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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

September 6, 2023
Date of Report (Date of the earliest event reported)

Bausch + Lomb Corporation
(Exact Name of Registrant as Specified in Its Charter)

Canada	001-41380	98-1613662
(State or Other Jurisdiction of Incorporation or Organization)	(Commission File Number)	(I.R.S. Employer Identification Number)

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)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

Item 7.01. Regulation FD Disclosure.

Bausch + Lomb Corporation (the "Company") is filing this Current Report on Form 8-K to provide certain historical and pro forma financial information with respect to its proposed acquisition of XIIDRA® (lifitegrast ophthalmic solution) and certain other ophthalmology assets from Novartis Pharma AG and Novartis Finance Corporation (collectively, "Novartis" and such assets, the "Acquired Assets"). As previously disclosed, on June 30, 2023, a wholly owned subsidiary of the Company, Bausch + Lomb Ireland Limited ("Buyer"), entered into a definitive agreement with Novartis to acquire the Acquired Assets and assume certain liabilities from Novartis (collectively, the "Acquisition") related to Novartis's front-of-eye ophthalmology franchise, and, solely for purposes of guaranteeing certain obligations of Buyer under the definitive agreement, the Company. The closing of the Acquisition is expected to occur at or around the end of September 2023, subject to customary closing conditions.

Included in this Current Report on Form 8-K are (i) the audited abbreviated financial statements of the Acquired Assets as of and for the years ended December 31, 2022 and 2021 and (ii) the unaudited interim abbreviated financial statements of the Acquired Assets as of and for the six months ended June 30, 2023 and 2022. The foregoing are furnished as Exhibits 99.1 and 99.2, respectively.

The Company is also furnishing the unaudited pro forma condensed combined financial information and explanatory notes as of June 30, 2023, and for the six months ended June 30, 2023, and 2022, and for the year ended December 31, 2022, which give effect to the acquisition of the Acquired Assets and the anticipated financing in respect thereof, as more fully set forth in such pro forma financial information. The unaudited pro forma condensed combined financial information, and the notes related thereto, are furnished as Exhibit 99.3.

The information furnished under this Item 7.01, including Exhibits 99.1, 99.2 and 99.3, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended. The information in this Item 7.01, including Exhibits 99.1, 99.2 and 99.3, shall not be deemed incorporated by reference into any other filing with the U.S. Securities Exchange Commission made by the Company.

Item 9.01. Financial Statements and Exhibits.

(d) **Exhibits**

Exhibit No.	Description
99.1	Audited Abbreviated Financial Statements of the Acquired Assets as of and for the years ended December 31, 2022 and 2021.
99.2	Unaudited Interim Abbreviated Financial Statements of the Acquired Assets as of and for the six months ended June 30, 2023 and 2022.
99.3	Unaudited Pro Forma Condensed Combined Financial Information of Bausch + Lomb Corporation and the Acquired Assets as of June 30, 2023, and for the six months ended June 30, 2023 and 2022 and for the year ended December 31, 2022.
104	Cover Page Interactive Data File (formatted as Inline XBRL).

Cautionary Statement Regarding Forward-Looking Statements

This Current Report on Form 8-K may contain forward-looking statements, which include statements related to the Acquisition including the timing and anticipated financing thereof, the entry into a transition agreement and the anticipated results thereof, and may generally be identified by the use of the words "anticipates," "hopes," "expects," "intends," "plans," "should," "could," "would," "will," "may," "believes," "estimates," "potential," "target," or "continue" and variations or similar expressions. These statements are based upon the current expectations and beliefs of management and are subject to certain risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These risks and uncertainties include, but are not limited to, the risks and uncertainties discussed in Bausch + Lomb's filings with the U.S. Securities and Exchange Commission and the Canadian Securities Administrators (including the Company's Annual Report on Form 10-K for the year ended December 31, 2022 and its most recent quarterly filings), which factors are incorporated herein by reference.

In addition, such risks and uncertainties include, but are not limited to, the following: uncertainties relating to the timing of the consummation of the Acquisition; the possibility that any or all of the conditions to the consummation of the Acquisition may not be satisfied or waived; the effect of the announcement or pendency of the Acquisition on Bausch + Lomb's ability to maintain relationships with customers, suppliers, and other business partners; the impact of the Acquisition if consummated on Bausch + Lomb's business, financial position and results of operations; risks relating to potential diversion of management attention away from Bausch + Lomb's ongoing business operations; Bausch + Lomb's ability to finance the transaction as anticipated and risks relating to increased levels of debt as a result of debt expected to be incurred to finance such transaction; and risks that Bausch + Lomb may not realize the expected benefits of that transaction on a timely basis or at all. Readers are cautioned not to place undue reliance on any of these forward-looking statements. These forward-looking statements speak only as of the date hereof. Bausch + Lomb undertakes no obligation to update any of these forward-looking statements to reflect events or circumstances after the date of this report or to reflect actual outcomes, unless required by law.

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 hereunto duly authorized.

BAUSCH + LOMB CORPORATION

By: /s/ Sam Eldessouky
Name: Sam Eldessouky
Title: Executive Vice President, Chief Financial Officer

Date: September 6, 2023

Exhibit 99.1

Independent Auditors' Report

To Management of Novartis Pharma AG

Report on the Audit of the Abbreviated Financial Statements

Opinion

We have audited the abbreviated financial statements related to the worldwide rights to Xiidra®, AcuStream, SAF312, and OJL332 (collectively, "the Assets") of Novartis Group ('Novartis'), which comprise abbreviated statements of assets acquired and liabilities assumed as of December 31, 2022 and December 31, 2021, the related abbreviated statements of revenues and direct expenses for the years then ended, and the related notes (collectively referred to as "the abbreviated financial statements").

In our opinion, the accompanying abbreviated financial statements present fairly, in all material respects, the assets acquired and liabilities assumed of the Assets as of December 31, 2022 and December 31, 2021 and the revenues and direct expenses for the years then ended in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ('GAAS'). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Abbreviated Financial Statements section of our report. We are required to be independent of the Assets and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Preparation

As discussed in Note 2, the accompanying abbreviated financial statements were prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission statements as set forth in Rule 3-05(e)(2) of Regulation S-X under the Securities Act of 1933. The abbreviated financial statements are not intended to be a complete presentation of the financial position, results of operations or cash flows of the Assets in accordance with IFRS as issued by the IASB. As a result, the abbreviated financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Abbreviated Financial Statements

Management is responsible for the preparation and fair presentation of the abbreviated financial statements in accordance with IFRS as issued by the IASB, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the abbreviated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Abbreviated Financial Statements

Our objectives are to obtain reasonable assurance about whether the abbreviated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the abbreviated financial statements.

- In performing an audit in accordance with GAAS, we:
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the abbreviated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the abbreviated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control for the Assets. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the abbreviated financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG AG

/s/ Richard Broadbelt
Richard Broadbelt
Licensed Audit Expert
Auditor in Charge

/s/ Sara Burke
Sara Burke

Basel, Switzerland
August 30, 2023

Xiidra®, AcuStream, SAF312, OJL332
Assets of Novartis Group

Abbreviated Financial Statements
(in US Dollar thousand)

For the years ended December 31, 2022 and December 31, 2021

Xiidra®, AcuStream, SAF312, OJL332 Assets of Novartis Group
Abbreviated Financial Statements

Statements of Assets Acquired and Liabilities Assumed

	Note	As of December 31, 2022 US $'000	As of December 31, 2021 US $'000
Asset			
Non-current asset			
Intangible asset	5	**2,138,383**	2,862,329
Investment in associated company	6	—	25,810
Total assets acquired		**2,138,383**	2,888,139
Liability			
Non-current liability			
Contingent consideration payable		**25,782**	268,640
Current liability			
Contingent consideration payable		**46,787**	47,719
Accrued employee benefits		**487**	444
Total current liabilities assumed		**47,274**	48,163
Total liabilities assumed	7	**73,056**	316,803
Net assets acquired		**2,065,327**	2,571,336

The notes, on the following pages, are an integral part of these Abbreviated Financial Statements.

Xiidra®, AcuStream, SAF312, OJL332 Assets of Novartis Group
Abbreviated Financial Statements

Statements of Revenue and Direct Expenses

	Note	Year ended December 31, 2022 US $'000	Year ended December 31, 2021 US $'000
Net revenue		**487,087**	468,017
Direct expenses			
Cost of goods sold from production		**- 48,694**	- 49,777
Cost of goods sold - amortization of intangible asset	5	**- 365,544**	- 381,903
Cost of goods sold - impairment of intangible asset	5	**- 311,914**	—
Cost of goods sold - fair value remeasurement of contingent consideration	7	**267,672**	75,345
Total Cost of goods sold		**- 458,480**	-356,335
Marketing and sales		**- 245,701**	- 290,802
General and administrative		**- 4,867**	- 4,700
Research and development	8	**- 70,412**	- 19,450
		- 779,460	- 671,287
Shortfall of revenues over direct expenses		**- 292,373**	- 203,270
Loss from associated company	6	**- 11,153**	- 246
Other expense	5	**- 8,826**	—
Interest expense	7	**- 25,094**	- 35,982
Shortfall of revenues over direct expenses, loss from associated company, other expense and interest expense		**- 337,446**	- 239,498
Other comprehensive loss that may be recycled into the Statements of Revenue and Direct Expenses			
Currency translation loss		**- 46,488**	- 123,851
Total comprehensive shortfall of revenues over direct expenses, loss from associated company, other expense, interest expense and currency translation loss		**- 383,934**	- 363,349

The notes, on the following pages, are an integral part of these Abbreviated Financial Statements.

Xiidra®, AcuStream, SAF312, OJL332 Assets of Novartis Group
Abbreviated Financial Statements

Notes to the Abbreviated Financial Statements

1. Description of business

On June 30, 2023, Novartis Group ("Novartis") entered into a Stock and Asset Purchase Agreement (the "Agreement") with Bausch & Lomb ("B+L") for the divestment of Xiidra®, the first approved prescription treatment for the signs and symptoms of dry eye disease, investigational medicine SAF312 (libvatrep), in development as a first-in-class therapy for chronic ocular surface pain, as well as the rights for use of the AcuStream delivery device in dry eye indications and OJL332, a second generation TRPV1 antagonist in pre-clinical development (collectively "the Assets").

The agreement provides for the sale of the worldwide rights to research, develop, manufacture and commercialize the Assets for a closing consideration of US $ 1,750 million and up to US $ 750 million of milestone payments. Novartis will assign to B+L the prior acquisition agreements with respect to its purchase of Xiidra® from Takeda Pharmaceutical Company Limited ("Takeda") and sell the legal entity Kedalion Therapeutics, Inc. ("Kedalion"), which holds the rights to the AcuStream delivery device, both of which include certain contingent consideration obligations. The transaction is subjected to customary closing conditions and is anticipated to close in the second half of 2023 ("closing date").

The manufacturing process of Xiidra® is mainly performed by contract manufacturing organisations. On the closing date, Novartis will enter into a separate transition agreement to manage the contract manufacturing organisations and provide transition services to B+L, including the distribution of Xiidra® for a limited period of time to avoid interruption of supply.

2. Basis of preparation

The Abbreviated Financial Statements include Statements of Assets Acquired and Liabilities Assumed as well as Statements of Revenue and Direct Expenses, and notes thereto, for the Assets of Novartis as discussed below.

These Abbreviated Financial Statements were prepared to present the net assets to be acquired pursuant to the Agreement and the revenue and direct expenses related to the net assets acquired. They have been prepared to be included in a Securities and Exchange Commission ("SEC") form of B+L in accordance with the requirements for abbreviated financial statements set forth in Rule 3-05(e)(2) of Regulation S-X under the Securities Act of 1933. The basis of preparation describes how these Abbreviated Financial Statements have been prepared.

As these Abbreviated Financial Statements include only assets and liabilities identified in the Agreement as being transferred to B+L as of closing date and income and expenses directly related to the Assets, they are not intended to provide a complete presentation of the Assets in B+L's financial possession, results of operations or cash flows in conformity with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Abbreviated Financial Statements do not necessarily represent the assets acquired, liabilities assumed, revenue and direct expenses of the Assets had it been operated as a separate independent business and may therefore not be indicative of the financial position and financial performance that would have been achieved if operated as an independent entity or of future results of the Assets.

Throughout the periods covered by the Abbreviated Financial Statements, the operations relating to the assets acquired and liabilities assumed were not segregated within separate legal entities but were embedded within Novartis legal entities. Historically Novartis has not maintained separate records for these Assets. The Assets were never operated as a separate independent business or division and separate financial statements have not been prepared in the past. As a result of the foregoing, it is not practicable to provide complete financial statements.

These Abbreviated Financial Statements, including the accompanying notes, have been derived from the underlying historical accounting records of Novartis, which are maintained in accordance with IFRS as issued by the IASB. The accounting policies herein are reflective of those used for the historical Novartis consolidated financial statements, which were prepared in accordance with IFRS as issued by the IASB. As these Abbreviated Financial Statements have been derived from the Novartis accounts, the reference date used for determining adjusting post balance sheet events is the date that the Novartis accounts were approved for issuance. Any post balance sheet events that occurred post the approval date of the Novartis accounts are accounted for in the period in which they occurred.

Xiidra®, AcuStream, SAF312, OJL332 Assets of Novartis Group
Abbreviated Financial Statements

2. Basis of preparation (continued)

In accordance with the Agreement, B+L acquires certain intellectual properties and contingent consideration obligations and assumes certain accrual for employee benefits relating to unused vacation and paid time off and does not acquire other assets and liabilities related to the Assets, such as trade receivables, inventory, trade payables or other accruals related to the Assets. Accordingly, Novartis has retained these liabilities and assets pertaining to the Assets acquired.

Novartis entered into a separate agreement with B+L to supply Xiidra® to B+L starting from the closing date, for a limited period of time and at fair value pricing and customary terms and conditions. At the end of the supply period Novartis will sell to B+L at a fair value price the inventory on hand, in accordance with the terms of the supply agreement.

These Abbreviated Financial Statements include a consistent and reasonable allocation of costs, based on reasonable assumptions and estimates. The cost allocations were based on the direct and indirect costs incurred to provide the respective services. When specific identification was not practicable, a proportional cost allocation method was used, primarily based on sales or level of effort. The allocations and estimates in the Statements of Revenue and Direct Expenses are based on assumptions that Novartis management believes are reasonable.

The Abbreviated Financial Statements are presented in US dollars. Some of the transactions and asset related to the Assets were denominated in functional currencies other than US dollars. These amounts have been translated into US dollars using the following exchange rates:

- Income and expenses using the average exchange rate with the US dollar values for the year, except for impairment expense which is translated using the average exchange rate of the month when it occurred
- Assets, using year-end exchange rates
- Resulting exchange rate differences are recognized in other comprehensive income

Net revenue in the accompanying Statements of Revenue and Direct Expenses represents net revenue directly attributable to the Assets. Costs and expenses in the accompanying Statements of Revenue and Direct Expenses represent direct and allocated costs and expenses related to the Assets and allocated general and administrative expense (such as finance and accounting, human resources, information technology systems and legal). All intercompany transactions have been eliminated.

The Statements of Revenue and Direct Expenses exclude allocation of expenses relating to Novartis corporate level indirect activities and overhead (such as treasury, public relations, tax) as they are not associated with the revenue generating operations of the Assets.

The funding and management of Novartis operations (including the Assets) are performed on a consolidated basis; accordingly, costs of funding the operations, including financial debt and related interest expense were not allocated to the Assets. Novartis also maintains its tax functions on a consolidated basis and current taxes and deferred taxes were excluded under the Agreement, accordingly, current taxes and deferred taxes were not allocated to the Assets.

Cash receipts and disbursements relating to the Assets are aggregated within the cash for the entire operations of Novartis. As the Assets have historically been managed as part of the operations of Novartis and have not been operated as a stand-alone business, it is neither practicable nor does sufficient data exist to prepare separate historical cash flow information for the Assets' operating, investing, and financing cash flows; therefore, statements of cash flows are not presented.

Although, the Abbreviated Financial Statements reflect management's best estimate of all historical costs related to the Assets, this may however not necessarily reflect what the results of operations or financial position would have been had the Assets been a separate standalone entity, nor the future results of the Assets as they will exist upon completion of the planned acquisition by B+L as described in Note 1.

Xiidra®, AcuStream, SAF312, OJL332 Assets of Novartis Group
Abbreviated Financial Statements

3. Significant accounting policies

3.1 Revenue recognition

Revenue is recognized on the sale of Xiidra® and recorded as Net revenue in the Statements of Revenue and Direct Expenses when a contractual promise to a customer (performance obligation) has been fulfilled by transferring control over the promised goods to the customer, substantially all of which is at the point in time of shipment to or receipt of the products by the customer. The amount of revenue recognized is based on the consideration Novartis expects to receive in exchange for its goods when it is highly probable that a significant reversal will not occur.

The consideration Novartis receives in exchange for its goods may be fixed or variable. Variable consideration is recognized when it is highly probable that a significant reversal will not occur. The most common elements of variable consideration are listed below.

- Rebates and discounts granted to wholesalers, retailers, government agencies (including US Medicaid and US Federal Medicare programs), government supported healthcare systems, private health systems, pharmacy benefit managers, managed healthcare organizations, purchasing organizations and other direct and indirect customers, as well as chargebacks are provisioned and recorded as revenue deductions at the time the related revenues are recorded, or when the incentives are offered. These rebates and discounts, applied using provision rates, are estimated based on the terms and conditions in the individual states, plans and customer agreements, historical experience, product sales and growth rate, population growth, product pricing including inflation impacts, the mix of contracts and products, the level of inventory in the distribution channel, regulations, contracts, channels and payers, as appropriate to the individual rebate and discount arrangements.
- Cash discounts are offered to customers to encourage prompt payment and are provisioned and recorded as revenue deductions at the time the related sales are recorded.
- Sales returns provisions are recognized and recorded as revenue deductions when there is historical experience of Novartis agreeing to customer returns and Novartis can reasonably estimate expected future returns. In doing so, the estimated rate of return is applied, determined on the basis of historical experience of customer returns and considering any other relevant factors. This is applied to the amounts invoiced, also considering the amount of returned products to be destroyed versus products that can be placed back in inventory for resale.

Net revenue and provisions for revenue deductions are adjusted periodically to reflect experience and to reflect actual amounts as rebates, refunds, discounts and returns are processed. There is often a time lag between recording of revenue deductions and the final accounting for them. The provision represents estimates of the related obligations, requiring the use of judgment when estimating the effect of these revenue deductions.

3.2 Cost of goods sold

Cost of goods sold comprises all costs directly and indirectly incurred in production, purchase and bringing products to their final selling condition. Manufacturing of Xiidra® is performed mainly by contract manufacturing organisations and the cost of goods sold relates primarily to material, process and manufacturing costs, purchase price variances and inventory revaluations. Cost of goods sold also includes inspection costs, freight charges, storage costs and amortization and impairment of the currently marketed product Xiidra®, as well as fair value adjustments of contingent consideration related to Xiidra®.

Unsaleable goods are fully written off under Cost of goods sold.

3.3 Marketing and sales

Marketing and sales include costs associated with the promotion, selling marketing and distribution of products and consist of direct costs incurred related to Xiidra® and allocated support function costs such as market access, training center costs, customer interaction center and other headquarter personnel costs. The costs allocation method is sales and effort based.

Xiidra®, AcuStream, SAF312, OJL332 Assets of Novartis Group
Abbreviated Financial Statements

3.4 Research and development

Research and development ("R&D") include R&D costs directly and indirectly associated with the Assets. Internal R&D costs are fully charged to R&D in the Statements of Revenue and Direct Expenses in the period in which they are incurred. Payments made to third parties, such as contract research and development organizations for sub-contracted R&D, that are deemed not to transfer intellectual property to Novartis, are expensed as R&D costs in the period in which they are incurred. Novartis considers that regulatory and other uncertainties inherent in the development of new products preclude the capitalization of internal development expenses as an intangible asset until marketing approval from a regulatory authority is obtained in a major market such as the United States, the European Union, Switzerland or Japan. R&D costs also include impairment and fair value adjustments of contingent consideration related to the development phase of the AcuStream delivery device asset.

3.5 Intangible assets

Intangible assets represent the cost of acquired intellectual property, patents, distribution rights and product trade names and are initially capitalized at their acquisition cost and subsequently tested for impairment.

Intangible assets available for use with a definite useful life comprise currently marketed products and are amortized over their estimated useful life on a straight-line basis and are evaluated for potential impairment whenever facts and circumstances indicate that the carrying value may not be recoverable.

Intangible assets not yet available for use comprise acquired research and development intangible assets that have not yet obtained marketing approval and are recognized as in-process research and development ("IPR&D"). IPR&D is not amortized but is evaluated for potential impairment on an annual basis or when facts and circumstances warrant.

3.6 Impairment of goodwill and intangible assets

An asset or a cash generating unit ("CGU") is considered impaired when its balance sheet carrying amount exceeds its estimated recoverable amount, which is defined as the higher of its fair value less costs of disposal and its value in use. For impairments in these Abbreviated Financial Statements the fair value less costs of disposal method has been applied in the impairment assessment. In most cases, no directly observable market inputs are available to measure the fair value less costs of disposal. Therefore, an estimate is derived indirectly and is based on net present value techniques utilizing post-tax cash flows and discount rates.

Fair value less costs of disposal reflects estimates of assumptions that market participants would be expected to use when pricing the asset or CGU, and for this purpose, management considers the range of economic conditions that are expected to exist over the remaining useful life of the asset. These valuations are classified as "Level 3" in the fair value hierarchy.

The estimates used in calculating the net present values are highly sensitive and depend on assumptions specific to the nature of the Novartis activities with regard to:

- Amount and timing of projected future cash flows
- Sales forecasts
- Actions of competitors (launch of competing products, marketing initiatives, etc.)
- Sales erosion rates after the end of patent or other intellectual property rights protection, and timing of the entry of generic competition
- Outcome of research and development activities (compound efficacy, results of clinical trials, etc.)
- Amount and timing of projected costs to develop IPR&D into commercially viable products
- Profit margins
- Probability of obtaining regulatory approval
- Future tax rate
- Appropriate discount rate

Xiidra®, AcuStream, SAF312, OJL332 Assets of Novartis Group
Abbreviated Financial Statements

3.6 Impairment of goodwill and intangible assets (continued)

Generally, for intangible assets with a definite useful life, cash flow projections for the whole useful life of these assets are used. Probability-weighted scenarios are typically used.

Discount rates used consider the Novartis estimated weighted average cost of capital, adjusted for specific asset, country and currency risks associated with cash flow projections, to approximate the discount rate that market participants would use to value the asset.

Due to the above factors, actual cash flows and values could vary significantly from forecasted future cash flows and related values derived using discounting techniques.

3.7 Pension plans

Included in the direct expenses relating to the Assets are personnel costs of employees that are covered under various retirement and medical plans that are sponsored by Novartis or its affiliates. Benefit expenses associated with these plans that are attributable to the participating employees allocated to the Assets were charged to the Assets as direct expenses and included in the Statements of Revenue and Direct Expenses under Marketing and sales, and Research and development expenses. The expenses recorded associated with these plans for the years ended December 31, 2022 and 2021 were not significant. The individual plans obligations and assets attributable to the participating employees allocated to the Assets are excluded from the assets acquired and liabilities assumed as per the Agreement.

3.8 Contingent consideration

In the acquisition of a business, it is necessary to recognize contingent future amounts due to previous owners, representing contractually defined potential amounts as a liability. For the Assets these are linked to milestones and are recognized as a financial liability at fair value, which is then remeasured at each subsequent reporting date. These estimations typically depend on factors such as technical milestones or market performance, and are adjusted for the probability of their likelihood of payment, and are appropriately discounted to reflect the impact of time. Fair value remeasurement of contingent consideration which occurs before market approval of the related product is reported in Research and development expenses and after market approval of the related product in Costs of goods sold. The contingent consideration liabilities are classified as “Level 3” in the fair value hierarchy. The effect of unwinding the discount over time is recognized for contingent consideration liabilities in Interest expense.

3.9 Investment in associated company

Investment in associated company is carried at cost less share of loss after date of acquisition. Investments in associated company are considered for impairment evaluation whenever objective evidence indicates the net investment may be impaired. If the recoverable amount of the investment is estimated to be lower than the carrying amount, an impairment charge is recognized for the difference in the Statements of Revenues and Direct Expenses within the line Loss from associated company.

4 Key accounting judgements and estimates

The preparation of these Abbreviated Financial Statements requires management to make certain estimates and assumptions that affect the reported amounts of revenue and direct expenses, assets acquired and liabilities assumed. Estimates are based on historical experience and other assumptions that are considered reasonable under the given circumstances and are regularly monitored. Actual outcomes and results could differ from these estimates and assumptions. Revisions to estimates are recognized in the period in which the estimate is revised.

Xiidra®, AcuStream, SAF312, OJL332 Assets of Novartis Group
Abbreviated Financial Statements

5 Intangible assets

The following table summarizes the movement of intangible assets for 2022:

US $'000	Goodwill	In-process research and development - AcuStream	Currently marketed product - Xiidra®	Total
At January 1, 2022				
Cost	—	—	**3,549,999**	**3,549,999**
Accumulated amortization	—	—	**- 930,244**	**- 930,244**
Currency translation effects	—	—	**242,574**	**242,574**
Net book value at January 1, 2022	—	—	**2,862,329**	**2,862,329**
At January 1, 2022	—	—	**2,862,329**	**2,862,329**
Addition	**8,826**	**69,790**	—	**78,616**
Amortization charge	—	—	**- 365,544**	**- 365,544**
Impairment charge	**- 8,826**	**- 69,790**	**- 311,914**	**- 390,530**
Currency translation effects	—	—	**- 46,488**	**- 46,488**
At December 31, 2022	—	—	**2,138,383**	**2,138,383**
At December 31, 2022				
Cost	—	**69,790**	**3,549,999**	**3,619,789**
Accumulated amortization and impairment	—	**- 69,790**	**- 1,607,702**	**- 1,677,492**
Currency translation effects	—	—	**196,086**	**196,086**
Net book value at December 31, 2022	—	—	**2,138,383**	**2,138,383**

The following table summarizes the movement of intangible assets for 2021:

US $'000	Currently marketed product - Xiidra®
At January 1, 2021	
Cost	3,549,999
Accumulated amortization	- 548,341
Currency translation effects	366,425
Net book value at January 1, 2021	3,368,083
At January 1, 2021	3,368,083
Amortization charge	- 381,903
Currency translation effects	- 123,851
At December 31, 2021	2,862,329
At December 31, 2021	
Cost	3,549,999
Accumulated amortization	- 930,244
Currency translation effects	242,574
Net book value at December 31, 2021	2,862,329

The remaining amortization period for Xiidra® is 6.5 years at December 31, 2022 (2021: 7.5 years).

The impairment charge in 2022 reflects the write-down of Xiidra® to reflect the reduction in recoverable amount. The discount rate used in the calculation of the recoverable amount was 8.75%.

Xiidra®, AcuStream, SAF312, OJL332 Assets of Novartis Group
Abbreviated Financial Statements

5 Intangible assets (continued)

In June 2022, Novartis signed an agreement with Kedalion to acquire all the outstanding shares of the company not previously acquired. As of the acquisition date, Novartis held an interest in Kedalion. The acquisition closed on June 30, 2022, resulting in Kedalion becoming a wholly owned subsidiary of Novartis and with it, Novartis acquired the rights to the AcuStream device in development for the delivery of ophthalmology pharmaceuticals. Out of this Novartis acquisition, B+L acquires only the rights to AcuStream device in dry eye. The final purchase price allocable to the AcuStream device in dry eye consisted of a cash payment of US $ 49 million and contingent consideration related to potential additional milestone payments of up to US $ 54.5 million, which Kedalion shareholders were eligible to receive upon achievement of commercialization milestones.

The fair value of the total purchase consideration was US $ 72 million and consisted of the cash payment of US $ 49 million and the fair value of the contingent consideration of US $ 23 million. The fair value of the previously held interest was US $ 15 million at June 30, 2022, the re-measurement loss amounted to US $ 10 million. The purchase price allocation resulted in net identifiable assets of US $ 87 million, consisting of IPR&D intangible asset of US $ 70 million, cash of US $ 19 million, net deferred tax liability of US $ 11 million. Goodwill amounted to US $ 9 million. Results of operations since the date of acquisition were not material.

In the fourth quarter of 2022, the IPR&D asset and the associated goodwill were written down due to strategic decision to cease related clinical development program and the corresponding impairment charge related to the IPR&D intangible asset was recognized in Research and development expenses and the impairment charge related to goodwill to Other expense. The contingent consideration relating to the acquisition of Kedalion was remeasured accordingly and recognized in Research and development expenses as shown in Note 8.

6 Investment in associated company

	2022 US $'000	2021 US $'000
At January 1	**25,810**	—
Addition	**—**	26,056
Share of loss	**- 736**	- 246
Fair value loss on revaluation at acquisition	**- 10,417**	—
De-recognition at acquisition	**- 14,657**	—
At December 31	**—**	25,810

Investment in associated company represents interest held in Kedalion prior to the acquisition, as described in Note 5.

The Statements of Revenue and Direct Expenses effects from applying Novartis accounting principles for this investment are as follows:

	2022 US $'000	2021 US $'000
Share of loss	**- 736**	- 246
Fair value loss on revaluation at acquisition	**- 10,417**	—
Loss from associated company	**- 11,153**	- 246

7 Contingent consideration

Under the terms of the Takeda acquisition agreement with respect to Novartis purchase of Xiidra®, Takeda is eligible to receive potential milestone payments of up to US $ 1.9 billion upon the achievement of specified commercialization milestones. In addition, there are potential milestone payments to a third party related to Xiidra® of up to US $ 225 million, which they are eligible to receive upon the achievement of specified commercialization milestones. Under the terms of the Kedalion acquisition agreement which included the rights to the AcuStream device, Kedalion shareholders are eligible to receive potential milestone payments of up to US $ 54.5 million upon the achievement of specified commercialization milestones.

Xiidra®, AcuStream, SAF312, OJL332 Assets of Novartis Group
Abbreviated Financial Statements

7 Contingent consideration (continued)

The following table provides the movement of the fair value of the contingent consideration liabilities:

US $'000	Contingent consideration – AcuStream	Contingent consideration - Xiidra®	Total
At January 1, 2022	**—**	**316,359**	**316,359**
Addition	**23,016**	**—**	**23,016**
Sales related fair value remeasurement through Cost of goods sold	**—**	**- 267,672**	**- 267,672**
Fair value remeasurement due to discontinuation of development	**- 24,228**	**—**	**- 24,228**
Interest expense	**1,212**	**23,882**	**25,094**
At December 31, 2022	**—**	**72,569**	**72,569**
At January 1, 2021	—	355,722	355,722
Sales related fair value remeasurement through Cost of goods sold	—	- 75,345	- 75,345
Interest expense	—	35,982	35,982
At December 31, 2021	—	316,359	316,359

To determine the fair value of a contingent consideration, various unobservable inputs are used. A change in these inputs might result in a significantly higher or lower fair value measurement. The inputs used are, among others, the probability of success, sales forecast and assumptions regarding the discount rate and timing and different scenarios of triggering events. The inputs are interrelated. The significance and usage of these inputs to each contingent consideration may vary due to differences in the timing and triggering events for payments or in the nature of the asset related to the contingent consideration. If the most significant parameters for the Level 3 input were to change by 10% positively or negatively, for contingent consideration liability, this would change the amount recorded in 2022 by US $ 19 million and US $ 17 million, respectively and in 2021 by US $ 83 million and US $ 43 million, respectively.

8. Research and development expenses

	Year ended December 31, 2022 US $'000	Year ended December 31, 2021 US $'000
Research and development expenses	**24,850**	19,450
Research and development expenses - impairment of intangible asset	**69,790**	—
Research and development expenses - fair value remeasurement of contingent consideration	**- 24,228**	—
Total Research and development expenses	**70,412**	19,450

9. Subsequent events

On August 30, 2023 Novartis management approved these Abbreviated Financial Statements.

Exhibit 99.2

Xiidra®, AcuStream, SAF312, OJL332
Assets of Novartis Group

Interim Abbreviated Financial Statements
(Unaudited)
(in US Dollar thousand)

For the six months ended June 30, 2023 and June 30, 2022

Xiidra®, AcuStream, SAF312, OJL332 Assets of Novartis Group
Interim Abbreviated Financial Statements (Unaudited)

Statements of Assets Acquired and Liabilities Assumed

	Note	**As of June 30, 2023 (Unaudited) US $'000**	As of December 31, 2022 (Audited) US $'000	As of June 30, 2022 (Unaudited) US $'000
Asset				
Non-current asset				
Intangible asset	5	**1,719,958**	2,138,383	2,635,362
Total assets acquired		**1,719,958**	2,138,383	2,635,362
Liability				
Non-current liability				
Contingent consideration payable		**34,294**	25,782	291,785
Current liability				
Contingent consideration payable		**—**	46,787	49,238
Accrued employee benefits		**857**	487	771
Total current liabilities assumed		**857**	47,274	50,009
Total liabilities assumed	7	**35,151**	73,056	341,794
Net assets acquired		**1,684,807**	2,065,327	2,293,568

The notes, on the following pages, are an integral part of these Interim Abbreviated Financial Statements.

Xiidra®, AcuStream, SAF312, OJL332 Assets of Novartis Group
Interim Abbreviated Financial Statements (Unaudited)

Statements of Revenue and Direct Expenses

	Note	**Six months ended June 30, 2023 (Unaudited) US $'000**	Six months ended June 30, 2022 (Unaudited) US $'000
Net revenue		**184,951**	232,788
Direct expenses			
Cost of goods sold from production		**- 22,292**	- 23,092
Cost of goods sold - amortization of intangible asset	5	**- 166,885**	- 184,853
Cost of goods sold - impairment of intangible asset	5	**- 310,106**	—
Cost of goods sold - fair value remeasurement of contingent consideration	7	**40,988**	10,828
Total Cost of goods sold		**- 458,295**	- 197,117
Marketing and sales		- 79,738	- 127,100
General and administrative		- 1,846	- 2,328
Research and development		- 9,477	- 10,941
		- 549,356	-337,486
Shortfall of revenues over direct expenses		**- 364,405**	- 104,698
Loss from associated company	6	—	-11,153
Interest expense	7	**- 2,713**	- 12,476
Shortfall of revenues over direct expenses, loss from associated company and interest expense		**- 367,118**	- 128,327
Other comprehensive income / (loss) that may be recycled into Statement of Revenue and Direct Expenses			
Currency translation gain / (loss)	5	**58,566**	- 120,730
Total comprehensive shortfall of revenues over direct expenses, loss from associated company, interest expense and currency translation gain / (loss)		**- 308,552**	- 249,057

The notes, on the following pages, are an integral part of these Interim Abbreviated Financial Statements.

Xiidra®, AcuStream, SAF312, OJL332 Assets of Novartis Group
Interim Abbreviated Financial Statements (Unaudited)

Notes to the Interim Abbreviated Financial Statements

1. Description of Business

On June 30, 2023, Novartis Group ("Novartis") entered into a Stock and Asset Purchase Agreement (the "Agreement") with Bausch & Lomb ("B+L") for the divestment of Xiidra®, the first approved prescription treatment for the signs and symptoms of dry eye disease, investigational medicine SAF312 (libvatrep), in development as a first-in-class therapy for chronic ocular surface pain, as well as the rights for use of the AcuStream delivery device in dry eye indications and OJL332, a second generation TRPV1 antagonist in pre-clinical development (collectively "the Assets").

The agreement provides for the sale of the worldwide rights to research, develop, manufacture and commercialize the Assets for a closing consideration of US $ 1,750 million and up to US $ 750 million of milestone payments. Novartis will assign to B+L the prior acquisition agreements with respect to its purchase of Xiidra® from Takeda Pharmaceutical Company Limited ("Takeda") and sell the legal entity Kedalion Therapeutics, Inc. ("Kedalion"), which holds the rights to the AcuStream delivery device, both of which include certain contingent consideration obligations. The transaction is subjected to customary closing conditions and is anticipated to close in the second half of 2023 ("closing date").

The manufacturing process of Xiidra® is mainly performed by contract manufacturing organisations. On the closing date, Novartis will enter into a separate transition agreement to manage the contract manufacturing organisations and provide transition services to B+L, including the distribution of Xiidra® for a limited period of time to avoid interruption of supply.

2. Basis of preparation

The Interim Abbreviated Financial Statements include Statements of Assets Acquired and Liabilities Assumed as well as Statements of Revenue and Direct Expenses, and notes thereto, for the Assets of Novartis as discussed below.

These Interim Abbreviated Financial Statements were prepared to present the net assets to be acquired pursuant to the Agreement and the revenue and direct expenses related to the net assets acquired. They have been prepared to be included in a Securities and Exchange Commission ("SEC") form of B+L in accordance with the requirements for Interim Abbreviated financial statements set forth in Rule 3-05(e)(2) of Regulation S-X under the Securities Act of 1933. The basis of preparation describes how these Interim Abbreviated Financial Statements have been prepared.

As these Interim Abbreviated Financial Statements include only assets and liabilities identified in the Agreement as being transferred to B+L as of closing date and income and expenses directly related to the Assets, they are not intended to provide a complete presentation of the Assets in B+L's financial possession, results of operations or cash flows in conformity with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Interim Abbreviated Financial Statements do not necessarily represent the assets acquired, liabilities assumed, revenue and direct expenses of the Assets had it been operated as a separate independent business and may therefore not be indicative of the financial position and financial performance that would have been achieved if operated as an independent entity or of future results of the Assets.

Throughout the periods covered by the Interim Abbreviated Financial Statements, the operations relating to the assets acquired and liabilities assumed were not segregated within separate legal entities but were embedded within Novartis legal entities. Historically Novartis has not maintained separate records for these Assets. The Assets were never operated as a separate independent business or division and separate financial statements have not been prepared in the past. As a result of the foregoing, it is not practicable to provide complete financial statements.

These Interim Abbreviated Financial Statements, including the accompanying notes, have been derived from the underlying historical accounting records of Novartis, which are maintained in accordance with IFRS as issued by the IASB. The accounting policies herein are reflective of those used for the historical Novartis consolidated financial statements, which were prepared in accordance with IFRS as issued by the IASB. As these Interim Abbreviated Financial Statements have been derived from the Novartis accounts, the reference date used for determining adjusting post balance sheet events is the date that the Novartis accounts were approved for issuance. Any post balance sheet events that occurred post the approval date of the Novartis accounts are accounted for in the period in which they occurred.

Xiidra®, AcuStream, SAF312, OJL332 Assets of Novartis Group
Interim Abbreviated Financial Statements (Unaudited)

2. Basis of preparation (continued)

In accordance with the Agreement, B+L acquires certain intellectual properties and contingent consideration obligations and assumes certain accrual for employee benefits relating to unused vacation and paid time off and does not acquire other assets and liabilities related to the Assets, such as trade receivables, inventory, trade payables or other accruals related to the Assets. Accordingly, Novartis has retained these liabilities and assets pertaining to the Assets acquired.

Novartis entered into a separate agreement with B+L to supply Xiidra® to B+L starting from the closing date, for a limited period of time and at fair value pricing and customary terms and conditions. At the end of the supply period Novartis will sell to B+L at a fair value price the inventory on hand, in accordance with the terms of the supply agreement.

These Interim Abbreviated Financial Statements include a consistent and reasonable allocation of costs, based on reasonable assumptions and estimates. The cost allocations were based on the direct and indirect costs incurred to provide the respective services. When specific identification was not practicable, a proportional cost allocation method was used, primarily based on sales or level of effort. The allocations and estimates in the Statements of Revenue and Direct Expenses are based on assumptions that Novartis management believes are reasonable.

The Interim Abbreviated Financial Statements are presented in US dollars. Some of the transactions and asset related to the Assets were denominated in functional currencies other than US dollars. These amounts have been translated into US dollars using the following exchange rates:

- Income and expenses using the average exchange rate with the US dollar values for the period, except for impairment expense which is translated using the average exchange rate of the month when it occurred
- Assets, using period-end exchange rates
- Resulting exchange rate differences are recognized in other comprehensive income

Net revenue in the accompanying Statements of Revenue and Direct Expenses represents net revenue directly attributable to the Assets. Costs and expenses in the accompanying Statements of Revenue and Direct Expenses represent direct and allocated costs and expenses related to the Assets and allocated general and administrative expense (such as finance and accounting, human resources, information technology systems and legal). All intercompany transactions have been eliminated.

The Statements of Revenue and Direct Expenses exclude allocation of expenses relating to Novartis corporate level indirect activities and overhead (such as treasury, public relations, tax) as they are not associated with the revenue generating operations of the Assets.

The funding and management of Novartis operations (including the Assets) are performed on a consolidated basis; accordingly, costs of funding the operations, including financial debt and related interest expense were not allocated to the Assets. Novartis also maintains its tax functions on a consolidated basis and current taxes and deferred taxes were excluded under the Agreement, accordingly, current taxes and deferred taxes were not allocated to the Assets.

Cash receipts and disbursements relating to the Assets are aggregated within the cash for the entire operations of Novartis. As the Assets have historically been managed as part of the operations of Novartis and have not been operated as a stand-alone business, it is neither practicable nor does sufficient data exist to prepare separate historical cash flow information for the Assets' operating, investing, and financing cash flows; therefore, statements of cash flows are not presented.

Although, the Interim Abbreviated Financial Statements reflect management's best estimate of all historical costs related to the Assets, this may however not necessarily reflect what the results of operations or financial position would have been had the Assets been a separate standalone entity, nor the future results of the Assets as they will exist upon completion of the planned acquisition by B+L as described in Note 1.

Xiidra®, AcuStream, SAF312, OJL332 Assets of Novartis Group
Interim Abbreviated Financial Statements (Unaudited)

3. Summary of Significant Accounting Policies

3.1 Revenue recognition

Revenue is recognized on the sale of Xiidra® and recorded as Net revenue in the Statements of Revenue and Direct Expenses when a contractual promise to a customer (performance obligation) has been fulfilled by transferring control over the promised goods to the customer, substantially all of which is at the point in time of shipment to or receipt of the products by the customer. The amount of revenue recognized is based on the consideration Novartis expects to receive in exchange for its goods when it is highly probable that a significant reversal will not occur.

The consideration Novartis receives in exchange for its goods may be fixed or variable. Variable consideration is recognized when it is highly probable that a significant reversal will not occur. The most common elements of variable consideration are listed below.

- Rebates and discounts granted to wholesalers, retailers, government agencies (including US Medicaid and US Federal Medicare programs), government supported healthcare systems, private health systems, pharmacy benefit managers, managed healthcare organizations, purchasing organizations and other direct and indirect customers, as well as chargebacks are provisioned and recorded as revenue deductions at the time the related revenues are recorded, or when the incentives are offered. These rebates and discounts, applied using provision rates, are estimated based on the terms and conditions in the individual states, plans and customer agreements, historical experience, product sales and growth rate, population growth, product pricing including inflation impacts, the mix of contracts and products, the level of inventory in the distribution channel, regulations, contracts, channels and payers, as appropriate to the individual rebate and discount arrangements.
- Cash discounts are offered to customers to encourage prompt payment and are provisioned and recorded as revenue deductions at the time the related sales are recorded.
- Sales returns provisions are recognized and recorded as revenue deductions when there is historical experience of Novartis agreeing to customer returns and Novartis can reasonably estimate expected future returns. In doing so, the estimated rate of return is applied, determined on the basis of historical experience of customer returns and considering any other relevant factors. This is applied to the amounts invoiced, also considering the amount of returned products to be destroyed versus products that can be placed back in inventory for resale.

Net revenue and provisions for revenue deductions are adjusted periodically to reflect experience and to reflect actual amounts as rebates, refunds, discounts and returns are processed. There is often a time lag between recording of revenue deductions and the final accounting for them. The provision represents estimates of the related obligations, requiring the use of judgment when estimating the effect of these revenue deductions.

3.2 Cost of goods sold

Cost of goods sold comprises all costs directly and indirectly incurred in production, purchase and bringing products to their final selling condition. Manufacturing of Xiidra® is performed mainly by contract manufacturing organisations and the cost of goods sold relates primarily to material, process and manufacturing costs, purchase price variances and inventory revaluations. Cost of goods sold also includes inspection costs, freight charges, storage costs and amortization and impairment of the currently marketed product Xiidra®, as well as fair value adjustments of contingent consideration related to Xiidra®.

Unsaleable goods are fully written off under Cost of goods sold.

3.3 Marketing and sales

Marketing and sales include costs associated with the promotion, selling marketing and distribution of products and consist of direct costs incurred related to Xiidra® and allocated support function costs such as market access, training center costs, customer interaction center and other headquarter personnel costs. The costs allocation method is sales and effort based.

Xiidra®, AcuStream, SAF312, OJL332 Assets of Novartis Group
Interim Abbreviated Financial Statements (Unaudited)

3.4 Research and development

Research and development ("R&D") include R&D costs directly and indirectly associated with the Assets. Internal R&D costs are fully charged to R&D in the Statements of Revenue and Direct Expenses in the period in which they are incurred. Payments made to third parties, such as contract research and development organizations for sub-contracted R&D, that are deemed not to transfer intellectual property to Novartis, are expensed as R&D costs in the period in which they are incurred. Novartis considers that regulatory and other uncertainties inherent in the development of new products preclude the capitalization of internal development expenses as an intangible asset until marketing approval from a regulatory authority is obtained in a major market such as the United States, the European Union, Switzerland or Japan. R&D costs also include impairment and fair value adjustments of contingent consideration related to the development phase of the AcuStream delivery device asset.

3.5 Intangible assets

Intangible assets represent the cost of acquired intellectual property, patents, distribution rights and product trade names and are initially capitalized at their acquisition cost and subsequently tested for impairment.

Intangible assets available for use with a definite useful life comprise currently marketed products and are amortized over their estimated useful life on a straight-line basis and are evaluated for potential impairment whenever facts and circumstances indicate that the carrying value may not be recoverable.

Intangible assets not yet available for use comprise acquired research and development intangible assets that have not yet obtained marketing approval and are recognized as in-process research and development ("IPR&D"). IPR&D is not amortized but is evaluated for potential impairment on an annual basis or when facts and circumstances warrant.

3.6 Impairment of goodwill and intangible assets

An asset or a cash generating unit ("CGU") is considered impaired when its balance sheet carrying amount exceeds its estimated recoverable amount, which is defined as the higher of its fair value less costs of disposal and its value in use. For impairments in these Interim Abbreviated Financial Statements the fair value less costs of disposal method has been applied in the impairment assessment. In most cases, no directly observable market inputs are available to measure the fair value less costs of disposal. Therefore, an estimate is derived indirectly and is based on net present value techniques utilizing post-tax cash flows and discount rates.

Fair value less costs of disposal reflects estimates of assumptions that market participants would be expected to use when pricing the asset or CGU, and for this purpose, management considers the range of economic conditions that are expected to exist over the remaining useful life of the asset. These valuations are classified as "Level 3" in the fair value hierarchy.

The estimates used in calculating the net present values are highly sensitive and depend on assumptions specific to the nature of the Novartis activities with regard to:

- Amount and timing of projected future cash flows
- Sales forecasts
- Actions of competitors (launch of competing products, marketing initiatives, etc.)
- Sales erosion rates after the end of patent or other intellectual property rights protection, and timing of the entry of generic competition
- Outcome of research and development activities (compound efficacy, results of clinical trials, etc.)
- Amount and timing of projected costs to develop IPR&D into commercially viable products
- Profit margins
- Probability of obtaining regulatory approval
- Future tax rate
- Appropriate discount rate

3.6 Impairment of goodwill and intangible assets (continued)

Generally, for intangible assets with a definite useful life, cash flow projections for the whole useful life of these assets are used. Probability-weighted scenarios are typically used.

Discount rates used consider the Novartis estimated weighted average cost of capital, adjusted for specific asset, country and currency risks associated with cash flow projections, to approximate the discount rate that market participants would use to value the asset.

Due to the above factors, actual cash flows and values could vary significantly from forecasted future cash flows and related values derived using discounting techniques.

3.7 Pension plans

Included in the direct expenses relating to the Assets are personnel costs of employees that are covered under various retirement and medical plans that are sponsored by Novartis or its affiliates. Benefit expenses associated with these plans that are attributable to the participating employees allocated to the Assets were charged to the Assets as direct expenses and included in the Statements of Revenue and Direct Expenses under Marketing and sales, and Research and development expenses. The expenses recorded associated with these plans for the periods ended June 30, 2023 and June 30, 2022 were not significant. The individual plans obligations and assets attributable to the participating employees allocated to the Assets are excluded from the assets acquired and liabilities assumed as per the Agreement.

3.8 Contingent consideration

In the acquisition of a business, it is necessary to recognize contingent future amounts due to previous owners, representing contractually defined potential amounts as a liability. For the Assets these are linked to milestones and are recognized as a financial liability at fair value, which is then remeasured at each subsequent reporting date. These estimations typically depend on factors such as technical milestones or market performance, and are adjusted for the probability of their likelihood of payment, and are appropriately discounted to reflect the impact of time. Fair value remeasurement of contingent consideration which occurs before market approval of the related product is reported in Research and development expenses and after market approval of the related product in Costs of goods sold. The contingent consideration liabilities are classified as “Level 3” in the fair value hierarchy. The effect of unwinding the discount over time is recognized for contingent consideration liabilities in Interest expense.

3.9 Investment in associated company

Investment in associated company is carried at cost less share of loss after date of acquisition. Investments in associated company are considered for impairment evaluation whenever objective evidence indicates the net investment may be impaired. If the recoverable amount of the investment is estimated to be lower than the carrying amount, an impairment charge is recognized for the difference in the Statements of Revenues and Direct Expenses within the line Loss from associated company.

4. Key accounting judgements and estimates

The preparation of these Interim Abbreviated Financial Statements requires management to make certain estimates and assumptions that affect the reported amounts of revenue and direct expenses, assets acquired and liabilities assumed. Estimates are based on historical experience and other assumptions that are considered reasonable under the given circumstances and are regularly monitored. Actual outcomes and results could differ from these estimates and assumptions. Revisions to estimates are recognized in the period in which the estimate is revised.

Xiidra®, AcuStream, SAF312, OJL332 Assets of Novartis Group
Interim Abbreviated Financial Statements (Unaudited)

5 Intangible assets

The following table summarizes the movement of intangible assets for the period ended June 30, 2023:

US $'000	In-process research and development - AcuStream	Currently marketed product - Xiidra®	Total
At January 1, 2023			
Cost	**69,790**	**3,549,999**	**3,619,789**
Accumulated amortization and impairment	**- 69,790**	**- 1,607,702**	**- 1,677,492**
Currency translation effects	**—**	**196,086**	**196,086**
Net book value at January 1, 2023	**—**	**2,138,383**	**2,138,383**
At January 1, 2023	**—**	**2,138,383**	**2,138,383**
Amortization charge	**—**	**- 166,885**	**- 166,885**
Impairment charge	**—**	**- 310,106**	**- 310,106**
Currency translation effects	**—**	**58,566**	**58,566**
At June 30, 2023	**—**	**1,719,958**	**1,719,958**
At June 30, 2023			
Cost	**69,790**	**3,549,999**	**3,619,789**
Accumulated amortization and impairment	**- 69,790**	**- 2,084,693**	**-2,154,483**
Currency translation effects	**—**	**254,652**	**254,652**
Net book value at June 30, 2023	**—**	**1,719,958**	**1,719,958**

The following table summarizes the movement of intangible assets for the year ended December 31, 2022:

US $'000	Goodwill	In-process research and development - AcuStream	Currently marketed product - Xiidra®	Total
At January 1, 2022				
Cost	—	—	3,549,999	3,549,999
Accumulated amortization	—	—	- 930,244	- 930,244
Currency translation effects	—	—	242,574	242,574
Net book value at January 1, 2022	—	—	2,862,329	2,862,329
At January 1, 2022	—	—	2,862,329	2,862,329
Addition	8,826	69,790	—	78,616
Amortization charge	—	—	- 365,544	- 365,544
Impairment charge	- 8,826	- 69,790	- 311,914	- 390,530
Currency translation effects	—	—	- 46,488	- 46,488
At December 31, 2022	—	—	2,138,383	2,138,383
At December 31, 2022				
Cost	—	69,790	3,549,999	3,619,789
Accumulated amortization and impairment	—	- 69,790	- 1,607,702	- 1,677,492
Currency translation effects	—	—	196,086	196,086
Net book value at December 31, 2022	—	—	2,138,383	2,138,383

Xiidra®, AcuStream, SAF312, OJL332 Assets of Novartis Group
Interim Abbreviated Financial Statements (Unaudited)

5 Intangible assets (continued)

The following table summarizes the movement of intangible assets for the period ended June 30, 2022:

US $'000	Goodwill	In-process research and development - AcuStream	Currently marketed product - Xiidra®	Total
At January 1, 2022				
Cost	—	—	3,549,999	3,549,999
Accumulated amortization	—	—	- 930,244	- 930,244
Currency translation effects	—	—	242,574	242,574
Net book value at January 1, 2022	—	—	2,862,329	2,862,329
At January 1, 2022	—	—	2,862,329	2,862,329
Addition	8,826	69,790	—	78,616
Amortization charge	—	—	- 184,853	- 184,853
Currency translation effects	—	—	- 120,730	- 120,730
At June 30, 2022	8,826	69,790	2,556,746	2,635,362
At June 30, 2022				
Cost	8,826	69,790	3,549,999	3,628,615
Accumulated amortization	—	—	- 1,115,097	- 1,115,097
Currency translation effects	—	—	121,844	121,844
Net book value at June 30, 2022	8,826	69,790	2,556,746	2,635,362

The remaining amortization period for Xiidra® is 6 years at June 30, 2023 (December 31, 2022: 6.5 years; June 30, 2022: 7.0 years).

The impairment charge in 2023 reflects the write-down of Xiidra® to reflect the reduction in recoverable amount, which was based on the terms in the Agreement as described in Note 1.

In June 2022, Novartis signed an agreement with Kedalion to acquire all the outstanding shares of the company not previously acquired. As of the acquisition date, Novartis held an interest in Kedalion. The acquisition closed on June 30, 2022, resulting in Kedalion becoming a wholly owned subsidiary of Novartis and with it, Novartis acquired the rights to the AcuStream device in development for the delivery of ophthalmology pharmaceuticals. Out of this Novartis acquisition, B+L acquires only the rights to AcuStream device in dry eye. The final purchase price allocable to the AcuStream device in dry eye consisted of a cash payment of US $ 49 million and contingent consideration related to potential additional milestone payments of up to US $ 54.5 million, which Kedalion shareholders were eligible to receive upon achievement of commercialization milestones.

The fair value of the total purchase consideration was US $ 72 million and consisted of the cash payment of US $ 49 million and the fair value of the contingent consideration of US $ 23 million. The fair value of the previously held interest was US $ 15 million at June 30, 2022, the re-measurement loss amounted to US $ 10 million. The purchase price allocation resulted in net identifiable assets of US $ 87 million, consisting of IPR&D intangible asset of US $ 70 million, cash of US $ 19 million, net deferred tax liability of US $ 11 million. Goodwill amounted to US $ 9 million.

In the fourth quarter of 2022, the IPR&D asset and the associated goodwill were written down due to strategic decision to cease related clinical development program.

Xiidra®, AcuStream, SAF312, OJL332 Assets of Novartis Group
Interim Abbreviated Financial Statements (Unaudited)

6 Investment in associated company

	Six months ended June 30, 2022 US $'000
At January 1	25,810
Addition	—
Share of loss	(736)
Fair value loss on revaluation at acquisition	(10,417)
De-recognition at acquisition	(14,657)
At June 30	—

Investment in associated company represents interest held in Kedalion prior to the acquisition as described in Note 5. The Statements of Revenue and Direct Expenses effects from applying Novartis accounting principles for this investment are as follows:

	2022 US $'000
Share of loss	**- 736**
Fair value loss on revaluation at acquisition	**- 10,417**
Loss from associated company	**- 11,153**

7 Contingent consideration

Under the terms of the Takeda acquisition agreement with respect to Novartis purchase of Xiidra®, Takeda is eligible to receive potential milestone payments of up to US $ 1.9 billion upon the achievement of specified commercialization milestones. In addition, there are potential milestone payments to a third party related to Xiidra® of up to US $ 225 million, which they are eligible to receive upon the achievement of specified commercialization milestones. Under the terms of the Kedalion acquisition agreement which included the rights to the AcuStream device, Kedalion shareholders are eligible to receive potential milestone payments of up to US $ 54.5 million upon the achievement of specified commercialization milestones.

The following table provides the movement of the fair value of the contingent consideration liabilities:

US $'000	**Contingent consideration – AcuStream**	**Contingent consideration - Xiidra®**	**Total**
At January 1, 2023	**—**	**72,569**	**72,569**
Sales related fair value remeasurement through Cost of goods sold	**—**	**- 40,988**	**- 40,988**
Interest expense	**—**	**2,713**	**2,713**
At June 30, 2023	**—**	**34,294**	**34,294**
At January 1, 2022	—	316,359	316,359
Addition	23,016	—	23,016
Sales related fair value remeasurement through Cost of goods sold	—	- 10,828	- 10,828
Interest expense	—	12,476	12,476
At June 30, 2022	23,016	318,007	341,023
At January 1, 2022	—	316,359	316,359
Addition	23,016	—	23,016
Sales related fair value remeasurement through Cost of goods sold	—	- 267,672	- 267,672
Fair value remeasurement due to discontinuation of development	- 24,228	—	- 24,228
Interest expense	1,212	23,882	25,094
At December 31, 2022	—	72,569	72,569

Xiidra®, AcuStream, SAF312, OJL332 Assets of Novartis Group
Interim Abbreviated Financial Statements (Unaudited)

7 Contingent Consideration (continued)

To determine the fair value of a contingent consideration, various unobservable inputs are used. A change in these inputs might result in a significantly higher or lower fair value measurement. The inputs used are, among others, the probability of success, sales forecast and assumptions regarding the discount rate and timing and different scenarios of triggering events. The inputs are interrelated. The significance and usage of these inputs to each contingent consideration may vary due to differences in the timing and triggering events for payments or in the nature of the asset related to the contingent consideration. If the most significant parameters for the Level 3 input were to change by 10% positively or negatively, for contingent consideration payable, this would change the amount recorded at December 31, 2022 by US $ 19 million and US $ 17 million respectively; at June 30, 2022 by US $ 35 million and US $ 45 million respectively and at June 30, 2023 by US $ 5 million and US $ 3 million respectively.

8 Subsequent Events

On August 30, 2023 Novartis management approved these Interim Abbreviated Financial Statements.

Exhibit 99.3

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On June 30, 2023, a wholly owned subsidiary of Bausch + Lomb Corporation (the "Company," "Bausch + Lomb" or "B+L"), Bausch + Lomb Ireland Limited ("Buyer"), entered into a Stock and Asset Purchase Agreement (the "Acquisition Agreement") with Novartis Pharma AG, Novartis Finance Corporation (together with Novartis Pharma AG, "Novartis") and, solely for purposes of guaranteeing certain obligations of Buyer under the Acquisition Agreement, Bausch + Lomb. The Acquisition Agreement provides that, subject to the satisfaction or waiver of certain conditions, Buyer will acquire XIIDRA® (lifitegrast ophthalmic solution) and certain other ophthalmology assets and assume certain liabilities from Novartis related to Novartis's front-of-eye ophthalmology assets (collectively, the "Acquired Assets" or the "Acquisition") for $1,750 million in cash payable at closing, potential milestone payments of up to $475 million in cash payable upon the achievement of specified commercialization and sales milestones for certain pipeline products included in the Acquired Assets, potential milestone payments of up to $275 million in cash payable upon the achievement of specified sales milestones for XIIDRA® and the assumption of certain pre-existing milestone payments and other obligations associated with certain Acquired Assets. The Company expects to close the Acquisition at or around the end of September 2023, subject to the satisfaction of the remaining customary closing conditions.

On June 30, 2023, the Company obtained commitments in respect of a $1,750 million 364-day bridge facility (the "Bridge Facility"), the proceeds of which, if such Bridge Facility is utilized, would be used to finance all or a portion of the Acquisition (including related costs). In lieu of incurring indebtedness under the Bridge Facility, the Company intends to incur indebtedness related to the issuance of senior secured notes due May 2028 and an incremental term loan. The incremental term loan may be in the form of an increase to the Company's existing term loan facility or a separate pari passu facility (the "New Term B Loan Facility"). Borrowings under the incremental term loan, together with the use of proceeds of the planned issuance of senior secured notes, are expected to have the effect of replacing the Bridge Facility commitments with permanent financing to be used in connection with the Acquisition (together, the "Financing Transactions"). See Note 4 - Financing Transactions Pro Forma Adjustments for additional details.

The unaudited pro forma condensed combined balance sheet at June 30, 2023, and the unaudited pro forma condensed combined statements of operations for the six months ended June 30, 2023, six months ended June 30, 2022 and for the year ended December 31, 2022, are presented to give effect to transaction accounting adjustments, for the:

- Acquisition, including: (i) the cash payment of $1,750 million related to the purchase of the Acquired Assets, (ii) the preliminary adjustment of historical assets acquired and liabilities assumed by the Company to their estimated fair values and (iii) other adjustments including those related to transaction costs associated with the Acquisition and future expense associated with the Acquired Assets; and
- Financing Transactions, including: (i) the anticipated incurrence of $1,853 million of net indebtedness through issuance of senior secured notes and an incremental term loan and (ii) interest expense related to these financing transactions.

The unaudited pro forma condensed combined financial information is based upon available information and certain assumptions that the Company believes are reasonable. The unaudited pro forma condensed combined financial information has been developed from and should be read in conjunction with: (i) the unaudited interim condensed consolidated financial statements of the Company as of and for the six months ended June 30, 2023 and 2022, (ii) the unaudited interim abbreviated financial statements of the Acquired Assets as of June 30, 2023 and for the six months ended June 30, 2023 and 2022, (iii) the audited consolidated financial statements of the Company as of and for the fiscal year ended December 31, 2022 and (iv) the audited abbreviated financial statements of the Acquired Assets as of and for the years ended December 31, 2022 and 2021.

The unaudited pro forma combined financial information is provided for illustrative purposes only and do not purport to represent what the actual combined results of operations or the combined financial position of the combined Company would have been had the Acquisition and Financing Transactions occurred on the dates assumed, nor are they necessarily indicative of future combined results of operations or combined financial position.

The unaudited pro forma combined financial information does not reflect any adjustment for liabilities or related costs of any integration and similar activities, or benefits, including potential synergies that may be derived in future periods, from the Acquisition.

BAUSCH + LOMB CORPORATION
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF JUNE 30, 2023
(in millions, except share amounts)

	B+L Historical	Acquired Assets Historical Adjusted (2a)	Transaction Accounting Adjustments for the: Acquisition	Note	Financing Transactions	Note	Combined Pro Forma[1]
Assets							
Current assets:							
Cash and cash equivalents	$ 384	$ —	$ (1,766)	3(d)	$ 1,837	4(a)	$ 455
Restricted cash	8	—	—		—		8
Trade receivables, net	791	—	—		—		791
Inventories, net	699	—	—		—		699
Prepaid expenses and other current assets	433	—	200	3(c)	—		633
Total current assets	2,315	—	(1,566)		1,837		2,586
Property, plant and equipment, net	1,294	—	—		—		1,294
Intangible assets, net	2,021	1,720	(135)	3(a)	—		3,606
Goodwill	4,540	—	16	3(b)	—		4,556
Deferred tax assets, net	938	—	—		—		938
Other non-current assets	207	—	—		—		207
Total assets	$ 11,315	$ 1,720	$ (1,685)		$ 1,837		$ 13,187
Liabilities							
Current liabilities:							
Accounts payable	$ 348	$ —	$ —		$ —		$ 348
Accrued and other current liabilities	952	1	—		—		953
Current portion of long-term debt	25	—	—		5	4(a)	30
Total current liabilities	1,325	1	—		5		1,331
Deferred tax liabilities, net	14	—	—		—		14
Other non-current liabilities	342	34	16	3(f)	—		392
Long-term debt	2,604	—	—		1,848	4(a)	4,452
Total liabilities	4,285	35	16		1,853		6,189
Commitments and contingencies							
Equity							
Common shares, no par value, unlimited shares authorized, 350,527,323 issued and outstanding	—	—	—		—		—
Additional paid-in capital	8,321	—	—		—		8,321
Accumulated deficit	(116)	—	(16)	3(e)	(16)	4(a)	(148)
Accumulated other comprehensive loss	(1,247)	—	—		—		(1,247)
Total Bausch + Lomb Corporation shareholders' equity	6,958	—	(16)		(16)		6,926
Noncontrolling interest	72						72
Total equity	7,030	—	(16)		(16)		6,998
Total liabilities and equity	$ 11,315	$ 35	$ —		$ 1,837		$ 13,187
Net assets acquired		$ 1,685	$ (1,685)				

1. Please see the "Non-GAAP Financial Measures and Ratios" section below for further information.

See accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Information.

BAUSCH + LOMB CORPORATION
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
SIX MONTHS ENDED JUNE 30, 2023
(in millions, except per share amounts)

	B+L Historical	Acquired Assets Historical Adjusted (2b)	Transaction Accounting Adjustments for the: Acquisition	Note	Financing Transactions	Note	Combined Pro Forma[1]
Revenues							
Product sales	$ 1,959	$ 185	$ —		$ —		$ 2,144
Other revenues	7	—	—		—		7
	1,966	185	—		—		2,151
Expenses							
Cost of goods sold (excluding amortization and impairments of intangible assets)	788	22	50	3(g)	—		860
Cost of other revenues	1	—	—		—		1
Selling, general and administrative	835	82	—		—		917
Research and development	162	9	—		—		171
Amortization of intangible assets	113	167	(62)	3(h)	—		218
Other expense (income), net	26	272	(270)	3(i)	—		28
	1,925	552	(282)		—		2,195
Operating income (loss)	41	(367)	282		—		(44)
Interest income	8	—	—		—		8
Interest expense	(108)	—	—		(88)	4(b)	(196)
Foreign exchange and other	(15)	—	—		—		(15)
(Loss) income before provision for income taxes	(74)	(367)	282		(88)		(247)
(Provision for) benefit from income taxes	(43)	—	(35)	3(j)	5	4(c)	(73)
Net (loss) income	(117)	(367)	247		(83)		(320)
Net income attributable to noncontrolling interest	(5)	—	—		—		(5)
Net (loss) income attributable to Bausch + Lomb	$ (122)	$ (367)	$ 247		$ (83)		$ (325)
Basic and diluted loss per share attributable to Bausch + Lomb Corporation	**$ (0.35)**						**$ (0.93)**
Basic and diluted weighted-average common shares	**350**						**350**

1. Please see the "Non-GAAP Financial Measures and Ratios" section below for further information.

See accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Information.

BAUSCH + LOMB CORPORATION
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2022
(in millions, except per share amounts)

	B+L Historical	Acquired Assets Historical Adjusted (2b)	Transaction Accounting Adjustments for the: Acquisition	Note	Financing Transactions	Note	Combined Pro Forma[1]
Revenues							
Product sales	$ 3,746	$ 487	$ —		$ —		$ 4,233
Other revenues	22	—	—		—		22
	3,768	487	—		—		4,255
Expenses							
Cost of goods sold (excluding amortization and impairments of intangible assets)	1,511	48	100	3(g)	—		1,659
Cost of other revenues	8	—	—		—		8
Selling, general and administrative	1,478	251	—		—		1,729
Research and development	307	25	—		—		332
Amortization of intangible assets	244	366	(156)	3(h)	—		454
Other expense (income), net	13	123	(102)	3(i)	—		34
	3,561	813	(158)		—		4,216
Operating income (loss)	207	(326)	158		—		39
Interest income	6	—	—		—		6
Interest expense	(146)	—	—		(191)	4(b)	(337)
Foreign exchange and other	6	—	—		—		6
Income (loss) before provision for income taxes	73	(326)	158		(191)		(286)
(Provision for) benefit from income taxes	(58)	—	(20)	3(j)	12	4(c)	(66)
Net income (loss)	15	(326)	138		(179)		(352)
Net income attributable to noncontrolling interest	(9)	(11)	—		—		(20)
Net income (loss) attributable to Bausch + Lomb	$ 6	$ (337)	$ 138		$ (179)		$ (372)
Basic and diluted income (loss) per share attributable to Bausch + Lomb Corporation	**$ 0.02**						**$ (1.06)**
Basic and diluted weighted-average common shares	**350**						**350**

1. Please see the "Non-GAAP Financial Measures and Ratios" section below for further information.

See accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Information.

BAUSCH + LOMB CORPORATION
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(in millions, except per share amounts)

	B+L Historical	Acquired Assets Historical Adjusted (2b)	Transaction Accounting Adjustments for the: Acquisition	Note	Financing Transactions	Note	Combined Pro Forma[1]
Revenues							
Product sales	$ 1,818	$ 233	$ —		$ —		$ 2,051
Other revenues	12	—	—		—		12
	1,830	233	—		—		2,063
Expenses							
Cost of goods sold (excluding amortization and impairments of intangible assets)	723	23	50	3(g)	—		796
Cost of other revenues	4	—	—		—		4
Selling, general and administrative	711	129	—		—		840
Research and development	152	11	—		—		163
Amortization of intangible assets	129	185	(80)	3(h)	—		234
Other expense, net	1	2	16	3(i)	—		19
	1,720	350	(14)		—		2,056
Operating income (loss)	110	(117)	14		—		7
Interest income	1	—	—		—		1
Interest expense	(64)	—	—		(103)	4(b)	(167)
Foreign exchange and other	9	—	—		—		9
Income (loss) before provision for income taxes	56	(117)	14		(103)		(150)
(Provision for) benefit from income taxes	(26)	—	(2)	3(j)	6	4(c)	(22)
Net income (loss)	30	(117)	12		(97)		(172)
Net income attributable to noncontrolling interest	(5)	(11)	—		—		(16)
Net income (loss) attributable to Bausch + Lomb	$ 25	$ (128)	$ 12		$ (97)		$ (188)
Basic and diluted income (loss) per share attributable to Bausch + Lomb Corporation	**$ 0.07**						**$ (0.54)**
Basic and diluted weighted-average common shares	**350**						**350**

1. Please see the "Non-GAAP Financial Measures and Ratios" section below for further information.

See accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Information.

BAUSCH + LOMB CORPORATION
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Note 1 - Basis of Presentation

The unaudited pro forma condensed combined balance sheet gives effect to the Acquisition and Financing Transactions as if they had been consummated on June 30, 2023 and includes estimated transaction accounting adjustments (to the extent they can be currently estimated) for the preliminary valuations of assets acquired and liabilities assumed. These adjustments are subject to further revision as additional information becomes available and additional analyses are performed. The unaudited pro forma condensed combined statements of operations give effect to the Acquisition and Financing Transactions as if they had been consummated on January 1, 2022, the beginning of the earliest period presented.

The Acquisition is being accounted for using the acquisition method of accounting pursuant to the provisions of Accounting Standards Codification Topic 805, Business Combinations, with Bausch + Lomb considered the acquirer of the Acquired Assets for accounting purposes. Accordingly, consideration given by Bausch + Lomb to complete the Acquisition will be allocated to the assets and liabilities of the Acquired Assets based upon their estimated fair values as of the date of the Acquisition. As of the date hereof, the Company has not completed the valuation analysis of identifiable assets acquired and liabilities assumed. Accordingly, the adjustments are preliminary and are subject to further adjustments as additional information becomes available and as additional analyses are performed. The preliminary pro forma adjustments have been made solely for the purpose of providing the unaudited pro forma condensed combined financial information. Increases or decreases in the fair value of relevant balance sheet amounts will result in adjustments to the balance sheet and/or statements of operations until the allocation of acquisition consideration is finalized. There can be no assurance that such finalization will not result in material changes.

The Company's financial statements have been prepared in accordance with US Generally Accepted Accounting Principles ("US GAAP") and the financial statements of the Acquired Assets have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, including interpretations issued by the IFRS Interpretations Committee. The Company performed an IFRS to US GAAP assessment and noted no material differences for the purposes of pro forma financial information.

The estimated income tax impacts of the pre-tax adjustments that are reflected in the unaudited condensed combined pro forma financial information are calculated using an estimated blended statutory rate, which is based on preliminary assumptions related to the jurisdictions in which the income (expense) adjustments will be recorded. The estimated blended statutory rate and the effective tax rate of the combined company could be significantly different depending on the post-transaction activities and geographical mix of profit before taxes.

The unaudited pro forma condensed combined balance sheet has been adjusted to reflect the preliminary allocation of the estimated acquisition consideration to identifiable net assets acquired and the excess to goodwill. The allocation of the estimated acquisition consideration in the unaudited pro forma condensed combined financial information is based upon estimated aggregate acquisition consideration of approximately $1,757 million which is calculated as follows (in millions):

Cash consideration paid to Novartis at closing, per Acquisition Agreement	$1,750
Estimated fair value of contingent consideration	7
Preliminary aggregate purchase consideration	$1,757

The table below represents a preliminary allocation of the total consideration to the assets acquired and liabilities assumed based on the Company's preliminary estimate of their respective fair values (in millions):

Intangible assets, net	$1,585
Prepaid expenses and other current assets	200
Goodwill	16
Accrued and other current liabilities	(1)
Other non-current liabilities	(43)
	$1,757

See Note 3 for further details on these metrics.

Note 2 - Reclassifications

The unaudited combined pro forma financial information has been adjusted to reflect certain reclassifications of the Acquired Assets abbreviated financial statements to conform to the Company's financial statement presentation.

2(a) Certain reclassifications have been made to the historical presentation of the Acquired Assets in the "Acquired Assets Historical Adjusted" column in the unaudited condensed combined pro forma balance sheet as of June 30, 2023 to conform to the financial statement presentation of the Company as indicated in the table below (in millions):

Presentation in Acquired Assets Historical Statement of Assets Acquired and Liabilities Assumed	Presentation in Unaudited Pro Forma Condensed Combined Balance Sheet	As of June 30, 2023
Contingent consideration payable	Other non-current liabilities	$ 34

2(b) Certain reclassifications have been made to the historical presentation of the Acquired Assets in the "Acquired Assets Historical Adjusted" column in the unaudited condensed combined pro forma statements of operations for the six months ended as of June 30, 2023, six months ended as of June 30, 2022 and the year ended December 31, 2022 to conform to the financial statement presentation of the Company as indicated in the table below (in millions):

Presentation in Acquired Assets Historical Statements of Revenue and Direct Expenses	Presentation in Unaudited Pro Forma Condensed Combined Statements of Operations	Six Months Ended June 30, 2023	Year Ended December 31, 2022	Six Months Ended June 30, 2022
Cost of goods sold - amortization of intangible assets	Amortization of intangibles	$ 167	$ 366	$ 185
Cost of goods sold - impairment of intangible assets	Other expense (income), net	310	312	—
Cost of goods sold - fair value remeasurement of contingent consideration	Other expense (income), net	(41)	(268)	(11)
Research and development costs – impairment of intangible asset	Other expense (income), net	—	69	—
Research and development costs - fair value remeasurement of contingent consideration	Other expense (income), net	—	(24)	—
Interest expense*	Other expense (income), net	3	25	13

* Relates to accretion expense associated with contingent consideration.

Note 3 - Transaction Accounting Pro Forma Adjustments

3(a) Reflects the adjustment of historical intangible assets to be acquired by the Company to their estimated fair values. As part of the preliminary valuation analysis, the Company identified intangible assets for (i) product brands related to the developed technology of XIIDRA® ("Product Brands") and (ii) acquired in-process research and development ("Acquired IPR&D") related to a certain other ophthalmology asset. The fair value of the identifiable intangible assets is determined primarily using the "income approach," which requires a forecast of all of the expected future cash flows. The final purchase price allocations may result in different allocations for the intangible assets as well as differences in the estimated remaining useful life than that presented in the unaudited pro forma condensed combined financial information, and those differences could be material.

The Intangible assets acquired, as well as the estimated useful life consist of the following (in millions):

Description	Fair Value/Historical Cost	Estimate Remaining Useful Life (In Years)
Product Brands	$ 1,580	7.5
Acquired IPR&D	5	N/A
Acquired Assets Historical Cost of Intangible assets	1,720	N/A
Total Intangible assets adjustment	$ (135)	

3(b) Goodwill is calculated as the difference between the fair value of the preliminary aggregate purchase consideration and the values assigned to the identifiable tangible and intangible assets acquired and liabilities assumed. Goodwill represents the workforce acquired, future expected revenues, as well as future operating efficiencies and cost savings. The amount of goodwill presented in the table in Note 1 reflects the estimated goodwill as a result of the Acquisition as of June 30, 2023. The actual amount of goodwill will depend upon the final determination of the fair value of the assets acquired and liabilities assumed and may differ materially from this preliminary determination.

3(c) Represents a favorable contract embedded within the agreements associated with the Acquisition. The favorable contract will be released to Cost of goods sold (excluding amortization and impairments of intangible assets) as the Company acquires inventory. The balance of this favorable contract will be fully released to the Combined Statements of Operations over an assumed inventory turnover cycle of approximately two years.

3(d) Represents the: (i) $1,750 million cash payment made for the purchase price of the Acquired Assets and (ii) estimated remaining transaction-related costs associated with the Acquisition of approximately $16 million, which primarily includes fees for representation and warranty insurance premiums and legal and professional accounting services. Does not include costs associated with the Financing Transactions. See Note 4 below.

3(e) Represents the estimated remaining transaction-related costs associated with the Acquisition, which primarily includes fees paid for representation and warranty insurance premiums and legal and professional accounting services. Does not include costs associated with the Financing Transactions. See Note 4 below.

3(f) Represents the adjustments to record: (i) an increase in the assumed historical contingent consideration to a fair value of $43 million and (ii) recognition of new contingent consideration recognized by the Company as part of the Acquisition of $7 million, which may become due upon achievement of future milestones.

3(g) Represents the adjustment to record cost of goods sold (excluding amortization and impairments of intangible assets) as the Company acquires inventory, related to the favorable contract as disclosed in Note 3(c). The $200 million balance of this favorable contract will be fully released to the Statements of Operations over an assumed inventory turnover cycle of approximately two years.

3(h) Represents the adjustments to record: (i) the elimination of historical amortization expense and (ii) recognition of new amortization expense related to the identified intangible asset, as follows (in millions):

	Six Months Ended June 30, 2023	Year Ended December 31, 2022	Six Months Ended June 30, 2022
Historical amortization expense of identified intangible asset	$ 167	$ 366	$ 185
Revised amortization expense of identified intangible asset	105	210	105
Amortization expense adjustment	$ (62)	$ (156)	$ (80)

The acquired technology intangible asset recognized in the Acquisition will be amortized on a straight line basis over a useful life of approximately 8 years. The estimated intangible asset fair value, estimated useful life and estimated amortization expense may differ materially from this preliminary determination as the Company completes the analysis of the fair value at the date of the Acquisition.

3(i) Represents the adjustments to record: (i) the elimination of the historical impairment of goodwill, (ii) the elimination of the historical impairment of intangible assets, (iii) the elimination of the historical fair value remeasurements and accretion expense related to contingent consideration, (iv) the accretion for both the new and assumed contingent consideration and (v) the estimated remaining transaction-related costs associated with the Acquisition, which primarily includes fees for representation and warranty insurance premiums and legal and professional accounting services, as follows (in millions):

	Six Months Ended June 30, 2023	Year Ended December 31, 2022	Six Months Ended June 30, 2022
Elimination of historical impairment of goodwill	$ —	$ 9	$ —
Elimination of historical impairment of intangible assets	310	381	—
Elimination of historical fair value remeasurements and accretion expense related to contingent consideration	(38)	(267)	2
Recording of new/assumed contingent consideration accretion expense	(2)	(5)	(2)
Recording of estimated remaining transaction-related costs with the Acquisition	—	(16)	(16)
Total adjustment to Other expense (income), net	$ (270)	$ (102)	$ 16

The transaction-related costs will not affect the Company's Combined Statement of Operations beyond six months after the acquisition date. Transaction-related costs related to this transaction included within the B+L historical consolidated statement of operations were not material for the periods presented.

3(j) Represents the income tax effect for the above pro forma transaction accounting adjustments for the Acquisition described in the notes to the unaudited pro forma combined statements of operations using the Company's Ireland statutory rate of 12.5% that would apply to these adjustments.

Note 4 - Financing Transactions Pro Forma Adjustments

4(a) In conjunction with the acquisition of the Acquired Assets, the Company expects to incur $1,853 million (incurrence of $1,900 million of indebtedness, less $47 million of debt issuance costs including those related to the incremental term loan and senior secured note fees) in new debt financing (including the notes and incremental term loan), which will be used to: (i) pay the $1,750 million of cash consideration of the Acquisition, (ii) the estimated remaining transaction-related costs associated with the Acquisition of approximately $16 million, which primarily includes fees

for representation and warranty insurance premiums and legal and professional accounting services and (iii) approximately $16 million of Bridge Loan commitment costs. Additionally, the incremental term loan of $500 million assumed by the Company as a part of the new debt financing will require mandatory amortization payments of 1% or $5 million per year, which is classified as Current portion of long-term debt.

4(b) Represents the net increase in interest expense related to the Financing Transactions based on: (i) an assumed weighted average interest rate on the debt of approximately 8.7% (ii) amortization of deferred issuance costs and (iii) $16 million of Bridge Loan commitment costs (which will not affect the Company's combined statement of operations beyond six months after the acquisition date). Annual estimated amortization of deferred issuance costs (which include fees associated with the incremental term loan and senior secured note fees) over each of the next five years is approximately $9 million. A 0.125% change to the annual interest rate would change interest expense by approximately $1 million.

4(c) Represents the income tax effect for the above transaction accounting adjustments for the financing using the Company's Ireland statutory rate of 12.5%. Bausch + Lomb will incur the initial indebtedness. Subsequently, approximately half of the initial indebtedness will then be lent to the Company's Irish wholly owned subsidiary. As a result, the total income tax effect for the transaction accounting adjustments for the financing will be 50% of the statutory rates for both Canada and Ireland, respectively. However, a tax effect of $0 was recorded for Canada, as our Canadian entity has a full valuation allowance.

Non-GAAP Financial Measures and Ratios

The information under the heading "Combined Pro Forma" has been prepared in accordance with Article 11 of Regulation S-X. Solely for Canadian securities law purposes, the information appearing under the heading "Combined Pro Forma" of this exhibit may be considered non-GAAP financial measures and non-GAAP ratios as defined by National Instrument 52-112 - Non-GAAP and Other Financial Measures Disclosure, per the Canadian Securities Administrators. Management uses these pro forma financial measures and ratios to help analyze the impact of the Acquisition and the Financing Transactions and believes these financial measures and ratios are useful to investors in their assessment of our operating performance, understanding our ability to service our debt and the impact of the Acquisition and Financing Transactions.