by higher advertising and promotional expenses, primarily as a result of increased spend related to the launch of MIEBO™.

Surgical Segment Profit

The Surgical segment profit was $29 million and $35 million for the nine months ended September 30, 2023 and 2022, respectively, a decrease of $6 million, or 17%. The decrease was primarily driven by higher selling and G&A expenses, primarily driven by higher warehousing and distribution costs, employee headcount and compensation costs, partially offset by the increase in revenues, as previously discussed.

Non-Operating Income and Expense

Interest Expense

Interest expense was $184 million and $99 million for the nine months ended September 30, 2023 and 2022, respectively, an increase of $85 million. The increase was primarily attributable to: (i) increased interest expense associated with the May 2027 Term Facility (as defined and discussed in further detail, under Item "— Liquidity and Capital Resources — Liquidity and Debt — Long-term Debt"), (ii) certain upfront financing commitment costs and (iii) interest expense related to the outstanding balance under our Revolving Credit Facility (as defined and discussed in further detail, under Item "— Liquidity and Capital Resources — Liquidity and Debt — Long-term Debt"). See Note 10, "FINANCING ARRANGEMENTS" to our unaudited interim Condensed Consolidated Financial Statements for further details regarding the May 2027 Term Facility and the Revolving Credit Facility. For the nine months ended September 30, 2022 interest expense included $47 million of interest attributed to the BHC Purchase Debt (as defined below).

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. 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 loss of $18 million and a net gain of $15 million for the nine months ended September 30, 2023 and 2022, respectively.

Income Taxes

Provision for income taxes was $88 million and $60 million for the nine months ended September 30, 2023 and 2022, respectively, an increase of $28 million. The increase in income taxes was primarily related to: (i) a change in the jurisdictional mix of earnings and (ii) discrete tax effects of: (a) the valuation allowance established in Canada, (b) the changes in uncertain tax positions, (c) the reduction of certain tax attributes (d) the filings of certain tax returns and (e) a change in the deduction for stock compensation.

See Note 15, "INCOME TAXES" to our unaudited interim Condensed Consolidated Financial Statements for further details.

Net (loss) income attributable to Bausch + Lomb Corporation

Net loss attributable to Bausch + Lomb Corporation for the nine months ended September 30, 2023 was $206 million, as compared to Net income attributable to Bausch + Lomb Corporation for the nine months ended September 30, 2022 of $7 million, a decrease in our results of $213 million, and was primarily due to: (i) an increase in interest expense of $85 million, (ii) the decrease in our operating results of $75 million, (iii) the unfavorable net change in Foreign exchange and other of $33 million and (iv) the increase in the Provision for income taxes of $28 million, each as previously discussed.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

	Nine Months Ended September 30,		
(in millions)	**2023**	**2022**	**Change**
Net cash (used in) provided by operating activities	$ (32)	$ 186	$ (218)
Net cash used in investing activities	(1,974)	(125)	(1,849)
Net cash provided by financing activities	1,992	88	1,904
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(6)	(29)	23
Net (decrease) increase in cash and cash equivalents and restricted cash	(20)	120	(140)
Cash and cash equivalents and restricted cash, beginning of period	380	177	203
Cash and cash equivalents and restricted cash, end of period	$ 360	$ 297	$ 63

Operating Activities

Net cash used in operating activities was $32 million for the nine months ended September 30, 2023, as compared to net cash provided by operating activities of $186 million for the nine months ended September 30, 2022, a decrease of $218 million. The decrease is primarily attributable to: (i) costs incurred in 2023 as a stand-alone entity, such as higher SG&A expense and increased interest payments, each as previously discussed and (ii) the change in our operating assets and

liabilities, due to: (a) a strategic increase in inventories, (b) the timing of payments in the ordinary course of business and (c) growth in sales volumes, as previously discussed, which drove an increase in our trade receivables.

Investing Activities

Net cash used in investing activities was $1,974 million and $125 million for the nine months ended September 30, 2023 and 2022, respectively, an increase of $1,849 million and was primarily driven by payments related to acquisitions during the nine months ended September 30, 2023 of $1,887 million related to the XIIDRA Acquisition, the acquisition of the Blink® Product Line and the acquisition of AcuFocus, each as previously discussed.

Financing Activities

Net cash provided by financing activities was $1,992 million and $88 million for the nine months ended September 30, 2023 and 2022, respectively, an increase of $1,904 million. The increase is primarily attributable to the issuance of long-term debt, net of $2,180 million, related to the September 2028 Term Facility, the October 2028 Secured Notes and borrowings under the Revolving Credit Facility (each as defined below), during the nine months ended September 30, 2023.

During the nine months ended September 30, 2022, Net cash provided by financing activities was driven by the issuance of long-term debt, net of $2,440 million, related to the issuance of the May 2027 Term Facility (defined below), which was partially offset by intercompany transactions between Bausch + Lomb and our parent company, BHC, including Net transfers to BHC of $2,363 million. 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 needed from our Revolving Credit Facility (as defined below), and issuances of other long-term debt, additional equity and equity-linked securities. 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 on reasonable terms or at all.

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 (as defined below) 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 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"). Prior to the September 2023 Credit Facility Amendment (as defined below), the Credit Agreement provided for a term loan of $2,500 million with a five-year term to maturity (the "May 2027 Term Facility") and a five-year revolving credit facility of $500 million (the "Revolving Credit Facility").

On September 29, 2023, Bausch + Lomb entered into an incremental term loan facility secured on a pari passu basis with the Company's existing May 2027 Term Facility. This incremental term loan facility was entered into in the form of an incremental amendment (the "September 2023 Credit Facility Amendment") to the Company's existing Credit Agreement (the Credit Agreement, as amended by the September 2023 Credit Facility Amendment, the "Amended Credit Agreement") and consisted of borrowings of $500 million in new term B loans with a five-year term to maturity (the "September 2028 Term Facility" and, together with the May 2027 Term Facility and the Revolving Credit Facility, the "Senior Secured Credit Facilities"). A portion of the proceeds from the September 2028 Term Facility and October 2028 Secured Notes (as defined below) were used to finance the $1,750 million upfront payment related to the XIIDRA Acquisition and related acquisition and financing costs.

The Senior Secured 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 May 2027 Term Facility and September 2028 Term Facility are denominated in U.S. dollars, and borrowings under the Revolving Credit Facility may be made available in U.S. dollars, euros, pounds sterling and Canadian dollars. As of September 30, 2023, the principal amount outstanding under the May 2027 Term Facility and September 2028 Term Facility were $2,469 million and $500 million, respectively. As of September 30, 2023, the Company had $175 million of outstanding borrowings, $25 million of issued and outstanding letters of credit and remaining availability, subject to certain customary conditions of $300 million under its Revolving Credit Facility.

Prior to November 29, 2022, Bausch + Lomb was a restricted subsidiary under the credit agreement of BHC (the "BHC Credit Agreement") and the senior notes indentures of BHC and Bausch Health Americas, Inc. (collectively the "BHC Indentures"), which meant that although neither we nor our subsidiaries were guarantors of BHC debt, our status as a restricted subsidiary meant that our ability to take certain actions, including the incurrence of debt, was restricted by the terms of the BHC Credit Agreement and BHC Indentures. On November 29, 2022, BHC designated Bausch + Lomb as an unrestricted subsidiary under the BHC Credit Agreement and the BHC Indentures. Following such designation, we are no longer restricted by the terms of the BHC Credit Agreement or BHC Indentures.

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 borrowings under the Revolving Credit Facility 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 Standard & Poor's ("S&P"), Moody's and Fitch and (y) the May 2027 Term Facility and September 2028 Term Facility have 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. The stated rate of interest for borrowings under the Revolving Credit Facility at September 30, 2023 ranges from 7.67% to 7.68% per annum. 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, thereafter, 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 May 2027 Term 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 borrowings under the May 2027 Term Facility are subject to a credit spread adjustment of 0.10%. The stated rate of interest under the May 2027 Term Facility at September 30, 2023 was 8.76% per annum.

Borrowings under the September 2028 Term 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 4.00%, or (ii) a U.S. dollar base rate, plus an applicable margin of 3.00% (provided, however, that the term SOFR-based rate shall be no less than 0.00% per annum at any time and the U.S. dollar base rate shall not be lower than 1.00% per annum at any time). Term SOFR-based borrowings under the September 2028 Term Facility are not subject to any credit spread adjustment. The stated rate of interest under the September 2028 Term Facility at September 30, 2023 was 9.32% per annum.

Subject to certain exceptions and customary baskets set forth in the Amended Credit Agreement, Bausch + Lomb is required to make mandatory prepayments of the loans under the May 2027 Term Facility and September 2028 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 May 2027 Term Facility is 1.00% per annum, or $25 million, payable in quarterly installments, and the first installment was paid on September 30, 2022. Bausch + Lomb may direct that prepayments be applied to such amortization payments in order of maturity. As of September 30, 2023, the remaining mandatory quarterly amortization payments for the May 2027 Term Facility were $88 million through March 2027, with the remaining term loan balance being due in May 2027.

The amortization rate for the September 2028 Term Facility is 1.00% per annum, or $5 million, payable in quarterly installments. Bausch + Lomb may direct that prepayments be applied to such amortization payments in order of maturity. As of September 30, 2023, the remaining mandatory quarterly amortization payments for the September 2028 Term Facility were $24 million through June 2028, with the remaining term loan balance being due in September 2028.

Description of Senior Secured Notes

On September 29, 2023, Bausch + Lomb issued $1,400 million aggregate principal amount of 8.375% Senior Secured Notes due October 2028 (the "October 2028 Secured Notes"). A portion of the proceeds from the October 2028 Secured Notes, along with the proceeds of September 2028 Term Facility, were used to finance the $1,750 million upfront payment related to the acquisition of XIIDRA® and certain other ophthalmology assets from Novartis and related acquisition-related transaction and financing costs. The October 2028 Secured Notes accrue interest at a rate of 8.375% per year, payable semi-annually in arrears on each April 1 and October 1, commencing on April 1, 2024.

The October 2028 Secured Notes are guaranteed by each of the Company's subsidiaries that is a guarantor under the Amended Credit Agreement (the "Note Guarantors"). The October 2028 Secured Notes and the guarantees related thereto are senior obligations and are secured, subject to permitted liens and certain other exceptions, by the same first priority liens that secure the Company's obligations under the Amended Credit Agreement under the terms of the indentures governing the October 2028 Secured Notes.

The October 2028 Secured Notes and the guarantees related thereto rank equally in right of repayment with all of the Company's and Note Guarantors' respective existing and future unsubordinated indebtedness and senior to the Company's and Note Guarantors' respective future subordinated indebtedness. The October 2028 Secured Notes and the guarantees related thereto are effectively pari passu with the Company's and the Note Guarantors' respective existing and future indebtedness secured by a first priority lien on the collateral securing the October 2028 Secured Notes and effectively senior to the Company's and the Note Guarantors' respective existing and future indebtedness that is unsecured, or that is secured by junior liens, in each case to the extent of the value of the collateral. In addition, the October 2028 Secured Notes are structurally subordinated to: (i) all liabilities of any of the Company's subsidiaries that do not guarantee the October 2028 Secured Notes and (ii) any of the Company's debt that is secured by assets that are not collateral.

Upon the occurrence of a change in control (as defined in the indenture governing the October 2028 Secured Notes), unless the Company has exercised its right to redeem all of the notes of a series, holders of the October 2028 Secured Notes may require the Company to repurchase such holders' notes, in whole or in part, at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, but not including, the date of redemption.

The October 2028 Secured Notes are redeemable at the option of the Company, in whole or in part, at any time on or after October 1, 2025, at the redemption prices set forth in the indenture. Prior to October 1, 2025, the Company may redeem the October 2028 Secured Notes in whole or in part at a redemption price equal to the principal amount of the Notes redeemed plus a make-whole premium. Prior to October 1, 2025, the Company may on any one or more occasions redeem up to 40% of the aggregate principal amount of the October 2028 Secured Notes at a redemption price of 108.375% of the principal amount thereof, redeemed plus accrued and unpaid interest to, but not including, the date of redemption with the proceeds of one of more equity offerings.

Weighted Average Stated Rate of Interest

The weighted average stated rate of interest for the Company's outstanding debt obligations as of September 30, 2023 and December 31, 2022 was 8.66% and 7.84%, respectively.

Credit Ratings

As of the date of this filing, November 1, 2023, the credit ratings and outlook from Moody'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	B-	B-	Positive
Fitch	B-	BB-	Rating Watch Evolving

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.

Upon full Separation, we expect to refinance the Bausch + Lomb debt, and to transition to a longer-term capital structure.

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, November 1, 2023, we expect our primary cash requirements for the period October 1, 2023 through December 31, 2023 to include:

- *Debt repayments and interest*—We expect to make interest payments of approximately $71 million and mandatory debt amortization payments of $8 million for the period October 1, 2023 through December 31, 2023 under our Senior Secured Credit Facilities 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, see Item 1A. Risk Factors—"Our indebtedness could adversely affect our business and our ability to meet our obligations" included in our Annual Report;

- *Capital expenditures*—We expect to make payments of approximately $75 million for property, plant and equipment for the period October 1, 2023 through December 31, 2023;

- *Milestones*—As previously discussed, we filed an NDA for MIEBO™ (formerly known as NOV03) with the FDA in June 2022. Following the drug's approval by the FDA in May 2023, we launched MIEBO™ in the U.S. in the third quarter of 2023, in connection with which we expect to make a payment of $45 million, under the terms of a December 2019 agreement with Novaliq GmbH; and

- *Benefit obligations*—We expect to make aggregate payments under our pension and postretirement obligations of $3 million for the period October 1, 2023 through December 31, 2023. See Note 11, “PENSION AND POSTRETIREMENT EMPLOYEE BENEFIT PLANS” to our audited Consolidated Financial Statements for the year ended December 31, 2022, included in our Annual Report.

Acquisition of AcuFocus, Inc.

As previously discussed, on January 17, 2023, the Company acquired AcuFocus, Inc. (“AcuFocus”) for an up-front purchase price of $35 million. During January 2023, the Company paid approximately $31 million of the up-front purchase price, with the remaining purchase price to be paid within 18 months following the transaction, less any amounts that are the subject of any indemnification claims. If certain future sales-based milestones relating to the AcuFocus business are achieved between the closing date of the acquisition and December 31, 2027, additional payments by the Company will become due in future years.

Costs of Separation

In connection with the Separation, the Company has incurred and will continue to incur additional costs associated with activities taken to separate the Bausch + Lomb business from the remainder of BHC. Separation costs are incremental costs directly related to the Separation, and include but are not limited to: (i) legal, audit and advisory fees, (ii) talent acquisition costs and (iii) costs associated with establishing new boards of directors and related board committees for Bausch + Lomb. The Company has also incurred, and will continue to incur, separation-related costs which are incremental costs indirectly related to the Separation and include, but are not limited to: (i) IT infrastructure and software licensing costs, (ii) rebranding costs and (iii) costs associated with facility relocation and/or modification. The extent and timing of future charges for these costs cannot be reasonably estimated at this time and could be material.

Cost Savings Programs

As a result of the completion of the B+L IPO, and as the Company prepares for post-Separation operations, the Company is launching certain initiatives that may result in certain changes to, and investment in, its organizational structure and operations. The Company refers to the charges related to these initiatives as "Business Transformation Costs". These costs are recorded in SG&A in the unaudited Condensed Consolidated Statements of Operations and include third-party advisory costs, as well as certain compensation-related costs associated with changes in the Company's executive officers, such as severance-related costs associated with the departure of the Company's former executives and the costs associated with the appointment of the Company's new executives.

Further, in connection with the Separation and certain transformation initiatives, 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. 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.

Future Litigation

In the ordinary course of business, we are involved in litigation, claims, government inquiries, investigations, charges and proceedings. See Note 17, "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 up-front fee to secure the agreement. See Note 21, "COMMITMENTS AND CONTINGENCIES" to our audited Consolidated Financial Statements for the year ended December 31, 2022, included in our Annual Report.

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, 2022 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 shares 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). 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. As of October 27, 2023, BHC directly or indirectly held 310,449,643 common shares of Bausch + Lomb, which represented approximately 88.5% of our issued and outstanding common shares.

At October 27, 2023, we had 350,855,769 issued and outstanding common shares. In addition, as of October 27, 2023, we had outstanding approximately 8,300,000 stock options and 5,500,000 restricted share units that each represent the right of a holder to receive one of Bausch + Lomb's common shares and 1,200,000 performance-based restricted share units that represent the right of a holder to receive a number of the Company's common shares up to a specified maximum. A maximum of 3,200,000 common shares could be issued upon vesting of the performance-based restricted share units outstanding.

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 audited Consolidated Financial Statements included in our Annual Report, and determined that there were no significant changes in our critical accounting policies and estimates during the nine months ended September 30, 2023.

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, business 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; our recently consummated acquisition of XIIDRA® and certain other ophthalmology assets; anticipated revenues for our products; expected R&D and marketing spend; our expected primary cash and working capital requirements for the remainder of 2023 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, as recently amended, (the "Amended Credit Agreement") and in the indenture governing our October 2028 Secured Notes (as defined below); 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 and economic uncertainty; 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 effect of current market conditions and recessionary pressures in one or more of our markets; the anticipated effect of macroeconomic factors, including inflation; the anticipated impact of the evolving COVID-19 pandemic; the anticipated impact from the ongoing conflict between Russia and Ukraine; and the anticipated separation from Bausch Health Companies Inc. ("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," "schedule," "continue," "will," "may," "can," "might," "could," "would," "should," "target," "potential," "opportunity," "designed," "create," "predict," "project," "timeline," "forecast," "outlook," "seek," "strive," "suggest," "prospective," "strategy," "indicative," "intend," "ongoing," "decrease" or "increase" and positive and negative variations thereof 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:

- *adverse economic conditions and other macroeconomic factors, including inflation, slower growth or a potential recession, which could adversely impact our revenues, expenses and resulting margins;*
- *the effect of current market conditions and recessionary pressures in one or more of our markets;*
- *the risks and uncertainties caused by or relating to the evolving COVID-19 pandemic, including the potential effects and economic and future impact of that pandemic (or any resurgence thereof) or another pandemic and the reaction to such pandemic (including as it relates to the reinstitution of any lockdowns or other restrictions);*
- *the challenges the Company faces following its 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, and 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 and other stakeholders;*

- *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 achievement of targeted debt leverage ratios, subject to receipt of applicable shareholder and other necessary approvals and other factors), 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, 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, the impact on the spinoff transaction (and the timing thereof) of the filing by Norwich Pharmaceuticals Inc. ("Norwich") of its Abbreviated New Drug Application ("ANDA") for Xifaxan® (rifaxamin) 550 mg tablets and BHC's related lawsuit filed against Norwich in connection therewith (including BHC's ability to successfully appeal the decision of the U.S. District Court for the District of Delaware in such lawsuit), 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 structure of the spinoff transaction and related distribution, 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 dis-synergy 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 or in the manner 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 pricing committees 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 Amended Credit Agreement, the indenture governing our October 2028 Secured Notes and other current or future debt agreements, 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 Amended Credit Agreement (the "Revolving Credit Facility") and restrictions on our ability to make certain investments and other restricted payments;*

- *any downgrade or additional 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 risks and uncertainties relating to our recently-consummated acquisition of XIIDRA® and certain other ophthalmology assets (the "XIIDRA Acquisition"), including our ability to effectively and efficiently integrate the acquired XIIDRA® product, pipeline products, transferred sales force and other assets into our existing business, risks that such integration efforts will potentially divert the efforts and attention of management and other employees away from our ongoing business operations, the effect of the transaction on our ability to maintain relationships with customers, suppliers, and other business partners, risks relating to our increased levels of debt as a result of debt incurred to finance such acquisition and risks that we may not realize the expected benefits of the acquisition on a timely basis or at all;*

- *the possibility that the unaudited pro forma financial information included in this Form 10-Q may not necessarily be indicative of what the consolidated results of operations would have been had the XIIDRA Acquisition been completed on January 1, 2022 and may differ materially from the future results of operations of the combined company;*

- *the uncertainties associated with the acquisition and launch of new products, assets and businesses (including the recently-acquired XIIDRA® product and Blink® product line), 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, the failure to obtain required regulatory approvals, clearances or authorizations, 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 manage the transition to our new Chairman and Chief Executive Officer and other new executive officers, the success of such individuals in assuming their respective roles and the ability of such individuals to implement and achieve the strategies and goals of the Company as they develop;*

- *our ability to retain, motivate and recruit executives and other key employees;*

- *our ability to implement effective succession planning for our executives and other 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 health care 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 implementation of the new U.S. federal corporate alternative minimum tax (the "CAMT") under the recently enacted Inflation Reduction Act (the "IRA") and any future guidance with respect to the interpretation and application of the CAMT, as well as the impact of the other changes made under the IRA;*

- *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;*
- *trade conflicts, including 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, the EU and other countries against governmental and other entities and individuals in or associated with Russia, Belarus and parts of Ukraine, including potential impact on sales, earnings, market conditions and the ability of the Company to manage resources and historical investment in Russia;*
- *the impact of the recent escalation in conflict in the Middle East, including attacks on Israel by Hamas and any related military conflict, including potential impact on our operations, sale of products and revenues in this region;*
- *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 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 inflationary pressures as a result of historically high domestic and global inflation and otherwise, interest rates, foreign currency rates, and the potential effect of such factors 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*

- *risks in Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the U.S. Securities and Exchange Commission ("SEC") and the Canadian Securities Administrators (the "CSA") on February 22, 2023, risks in Item 1A. "Risk Factors" of Part II of our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023, filed on August 2, 2023 and risks detailed from time to time in our other filings with the SEC and 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 our Annual Report on Form 10-K for the year ended December 31, 2022, filed on February 22, 2023, under Item 1A. "Risk Factors", in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023, filed on August 2, 2023, under Item 1A. "Risk Factors" of Part II and in the Company's other filings with the SEC and the 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", there have been no material changes to the Company's assessment of its sensitivity to market risks that affect the disclosures presented in the section entitled "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" of our Annual Report.

Interest Rate Risk

As of September 30, 2023, we had $3,144 million and $1,400 million in outstanding aggregate principal amount of issued variable rate and fixed rate debt, respectively. 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 $31 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. The estimated fair value of our issued fixed rate debt as of September 30, 2023 was $1,404 million. If interest rates were to increase by 100 basis-points, the fair value of our issued fixed rate debt would decrease by approximately $54 million. If interest rates were to decrease by 100 basis-points, the fair value of our issued fixed rate debt would increase by approximately $51 million.

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 September 30, 2023. Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of September 30, 2023.

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 September 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in legal proceedings from time to time in the ordinary course of our business. Based on information currently available and established reserves, we have no reason to believe that the ultimate resolution of any known legal proceeding will have a material adverse effect on our financial position, liquidity or results of operations. However, there can be no assurance that the outcome of any such legal proceeding will be favorable, and adverse results in certain of these legal proceedings could have a material adverse effect on our financial position, results of operations in any one reporting period, or liquidity.

For additional information, see Note 17, "LEGAL PROCEEDINGS" of notes to the unaudited interim Condensed Consolidated Financial Statements.

Item 1A. Risk Factors

There have been no material changes to the risk factors as disclosed in Item 1A. "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2022, filed on February 22, 2023, as supplemented by risk factors disclosed in Item 1A. "Risk Factors", in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023, filed on August 2, 2023.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

There were no unregistered sales of equity securities, nor any purchases of our equity securities, by the Company during the three months ended September 30, 2023.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

3.1	Amended Articles of Bausch + Lomb Corporation, originally filed as Exhibit 3.1 to Bausch + Lomb Corporation's Form 8-K filed with the SEC on May 10, 2022, which is incorporated by reference herein.
3.2	Amended By-laws of Bausch + Lomb Corporation, originally filed as Exhibit 3.2 to Bausch + Lomb Corporation's Form 8-K filed with the SEC on May 10, 2022, which is incorporated by reference herein.
4.1	Indenture, dated as of September 29, 2023, by and among Bausch + Lomb Corporation, the guarantors party thereto and Citibank, N.A., acting through its agency and trust division, as trustee and as notes collateral agent thereto, originally filed as Exhibit 4.1 to Bausch + Lomb Corporation's Form 8-K filed with the SEC on September 29, 2023, which is incorporated by reference herein.
10.1*	Separation Agreement, dated as of August 25, 2023, between Christina M. Ackermann and Bausch + Lomb Corporation.
10.2	Credit Agreement, dated as of May 10, 2022, as amended by the First Incremental Amendment, dated as of September 29, 2023, by and among Bausch + Lomb Corporation, certain subsidiaries of Bausch + Lomb Corporation as subsidiary guarantors, the lenders party thereto, Citibank, N.A., as collateral agent thereto, Goldman Sachs Bank USA, as term facility administrative agent thereto and JPMorgan Chase Bank, N.A., as first incremental term facility administrative agent thereto, originally filed as Exhibit 10.1 to Bausch + Lomb Corporation's Form 8-K filed with the SEC on September 29, 2023, which is incorporated by reference herein.
31.1*	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
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32.1*	Certificate of the Chief Executive Officer of Bausch + Lomb Corporation pursuant to 18 U.S.C. § 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
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101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Bausch + Lomb Corporation
(Registrant)

Date: November 1, 2023

/s/ BRENTON L. SAUNDERS

Brenton L. Saunders
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer and Chairman of the Board)

Date: November 1, 2023

/s/ SAM ELDESSOUKY

Sam Eldessouky
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

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* Filed herewith.

SEPARATION AGREEMENT

This SEPARATION AGREEMENT, dated as of August 25, 2023 (this "**Agreement**"), is entered into by and between Christina M. Ackermann ("**Executive**") and Bausch + Lomb Corporation, a company incorporated under the laws of Canada (the "**Company**"). The Company and Executive are sometimes referred to individually herein as a "**Party**" and collectively as the "**Parties**."

WHEREAS, Executive was employed by the Company pursuant to the terms of that certain employment letter agreement by and between Executive and the Company, dated as of July 8, 2016, as amended pursuant to that certain Assignment, Assumption and Amendment Agreement by and among Executive, Bausch Health Companies, Inc. ("**BHC**") and the Company, dated January 3, 2022 (collectively the "**Employment Agreement**");

WHEREAS, the Parties have previously entered into (i) a spinoff bonus program letter agreement dated as of November 2, 2020 (the "**Spinoff Bonus Letter**") and (ii) a retention program letter agreement (the "**Retention Letter**"), in each case setting forth certain payments and benefits payable to Executive; and

WHEREAS, the Company and Executive desire to enter into this Agreement to set forth the Parties' agreement as to Executive's entitlements and obligations in connection with the cessation of Executive's employment with the Company.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, the Parties hereto agree as follows:

Section 1. *Separation.*

(a) The Parties hereby agree that Executive has ceased serving as Executive Vice President & General Counsel and President, Ophthalmic Pharmaceuticals of the Company, effective as of April 24, 2023 (the "**Transition Date**"). Effective as of the Transition Date, Executive ceased to be an executive officer of the Company and has resigned (and is deemed to have resigned without any further action by Executive) from all positions Executive held in any capacity as an officer, director, benefit plan trustee or fiduciary or otherwise with respect to the Company and its subsidiaries and affiliates. Should the Company request, Executive shall promptly execute such additional documents as may be necessary to evidence the foregoing resignations. From the Transition Date through the Separation Date, Executive served as a non-executive employee of the Company and continued to receive the same compensation and benefits in accordance with the terms of the Employment Agreement.

(b) The Parties hereby further agree that, effective as of April 28, 2023 (the "**Separation Date**"), Executive's employment with the Company terminated. By signing this Agreement, Executive hereby waives any required notice period (if any) under the Employment Agreement or any other agreement with the Company and agrees and acknowledges that the changes contemplated by this Agreement shall not constitute

"good reason" under the Employment Agreement or any other agreement between Executive and the Company (including any applicable equity incentive award agreements).

Section 2. *Accrued Compensation*. Upon the Separation Date, Executive became entitled to receive the following: (a) any earned but unpaid base salary payments through the Separation Date, which was paid within thirty (30) days following the Separation Date (or such earlier date as may be required by applicable law); (b) reimbursement for business expenses incurred and properly submitted by Executive in accordance with the Company's expense reimbursement policy for the period ending on the Separation Date, which was paid within thirty (30) days following the Separation Date (or such earlier date as may be required by applicable law); (c) any vested amount or benefit that is payable to Executive under any benefit plan or program of the Company in accordance with and subject to the terms and conditions of such plan or program; and
(d) any accrued but unused vacation pay as of the Separation Date (each of clauses (a) through (d), collectively, the "**Accrued Compensation**").

Section 3. *Severance Benefits*.

(a) Subject to (x) Executive's execution of the general waiver and release of claims attached hereto as Annex A (the "**Release Agreement**") and the occurrence of the Release Effective Date (as defined in the Release Agreement), which such Release Agreement must become effective and irrevocable no later than thirty (30) calendar days following the date of this Agreement and (y) Executive complying with the terms of the Continuing Obligations (as defined below) (each of clauses (x) and (y) , collectively, the "**Severance Conditions**"), then Executive shall receive the following payments and benefits (the "**Severance Benefits**"):

(i) a lump sum cash payment in an amount equal to $2,754,000 in the aggregate, which represents two (2) times the sum of (A) Executive's annual base salary and (B)
Executive's target annual cash bonus, in each case as in effect as of immediately prior to the Separation Date, which such amount shall be payable within twenty (20) days following her execution of this Agreement, provided she has not revoked the Agreement pursuant to Section 4 of the attached General Waiver and Release Agreement;

(ii) a lump sum cash payment in an amount equal to the product of (A) the annual cash bonus that Executive would have been entitled to receive in respect of the Company's 2023 fiscal year based on actual achievement against the applicable performance objectives and (B) a fraction (x) the numerator of which is the number of days elapsed in the Company's 2023 fiscal year prior to (and including) the Separation Date and (y) the denominator of which is 365, which such amount shall be payable no later than March 15, 2024;

(iii) payment of the unpaid portion of Executive's Spinoff Bonus Award (as set forth in the Spinoff Bonus Letter) ($250,000), payable within twenty (20) days following her execution of this Agreement, provided she has not revoked the Agreement pursuant to Section 4 of the attached General Waiver and Release Agreement;

(iv) a lump sum cash payment in an amount equal to $280,000, representing additional consideration agreed by Executive and the Company, payable within twenty (20) days following her execution of this Agreement, provided she has not revoked the Agreement pursuant to Section 4 of the attached General Waiver and Release Agreement; and

(v) subject to Executive's timely election of continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("**COBRA**"), the Company shall provide Executive with continued coverage through the two (2)-year anniversary of the Separation Date under any health, medical, dental or vision program or policy maintained by the Company in which Executive (and her eligible dependents, as applicable) participated in as of Separation Date, to the extent permitted under applicable law and the terms of such program or policy; *provided*, *however*, that Executive shall be solely responsible for any taxes incurred in respect of such coverage; *provided*, *further*, that the Company may modify the continuation coverage contemplated by this Section 3(a)(iv) (including by providing, in lieu of such continuation coverage or to the extent that the COBRA continuation period expires, a lump sum cash payment equal to the value for Executive of the continuation coverage provided herein) to the extent reasonably necessary to avoid the imposition of any excise taxes on the Company for failure to comply with the nondiscrimination requirements of the Patient Protection and Affordable Care Act of 2010, as amended, and/or the Health Care and Education Reconciliation Act of 2010, as amended (to the extent applicable); and *provided*, *further*, in the event Executive obtains other employment that offers group health benefits, such continuation coverage by the Company under this Section 3(a)(iv) shall immediately cease (and Executive agrees to promptly notify the Company if Executive is offered group health benefits from any subsequent employer following the Separation Date); provided further that the Company will make a lump-sum payment to Executive of $7,028 in lieu of the final six (6) months of the Company's portion of the COBRA premiums within twenty (20) days following her execution of this Agreement, provided she has not revoked the Agreement pursuant to Section 4 of the attached General Waiver and Release Agreement. Within twenty (20) days following her execution of this Agreement, and provided she has not revoked the Agreement pursuant to Section 4 of the attached General Waiver and Release Agreement, the Company will reimburse Executive for the Company's share of COBRA premiums for the months of May, June, July, August, and September 2023 that Executive has paid since her Separation Date (estimated to be $5,856.35 in total);

(vi) a lump sum cash payment of $20,000 to be used for outplacement services, payable within 20 days following her execution of this Agreement, provided she has not revoked the Agreement pursuant to Section 4 of the attached General Waiver and Release Agreement;

(vii) any equity incentive awards in respect of common shares of BHC previously granted to Executive pursuant to the Bausch Health Companies, Inc. Amended and Restated 2014 Omnibus Incentive Plan and the applicable award agreements thereunder that are outstanding as of immediately prior to the Separation Date shall be treated in accordance with their existing terms (including in accordance with any applicable provisions relating to retirement treatment). For the avoidance of doubt, as stated in the BHC Equity Documents, Executive's BHC options will expire two years after the Separation Date, except for Executive's 2016 BHC options which were granted at the time of her hire, which have a twelve month post Separation Date expiration date.

(viii) with respect to the equity incentive awards in respect of common shares of the Company previously granted to Executive on May 5, 2022 in the form of founder restricted stock units ("**Founder RSUs**") and founder stock options ("**Founder Options**" and, together with the Founder RSUs, the "**Founder Awards**") pursuant to the Bausch + Lomb Corporation 2022 Omnibus Incentive Plan (the "**B+L Equity Plan**") and the applicable award agreements thereunder (together with the B+L Equity Plan, the "**B+L Equity Documents**") that are outstanding as of the Separation Date shall be subject to the treatment set forth in the applicable B+L Equity Documents and the Retention Letter; *provided, however*, that the Founder Awards shall continue to time vest until July 14, 2023, reflecting an additional 76 days of vesting of the Founder Awards beyond the Separation Date (for the sake of clarity, the effect of this provision is that a total of 33,075 Founder RSUs and 130,845 Founder Options shall be deemed to have met the time vesting conditions applicable to such Founder Awards as of the date hereof), subject in all other respects to the treatment set forth in the applicable B+L Equity Documents and the Retention Letter; and all remaining Founder Awards, other than the 33,075 Founder RSUs and 130,845 Founder Options deemed to have met the time vesting conditions applicable to such Founder Awards as of the date hereof as referenced in subparagraph (viii) above, shall be cancelled in accordance with the B+L Equity Documents. All remaining B+L Equity Awards (other than the Founder Awards described above) that were held by Executive as of immediately prior to the Separation Date shall be treated in accordance with the existing terms of the B+L Equity Plan and the applicable Equity Award Documents.

(b) Executive acknowledges and agrees that Severance Benefits are being provided in full discharge of any and all liabilities and obligations of the Company and its subsidiaries and affiliates to Executive, monetarily or with respect to Executive's employment, compensation or benefits. Executive further hereby agrees and acknowledges that on and following the Separation Date, subject to the terms of this Agreement, Executive will only be entitled to receive the Accrued Compensation and the Severance Benefits (subject to the satisfaction of the Severance Conditions), and Executive will not be entitled to receive, and hereby irrevocably waives any and all rights or entitlements to receive, any other compensation or benefits from the Company or any of its subsidiaries or affiliates arising under the Employment Agreement, the Spinoff Bonus Letter, the Retention Letter or under any other plan, agreement or arrangement or otherwise (including, without limitation, any severance payments or benefits, cash bonuses or equity-based compensation).

Section 4. *Continuing Obligations*. Executive hereby (a) reaffirms Executive's obligations under (and acknowledges that Executive will continue to be bound by the terms of) the Employment Agreement (including the restrictive covenants set forth therein), the written policies and code of conduct of the Company and its affiliates (including the Standards of Business Conduct and the Company's insider trading and recoupment policies) as may be in effect from time to time, and any other restrictive covenant obligations (including, without limitation, any confidentiality, intellectual property, non-competition, non-solicitation, non-disparagement) that Executive is subject to with the Company or any of its subsidiaries or affiliates (including pursuant to any B+L Equity Documents) (collectively, the "**Continuing Obligations**"), the terms of each of which are fully incorporated herein by reference; *provided, however,* that the non-solicitation period shall be (24) months from the Separation Date, expiring on April 28, 2025, and (b) understands, acknowledges and agrees that such Continuing Obligations shall survive the Separation Date and remain in full force and effect in accordance with all of the terms and conditions thereof.

Section 5. *Cooperation.* Following the Separation Date, Executive shall make herself reasonably available to cooperate with the Company in matters relating to: (a) requests for information about the services Executive provided to the Company during her employment with the Company or any of its subsidiaries or affiliates, (b) the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company or any of its subsidiaries or affiliates which relate to events or occurrences that transpired while Executive was employed by the Company or any of its subsidiaries or affiliates and as to which Executive has, or would reasonably be expected to have, personal experience, knowledge or information or (c) any investigation or review by any federal, state or local regulatory, quasi-regulatory or self-governing authority (including, without limitation, the U.S. Department of Justice, the U.S. Federal Trade Commission or the SEC) as any such investigation or review relates to events or occurrences that transpired while Executive was employed by the Company or any of its subsidiaries or affiliates. Executive's cooperation shall include: (i) making herself reasonably available to meet and speak with officers or employees of the applicable member of Company, its counsel or any third-parties at the request of such person at times and locations to be determined by the Company reasonably and in good faith (the "**Company Cooperation**") and (ii) giving accurate and truthful information at any interviews and accurate and truthful testimony in any legal proceedings or actions (the "**Witness Cooperation**"). In addition, at the request of the Company, Executive shall be required to complete a directors' and officers' questionnaire to facilitate the Company's preparation and filing of its proxy statement and periodic reports with the SEC. Executive shall not be entitled to any additional payments in respect of any Company Cooperation or Witness Cooperation, regardless of when provided. The Company will reimburse Executive for any reasonable, out-of-pocket travel, hotel and meal expenses incurred by Executive in connection with her performance of obligations pursuant to this Section 5 for which Executive has obtained prior approval from the Company.

Section 6. *Non-Disparagement*. Subject to Sections 7 and 8 below, Executive agrees not to make written or oral statements about the Company, any of its subsidiaries or affiliates, or their respective employees, directors, or executive officers that are negative of disparaging. The Company shall instruct members of the Executive Leadership Team and Board of Directors of the Company who are aware of communications between Executive and Company regarding the circumstances of Executive's separation from the Company or Executive's Severance Benefits not to make written or oral statements about Executive that are negative or disparaging. Notwithstanding the foregoing, nothing contained in this Section 6 shall preclude Executive from making truthful statements that are required by applicable law, regulation or governmental investigation or are pursuant to legal process. Should the Company receive a request for a reference or employment verification regarding Executive, it shall provide only Executive's dates of employment and job title.

Section 7. *Employee Protection*. Nothing in this Agreement or otherwise limits Executive's ability to communicate directly with and provide information, including documents, not otherwise protected from disclosure by any applicable law or privilege to the Securities and Exchange Commission (the "**SEC**") or any other federal, state or local governmental agency or commission ("**Government Agency**") regarding possible legal violations, without disclosure to the Company. The Company may not retaliate against Executive for any of these activities, and nothing in this Agreement or otherwise requires Executive to waive any monetary award or other payment that Executive might become entitled to from the SEC or any other Government Agency.

Section 8. *Defend Trade Secrets Act*. Pursuant to Section 7 of the Defend Trade Secrets Act of 2016 (which added 18 U.S.C. § 1833(b)), Executive acknowledges that Executive shall not have criminal or civil liability under any federal or State trade secret law for the disclosure of a trade secret that (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if

such filing is made under seal. In addition and without limiting the preceding sentence, if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney and may use the trade secret information in the court proceeding, if Executive (x) files any document containing the trade secret under seal and (y) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such Section.

Section 9. *Publicity*. Neither Executive nor the Company shall issue, without prior written consent of the other, any press release or make any public announcement or statement with respect to the terms of this Agreement; provided that the Company shall not be limited from making disclosure of the terms of this Agreement and the considerations therefor in filings with the U.S. Securities and Exchange Commission, including to address shareholder or shareholder advisory service inquiries.

Section 10. *Section 409A*. The Parties intend for the payments and benefits under this Agreement to be exempt from Section 409A of the Internal Revenue Code of 1986, as amended (together with the regulations and guidance promulgated thereunder, "**Section 409A**") or, if not so exempt, to be paid or provided in a manner which complies with the requirements of such section, and intend that this Agreement shall be construed and administered in accordance with such intention. For purposes of the limitations on nonqualified deferred compensation under Section 409A, each payment of compensation under this Agreement shall be treated as a separate payment of compensation. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six (6) month period immediately following Executive's separation from service shall instead be paid on the first business day after the date that is six (6) months following her termination of employment (or upon her death, if earlier). In no event shall the timing of Executive' s execution of the Release, directly or indirectly, result in Executive designating the calendar year of payment, and if a payment that is subject to execution of the Release could be made in more than one taxable year, based on timing of the execution of the Release, payment shall be made in the later taxable year. To the extent required to avoid an accelerated or additional tax under Section 409A, amounts reimbursable to Executive shall be paid to Executive on or before the last day of the calendar year following the calendar year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in-kind benefits provided to Executive) during one calendar year may not affect amounts reimbursable or provided in any subsequent calendar year. A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amount or benefit that constitutes
"nonqualified deferred compensation" upon or following a termination of employment, unless such termination is also a "separation from service" within the meaning of Code Section 409A, and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from

service." In no event whatsoever will the Company be liable for any additional tax, interest or penalty that may be imposed on Executive by Section 409A, or for damages for failing to comply with Section 409A.

Section 11. *Tax Withholding*. Notwithstanding any other provision of this Agreement, the Company may withhold from any amounts payable under this Agreement all amounts that are required or authorized to be withheld, including, but not limited to, federal, state, local and foreign taxes required to be withheld by applicable laws or regulations. The Company, in its sole and absolute discretion, shall make all determinations as to whether it is obligated to withhold any taxes hereunder and the amount hereof.

Section 12. *Governing Law*. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New Jersey, without regard to the application of any choice-of-law rules that would result in the application of another
state's laws.

Section 13. *Judicial Interpretation/Modification; Severability*. In the event that any one or more provisions (or portion thereof) of this Agreement is held to be invalid, unlawful or unenforceable for any reason, the invalid, unlawful or unenforceable provision (or portion thereof) shall be construed or modified so as to provide the Company with the maximum protection that is valid, lawful and enforceable, consistent with the intent of the Company and Executive in entering into this Agreement. If such provision (or portion thereof) cannot be construed or modified so as to be valid, lawful and enforceable, that provision (or portion thereof) shall be construed as narrowly as possible and shall be severed from the remainder of this Agreement (or provision), and the remainder shall remain in effect and be construed as broadly as possible, as if such invalid, unlawful or unenforceable provision (or portion thereof) had never been contained in this Agreement.

Section 14. *Entire Agreement*. This Agreement sets forth the entire agreement between Executive and the Company concerning the termination of Executive' s employment and supersedes any other written or oral promises concerning the subject matter of this Agreement, including, without limitation, those set forth in the Employment Agreement, the Spinoff Bonus Letter and the Retention Letter, in each case except as expressly set forth herein.

Section 15. *Amendment and Waiver*. No provision of this Agreement may be altered, amended and/or waived except by a written document signed by both Parties setting forth such alteration, amendment, and/or waiver. The Parties hereto agree that the failure to enforce any provision or obligation under this Agreement shall not constitute a waiver thereof or serve as a bar to the subsequent enforcement of such provision or obligation or any other provisions or obligations under this Agreement. No course of dealing between or among any persons having any interest in this Agreement will be deemed effective to modify or amend any part of this Agreement or any rights or obligations of any person under or by reason of this Agreement.

Section 16. *No Third Party Beneficiaries*. The Parties hereto shall have the sole right to enforce the performance of the provisions of this Agreement. This Agreement is not intended for the benefit of, and is not intended to be relied upon by, any other person

and no such person (or any other person acting on its behalf) shall be entitled to the benefit of or to enforce this Agreement.

Section 17. *Successors and Assigns.* This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto, their successors and permitted assigns and the Parties shall require any successor or assign to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the applicable Party would be required to perform if no such succession or assignment had taken place. The Parties may not assign or delegate any rights or obligations hereunder except to a successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Party, as applicable. Neither this Agreement nor any right or interest hereunder shall be assignable or transferable by Executive, Executive's beneficiaries or legal representatives, except by will or by the, laws of descent and distribution.

Section 18. *Counterparts*. This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same Agreement. Signatures transmitted via facsimile, DocuSign, or PDF will be deemed the equivalent of originals. The Company and its undersigned representative warrant and agree that the undersigned representative has the full power and authority to execute this Agreement on behalf of the Company and to legally bind the Company to this Agreement with his or her signature.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first set forth above.

BAUSCH + LOMB
CORPORATION

By: */s/ A. Robert D. Bailey*
Name: A. Robert D. Bailey
Title: EVP & Chief Legal Officer

By: */s/ Christina M. Ackermann*
Name: Christina M. Ackermann

ANNEX A

GENERAL WAIVER AND RELEASE AGREEMENT

This GENERAL WAIVER & RELEASE AGREEMENT ("**Release Agreement**") dated as of the date executed below (the "**Release Date**") is by and between Bausch + Lomb Corporation (the "**Company**") and Christina M. Ackermann ("**Executive**").

Reference is made in this Release Agreement to the Separation Agreement entered into by and between the Company and Executive dated as of August 25, 2023 (the "**Separation Agreement**").

1. *Release of Claims*.

(a) In exchange for the consideration provided to Executive pursuant to the Separation Agreement and for other good and valuable consideration, Executive, for herself, her successors and assigns, executors and administrators, now and forever hereby irrevocably and unconditionally releases and discharges the Company, together with all of its past and present parents, subsidiaries, and affiliates, together with each of their officers, directors, shareholders, partners, employees, agents, representatives and attorneys, and each of their subsidiaries, affiliates, estates, predecessors, successors, and assigns (hereinafter collectively referred to as the "**Releasees**") from any and all rights, claims, charges, actions, causes of action, complaints, sums of money, suits, debts, covenants, contracts, agreements, promises, obligations, damages, demands or liabilities of every kind whatsoever, in law or in equity, whether known or unknown, suspected or unsuspected, which Executive or Executive's executors, administrators, successors or assigns ever had, now has or may hereafter claim to have by reason of any matter, cause or thing whatsoever; arising from the beginning of time up to the Release Date (collectively, the "**Claims**"), including those (i) relating in any way to Executive's employment relationship with the Company or any of the Releasees, or the termination of Executive's employment relationship with the Company or any of the Releasees; (ii) arising under or relating to the Employment Agreement, the Spinoff Bonus Letter, the Retention Letter and the B+L Equity Documents or any other agreement between Executive and the Company or any of the Releasees; (iii) arising under any federal, local or state statute or regulation, including, without limitation, the Age Discrimination in Employment Act of 1967, as amended ("**ADEA**"), the Older Workers Benefit Protection Act, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Employee Retirement Income Security Act of 1974, and/or the New Jersey Law against Discrimination, each as amended; (iv) relating to wrongful employment termination or breach of contract; or (v) arising under or relating to any policy, agreement, plan, understanding or promise, written or oral, formal or informal, between the Company and any of the Releasees and Executive.

(b) Notwithstanding anything to the contrary herein, nothing contained in Section 1(a) of this Release Agreement in any way diminish or impair: (i) any claims or causes of actions arising out of or relating to Executive's right to enforce the terms of the Separation Agreement; (ii) any rights to indemnification or payment of defense costs that may exist from time to

time under the Company's certificate of incorporation or articles, or any other Company policies or insurance policies maintained by the Company; (iii) any rights Executive may have to vested benefits under employee benefit plans of the Company in accordance with, and subject to the terms of, such benefit plans; (iv) any rights or claims that may arise under ADEA after the date Executive signs this Release Agreement; or (v) any rights or claims Executive may have that cannot be waived under applicable law (collectively, the "**Excluded Claims**").

2. *No Further Claims; Acknowledgement.*

(a) Executive hereby agrees not to bring or cause to be brought any Claims and Executive represents and agrees that Executive has not, directly or indirectly, instituted, prosecuted, filed or processed any litigation, Claims or proceedings against the Company or any of the Releasees, nor has Executive encouraged or assisted anyone to institute, prosecute, file or process any litigation, Claims or proceedings against the Company or any of the Releasees. Executive represents that Executive has not made assignment or transfer of any right or Claim covered by this Release Agreement and is not aware of any such right or Claim. Executive understands that Executive may later discover claims or facts that may be different than, or in addition to, those which Executive now knows or believes to exist with regards to the subject matter of this Release Agreement, and which, if known at the time of executing this Release Agreement, may have materially affected this Release Agreement or Executive's decision to enter into the Separation Agreement and this Release Agreement. Executive hereby waives any right or claim that might arise as a result of such different or additional claims or facts.

(b) Executive acknowledges that (i) the Company has advised her in this writing of her right to consult with an attorney prior to signing this Release Agreement and Executive has had the opportunity to consult with an attorney before signing this Release Agreement; (ii) she has carefully read and fully understands all of the provisions of this Release Agreement; (iii) she is entering into this Release Agreement, including the releases set forth herein, knowingly, freely and voluntarily in exchange for good and valuable consideration to which she would not be entitled in the absence of signing this Release Agreement; and (iv) Executive is waiving, among other claims, age discrimination claims under ADEA, and all amendments thereto.

(c) Following the Separation Date (as defined in the Separation Agreement), Executive agrees never to seek reemployment or future employment with the Company or any of the other Releasees.

3. *No Admission*. Nothing about the fact or content of this Release Agreement shall considered to be or treated by Executive or the Company as an admission of any wrongdoing, liability or violation of law by Executive or by any Releasee.

4. *Consideration & Revocation Periods; Effective Date*. Executive has twenty-one (21) calendar days to consider and sign this Release Agreement (the "**Release Consideration Period**"), although Executive may sign it prior to the expiration of the

Release Consideration Period, but in no event before the Separation Date, with any such execution of this Release Agreement by Executive prior to the end the Release Consideration Period representing Executive's voluntary choice to waive her entitlement to continue to review and deliberate with respect to this Release Agreement during the remainder of the Release Consideration Period. In addition, for the period of seven (7) calendar days immediately following the date Executive signs this Release Agreement ("**Revocation Period**"), Executive may revoke it by delivering written notice of revocation to the Company's Chief Human Resources Officer. The effective date of this Release Agreement shall be the eighth (8th) calendar day after Executive signs this Release Agreement (the "**Release Effective Date**"). In the event that Executive does not sign this Release Agreement before the expiration of the Release Consideration Period, or in the event that Executive revokes this Release Agreement during the Revocation Period, this Release Agreement and the Separation Agreement shall be deemed automatically null and void in their entirety (and, for the avoidance of doubt, Executive shall not be entitled to receive any of the Severance Benefits in accordance with the terms of the Separation Agreement).

6. *Employee Protections*. Nothing in this Release Agreement or otherwise limits Executive's ability to communicate directly with and provide information, including documents, not otherwise protected from disclosure by any applicable law or privilege to the Securities and Exchange Commission (the "**SEC**") or any other federal, state or local governmental agency or commission ("**Government Agency**") regarding possible legal violations, without disclosure to the Company. The Company may not retaliate against Executive for any of these activities, and nothing in this Release or otherwise requires Executive to waive any monetary award or other payment that Executive might become entitled to from the SEC or any other Government Agency.

7. *Governing Law*. This Release Agreement shall be governed by, and construed in accordance with, the laws of the State of New Jersey, without regard to the application of any choice-of-law rules that would result in the application of another state's laws.

8. *Judicial Interpretation/Modification; Severability*. In the event that any one or more provisions (or portion thereof) of this Release Agreement is held to be invalid, unlawful or unenforceable for any reason, the invalid, unlawful or unenforceable provision (or portion thereof) shall be construed or modified so as to provide the Company with the maximum protection that is valid, lawful and enforceable, consistent with the intent of the Company and Executive in entering into this Release Agreement. If such provision (or portion thereof) cannot be construed or modified so as to be valid, lawful and enforceable, that provision (or portion thereof) shall be construed as narrowly as possible and shall be severed from the remainder of this Release Agreement (or provision), and the remainder shall remain in effect and be construed as broadly as possible, as if such invalid, unlawful or unenforceable provision (or portion thereof) had never been contained in this Release Agreement.

9. *Amendment*. No provision of this Release Agreement may be altered, amended and/or waived except by a written document signed by both parties setting forth such alteration, amendment, and/or waiver.

10. *Counterparts*. This Release Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same Agreement. Signatures transmitted via facsimile, DocuSign, or PDF will be deemed the equivalent of originals. The Company and its undersigned representative warrant and agree that the undersigned representative has the full power and authority to execute this Agreement on behalf of the Company and to legally bind the Company to this Agreement with his or her signature.

11. *Entire Agreement*. Except for the Separation Agreement, this Release Agreement, assuming it is executed and not revoked during the Revocation Period, cancels, supersedes and replaces any and all prior agreements (written, oral or implied in- fact or in-law) between Executive and the Company regarding the subject matter covered by this Release. This Release Agreement, together with the Separation Agreement, is the full, complete and exclusive agreement between Executive and the Company regarding the subject matter hereof, and neither Executive nor the Company is relying on any representation or promise that is not expressly stated in this Release Agreement or the Separation Agreement.

I HAVE READ THIS RELEASE. I UNDERSTAND THAT I AM GIVING UP IMPORTANT RIGHTS. I AM AWARE OF MY RIGHT TO CONSULT WITH AN ATTORNEY OF MY OWN CHOOSING DURING THE CONSIDERATION PERIOD, AND THAT THE COMPANY HAS ADVISED ME TO UNDERTAKE SUCH CONSULTATION BEFORE SIGNING THIS RELEASE. I SIGN THIS RELEASE FREELY AND VOLUNTARILY, WITHOUT DURESS OR COERCION.

Date: 8/25/2023 */s/ Christina M. Ackermann*

Christina M. Ackermann

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a)
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Brenton L. Saunders, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bausch + Lomb Corporation (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. [Paragraph intentionally omitted in accordance with SEC Release Nos. 34-47986 and 34-54942];

    c. Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: November 1, 2023

/s/ BRENTON L. SAUNDERS

Brenton L. Saunders

Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a)
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Sam Eldessouky, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bausch + Lomb Corporation (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. [Paragraph intentionally omitted in accordance with SEC Release Nos. 34-47986 and 34-54942];

   c. Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: November 1, 2023

/s/ SAM ELDESSOUKY

Sam Eldessouky

Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. § 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Brenton L. Saunders, Chairman of the Board and Chief Executive Officer of Bausch + Lomb Corporation (the "Company"), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2023 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 1, 2023

/s/ BRENTON L. SAUNDERS

Brenton L. Saunders

Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the U.S. Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. § 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Sam Eldessouky, Executive Vice-President and Chief Financial Officer of Bausch + Lomb Corporation (the "Company"), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2023 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 1, 2023

/s/ SAM ELDESSOUKY

Sam Eldessouky

Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the U.S. Securities and Exchange Commission or its staff upon request.