BAUSCH + LOMB CORPORATION

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Bausch + Lomb Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Bausch + Lomb Corporation and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of operations, of comprehensive loss, of shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Annual Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Medicaid Rebates for Certain Product Categories

As described in Notes 2 and 9 to the consolidated financial statements, gross product sales are subject to a variety of deductions in arriving at reported net product sales. The transaction price for such product categories is typically adjusted for variable consideration, which may be in the form of cash discounts, allowances, returns, rebates, chargebacks and distribution fees paid to customers. Provisions for these deductions are recorded concurrently with the recognition of gross product sales revenue as a reduction in revenue. The variable consideration provisions recognized within accrued and other current liabilities included $556 million related to rebates, including Medicaid rebates for certain product categories as of December 31, 2025. For certain rebate programs, such as Medicaid, provisions recognized by management are based on the terms of state government-managed programs, estimates of outstanding and future claims for end-customer sales and the sales mix.

The principal considerations for our determination that performing procedures relating to Medicaid rebates for certain product categories is a critical audit matter are (i) the significant judgment by management when developing the estimate of Medicaid rebates for certain product categories; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating the terms of state government-managed Medicaid programs; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's estimation of provisions for Medicaid rebates, including controls over the assumptions used to estimate these rebates for certain product categories. These procedures also included, among others (i) developing an independent estimate of Medicaid rebates for certain product categories by utilizing third-party information on inventory levels in the distribution channel, the terms of the specific Medicaid rebate programs, and the historical trends of actual Medicaid rebate claims paid, adjusted for price and projected market conditions; (ii) comparing the independent estimate for these Medicaid rebates to management’s estimates to evaluate the reasonableness of management's estimate; and (iii) testing, on a sample basis, Medicaid rebates for certain product categories processed by the Company, including evaluating those claims for consistency with the contractual terms of the Company’s arrangements and policies. Professionals with specialized skill and knowledge were used to assist in evaluating whether the Company’s Medicaid rebate program policies and methodology for estimating Medicaid rebates are compliant with the Center for Medicare and Medicaid Services and federal regulations.

/s/ PricewaterhouseCoopers LLP
Florham Park, New Jersey
February 18, 2026
We have served as the Company’s auditor since 2020.

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

	December 31, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 383	$ 305
Restricted cash	14	11
Trade receivables, net	1,221	1,026
Inventories, net	976	1,036
Prepaid expenses and other current assets (Note 3)	383	410
Total current assets	2,977	2,788
Property, plant and equipment, net	1,762	1,485
Intangible assets, net	3,281	3,494
Goodwill	4,758	4,523
Deferred tax assets, net	934	885
Other non-current assets (Note 3)	310	294
Total assets	$ 14,022	$ 13,469
Liabilities		
Current liabilities:		
Accounts payable (Note 3)	$ 388	$ 389
Accrued and other current liabilities	1,493	1,309
Current portion of long-term debt and other financial liabilities	39	40
Total current liabilities	1,920	1,738
Deferred tax liabilities, net	19	13
Other non-current liabilities	521	430
Long-term debt and other financial liabilities	5,043	4,744
Total liabilities	7,503	6,925
Commitments and contingencies (Notes 19 and 20)		
Equity		
Common shares, no par value, unlimited shares authorized, 354,209,319 and 352,402,374 issued and outstanding at December 31, 2025 and December 31, 2024, respectively	—	—
Additional paid-in capital	8,563	8,429
Accumulated deficit	(931)	(571)
Accumulated other comprehensive loss	(1,184)	(1,385)
Total Bausch + Lomb Corporation shareholders' equity	6,448	6,473
Noncontrolling interest	71	71
Total equity	6,519	6,544
Total liabilities and equity	$ 14,022	$ 13,469

On behalf of the Board:

/s/ BRENTON L. SAUNDERS	/s/ SARAH B. KAVANAGH
Brenton L. Saunders	Sarah B. Kavanagh
Chairman of the Board and Chief Executive Officer	Chairperson, Audit and Risk Committee

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

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

	Years Ended December 31,		
	2025	**2024**	**2023**
Revenues			
Product sales	$ 5,080	$ 4,774	$ 4,131
Other revenues	21	17	15
	5,101	4,791	4,146
Expenses			
Cost of goods sold (excluding amortization and impairments of intangible assets)	2,045	1,868	1,640
Cost of other revenues	5	4	2
Selling, general and administrative (Note 3)	2,234	2,082	1,736
Research and development	371	343	324
Amortization of intangible assets	258	288	240
Other expense, net	75	44	74
	4,988	4,629	4,016
Operating income	113	162	130
Interest income	12	15	15
Interest expense	(421)	(399)	(283)
Loss on extinguishment of debt	(6)	—	—
Foreign exchange and other	(15)	(12)	(28)
Loss before provision for income taxes	(317)	(234)	(166)
Provision for income taxes	(35)	(71)	(82)
Net loss	(352)	(305)	(248)
Net income attributable to noncontrolling interest	(8)	(12)	(12)
Net loss attributable to Bausch + Lomb Corporation	$ (360)	$ (317)	$ (260)
Basic and diluted loss per share attributable to Bausch + Lomb Corporation	$ (1.02)	$ (0.90)	$ (0.74)
Basic weighted-average common shares	353.8	351.8	350.5
Diluted weighted-average common shares	353.8	351.8	350.5

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

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

	Years Ended December 31,		
	2025	**2024**	**2023**
Net loss	$ (352)	$ (305)	$ (248)
Other comprehensive income (loss)			
Pension and postretirement benefit plan adjustments:			
Net actuarial gain arising during the year	7	2	1
Amortization of prior service credit	(1)	(3)	(3)
Amortization of net loss and settlements	1	1	2
Income tax (expense) benefit	(1)	1	(1)
Foreign currency impact	—	—	—
Net pension and postretirement benefit plan adjustments	6	1	(1)
Foreign currency translation adjustment	196	(142)	13
Other comprehensive income (loss)	202	(141)	12
Comprehensive loss	(150)	(446)	(236)
Comprehensive income attributable to noncontrolling interest	(9)	(11)	(11)
Comprehensive loss attributable to Bausch + Lomb Corporation	$ (159)	$ (457)	$ (247)

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

BAUSCH + LOMB CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in millions)

	Bausch + Lomb Corporation Shareholders' Equity							
	Common Shares		Additional Paid in Capital	Accumulated Earnings (Deficit)	Accumulated Other Comprehensive Loss	Bausch + Lomb Corporation Shareholders' Equity	Non-controlling Interest	Total Equity
	Shares	Amount						
Balances, January 1, 2023	**350.0**	**$ —**	**$ 8,285**	**$ 6**	**$ (1,258)**	**$ 7,033**	**$ 68**	**$ 7,101**
Common shares issued under share-based compensation plans	0.9	—	—	—	—	—	—	—
Share-based compensation	—	—	74	—	—	74	—	74
Employee withholding taxes related to share-based awards	—	—	(10)	—	—	(10)	—	(10)
Noncontrolling interest distributions	—	—	—	—	—	—	(9)	(9)
Net (loss) income	—	—	—	(260)	—	(260)	12	(248)
Other comprehensive income (loss)	—	—	—	—	13	13	(1)	12
Balances, December 31, 2023	**350.9**	**—**	**8,349**	**(254)**	**(1,245)**	**6,850**	**70**	**6,920**
Common shares issued under share-based compensation plans	1.5	—	—	—	—	—	—	—
Share-based compensation	—	—	92	—	—	92	—	92
Employee withholding taxes related to share-based awards	—	—	(12)	—	—	(12)	—	(12)
Noncontrolling interest distributions	—	—	—	—	—	—	(10)	(10)
Net (loss) income	—	—	—	(317)	—	(317)	12	(305)
Other comprehensive loss	—	—	—	—	(140)	(140)	(1)	(141)
Balances, December 31, 2024	**352.4**	**—**	**8,429**	**(571)**	**(1,385)**	**6,473**	**71**	**6,544**
Common shares issued under share-based compensation plans	1.8	—	—	—	—	—	—	—
Share-based compensation	—	—	149	—	—	149	—	149
Employee withholding taxes related to share-based awards	—	—	(15)	—	—	(15)	—	(15)
Noncontrolling interest distributions	—	—	—	—	—	—	(9)	(9)
Net (loss) income	—	—	—	(360)	—	(360)	8	(352)
Other comprehensive income	—	—	—	—	201	201	1	202
Balances, December 31, 2025	**354.2**	**$ —**	**$ 8,563**	**$ (931)**	**$ (1,184)**	**$ 6,448**	**$ 71**	**$ 6,519**

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

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

	Years Ended December 31,		
	2025	**2024**	**2023**
Cash Flows From Operating Activities			
Net loss	$ (352)	$ (305)	$ (248)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization of intangible assets	421	436	382
Amortization and write-off of debt premiums, discounts and issuance costs	18	20	30
Asset impairments	—	5	—
Acquisition-related contingent consideration	(27)	(9)	2
Allowances for losses on trade receivables and inventories	31	26	21
Deferred income taxes	(32)	(10)	(10)
Gain on sale of assets	(6)	(5)	—
Share-based compensation	149	92	74
Foreign exchange gain	2	10	12
Gain excluded from hedge effectiveness	(10)	(13)	(13)
Loss on extinguishment of debt	6	—	—
Amortization of inventory step-up resulting from acquisitions	62	82	23
Other	3	(10)	(3)
Changes in operating assets and liabilities:			
Trade receivables	(148)	(227)	(121)
Inventories	38	(147)	(264)
Prepaid expenses and other current assets	20	161	(147)
Accounts payable, accrued and other liabilities	108	126	245
Net cash provided by (used in) operating activities	283	232	(17)
Cash Flows From Investing Activities			
Acquisitions and other investments	(122)	(138)	(1,941)
Purchases of property, plant and equipment	(349)	(291)	(181)
Purchases of marketable securities	(11)	(12)	(17)
Proceeds from sale of marketable securities	8	14	16
Proceeds from sale of assets and businesses, net of costs to sell	7	2	1
Interest settlements from cross-currency swaps	12	13	13
Net cash used in investing activities	(455)	(412)	(2,109)
Cash Flows From Financing Activities			
Issuance of long-term debt, net of discounts, and other financial liabilities	3,357	631	2,276
Repayments of debt	(3,096)	(430)	(161)
Payment of employee withholding taxes related to share-based awards	(15)	(12)	(10)
Payments of financing costs	(12)	—	(16)
Payments of noncontrolling interest distributions	(9)	(10)	(9)
Other	—	(1)	(2)
Net cash provided by financing activities	225	178	2,078
Effect of exchange rate changes on cash and cash equivalents and restricted cash	28	(16)	2
Net increase (decrease) in cash and cash equivalents and restricted cash	81	(18)	(46)
Cash and cash equivalents and restricted cash, beginning of period	316	334	380
Cash and cash equivalents and restricted cash, end of period	$ 397	$ 316	$ 334
Non-cash Investing Activities			
Accrued purchases of property, plant and equipment	$ 51	$ 56	$ 65

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

1. DESCRIPTION OF BUSINESS

Overview

Bausch + Lomb Corporation ("Bausch + Lomb" or the "Company") is a leading global eye health company dedicated to protecting and enhancing the gift of sight for millions of people around the world – from the moment of birth through every phase of life. The Company operates in three reportable segments: (i) Vision Care segment which includes both a contact lens business and a consumer eye care business that consists of contact lens care products, over-the-counter ("OTC") eye drops and eye vitamins, (ii) Pharmaceuticals segment which consists of a broad line of proprietary and generic pharmaceutical products for post-operative treatments and treatments for a number of eye conditions, such as glaucoma, eye inflammation, ocular hypertension, dry eyes and retinal diseases and (iii) Surgical segment which consists of medical device equipment, consumables, instruments and technologies for the treatment of cataracts, corneal and vitreous and retinal eye conditions, which includes intraocular lenses ("IOLs") and delivery systems, phacoemulsification equipment and other surgical instruments and devices necessary for ophthalmic surgery. See Note 21, "SEGMENT INFORMATION" for additional information regarding these reportable segments. Bausch + Lomb is a subsidiary of Bausch Health Companies Inc. ("BHC"), with BHC holding, directly or indirectly, approximately 88% of the issued and outstanding common shares of Bausch + Lomb as of February 11, 2026.

Separation of Bausch + Lomb from BHC

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

The registration statement related to the initial public offering (the "IPO") of Bausch + Lomb's common shares (the "B+L IPO") was declared effective on May 5, 2022, and Bausch + Lomb's common shares began trading on the New York Stock Exchange and the Toronto Stock Exchange, in each case under the ticker symbol "BLCO", on May 6, 2022. Bausch + Lomb also obtained a final receipt to its Canadian base PREP prospectus on May 5, 2022. Prior to the B+L IPO, Bausch + Lomb was a wholly-owned subsidiary of BHC. As of February 11, 2026, BHC directly or indirectly holds 310,449,643 common shares of Bausch + Lomb, which represented approximately 88% of the issued and outstanding common shares of Bausch + Lomb.

Bausch + Lomb understands that BHC continues to believe that completing the Separation, which may include the monetization of all or a portion of BHC's ownership interest in Bausch + Lomb, the sale of the Company (a "Sale Transaction"), the transfer of all or a portion of BHC's remaining direct or indirect equity interest in Bausch + Lomb to its shareholders (the "Distribution"), or a combination thereof, makes strategic sense and that BHC continues to evaluate all relevant factors and considerations related to completing the Separation, including those factors described in BHC's public filings. The Distribution is subject to the achievement of targeted debt leverage ratios and the completion of the Separation is subject to the receipt of any applicable shareholder and other necessary approvals and other factors and is subject to various risk factors. There can be no assurance that the Separation will be consummated, the form any such consummated Separation would take or that a Distribution or Sale Transaction will occur as part of that Separation or that even if consummated, we will realize the anticipated benefits from the Separation.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

On May 10, 2022, Bausch + Lomb became an independent publicly traded company. The audited financial statements for all periods presented have been prepared by Bausch + Lomb in United States ("U.S.") dollars and in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for financial reporting and pursuant to the rules and regulations for reporting on Form 10-K. The Consolidated Financial Statements include the accounts of the Company and those of its subsidiaries and any variable interest entities for which the Company is the primary beneficiary. All intercompany transactions and balances have been eliminated.

Following the B+L IPO, certain functions that BHC provided to Bausch + Lomb prior to the B+L IPO were provided and, in some limited cases, continue to be provided to Bausch + Lomb by BHC under a Transition Services Agreement (the "TSA") or are performed using Bausch + Lomb's own resources or third-party service providers. Bausch + Lomb has incurred certain costs in its establishment as a standalone public company, and expects additional ongoing costs associated with operating as

an independent, publicly traded company. See Note 3, “RELATED PARTIES” for further information regarding agreements between Bausch + Lomb and BHC.

Use of Estimates

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

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

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

Acquisitions

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

Fair Value of Financial Instruments

The estimated fair values of cash and cash equivalents, trade receivables, accounts payable and accrued liabilities approximate their carrying values due to their short maturity periods. The fair value of acquisition-related contingent consideration is based on estimated discounted future cash flows analyses and assessment of the probability of occurrence of potential future events.

Fair Value of Derivative Instruments

The accounting for changes in the fair value of a derivative instrument depends on whether the instrument has been designated and qualifies as part of a hedging relationship and on the type of hedging relationship. For derivative instruments designated and qualifying as hedging instruments, the hedging instrument must be designated, based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or a hedge of the foreign currency exposure of a net investment in a foreign operation. For derivative instruments not designated as hedging instruments, the gain or loss is recognized in the Consolidated Statements of Operations during the current period.

The Company's cross-currency swaps qualify for and have been designated as an accounting hedge of the foreign currency exposure of a net investment in a foreign operation and are remeasured at each reporting date to reflect changes in their fair values. The fair value is determined via a mark-to-market analysis, using observable (Level 2) inputs. These inputs may include: (i) the foreign currency exchange spot rate between the euro and U.S. dollar, (ii) the interest rate yield curves in the euro and U.S. dollar and (iii) the credit risk rating for each applicable counterparty. The net change in fair value of cross-currency swaps is reported as a gain or loss in the Consolidated Statements of Comprehensive (Loss) Income as part of Foreign currency translation adjustment to the extent they are effective, and remain in Accumulated other comprehensive (loss) income until either the sale or complete, or substantially complete, liquidation of the subsidiary. No portion of the cross-currency swaps was ineffective. The Company uses the spot method of assessing hedge effectiveness. The Company has elected to amortize amounts excluded from the assessment of effectiveness over the term of its cross-currency swaps as a reduction of Interest expense in the Consolidated Statements of Operations.

The Company uses foreign currency exchange contracts to economically hedge the foreign exchange exposure on certain of the Company's intercompany balances. The Company's foreign currency exchange contracts are remeasured at each reporting date to reflect changes in their fair values determined using forward rates, which are observable market inputs, multiplied by the notional amount. These contracts have not been designated as an accounting hedge, and therefore the net change in their fair value is reported as a gain or loss in the Consolidated Statements of Operations as part of Foreign exchange and other.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in bank accounts and highly liquid investments with maturities of three months or less when purchased, and that is legally owned by the Company.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, marketable securities, trade receivables, cross-currency swaps and foreign currency exchange contracts.

Cash deposited at banks may exceed the amount of insurance provided on such deposits. Generally, these cash deposits may be redeemed upon demand and are maintained with financial institutions with reputable credit and therefore bear minimal credit risk. The Company seeks to mitigate such risks by spreading its risk across multiple counterparties and monitoring the risk profiles of these counterparties.

Outside of the U.S., concentrations of credit risk with respect to trade receivables, which are typically unsecured, are limited due to the number of customers using the Company's products, as well as their dispersion across many different geographic regions. The Company performs periodic credit evaluations of customers and does not require collateral. The Company monitors economic conditions, including volatility associated with international economies, and related impacts on the relevant financial markets and its business, especially in light of sovereign credit issues. The credit and economic conditions within Algeria, Argentina, Brazil, Belarus, Greece, Iran, Russia, Serbia, South Africa, Turkey, Ukraine and Venezuela have been weak in recent years. These conditions have increased, and may continue to increase, the average length of time that it takes to collect on the Company's trade receivables outstanding in these countries.

As of December 31, 2025, the Company's two largest U.S and Canada wholesaler customers accounted for approximately 15% of net trade receivables. As of December 31, 2025 and 2024, the Company's net trade receivable balance from Algeria, Argentina, Brazil, Belarus, Greece, Iran, Russia, Serbia, South Africa, Turkey, Ukraine and Venezuela amounted to $139 million and $104 million, respectively, the majority of which is current or less than 90 days past due. As of December 31, 2025 and 2024, the portion of the net trade receivable from these countries that is past due more than 90 days amounted to less than $1 million for each period.

Allowance for Credit Losses

An allowance is maintained for potential credit losses. The Company estimates the current expected credit loss on its receivables based on various factors, including historical credit loss experience, customer credit worthiness, value of collaterals (if any), and any relevant current and reasonably supportable future economic factors. Additionally, the Company

generally estimates the expected credit loss on a pooled basis when customers are deemed to have similar risk characteristics. Trade receivable balances are written off against the allowance when it is deemed probable that the trade receivable will not be collected. Trade receivables, net are stated net of certain sales provisions and the allowance for credit losses.

The activity in the allowance for credit losses for trade receivables for the years 2025, 2024 and 2023 is as follows:

(in millions)	2025	2024	2023
Balance, beginning of period	$ 18	$ 21	$ 22
Provision	6	3	3
Write-offs	(8)	(5)	(3)
Foreign exchange and other	1	(1)	(1)
Balance, end of period	$ 17	$ 18	$ 21

Inventories

Inventories comprise raw materials, work in process and finished goods, which are valued at the lower of cost or net realizable value, on a first-in, first-out basis. The cost value for work in process and finished goods inventories includes materials, direct labor and an allocation of overheads.

The Company evaluates the carrying value of inventories on a regular basis, taking into account such factors as historical and anticipated future sales compared with quantities on hand, the price the Company expects to obtain for products in their respective markets compared with historical cost and the remaining shelf life of goods on hand.

Property, Plant and Equipment

Property, plant and equipment are reported at cost, less accumulated depreciation. Costs incurred on assets under construction are capitalized as construction in progress. Depreciation is calculated using the straight-line method, commencing when the assets become available for productive use, based on the following estimated useful lives:

Land improvements	15 - 30 years
Buildings and improvements	Up to 40 years
Machinery and equipment	Up to 20 years
Other equipment	3 - 10 years
Leasehold improvements	Lesser of term of lease or 10 years

Intangible Assets

A substantial portion of the Intangible assets are specific to: (i) the 2013 acquisition of the Company by BHC and have been included based on BHC's historical cost and (ii) intangible assets acquired through various acquisitions. See Note 4, “ACQUISITIONS AND LICENSING AGREEMENTS” for further detail on these acquisitions. Intangible assets are reported at cost, less accumulated amortization and impairments. Intangible assets with finite lives are amortized over their estimated useful lives. Amortization is calculated primarily using the straight-line method based on the following estimated useful lives:

Product brands	5 - 15 years
Corporate brands	1 - 17 years
Product rights/patents	3 - 15 years
Out-licensed technology and other	1 - 16 years

Acquired In-Process Research and Development

The fair value of in-process research and development ("IPR&D") acquired through a business combination is capitalized as an indefinite-lived intangible asset until the completion or abandonment of the related research and development activities. When the related research and development is completed, the asset will be assigned a useful life and amortized.

The fair value of an acquired IPR&D intangible asset is typically determined using an income approach. This approach starts with a forecast of the net cash flows expected to be generated by the asset over its estimated useful life. The net cash flows reflect the asset’s stage of completion, the probability of technical success, the projected costs to complete, expected market competition and an assessment of the asset’s life-cycle. The net cash flows are then adjusted to present value by applying an

appropriate discount rate that reflects the risk factors associated with the expected cash flow streams. IPR&D acquired through an asset acquisition is expensed as incurred if the Company deems there to be no future use at the time of transaction.

Impairment of Long-Lived Assets

Long-lived assets with finite lives are tested for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If indicators of impairment are present, the asset group is tested for recoverability by comparing the carrying value of the asset group to the related estimated undiscounted future cash flows expected to be derived from the asset group, which include the amount and timing of the projected future cash flows. If the expected undiscounted cash flows are less than the carrying value of the asset, then the asset is considered to be impaired and its carrying value is written down to fair value, based on the related estimated discounted future cash flows. Impairment losses are included in Other expense, net in the Consolidated Statements of Operations.

Indefinite-lived intangible assets, which includes acquired IPR&D and the corporate trademark acquired in 2013 as part of the acquisition of the Company (the ‘‘B&L Trademark’’), are tested for impairment annually or more frequently if events or changes in circumstances between annual tests indicate that the asset may be impaired. Impairment losses on indefinite-lived intangible assets are recognized based on a comparison of the fair value of the asset to its carrying value.

Goodwill

Goodwill is recorded with the acquisition of a business and is calculated as the difference between the acquisition date fair value of the consideration transferred and the values assigned to the assets acquired and liabilities assumed. A substantial portion of goodwill allocated to the Company is specific to the 2013 acquisition of the Company by BHC and has been allocated based on BHC's historical cost. Other goodwill amounts relate to other acquisitions by the Company. If a historical BHC acquisition contributed to both the Company and other BHC businesses, goodwill from the acquisition, based on BHC's historical cost, was allocated to the Company based on a relative fair value basis. Goodwill is not amortized but is tested for impairment at least annually as of October 1st at the reporting unit level. Goodwill impairment is measured as the amount by which a reporting unit's carrying value exceeds its fair value. A reporting unit is the same as, or one level below, an operating segment. An entity is permitted to first assess qualitatively whether it is necessary to perform a quantitative impairment test for any of its reporting units. The quantitative impairment test is required if the Company concludes that it is more likely than not that a reporting unit’s fair value is less than its carrying amount. In evaluating whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company considers the totality of all relevant events or circumstances that affect the fair value or carrying amount of a reporting unit.

The fair value of a reporting unit refers to the price that would be received to sell the unit as a whole in an orderly transaction between market participants. Bausch + Lomb estimates the fair values of a reporting unit using a discounted cash flow model which utilizes Level 3 unobservable inputs. The discounted cash flow model relies on assumptions regarding revenue growth rates, gross profit, projected working capital needs, selling, general and administrative expenses, research and development expenses, capital expenditures, income tax rates, discount rates and terminal growth rates. To estimate fair value, Bausch + Lomb discounts the forecasted cash flows of each reporting unit. The discount rate Bausch + Lomb uses represents the estimated weighted average cost of capital, which reflects the overall level of inherent risk involved in its reporting unit operations and the rate of return a market participant would expect to earn. The quantitative fair value test is performed utilizing long-term growth rates and discount rates applied to the estimated cash flows in estimation of fair value. To estimate cash flows beyond the final year of its model, Bausch + Lomb estimates a terminal value by applying an in-perpetuity growth assumption and discount factor to determine the reporting unit’s terminal value.

To forecast a reporting unit’s cash flows, Bausch + Lomb takes into consideration economic conditions and trends, estimated future operating results, management’s and a market participant’s view of growth rates and product lives and anticipates future economic conditions. Revenue growth rates inherent in these forecasts are based on input from internal and external market research that compare factors such as growth in global economies, recent industry trends and product life-cycles. Macroeconomic factors such as changes in economies, changes in the competitive landscape including the unexpected loss of exclusivity to Bausch + Lomb’s product portfolio, changes in government legislation, product life-cycles, industry consolidations and other changes beyond Bausch + Lomb’s control could have a positive or negative impact on achieving its targets. Accordingly, if market conditions deteriorate, or if Bausch + Lomb is unable to execute its strategies, it may be necessary to record impairment charges in the future.

An interim goodwill impairment test may be required if adverse events occur that indicate an impairment might be present. For example, changes in reportable segments, unexpected adverse business conditions, economic factors and unanticipated competitive activities may signal that an interim impairment test is needed. Accordingly, among other factors, the Company monitors changes in its share price between annual impairment tests. The Company considers a decline in its share price that corresponds to an overall deterioration in stock market conditions to be less of an indicator of goodwill impairment than a unilateral decline in its share price reflecting adverse changes in its underlying operating performance, cash flows, financial

condition and/or liquidity. In the event that the Company's market capitalization does decline below its book value, the Company would consider the length and severity of the decline and the reason for the decline when assessing whether potential goodwill impairment exists. The Company believes that short-term fluctuations in share prices may not necessarily reflect underlying values.

Debt Discounts and Premiums, Issuance Costs and Deferred Financing Costs

Debt discounts, premiums and issuance costs are presented in the Consolidated Balance Sheets as a direct deduction from or addition to the carrying amount of the related debt and are amortized or accreted, using the effective interest method, as interest expense over the contractual lives of the related credit facilities or notes. Deferred financing costs associated with revolving credit facility arrangements are included in the balances of Prepaid expenses and other current assets and Other non-current assets in the Consolidated Balance Sheets and are amortized as interest expense over the contractual life of the related revolving credit facility.

Foreign Currency Translation

The assets and liabilities of the Company's foreign operations having a functional currency other than the U.S. dollar are translated into U.S. dollars at the exchange rate prevailing at the balance sheet date, and at the average exchange rate for the reporting period for revenue and expense accounts. The cumulative foreign currency translation adjustment is recorded as a component of accumulated other comprehensive loss in shareholders' equity.

Foreign currency exchange gains and losses on transactions occurring in a currency other than an operation's functional currency are recognized as a component of Foreign exchange and other in the Consolidated Statements of Operations. Foreign currency translation recorded in these Consolidated Financial Statements, is based on currency movements specific to the Company's Consolidated Financial Statements during the periods presented.

Revenue Recognition

The Company's revenues are primarily generated from product sales in the therapeutic areas of eye health that consist of: (i) branded prescription eye-medications and pharmaceuticals, (ii) generic and branded generic prescription eye medications and pharmaceuticals, (iii) OTC vitamin and supplement products and (iv) medical devices (contact lenses, IOLs and ophthalmic surgical equipment). Other revenues include alliance and service revenue from the licensing and co-promotion of products and contract service revenue. Contract service revenue is derived primarily from contract manufacturing for third parties and is not material. See Note 21, "SEGMENT INFORMATION" for the disaggregation of revenues.

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

Product Sales

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

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

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

Product Sales Provisions

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

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

The following tables present the activity and ending balances of the Company's variable consideration provisions for years 2025 and 2024:

(in millions)	Discounts and Allowances	Returns	Rebates	Chargebacks	Distribution Fees	Total
Reserve balance, January 1, 2024	$ 141	$ 66	$ 226	$ 67	$ 18	$ 518
Current period provision	420	98	1,487	631	82	2,718
Payments and credits	(441)	(76)	(1,216)	(624)	(74)	(2,431)
Reserve balance, December 31, 2024	120	88	497	74	26	805
Current period provision	476	79	2,049	611	98	3,313
Payments and credits	(476)	(88)	(1,964)	(625)	(89)	(3,242)
Reserve balance, December 31, 2025	$ 120	$ 79	$ 582	$ 60	$ 35	$ 876

Included in rebates in the table above are cooperative advertising credits due to customers of approximately $26 million and $32 million as of December 31, 2025 and 2024, respectively, which are reflected as a reduction of Trade accounts receivable, net in the Consolidated Balance Sheets. For the years ended December 31, 2025 and 2024, included in Payments and credits in the table above, are payments made, or to be made, by Novartis (as defined below), on behalf of the Company, in accordance with the agreements associated with the XIIDRA Acquisition (as defined below).

The Company continually monitors its variable consideration provisions and evaluates the estimates used as additional information becomes available. Adjustments will be made to these provisions periodically to reflect new facts and circumstances that may indicate that historical experience may not be indicative of current and/or future results. The Company is required to make subjective judgments based primarily on its evaluation of current market conditions and trade inventory levels related to the Company's products. These judgments include the potential impact of macroeconomic factors on, among other things, unemployment and related changes in customer health insurance levels and government stimulus bills that focus on ensuring availability and access to lifesaving drugs during a public health crisis. This evaluation may result in an increase or decrease in the experience rate that is applied to current and future sales, or require an adjustment related to past sales, or both. If the trend in actual amounts of variable consideration varies from the Company's prior estimates, the Company adjusts these estimates, when such trend is believed to be sustainable. At that time, the Company would record the necessary adjustments which would affect net product revenue and earnings reported in the current period. The Company applies this method consistently for contracts with similar characteristics. The following describes the major sources of variable consideration in the Company's customer arrangements and the methodology, estimates and judgments applied to estimate each type of variable consideration.

Cash Discounts and Allowances

Cash discounts are offered for prompt payment and allowances for volume purchases. Provisions for cash discounts and allowances are estimated at the time of sale and recorded as direct reductions to trade receivables and revenue. Management estimates the provisions for cash discounts and allowances based on contractual sales terms with customers, an analysis of unpaid invoices and historical payment experience. Estimated cash discounts and allowances have historically been predictable and less subjective, due to the limited number of assumptions involved, the consistency of historical experience and the fact that these amounts are generally settled within one month of incurring the liability.

Returns

Consistent with industry practice, customers are generally allowed to return certain products, primarily of the Company's consumer and ophthalmic businesses, within a specified period of time before and after the product's expiration date. The returns provision is estimated utilizing historical sales and return rates over the period during which customers have a right of return, taking into account available information on competitive products and contract changes. The information utilized to estimate the returns provision includes: (i) historical return and exchange levels, (ii) external data with respect to inventory levels in the wholesale distribution channel, (iii) external data with respect to prescription demand for products, (iv) remaining shelf lives of products at the date of sale and (v) estimated returns liability to be processed by year of sale based on an analysis of lot information related to actual historical returns.

In determining the estimate for returns, management is required to make certain assumptions regarding the timing of the introduction of new products and the potential of these products to capture market share. In addition, certain assumptions with respect to the extent and pattern of decline associated with generic competition are necessary. These assumptions are formulated using market data for similar products, past experience and other available information. These assumptions are continually reassessed, and changes to the estimates and assumptions are made as new information becomes available.

Rebates and Chargebacks

Certain product sales, primarily proprietary and generic pharmaceutical products within the Pharmaceuticals segment, made under governmental and managed-care pricing programs in the U.S. are subject to rebates. The Company participates in state government-managed Medicaid programs, as well as certain other qualifying federal and state government programs whereby rebates are provided to participating government entities. Medicaid rebates are generally billed 45 days to 270 days after the quarter in which the product is dispensed to the Medicaid participant. As a result, the Medicaid rebate reserve includes an estimate of outstanding claims for end-customer sales that occurred, but for which the related claim has not been billed and/or paid, and an estimate for future claims that will be made when inventory in the distribution channel is sold through to plan participants. The calculation of the Medicaid rebate reserve also requires other estimates, such as estimates of sales mix, to determine which sales are subject to rebates and the amount of such rebates. Quarterly, the Medicaid rebate reserve is adjusted based on actual claims paid. Due to the delay in billing, adjustments to actual claims paid may incorporate revisions of that reserve for several periods.

Managed Care rebates relate to contractual agreements to sell products to managed care organizations and pharmacy benefit managers at contractual rebate percentages in exchange for volume and/or market share.

Chargebacks relate to contractual agreements to sell certain products, primarily proprietary and generic pharmaceutical products within the Pharmaceuticals segment to government agencies, group purchasing organizations and other indirect customers at contractual prices that are lower than the list prices the Company charges wholesalers. When these group purchasing organizations or other indirect customers purchase products through wholesalers at these reduced prices, the wholesaler charges the Company for the difference between the prices they paid the Company and the prices at which they sold the products to the indirect customers.

In estimating provisions for rebates and chargebacks, management considers relevant statutes with respect to governmental pricing programs and contractual sales terms with managed-care providers and group purchasing organizations. Management estimates the amount of product sales subject to these programs based on historical utilization levels. Changes in the level of utilization of products through private or public benefit plans and group purchasing organizations will affect the amount of rebates and chargebacks that the Company is obligated to pay. Management continually updates these factors based on new contractual or statutory requirements, and any significant changes in sales trends that may impact the percentage of products subject to rebates or chargebacks.

The amount of Managed Care, Medicaid and other rebates and chargebacks as it relates to proprietary and generic pharmaceutical products within the Pharmaceuticals segment, has become more significant as a result of a combination of deeper discounts implemented in each of the last three years and increased Medicaid utilization due to expansion of government funding for these programs. Management’s estimate for rebates and chargebacks may be impacted by a number of factors, but the principal factor relates to the level of inventory in the distribution channel.

Rebate provisions are based on factors such as timing and terms of plans under contract, time to process rebates, product pricing, sales volumes, amount of inventory in the distribution channel and prescription trends. Adjustments to actual for the years 2025 and 2024 were not material to the Company's revenues or earnings.

Patient Co-Pay Assistance programs, Consumer Rebates and Loyalty Programs are rebates offered on a limited number of the Company’s products. Patient Co-Pay Assistance Programs are patient discount programs offered in the form of coupon cards or point of sale discounts, with which patients receive certain discounts off their prescription at participating pharmacies, as defined by the specific product program. An accrual for these programs is established, equal to management’s estimate of the

discount, rebate and loyalty incentives attributable to a sale. That estimate is based on historical experience and other relevant factors. The accrual is adjusted throughout each quarter based on actual experience and changes in other factors, if any.

Distribution Fees

The Company sells products to certain wholesalers, and large pharmacy chains such as CVS and Walmart, usually under Distribution Services Agreements ("DSAs"). Under the DSAs, the wholesalers agree to provide services, and the Company pays the contracted DSA distribution service fees for these services based on product volumes. Additionally, price appreciation credits are generated when the Company increases a product's wholesaler acquisition cost ("WAC") under contracts with certain wholesalers. Under such contracts, the Company is entitled to credits from such wholesalers for the impact of that WAC increase on inventory currently on hand at the wholesalers. Such credits are offset against the total distribution service fees paid to each such wholesaler. The variable consideration associated with price appreciation credits is reflected in the transaction price of products sold when it is determined to be probable that a significant reversal will not occur.

Contract Assets and Contract Liabilities

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

Sales Commissions

Sales commissions are generally attributed to periods shorter than one year and therefore are expensed when incurred. Sales commissions are included in selling, general and administrative expenses.

Financing Component

The Company has elected not to adjust consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to the customer and when the customer pays for that good or service will be one year or less. The Company's global payment terms are generally between thirty to ninety days.

Leases

The Company leases certain facilities, vehicles and equipment principally under multi-year agreements generally having a lease term of one to twenty years, some of which include termination options and options to extend the lease term. The Company includes options that are reasonably certain to be exercised as part of the lease term. The Company may negotiate termination clauses in anticipation of changes in market conditions but generally, these termination options are not exercised. Certain lease agreements also include variable payments that are dependent on usage or may vary month-to-month such as insurance, taxes and maintenance costs. None of the Company's lease agreements contain material residual value guarantees or material restrictive covenants.

The Company is required to record a right-of-use asset and corresponding lease liability, equal to the present value of the lease payments at the commencement date of each lease. For all asset classes, in determining future lease payments, the Company has elected to aggregate lease components, such as payments for rent, taxes and insurance costs with non-lease components such as maintenance costs, and account for these payments as a single lease component. In limited circumstances, when the information necessary to determine the rate implicit in a lease is available, the present value of the lease payments is determined using the rate implicit in that lease. If the information necessary to determine the rate implicit in a lease is not available, the Company uses its incremental borrowing rate at the commencement of the lease, which represents the rate of interest that the Company would incur to borrow on a collateralized basis over a similar term.

All leases must be classified as either an operating lease or finance lease. The classification is determined based on whether substantive control has been transferred to the lessee. The classification governs the pattern of lease expense recognition. For leases classified as operating leases, total lease expense over the term of the lease is equal to the undiscounted payments due in accordance with the lease arrangement. Fixed lease expense is recognized periodically on a straight-line basis over the term of each lease and includes: (i) imputed interest during the period on the lease liability determined using the effective interest rate method plus (ii) amortization of the right-of-use asset for that period. Amortization of the right-of-use asset during the period is calculated as the difference between the straight-line expense and the imputed interest on the lease liability for that period. Variable lease expense is recognized when the achievement of the specific target is considered probable.

Research and Development Expenses

Costs related to internal research and development programs, including costs associated with the development of acquired IPR&D, are expensed as goods are delivered or services are performed. Under certain research and development

arrangements with third parties, the Company may be required to make payments that are contingent on the achievement of specific developmental, regulatory and/or commercial milestones. Milestone payments made to third parties before a product receives regulatory approval, but after the milestone is determined to be probable, are expensed and included in Research and development expenses**.** Milestone payments made to third parties after regulatory approval is received are capitalized and amortized over the estimated useful life of the approved product.

Amounts due from third parties as reimbursement of development activities conducted under certain research and development arrangements are recognized as a reduction of Research and development expenses.

Legal Costs

Legal fees and other costs related to litigation and other legal proceedings or services are expensed as incurred and are included in Selling, general and administrative expenses. Certain legal costs associated with acquisitions are included in Acquisition-related costs and certain legal costs associated with divestitures, legal settlements and other business development activities are included in Litigation and other matters or Gain on investments, net within Other expense, net, as appropriate. Legal costs expensed are reported net of expected insurance recoveries. A claim for insurance recovery is recognized when realization becomes probable.

Advertising Costs

Advertising costs comprise product samples, print media, promotional materials and television advertising and are expensed on the first use of the advertisement. Included in Selling, general and administrative expenses are advertising costs of $495 million, $528 million and $375 million, for 2025, 2024 and 2023, respectively.

Share-Based Compensation

Effective May 5, 2022, Bausch + Lomb established the Bausch + Lomb Corporation 2022 Omnibus Incentive Plan (as amended and restated by the 2023 Plan Amendment (as described below) and as further amended and restated by the 2024 Plan Amendment (as described below), the "Plan"). A total of 28,000,000 common shares of Bausch + Lomb were originally authorized for issuance under the Plan. Effective April 24, 2023, Bausch + Lomb's shareholders approved an amendment and restatement of the Plan to increase the number of shares authorized for issuance thereunder by an additional 10,000,000 common shares, resulting in an aggregate 38,000,000 common shares of Bausch + Lomb authorized for issuance under the Plan (the "2023 Plan Amendment"). At the Company's annual meeting of shareholders held on May 29, 2024, Bausch + Lomb's shareholders approved a further amendment and restatement of the Plan to increase the number of shares authorized for issuance thereunder by an additional 14,000,000 common shares, resulting in an aggregate 52,000,000 common shares of Bausch + Lomb authorized for issuance under the Plan (the "2024 Plan Amendment").

The Plan provides for the grant of various types of awards, including restricted stock units ("RSUs"), restricted stock, stock appreciation rights, stock options, performance-based awards and cash awards. Under the Plan, the exercise price of awards, if any, is set on the grant date and may not be less than the fair market value per share on that date. Generally, stock options have a term of ten years and a three-year vesting period, subject to limited exceptions.

The Company recognizes all share-based payments to employees of the Company, including grants of employee stock options and RSUs, at estimated fair value. The Company amortizes the fair value of stock option or RSU grants on a straight-line basis over the requisite service period of the individual stock option or RSU grant, which generally equals the vesting period. Stock option and RSU forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Share-based compensation is recorded in Research and development expenses and Selling, general and administrative expenses, as appropriate.

Acquisition-Related Contingent Consideration

Acquisition-related contingent consideration, which primarily consists of potential milestone payments and royalty obligations, is recorded in the Consolidated Balance Sheets at its acquisition date estimated fair value, in accordance with the acquisition method of accounting. The fair value of the acquisition-related contingent consideration is remeasured each reporting period, with changes in fair value recorded in the Consolidated Statements of Operations. The fair value measurement of contingent consideration obligations arising from business combinations is determined via a probability-weighted discounted cash flow analysis, using unobservable (Level 3) inputs. These inputs may include: (i) the estimated amount and timing of projected cash flows, (ii) the probability of the achievement of the factor(s) on which the contingency is based and (iii) the risk-adjusted discount rate used to present value the probability-weighted cash flows. Significant increases or decreases in any of those inputs in isolation could result in a significantly higher or lower fair value measurement.

Interest Expense

Interest expense includes interest on outstanding debt currently held by the Company, standby fees, the amortization of debt discounts and deferred financing costs, accretion of debt premiums and the amortization of amounts excluded from the assessment of effectiveness related to the Company's cross-currency swaps. Interest costs are expensed as incurred, except to the extent such interest is related to construction in progress, in which case interest is capitalized. Capitalized interest as of December 31, 2025 and 2024 was $112 million and $88 million, respectively, and is included in Property, plant and equipment, net.

Income Taxes

Income taxes are accounted for under the liability method. Deferred tax assets and liabilities are recognized for the temporary differences between the financial statement and income tax bases of assets and liabilities, and for operating losses and tax credit carryforwards. A valuation allowance is provided for the portion of deferred tax assets that is more likely than not to remain unrealized. Deferred tax assets and liabilities are measured using enacted tax rates and laws. Deferred tax assets for outside basis differences in investments in subsidiaries are only recognized if the difference will be realized in the foreseeable future.

The tax benefit from an uncertain tax position is recognized only if it is more likely than not that the tax position will be sustained upon examination by the appropriate taxing authority, based on the technical merits of the position. The tax benefits recognized from such position are measured based on the amount for which there is a greater than 50% likelihood of being realized upon settlement. Liabilities associated with uncertain tax positions are classified as long-term unless expected to be paid within one year. Interest and penalties related to uncertain tax positions, if any, are recorded in the provision for income taxes and classified with the related liability on the Consolidated balance sheets.

Loss Per Share Attributable to Bausch + Lomb Corporation

Basic loss per share attributable to Bausch + Lomb Corporation is calculated by dividing Net loss attributable to Bausch + Lomb Corporation by the weighted-average number of common shares outstanding during the reporting period. Diluted loss per share attributable to Bausch + Lomb Corporation is calculated by dividing Net loss attributable to Bausch + Lomb Corporation by the weighted-average number of common shares outstanding during the reporting period after giving effect to dilutive potential common shares for stock options and RSUs, determined using the treasury stock method.

Comprehensive Loss

Comprehensive loss is comprised of Net loss and Other comprehensive income (loss). Other comprehensive income (loss) includes items such as foreign currency translation adjustments and certain pension and other postretirement benefit plan adjustments. Accumulated other comprehensive loss is recorded as a component of equity.

Contingencies

In the normal course of business, the Company is subject to loss contingencies, such as claims and assessments arising from litigation and other legal proceedings, contractual indemnities, product and environmental liabilities and tax matters. Accruals for loss contingencies are recorded when the Company determines that it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. If the estimate of the amount of the loss is a range and some amount within the range appears to be a better estimate than any other amount within the range, that amount is accrued as a liability. If no amount within the range is a better estimate than any other amount, the minimum amount of the range is accrued as a liability. These accruals are adjusted periodically as assessments change or additional information becomes available.

If no accrual is made for a loss contingency because the amount of loss cannot be reasonably estimated, the Company will disclose contingent liabilities when there is at least a reasonable possibility that a loss or an additional loss may have been incurred.

Employee Benefit Plans

The Company sponsors various retirement and pension plans, including defined benefit pension plans, defined contribution plans and a participatory defined benefit postretirement plan. The determination of defined benefit pension and postretirement plan obligations and their associated expenses requires the use of actuarial valuations to estimate the benefits employees earn while working, as well as the present value of those benefits. Net actuarial gains and losses that exceed 10% of the greater of the plan’s projected benefit obligations or the market-related value of assets are amortized to earnings over the shorter of the estimated average future service period of the plan participants (or the estimated average future lifetime of the plan participants if the majority of plan participants are inactive) or the period until any anticipated final plan settlements.

Recently Issued Accounting Standards, Adopted as of December 31, 2025

In December 2023, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires disclosure of disaggregated income taxes paid, prescribes standard categories for the components of the effective tax rate reconciliation, and modifies other income tax-related disclosures. The ASU is effective for the Company's Annual Report on Form 10-K for fiscal year ended December 31, 2025. The Company has adopted this ASU on a prospective-basis, and it did not have a material impact on its financial statements, other than with respect to expanded disclosures.

Recently Issued Accounting Standards, Not Adopted as of December 31, 2025

In November 2024, the FASB issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which requires disclosure of specified information about certain costs and expenses. This ASU is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASU on its disclosures.

In July 2025, the FASB issued ASU 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets, which provides guidance for estimating credit losses under the current expected credit losses (CECL) model for current accounts receivable and current contract assets arising from transactions accounted for under Accounting Standards Codification 606. The guidance is effective for periods beginning after December 15, 2025 and will be adopted prospectively. The Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements and related disclosures.

In September 2025, the FASB issued ASU 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. This ASU amends the existing standard to remove all references to software development project stages and requires entities to start capitalizing software costs when both of the following occur: (i) management has authorized and committed to funding the software project and (ii) it is probable that the project will be completed and the software will be used to perform the function intended. This ASU is effective for fiscal years beginning after December 15, 2027, and interim periods within those fiscal years, with early adoption permitted as of the beginning of a fiscal year. The amendments can be applied prospectively, retrospectively, or via a modified prospective transition method. The Company is evaluating the impact of adoption on its consolidated financial statements and related disclosures.

3. RELATED PARTIES

Prior to May 10, 2022, Bausch + Lomb had been managed and operated in the ordinary course of business with other affiliates of BHC. On May 10, 2022, Bausch + Lomb became an independent publicly traded company. As of February 11, 2026, BHC directly or indirectly held 310,449,643 common shares of Bausch + Lomb, which represented approximately 88% of the issued and outstanding common shares of Bausch + Lomb.

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

Accounts Receivable and Payable

Certain transactions between Bausch + Lomb and BHC and affiliate businesses are cash-settled on a current basis and, therefore, are reflected in the Consolidated Balance Sheets. Amounts payable to BHC and its affiliates related to related party transactions were $14 million and $5 million as of December 31, 2025 and December 31, 2024 respectively, and are included within Accounts payable in the Consolidated Balance Sheets. Amounts due from BHC and its affiliates related to related party transactions were $8 million and $25 million as of December 31, 2025 and December 31, 2024, respectively, of which $1 million and $6 million are included within Prepaid expenses and other current assets and $7 million and $19 million are included within Other non-current assets on the Consolidated Balance Sheets as of December 31, 2025 and December 31, 2024, respectively. These amounts are inclusive of the receivables and payables associated with the separation agreements entered into in connection with the B+L IPO, as discussed below.

Separation Agreement with BHC

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

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

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

- Tax Matters Agreement - In connection with the completion of the B+L IPO, Bausch + Lomb has entered into a Tax Matters Agreement (as amended, the "Tax Matters Agreement") with BHC that governs the parties' respective rights, responsibilities and obligations with respect to tax liabilities and benefits, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings and other matters regarding taxes following the B+L IPO.

- Employee Matters Agreement - In connection with the completion of the B+L IPO, Bausch + Lomb has entered into an Employee Matters Agreement with BHC that governs, among other things, the allocation of employee-related liabilities, the mechanics for the transfer of Bausch + Lomb employees, the treatment of outstanding BHC equity awards solely in connection with the Distribution and the treatment of Bausch + Lomb employees' participation in BHC's retirement and health and welfare plans. On July 31, 2024, Bausch + Lomb and BHC entered into an Amended and Restated Employee Matters Agreement which, among other things, sets forth revised terms for the treatment of certain BHC equity awards solely in connection with the Distribution.

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

Charges incurred related to the above agreements were $8 million and $7 million for 2025 and 2024, respectively, and are primarily reflected within Selling, general and administrative in the Consolidated Statements of Operations.

4. ACQUISITIONS AND LICENSING AGREEMENTS

2025 Acquisitions

Acquisition of Manufacturing Equipment

On December 9, 2025, the Company, through its affiliates, completed a transaction to acquire certain manufacturing equipment, other assets and the assumption of a manufacturing facility lease in Mexico, for an upfront cash payment of approximately $75 million and potential future milestone payments of up to $35 million. The acquisition is expected to unlock manufacturing capacity and expand the Company's margins.

This acquisition has been accounted for as a business combination under the acquisition method of accounting. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed, as of the acquisition date:

(in millions)		
Property, plant and equipment, net	$	7
Intangible assets, net		1
Total identifiable assets		8
Goodwill		67
Total fair value of consideration transferred	$	75

The assets acquired and liabilities assumed are included within the Company's Surgical segment. Goodwill associated with this acquisition represents potential future synergies and is deductible for income tax purposes.

The valuation of the assets acquired and liabilities assumed, as part of this acquisition, has not yet been finalized as of December 31, 2025. The Company will finalize these amounts no later than one year from the acquisition date.

Revenues and operating results associated with this acquisition during the period from December 9, 2025 through December 31, 2025 were not material. Pro forma revenues and operating results for the years 2025 and 2024 were not material.

Other Acquisitions

During November 2025, the Company completed two acquisitions. These acquisitions have been accounted for as business combinations under the acquisition method of accounting and the aggregate cash consideration of approximately $33 million was allocated to the assets acquired and liabilities assumed as of the acquisition dates, which primarily consisted of $30 million of goodwill, in the aggregate.

Acquisition of Whitecap Biosciences

On January 3, 2025, the Company, through its affiliate, acquired Whitecap Biosciences, LLC, ("Whitecap Biosciences") for an upfront payment of approximately $28 million and potential future milestone and royalty payments. The acquisition is expected to expand the Company's clinical-stage pipeline, as Whitecap Biosciences is currently developing two innovative therapies for potential use in glaucoma and geographic atrophy. The Company accounted for the transaction as an asset acquisition and during 2025, the Company expensed the upfront payment of approximately $28 million as acquired in-process research development costs, as included within Other expense on the Consolidated Statements of Operations.

2024 Acquisitions

Acquisition of Elios Vision

On December 10, 2024, the Company, through its affiliate, acquired Elios Vision, Inc. ("Elios Vision") for: (i) a cash payment of approximately $99 million and (ii) potential future milestone obligations, as discussed below. Elios Vision, a privately held company, is the developer of the ELIOS® procedure, the first clinically validated, minimally invasive glaucoma surgery procedure using an excimer laser. This acquisition is expected to bolster the Company's glaucoma treatment portfolio.

The acquisition of Elios Vision has been accounted for as a business combination under the acquisition method of accounting. The total aggregate acquisition consideration was approximately $188 million and is calculated as follows:

(in millions)		
Cash consideration paid	$	99
Estimated fair value of contingent consideration		89
Aggregate purchase consideration	$	188

Contingent consideration included as part of the aggregate purchase consideration relates to potential future milestone obligations, including: (i) regulatory approval milestones, ranging from $50 million and up to an aggregate of $145 million, depending on the timing of regulatory approval and (ii) sales-based milestones, ranging from $75 million and up to an aggregate of $375 million, related to the achievement of annual net sales targets. The estimated fair value of the contingent consideration recognized on the acquisition date, related to the above noted potential future milestone obligations, was $89 million, of which $11 million was recorded as a current liability. The estimated fair value of the contingent consideration was estimated by using the inputs disclosed in Note 5, "FAIR VALUE MEASUREMENTS". The Company reassesses its acquisition-related contingent consideration liabilities each quarter for changes in fair value.

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

(in millions)		
Intangible assets, net	$	177
Trade receivables, net		2
Inventories, net		4
Property, plant and equipment, net		7
Other non-current assets		1
Accrued and other current liabilities		(7)
Other non-current liabilities		(23)
Total identifiable net assets		161
Goodwill		27
Total fair value of consideration transferred	$	188

The fair value of the identifiable intangible assets is determined primarily using the "income approach," which requires a forecast of the expected future cash flows (including revenue growth rates, cost of goods sold, operating expenses and discount rates). The intangible assets acquired related to the acquisition of Elios Vision, as well as their fair values and estimated useful life consist of the following:

(in millions)	Fair Value	Estimated Useful Life (In Years)
Acquired in-process research and development intangible asset	$ 95	N/A
Product brands	63	13
Corporate brands	17	10
Other	2	9
Total Intangible assets, net	$ 177	

The assets acquired and liabilities assumed are included within the Company's Surgical segment. Goodwill associated with the Elios Vision acquisition represents deferred taxes, as well as an acquired workforce and potential future synergies. Goodwill associated with the Elios Vision acquisition is not deductible for income tax purposes.

Revenues and operating results associated with Elios Vision during the period from December 10, 2024 through December 31, 2024 were not material. Pro forma revenues and operating results for the years 2024 and 2023 were not material.

Acquisition of Trukera Medical

On July 19, 2024, the Company, through an affiliate, acquired TearLab Corporation, d/b/a Trukera Medical ("Trukera Medical") from its private equity owner, AccelMed Partners, and other shareholders. Trukera Medical, a U.S.-based privately held ophthalmic medical diagnostic company, commercializes ScoutPro®, a point-of-care portable device for precisely measuring osmolarity, the salt content of a person's tears. This acquisition is expected to expand the Company's presence in the dry eye market. The acquisition of Trukera Medical has been accounted for as a business combination under the acquisition method of accounting. As of the acquisition date (July 19, 2024), the Company allocated the aggregate purchase consideration of approximately $24 million based on estimated fair values, which included recording $16 million of identifiable intangible assets, $6 million of other net assets and $2 million of goodwill.

The intangible assets acquired related to the acquisition of Trukera Medical, as well as their fair values and estimated useful life consist of the following:

(in millions)	Fair Value	Estimated Useful Life (In Years)
Product brand	$ 14	10
Customer relationships	2	7
Total Intangible assets, net	$ 16	

The assets acquired and liabilities assumed are included within the Company's Surgical segment. Revenues and operating results associated with Trukera Medical during the period from July 19, 2024 through December 31, 2024 were not material. Pro forma revenues and operating results for the years 2024 and 2023 were not material.

2023 Acquisitions

Acquisition of XIIDRA®

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

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

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

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

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

Contingent consideration included as part of the consideration relates to potential future milestone obligations of up to $750 million, including: (i) up to $475 million in cash payable upon the achievement of specified commercialization and sales milestones for certain pipeline products and (ii) up to $275 million in cash payable upon the achievement of specified sales milestones for XIIDRA®. The fair value of the contingent consideration recognized on the acquisition date of $3 million was estimated by using the inputs disclosed in Note 5, "FAIR VALUE MEASUREMENTS". The Company reassesses its acquisition-related contingent consideration liabilities each quarter for changes in fair value.

Assets Acquired and Liabilities Assumed

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

(in millions)		
Intangible assets, net	$	1,600
Prepaid expenses and other current assets		162
Accrued and other current liabilities		(1)
Other non-current liabilities		(31)
Total identifiable net assets		1,730
Goodwill		23
Total fair value of consideration transferred	$	1,753

Since the date of acquisition, adjustments made during the measurement period have included an increase of $5 million to Intangible assets, net with an offset to Prepaid expenses and other current assets, which is reflected in the table above.

The fair value of the identifiable intangible assets is determined primarily using the "income approach," which requires a forecast of the expected future cash flows (including revenue growth rates, cost of goods sold, operating expenses and discount rate). The intangible assets acquired, as well as their fair values and estimated useful life consist of the following:

(in millions)		**Fair Value**	**Estimated Useful Life (In Years)**
Product brand	$	1,595	8.75
Acquired in-process research and development intangible asset		5	N/A
Total Intangible assets, net	$	1,600	

Prepaid expenses and other current assets associated with the XIIDRA Acquisition represents the terms of an interim contract to purchase inventory, as embedded within the agreements associated with the XIIDRA Acquisition. The terms of the interim contract allowed the Company to acquire the remaining XIIDRA® inventory from Novartis at the end of the contractual term. The remaining inventory was acquired during December 2023, and the prepaid expenses and other current assets recognized were reclassified into Inventories, net as of December 31, 2023. The balance of this interim contract will be released to Cost of goods sold (excluding amortization and impairments of intangible assets) as the Company sells the acquired inventory, over an assumed inventory turnover cycle of approximately two years. Cost of goods sold for the years ended 2024 and 2023 includes approximately $81 million and $20 million, respectively, related to the release of this interim contract.

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

fair value. See Note 5, “FAIR VALUE MEASUREMENTS” for additional information regarding the fair value assessment of the acquisition-related contingent consideration liabilities.

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

Revenue and Operating Results

Net revenues and earnings, attributable to the XIIDRA Acquisition, from the date of acquisition through December 31, 2023, were $106 million and $17 million, respectively.

Pro Forma Financial Information

The following table presents the unaudited pro forma combined results of the Company and the acquired assets for the year ended December 31, 2023, as if the XIIDRA Acquisition, and the related financing, had occurred on January 1, 2022:

(in millions)	**2023**
Revenues	$ 4,395
Net loss attributable to Bausch + Lomb Corporation	$ (471)

The unaudited pro forma combined financial information was prepared using the acquisition method of accounting and was based on the historical financial information of the Company and the acquired assets. In order to reflect the occurrence of the acquisition on January 1, 2022 as required, the unaudited pro forma financial information includes adjustments to reflect incremental amortization expense incurred based on the fair values of the identifiable intangible assets acquired, the incremental cost of products sold related to the release of an interim contract to purchase inventory, as embedded within the agreements associated with the XIIDRA Acquisition, elimination of historical impairments and accretion expenses related to historical contingent considerations recorded by Novartis, the recording of new/assumed contingent consideration accretion expense, the additional interest expense associated with the issuance of debt to finance the acquisition and the tax impact of each of the aforementioned adjustments. Included in the Bausch + Lomb Consolidated Statements of Operations for 2023 are: (i) acquisition-related transaction costs, included within Other expense, net, of $20 million, which are directly related to the XIIDRA Acquisition, and include expenditures for representation and warranty insurance premiums, legal, valuation, accounting and other similar professional services and (ii) acquisition-related financing costs, included within Interest expense, of $16 million, which are directly related to the XIIDRA Acquisition, and include expenditures for certain upfront financing commitment costs related to debt financing commitments in place prior to the XIIDRA Acquisition, the issuance of the October 2028 Secured Notes and the establishment of the September 2028 Term Facility, each as defined and further discussed in Note 10, “FINANCING ARRANGEMENTS”.

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

Acquisition of Blink® Product Line

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

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

(in millions)			Estimated Useful Life (In Years)
Corporate brands	$	73	12
Product brands		12	10
Technology and other		6	9
Total Intangible assets, net	$	91	

Since the date of acquisition, the Company has recorded certain non-material working capital adjustments, which are reflected in the table above.

Acquisition of AcuFocus, Inc.

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

The acquisition of AcuFocus has been accounted for as a business combination under the acquisition method of accounting. As a result of this transaction, recorded within the Consolidated Balance Sheets are Inventories, net of $4 million, Prepaid expenses and other current assets of $4 million, Intangible assets, net of $28 million, Goodwill of $2 million, Deferred tax assets, net of $2 million, Property, plant and equipment, net of $1 million, Accounts payable of $1 million and Accrued and other current liabilities of $1 million. Since the date of acquisition, adjustments made during the measurement process have included a decrease of $6 million to Deferred tax assets, net with an offset to Goodwill.

5. FAIR VALUE MEASUREMENTS

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

- Level 1 — Quoted prices in active markets for identical assets or liabilities;
- Level 2 — Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using discounted cash flow methodologies, pricing models, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following fair value hierarchy table presents the components and classification of the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2025 and 2024:

	December 31, 2025				December 31, 2024			
(in millions)	Carrying Value	Level 1	Level 2	Level 3	Carrying Value	Level 1	Level 2	Level 3
Assets:								
Cash equivalents	$ 62	$ 50	$ 12	$ —	$ 60	$ 50	$ 10	$ —
Foreign currency exchange contracts	$ —	$ —	$ —	$ —	$ 7	$ —	$ 7	$ —
Liabilities:								
Acquisition-related contingent consideration	$ 96	$ —	$ —	$ 96	$ 123	$ —	$ —	$ 123
Foreign currency exchange contracts	$ 2	$ —	$ 2	$ —	$ 3	$ —	$ 3	$ —
Cross-currency swaps	$ 153	$ —	$ 153	$ —	$ 34	$ —	$ 34	$ —

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

There were no transfers into or out of Level 3 during 2025 and 2024.

Cross-currency Swaps

The Company uses cross-currency swaps to mitigate fluctuation in the value of a portion of its euro-denominated net investment in its Consolidated Financial Statements from fluctuation in exchange rates. The euro-denominated net investment being hedged is the Company's investment in certain euro-denominated subsidiaries. As of December 31, 2025, these swaps had an aggregate notional value of $1,000 million.

The assets and liabilities associated with the Company's cross-currency swaps as included in the Consolidated Balance Sheets are as follows:

(in millions)	December 31, 2025	December 31, 2024
Other non-current liabilities	$ 158	$ 40
Prepaid expenses and other current assets	$ 5	$ 6
Net fair value	$ 153	$ 34

The following table presents the effect of hedging instruments on the Consolidated Statements of Comprehensive Loss and the Consolidated Statements of Operations as of December 31, 2025 and 2024:

(in millions)	2025	2024
(Loss) gain recognized in Other comprehensive income (loss)	$ (118)	$ 50
Gain excluded from assessment of hedge effectiveness	$ 10	$ 13
Location of gain of excluded component	Interest Expense	Interest Expense

No portion of the cross-currency swaps were ineffective for 2025 and 2024. The Company received $12 million and $13 million in interest settlements for 2025 and 2024, respectively, which are reported as investing activities in the Consolidated Statements of Cash Flows.

Foreign Currency Exchange Contracts

The Company enters into foreign currency exchange contracts to economically hedge the foreign exchange exposure on certain of the Company's intercompany balances. As of December 31, 2025, these contracts had an aggregate notional amount of $272 million.

The assets and liabilities associated with the Company's foreign exchange contracts as included in the Consolidated Balance Sheets December 31, 2025 and December 31, 2024 are as follows:

(in millions)	December 31, 2025	December 31, 2024
Accrued and other current liabilities	$ (2)	$ (3)
Prepaid expenses and other current assets	$ —	$ 7
Net fair value	$ (2)	$ 4

The following table presents the effect of the Company's foreign exchange contracts on the Consolidated Statements of Operations and the Consolidated Statements of Cash Flows for 2025 and 2024:

(in millions)	2025	2024
(Loss) gain related to changes in fair value	$ (6)	$ 7
Loss related to settlements	$ (10)	$ (2)

Acquisition-related Contingent Consideration Obligations

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

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

The fair value measurement of contingent consideration obligations arising from business combinations is determined via a probability-weighted discounted cash flow analysis, using unobservable (Level 3) inputs. These inputs may include: (i) the estimated amount and timing of projected cash flows, (ii) the probability of the achievement of the factor(s) on which the contingency is based and (iii) the risk-adjusted discount rate used to present value the probability-weighted cash flows. Significant increases or decreases in any of those inputs in isolation could result in a significantly higher or lower fair value measurement. At December 31, 2025, the fair value measurements of acquisition-related contingent consideration were determined using risk-adjusted discount rates ranging from 10% to 16%, and a weighted average risk-adjusted discount rate of 10%. The weighted average risk-adjusted discount rate was calculated by weighting each contract's relative fair value at December 31, 2025.

The following table presents a reconciliation of contingent consideration obligations measured on a recurring basis using significant unobservable inputs (Level 3) for the years 2025 and 2024:

(in millions)	**2025**	**2024**
Balance, beginning of period	$ 123	$ 44
Adjustments to Acquisition-related contingent consideration:		
Accretion for the time value of money	$ 13	$ 4
Fair value adjustments due to changes in estimates of future payments	(40)	(13)
Acquisition-related contingent consideration adjustments	(27)	(9)
Additions (Note 4)	—	89
Payments/Settlements	—	(1)
Balance, end of period	96	123
Current portion included in Accrued and other current liabilities	4	15
Non-current portion	$ 92	$ 108

Fair Value of Long-term Debt

The fair value of long-term debt as of December 31, 2025 and 2024 were $5,201 million and $4,898 million, respectively, and was estimated using the quoted market prices for the same or similar debt issuances (Level 2).

6. INVENTORIES

Inventories, net consist of:

(in millions)	**December 31, 2025**	**December 31, 2024**
Raw materials	$ 243	$ 262
Work in process	98	99
Finished goods	635	675
	$ 976	$ 1,036

Inventory write-offs were $25 million, $23 million and $18 million for 2025, 2024 and 2023, respectively.

7. PROPERTY, PLANT AND EQUIPMENT

The major components of property, plant and equipment consist of:

(in millions)	December 31, 2025	December 31, 2024
Land	$ 47	$ 43
Buildings	743	632
Machinery and equipment	1,943	1,674
Other equipment and leasehold improvements	400	362
Construction in progress	525	458
	3,658	3,169
Less accumulated depreciation	(1,896)	(1,684)
	$ 1,762	$ 1,485

Depreciation expense was $163 million, $148 million and $142 million for 2025, 2024 and 2023, respectively.

8. INTANGIBLE ASSETS AND GOODWILL

Intangible Assets

The major components of intangible assets consist of:

		December 31, 2025			December 31, 2024		
(in millions)	Weighted-Average Remaining Useful Lives (Years)	Gross Carrying Amount	Accumulated Amortization and Impairments	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization and Impairments	Net Carrying Amount
Finite-lived intangible assets:							
Product brands	7	$ 4,441	$ (3,064)	$ 1,377	$ 4,373	$ (2,799)	$ 1,574
Corporate brands	9	102	(26)	76	102	(18)	84
Product rights/patents	5	999	(988)	11	993	(970)	23
Other	7	87	(68)	19	79	(64)	15
Total finite-lived intangible assets		5,629	(4,146)	1,483	5,547	(3,851)	1,696
Acquired in-process research and development intangible asset	N/A	100	—	100	100	—	100
B&L Trademark	N/A	1,698	—	1,698	1,698	—	1,698
		$ 7,427	$ (4,146)	$ 3,281	$ 7,345	$ (3,851)	$ 3,494

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

Asset impairments for 2025, 2024 and 2023 were $0, $5 million and less than $1 million, respectively, related to the discontinuance of certain product lines.

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

(in millions)	2026	2027	2028	2029	2030	Thereafter	Total
Amortization	$ 225	$ 221	$ 220	$ 219	$ 216	$ 382	$ 1,483

Goodwill

The changes in the carrying amounts of goodwill during the years ended 2025, 2024 and 2023 were as follows:

(in millions)	Vision Care	Pharmaceuticals	Surgical	Total
Balance, January 1, 2023	$ 3,549	$ 645	$ 313	$ 4,507
Acquisitions (Note 4)	—	23	8	31
Foreign exchange and other	7	25	5	37
Balance, December 31, 2023	3,556	693	326	4,575
Acquisitions (Note 4)	—	—	29	29
Foreign exchange and other	(27)	(49)	(5)	(81)
Balance, December 31, 2024	3,529	644	350	4,523
Acquisitions (Note 4)	—	—	97	97
Foreign exchange and other	26	100	12	138
Balance, December 31, 2025	$ 3,555	$ 744	$ 459	$ 4,758

Goodwill is not amortized but is tested for impairment at least annually as of October 1st at the reporting unit level. Refer below for results of the Company's recent goodwill impairment tests.

Refer to Note 2, “SIGNIFICANT ACCOUNTING POLICIES” for further detail regarding the Company's policies and testing approach in relation to goodwill impairment testing.

Goodwill Impairment Tests

The Company conducted its annual goodwill impairment test as of October 1, 2023 by performing a quantitative assessment for each of its reporting units. The quantitative assessment utilized long-term growth rates of 2.0% and 3.0% and discount rates ranging from 10.25% and 11.50%, in estimation of the fair value of the reporting units. After completing the testing, the fair value of each of these reporting units exceeded its carrying value by more than 25%, and, therefore, there was no impairment to goodwill.

The Company conducted its annual goodwill impairment test as of October 1, 2024, by first assessing qualitative factors. Based on its qualitative assessment as of October 1, 2024, management believed that, it was more likely than not that the carrying amounts of each of its reporting units were less than their respective fair values and therefore concluded that a quantitative fair value test was not required.

During the three months ended June 30, 2025, the Company identified a decline in its market capitalization. This decline was primarily in response to the overall volatility within the global equity markets. However, at June 30, 2025, after considering the length and lack of recovery from this market capitalization decline, in comparison to the performance of the overall equity markets, the Company believed that the fair value of its reporting units could be less than their carrying amounts, and, therefore, a quantitative fair value test was performed.

The quantitative fair value tests utilized the Company’s most recent cash flow projections for each of its reporting units which reflected current market conditions and current trends in business performance. The quantitative assessment utilized long-term growth rates of 3.0% and discount rates ranging from 10.00% to 11.50%, in estimation of the fair value of the reporting units. After completing the testing, the fair value of each of the Company’s reporting units exceeded its carrying value by more than 25%, and, therefore, there was no impairment to goodwill.

The Company conducted its annual goodwill impairment test as of October 1, 2025, by first assessing qualitative factors. Based on its qualitative assessment as of October 1, 2025, management believed that, it was more likely than not that the carrying amounts of each of its reporting units were less than their respective fair values and therefore concluded that a quantitative fair value test was not required.

No events occurred or circumstances changed during the period from October 1, 2025 (the last time goodwill was tested for all reporting units) through December 31, 2025 that would indicate that the fair value of any reporting unit might be below its carrying value.

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

There were no goodwill impairment charges through December 31, 2025.

9. ACCRUED AND OTHER CURRENT LIABILITIES

Accrued and other current liabilities consist of:

(in millions)	December 31, 2025	December 31, 2024
Product Rebates	$ 556	$ 465
Employee Compensation and Benefit Costs	250	230
Product Returns	79	88
Discounts and Allowances	64	64
Interest	57	35
Other	487	427
	$ 1,493	$ 1,309

Under the terms of a December 2019 license agreement with Novaliq GmbH, the Company is required to make future sales-based payments for MIEBO®, and, as a result of achieving a sales-based milestone, the Company accrued a $35 million milestone payment, which is included within Other, in the table above, as of December 31, 2025.

10. FINANCING ARRANGEMENTS

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

		December 31, 2025		December 31, 2024	
(in millions)	Maturity	Principal Amount	Net of Premiums, Discounts and Issuance Costs	Principal Amount	Net of Premiums, Discounts and Issuance Costs
Senior Secured Credit Facilities					
May 2027 Revolving Credit Facility	May 2027	$ —	$ —	$ 110	$ 110
May 2027 Term Facility	May 2027	—	—	2,437	2,410
May 2027 Incremental Term Facility	May 2027	—	—	400	396
September 2028 Term Facility	September 2028	489	483	494	486
June 2030 Revolving Credit Facility	June 2030	100	100	—	—
January 2031 Term Facility	January 2031	2,313	2,282	—	—
Senior Secured Notes					
October 2028 Secured Notes	October 2028	1,400	1,387	1,400	1,382
January 2031 Secured Notes	January 2031	793	782	—	—
Other	Various	12	14	—	—
Total long-term debt		$ 5,107	5,048	$ 4,841	4,784
Less: Current portion of long-term debt			28		40
Non-current portion of long-term debt			$ 5,020		$ 4,744

Senior Secured Credit Facilities

On May 10, 2022, Bausch + Lomb entered into a credit agreement (the "Original Credit Agreement"), providing for a term loan of $2,500 million with a five-year term to maturity (the "May 2027 Term Facility") and a five-year revolving credit facility of $500 million (the "May 2027 Revolving Credit Facility").

On September 29, 2023, Bausch + Lomb entered into an incremental term loan facility secured on a pari passu basis with the Company's existing May 2027 Term Facility. This incremental term loan facility was entered into in the form of an incremental amendment (the "September 2023 Credit Facility Amendment") to our credit agreement and consisted of borrowings of $500 million in new term B loans with a five-year term to maturity (the "September 2028 Term Facility"). A portion of the proceeds from the September 2028 Term Facility and October 2028 Secured Notes (as defined below) were used to finance the $1,750 million upfront payment related to the XIIDRA Acquisition (as discussed further in Note 4, "ACQUISITIONS AND LICENSING AGREEMENTS") and related acquisition and financing costs.

On November 1, 2024, Bausch + Lomb entered into an additional incremental term loan facility secured on a pari passu basis with the Company's existing May 2027 Term Facility and September 2028 Term Facility. This incremental term loan facility was entered into in the form of an incremental amendment (the "November 2024 Credit Facility Amendment") to our credit agreement and consisted of borrowing $400 million of new term loans with a maturity of May 2027 (the "May 2027 Incremental Term Facility"). The proceeds of the May 2027 Incremental Term Facility were used to repay revolving loans outstanding under the May 2027 Revolving Credit Facility and for general corporate purposes.

June 2025 Refinancing Activity

On June 26, 2025, the Company entered into a third amendment to our credit agreement (the "June 2025 Credit Facility Amendment"; the Original Credit Agreement, as amended by the September 2023 Credit Facility Amendment, the November 2024 Credit Facility Amendment and the June 2025 Credit Facility Amendment, the "Amended Credit Agreement"), whereby the Company entered into a new $800 million revolving credit facility maturing June 26, 2030 (subject to customary "springing" maturity provisions) (the "June 2030 Revolving Credit Facility") and a new $2,325 million term B loan facility maturing January 15, 2031 (the "January 2031 Term Facility" and, together with the September 2028 Term Facility, the "Term Facilities"; the Term Facilities, together with the June 2030 Revolving Credit Facility, the "Senior Secured Credit Facilities"). In addition, subsidiaries of the Company also issued the January 2031 Secured Notes (as defined below) (together with the June 2025 Credit Facility Amendment and the January 2031 Term Facility, the "June 2025 Refinancing"). The net proceeds from the January 2031 Secured Notes offering (as defined and described below) and the January 2031 Term Facility were used by the Company to: (i) repay in full borrowings under the May 2027 Revolving Credit Facility, (ii) refinance, in full, its outstanding term loans due 2027 and (iii) pay related fees and expenses.

The Senior Secured Credit Facilities are secured by substantially all of the assets of Bausch + Lomb and its material, wholly-owned Canadian, U.S., Dutch and Irish subsidiaries, subject to certain exceptions. The Term Facilities are denominated in U.S. dollars, and borrowings under the June 2030 Revolving Credit Facility may be made available in U.S. dollars, euros, pounds sterling and Canadian dollars. As of December 31, 2025, the principal amounts outstanding under the September 2028 Term Facility and the January 2031 Term Facility were $489 million and $2,313 million, respectively. As of December 31, 2025, the Company had $100 million of outstanding borrowings, $36 million of issued and outstanding letters of credit and remaining availability, subject to certain customary conditions, of $664 million under its June 2030 Revolving Credit Facility.

Borrowings under the June 2030 Revolving Credit Facility in: (i) U.S. dollars bear interest at a rate per annum equal to, at Bausch + Lomb's option, either: (a) a term Secured Overnight Financing Rate ("SOFR")-based rate or (b) a U.S. dollar base rate, (ii) Canadian dollars bear interest at a rate per annum equal to, at Bausch + Lomb's option, either: (a) a term Canadian Overnight Repo Rate Average ("CORRA")-based rate or (b) a Canadian dollar prime rate, (iii) euros bear interest at a rate per annum equal to EURIBOR and (iv) pounds sterling bear interest at a rate per annum equal to Sterling Overnight Index Average ("SONIA") (provided, however, that the term SOFR-based rate, term CORRA-based rate, EURIBOR and SONIA shall be no less than 0.00% per annum at any time and the U.S. dollar base rate and the Canadian dollar prime rate shall be no less than 1.00% per annum at any time), in each case, plus an applicable margin. Term SOFR-based borrowings under the June 2030 Revolving Credit Facility are not subject to any credit spread adjustment.

The applicable interest rate margins for borrowings under the June 2030 Revolving Credit Facility are between 0.75% to 1.75% with respect to U.S. dollar base rate or Canadian dollar prime rate borrowings and between 1.75% to 2.75% with respect to SOFR, CORRA, EURIBOR or SONIA borrowings based on Bausch + Lomb's total net leverage ratio. The stated rate of interest for borrowings under the Revolving Credit Facility at December 31, 2025 ranges from 6.48% to 6.58% per annum. In addition, Bausch + Lomb is required to pay commitment fees of 0.25% per annum in respect of the unutilized commitments under the June 2030 Revolving Credit Facility, payable quarterly in arrears. Bausch + Lomb is also required to pay letter of credit fees on the maximum amount available to be drawn under all outstanding letters of credit in an amount equal to the applicable margin on SOFR borrowings under the June 2030 Revolving Credit Facility on a per annum basis, payable quarterly in arrears, as well as customary fronting fees for the issuance of letters of credit and agency fees.

Borrowings under the September 2028 Term Facility bear interest at a rate per annum equal to, at our option, either: (i) a term SOFR-based rate, plus an applicable margin of 4.00%, or (ii) a U.S. dollar base rate, plus an applicable margin of 3.00% (provided, however, that the term SOFR-based rate shall be no less than 0.00% per annum at any time and the U.S. dollar

base rate shall not be lower than 1.00% per annum at any time). Term SOFR-based borrowings under the September 2028 Term Facility are not subject to any credit spread adjustment. The stated rate of interest under the September 2028 Term Facility at December 31, 2025 was 7.72% per annum.

Borrowings under the January 2031 Term Facility bear interest at a rate per annum equal to, at our option, either: (i) a term SOFR-based rate, plus an applicable margin of 4.25%, or (ii) a U.S. dollar base rate, plus an applicable margin of 3.25% (provided, however, that the term SOFR-based rate shall be no less than 0.00% per annum at any time and the U.S. dollar base rate shall not be lower than 1.00% per annum at any time). Term SOFR-based borrowings under the January 2031 Term Facility are not subject to any credit spread adjustment. The stated rate of interest under the January 2031 Term Facility at December 31, 2025 was 7.97% per annum.

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

The amortization rate for the September 2028 Term Facility is 1.00% per annum, or $5 million, payable in quarterly installments. Bausch + Lomb may direct that prepayments be applied to such amortization payments in order of maturity. As of December 31, 2025, the remaining mandatory quarterly amortization payments for the September 2028 Term Facility were $13 million through June 2028, with the remaining term loan balance being due in September 2028.

The amortization rate for the January 2031 Term Facility is 1.00% per annum, or $23 million, payable in quarterly installments, with the first installment to be paid on September 30, 2025. Bausch + Lomb may direct that prepayments be applied to such amortization payments in order of maturity. As of December 31, 2025, the remaining mandatory quarterly amortization payments for the January 2031 Term Facility were $116 million through December 2030, with the remaining term loan balance being due in January 2031.

Senior Secured Notes

On September 29, 2023, Bausch + Lomb issued $1,400 million aggregate principal amount of 8.375% Senior Secured Notes due October 2028 (the "October 2028 Secured Notes"). A portion of the proceeds from the October 2028 Secured Notes, along with the proceeds of September 2028 Term Facility, were used to finance the $1,750 million upfront payment related to the XIIDRA Acquisition (as discussed further in Note 4, “ACQUISITIONS AND LICENSING AGREEMENTS”) and related acquisition-related transaction and financing costs. The October 2028 Secured Notes accrue interest at a rate of 8.375% per year, payable semi-annually in arrears on each April 1 and October 1, which commenced on April 1, 2024.

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

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

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

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

On June 26, 2025, Bausch + Lomb's subsidiaries, Bausch + Lomb Netherlands B.V. and Bausch & Lomb Incorporated (the "Issuers"), issued €675 million aggregate principal amount of Senior Secured Floating Rate Notes due January 2031 (the "January 2031 Secured Notes" and, together with the October 2028 Secured Notes, the "Senior Secured Notes"). The proceeds from the January 2031 Secured Notes, along with the proceeds of the January 2031 Term Facility, were used by the Company to: (i) repay in full outstanding borrowings under the May 2027 Revolving Credit Facility, (ii) refinance, in full, its outstanding term loans due 2027 and (iii) pay related fees and expenses. The January 2031 Secured Notes accrue interest at a rate per annum of: (i) three-month EURIBOR (subject to a 0% floor) plus (ii) 3.875%, reset quarterly, payable quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, commencing on January 15, 2026. At December 31, 2025, the January 2031 Secured Notes bore interest at 5.87% per annum.

The January 2031 Secured Notes are guaranteed by the Company and each of the Company's subsidiaries (other than the Issuers) that are Note Guarantors. The January 2031 Secured Notes and the guarantees related thereto are senior obligations and are secured, subject to permitted liens and certain other exceptions, by the same first priority liens that secure the borrowings under the Amended Credit Agreement and the obligations under the October 2028 Secured Notes.

The January 2031 Secured Notes and the guarantees related thereto rank pari passu in right of payment with all of the Issuers' and Note Guarantors' respective existing and future unsubordinated indebtedness and senior to the Issuers' and Note Guarantors' respective existing and future indebtedness that expressly provides for its subordination to the January 2031 Secured Notes and the applicable guarantees. The January 2031 Secured Notes and the guarantees related thereto are effectively pari passu with the Issuers' and the Note Guarantors' respective existing and future indebtedness secured by a first priority lien on the collateral securing the obligations under the Amended Credit Agreement, the October 2028 Secured Notes and the January 2031 Secured Notes and effectively senior to the Issuers' and the Note Guarantors' respective existing and future indebtedness that is unsecured, or that is secured by junior liens, in each case to the extent of the value of the collateral. In addition, the January 2031 Secured Notes are: (i) structurally subordinated to all liabilities of any of the Company's subsidiaries (other than the Issuers) that do not guarantee the January 2031 Secured Notes to the extent of the value of such subsidiaries' assets and (ii) effectively subordinated to any of the Issuers' and Note Guarantors' debt that is secured by assets that are not collateral to the extent of the value of such assets.

Upon the occurrence of a change in control (as defined in the indenture governing the January 2031 Secured Notes), unless the Issuers have exercised their right to redeem all of the January 2031 Secured Notes, holders of the January 2031 Secured Notes may require the Issuers to repurchase such holders' January 2031 Secured Notes, in whole or in part, at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, but not including, the date of purchase.

The January 2031 Secured Notes are redeemable at the option of the Issuers, in whole or in part, at any time on or after June 30, 2026, at a redemption price of 100.000% of the principal amount thereof, redeemed plus accrued and unpaid interest to, but not including, the date of redemption. Prior to June 30, 2026, the Issuers may redeem the January 2031 Secured Notes in whole or in part at a redemption price equal to the principal amount of the January 2031 Secured Notes redeemed plus a make-whole premium. Prior to June 30, 2026, the Issuers may on any one or more occasions redeem up to 40% of the aggregate principal amount of the January 2031 Secured Notes at a redemption price of 103.875% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the date of redemption with the net cash proceeds of one or more equity offerings, subject to certain conditions.

Weighted Average Stated Rate of Interest

The weighted average stated rate of interest for the Company's outstanding debt obligations as of December 31, 2025 and December 31, 2024 was 7.70% and 7.95%, respectively.

Loss on Extinguishment of Debt

In connection with the repayment of the May 2027 Term Facility, May 2027 Incremental Term Facility and May 2027 Revolving Credit Facility (as described above), the Company incurred a loss on extinguishment of debt of approximately $6 million, representing the difference between the amount paid to settle the extinguished debt and the extinguished debt's carrying value.

Maturities and Mandatory Payments

Maturities and mandatory payments of debt obligations for the five succeeding years ending December 31 and thereafter are as follows:

(in millions)		
2026	$	29
2027		28
2028		1,914
2029		23
2030		123
Thereafter		2,990
Total gross maturities		5,107
Unamortized discounts		(59)
Total long-term debt and other	$	5,048

On January 2, 2026, the Company entered into a refinancing transaction in order to extend its maturities and lower its interest rates. The refinancing transaction consisted of entering into a term loan facility in the form of refinancing amendment (the "January 2026 Credit Facility Amendment") to the existing credit agreement, and consisted of borrowing $2,802 million of new term loans maturing on January 15, 2031 (the "January 2031 Refinancing Term Facility".) The proceeds from the January 2031 Refinancing Term Facility were used to refinance its September 2028 Term Facility and January 2031 Term Facility. The maturity table above excludes the impact of the January 2026 Credit Facility Amendment.

Borrowings under the January 2031 Refinancing Term Facility bear interest at a rate per annum equal to, at our option, either: (i) a term SOFR-based rate, plus an applicable margin of 3.75%, or (ii) a U.S. dollar base rate, plus an applicable margin of 2.75%. The amortization rate for the September 2028 Term Facility is 1.00% per annum, or $28 million, payable in quarterly installments.

Covenant Compliance

The Senior Secured Credit Facilities contain customary affirmative and negative covenants and specified events of default. These affirmative and negative covenants include, among other things, and subject to certain qualifications and exceptions, covenants that restrict Bausch + Lomb's ability and the ability of its subsidiaries to: incur or guarantee additional indebtedness; create or permit liens on assets; pay dividends on capital stock or redeem, repurchase or retire capital stock or subordinated indebtedness; make certain investments and other restricted payments; engage in mergers, acquisitions, consolidations and amalgamations; transfer and sell certain assets; and engage in transactions with affiliates. The June 2030 Revolving Credit Facility also contains a financial covenant that requires the Company to, if, as of the last day of any fiscal quarter of the Company (commencing with the second full fiscal quarter ending after the closing the June 2025 Credit Facility Amendment), loans and swingline loans are outstanding thereunder in an aggregate amount greater than 35% of the total commitments thereunder at such time, maintain a maximum first lien net leverage ratio of not greater than (a) commencing with the second full fiscal quarter ending after the closing of the June 2025 Credit Facility Amendment through and including the eighth full fiscal quarter, 5.75:1.00, (b) commencing with the ninth full fiscal quarter after the closing of the June 2025 Credit Facility Amendment through and including the twelfth full fiscal quarter, 5.50:1.00, (c) commencing with the thirteenth full fiscal quarter after the closing of the June 2025 Credit Facility Amendment through and including the sixteenth full fiscal quarter, 5.25:1.00, and (d) thereafter, 5.00:1.00. The financial covenant applicable to the June 2030 Revolving Credit Facility may be waived or amended with the consent of a majority of the lenders under the June 2030 Revolving Credit Facility, and without the consent of the lenders under any other Senior Secured Credit Facility or any other person and contains a customary term loan facility standstill and customary cure rights. The indentures governing the Senior Secured Notes also contain negative covenants and events of default that are similar to those contained in the Senior Secured Credit Facilities.

As of December 31, 2025, the Company was in compliance with its financial covenants related to its debt obligations. Bausch + Lomb, based on its current forecast for the next twelve months from the date of issuance of these Consolidated Financial Statements, expects to remain in compliance with its financial covenants and meet its debt service obligations over that same period.

11. PENSION AND POSTRETIREMENT EMPLOYEE BENEFIT PLANS

Bausch + Lomb has defined benefit plans and a participatory defined benefit postretirement medical and life insurance plan, which covers a closed grandfathered group of legacy U.S. employees and employees in certain other countries. The U.S. defined benefit accruals were frozen as of December 31, 2004 and benefits that were earned up to December 31, 2004 were preserved. Participants continue to earn interest credits on their cash balance at an interest crediting rate that is equal to the greater of: (i) the average annual yield on 10-year Treasury bonds in effect for the November preceding the plan year or (ii) 4.50%. The most significant non-U.S. plans are two defined benefit plans in Ireland. In 2011, both Ireland defined benefit plans were closed to future service benefit accruals; however, additional accruals related to annual salary increases continued. In December 2014, one of the Ireland defined benefit plans was amended effective August 2014 to eliminate future benefit accruals related to salary increases. All of the pension benefits accrued through the plan amendment date were preserved. As a result of the plan amendment, there are no active plan participants accruing benefits under the amended Ireland defined benefit plan. The U.S. postretirement benefit plan was amended effective January 1, 2005 to eliminate employer contributions after age 65 for participants who did not meet the minimum requirements of age and service on that date. The employer contributions for medical and prescription drug benefits for participants retiring after March 1, 1989 were frozen effective January 1, 2010. Effective January 1, 2014, the Company no longer offers medical and life insurance coverage to new retirees.

In addition to the legacy benefit plans, outside of the U.S., a limited group of the Company's employees are covered by defined benefit pension plans.

The Company uses December 31 as the year-end measurement date for all of its defined benefit pension plans and the postretirement benefit plan.

Accounting for Pension Benefit Plans and Postretirement Benefit Plan

The Company recognizes in its Consolidated Balance Sheets an asset or liability equal to the over- or under-funded benefit obligation of each defined benefit pension plan and postretirement benefit plan. Actuarial gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic cost (benefit) are recognized, net of tax, as a component of other comprehensive income (loss).

The amounts included in Accumulated other comprehensive loss as of December 31, 2025 and 2024 were as follows:

	Pension Benefit Plans				U.S. Postretirement Benefit Plan	
	U.S. Plan		Non-U.S. Plans			
(in millions)	2025	2024	2025	2024	2025	2024
Unrecognized actuarial (losses) gains	$ (26)	$ (29)	$ (22)	$ (23)	$ 5	$ 4
Unrecognized prior service credits	$ —	$ —	$ 23	$ 21	$ —	$ 1

Net periodic cost (benefit)

The following tables provides the components of Net periodic cost (benefit) for Bausch + Lomb's defined benefit pension plans and postretirement benefit plan for the years 2025, 2024 and 2023:

	Pension Benefit Plans						U.S. Postretirement Benefit Plan		
	U.S. Plan			Non-U.S. Plans					
(in millions)	2025	2024	2023	2025	2024	2023	2025	2024	2023
Service cost	$ 1	$ 1	$ 2	$ 2	$ 2	$ 2	$ —	$ —	$ —
Interest cost	8	8	9	4	4	4	1	1	1
Expected return on plan assets	(8)	(9)	(9)	(5)	(4)	(3)	—	—	—
Amortization of prior service credit	—	—	—	—	(1)	(1)	(1)	(2)	(2)
Amortization of net loss	1	1	1	—	—	—	—	—	—
Settlement loss recognized	—	—	—	—	—	1	—	—	—
Net periodic cost (benefit)	$ 2	$ 1	$ 3	$ 1	$ 1	$ 3	$ —	$ (1)	$ (1)

Benefit Obligation, Change in Plan Assets and Funded Status

The table below presents components of the change in projected benefit obligation, change in plan assets and funded status for 2025 and 2024:

	Pension Benefit Plans				U.S. Postretirement Benefit Plan	
	U.S. Plan		Non-U.S. Plans			
(in millions)	2025	2024	2025	2024	2025	2024
Change in Projected Benefit Obligation						
Projected benefit obligation, beginning of year	$ 161	$ 170	$ 103	$ 111	$ 23	$ 25
Service cost	1	1	2	2	—	—
Interest cost	8	8	4	4	1	1
Settlements	—	—	(1)	(2)	—	—
Benefits paid	(16)	(15)	(4)	(5)	(2)	(2)
Actuarial losses (gains)	4	(3)	(12)	1	—	(1)
Currency translation adjustments	—	—	12	(8)	—	—
Projected benefit obligation, end of year	158	161	104	103	22	23
Change in Plan Assets						
Fair value of plan assets, beginning of year	155	162	94	98	—	—
Actual return on plan assets	16	6	(4)	6	—	—
Company contributions	—	2	2	3	2	2
Settlements	—	—	(2)	(2)	—	—
Benefits paid	(16)	(15)	(4)	(5)	(2)	(2)
Currency translation adjustments	—	—	12	(6)	—	—
Fair value of plan assets, end of year	155	155	98	94	—	—
Funded Status at end of year	$ (3)	$ (6)	$ (6)	$ (9)	$ (22)	$ (23)
Recognized as:						
Other non-current assets	$ —	$ —	$ 27	$ 22	$ —	$ —
Accrued and other current liabilities	$ —	$ —	$ 2	$ 1	$ 3	$ 3
Other non-current liabilities	$ 3	$ 6	$ 31	$ 30	$ 19	$ 20

Included in Settlement loss recognized and Settlements in the tables above are the costs and payments associated with the conversion of a portion of the Company's defined benefit plan in Ireland to a defined contribution plan.

A number of the Company's pension benefit plans were underfunded as of December 31, 2025 and 2024, having accumulated benefit obligations exceeding the fair value of plan assets. Information for the underfunded pension benefit plans is as follows:

	U.S. Plan		Non-U.S. Plans	
(in millions)	2025	2024	2025	2024
Projected benefit obligation	$ 158	$ 161	$ 36	$ 35
Accumulated benefit obligation	158	161	31	30
Fair value of plan assets	155	155	3	4

The Company's policy for funding its pension benefit plans is to make contributions that meet or exceed the minimum statutory funding requirements. These contributions are determined based upon recommendations made by the actuary under accepted actuarial principles. In 2026, the Company expects to contribute $3 million, $2 million and $3 million to the U.S. pension benefit plan, the non-U.S. pension benefit plans and the U.S. postretirement benefit plan, respectively. The Company plans to use postretirement benefit plan assets and cash on hand, as necessary, to fund the U.S. postretirement benefit plan benefit payments in 2026.

Estimated Future Benefit Payments

Future benefit payments over the next 10 years for the pension benefit plans and the postretirement benefit plan, which reflect expected future service, as appropriate, are expected to be paid as follows:

(in millions)	Pension Benefit Plans		U.S. Postretirement Benefit Plan
	U.S. Plan	Non-U.S. Plans	
2026	$ 14	$ 4	$ 3
2027	19	5	3
2028	17	6	3
2029	16	5	2
2030	15	5	2
2031 - 2035	62	33	8

Assumptions

The weighted-average assumptions used to determine net periodic benefit costs and benefit obligations for 2025, 2024 and 2023 were as follows:

	Pension Benefit Plans			U.S. Postretirement Benefit Plan		
	2025	2024	2023	2025	2024	2023
For Determining Net periodic cost (benefit)						
U.S. Plans:						
Discount rate	5.53 %	5.11 %	5.41 %	5.44 %	5.08 %	5.39 %
Expected rate of return on plan assets	5.50 %	6.00 %	6.00 %	—	—	—
Rate of compensation increase	—	—	—	—	—	—
Interest crediting rate	4.75 %	4.75 %	4.75 %			
Non-U.S. Plans:						
Discount rate	3.47 %	3.60 %	3.83 %			
Expected rate of return on plan assets	4.38 %	4.37 %	4.10 %			
Rate of compensation increase	3.00 %	2.94 %	2.92 %			

	Pension Benefit Plans			U.S. Postretirement Benefit Plan		
	2025	2024	2023	2025	2024	2023
For Determining Benefit Obligation						
U.S. Plans:						
Discount rate	5.19 %	5.53 %	5.11 %	5.01 %	5.44 %	5.08 %
Rate of compensation increase	—	—	—	—	—	—
Interest crediting rate	4.75 %	4.75 %	4.75 %			
Non-U.S. Plans:						
Discount rate	4.24 %	3.47 %	3.60 %			
Rate of compensation increase	2.95 %	3.00 %	2.94 %			

The expected long-term rate of return on plan assets was developed based on a capital markets model that uses expected asset class returns, variance and correlation assumptions. The expected asset class returns were developed starting with current Treasury (for the U.S. pension plan) or Eurozone (for the Ireland pension plans) government yields and then adding corporate bond spreads and equity risk premiums to develop the return expectations for each asset class. The expected asset class returns are forward-looking. The variance and correlation assumptions are also forward-looking. They take into account historical relationships but are adjusted to reflect expected capital market trends.

The discount rate used to determine benefit obligations represents the current rate at which the benefit plan liabilities could be effectively settled considering the timing of expected payments for plan participants.

The 2026 expected rate of return for the U.S. pension benefit plan will be 5.50%. The 2026 expected rate of return for the Ireland pension benefit plans will be 4.50%.

Pension Benefit Plans Assets

Pension benefit plan assets are invested in several asset categories. The following presents the actual asset allocation as of December 31, 2025 and 2024:

	2025	2024
U.S. Plan		
Cash and cash equivalents	1 %	1 %
Equity securities	30 %	29 %
Fixed income securities	69 %	70 %
Non-U.S. Plans		
Cash and cash equivalents	24 %	12 %
Equity securities	20 %	25 %
Fixed income securities	15 %	15 %
Other	41 %	48 %

The investment strategy underlying pension plan asset allocation is to manage the assets of the plan to provide for the non-current liabilities while maintaining sufficient liquidity to pay current benefits. Pension plan assets are diversified to protect against large investment losses and to reduce the probability of excessive performance volatility. Diversification of assets is achieved by allocating funds to various asset classes and investment styles within asset classes, and retaining investment management firm(s) with complementary investment philosophies, styles and approaches.

The Company's pension plan assets are managed by outside investment managers using a total return investment approach, whereby a mix of equity and debt securities investments are used to maximize the long-term rate of return on plan assets. A significant portion of the assets of the U.S. and Ireland pension plans have been invested in equity securities, as equity portfolios have historically provided higher returns than debt and other asset classes over extended time horizons. Correspondingly, equity investments also entail greater risks than other investments. Equity risks are balanced by investing a significant portion of plan assets in broadly diversified fixed income securities.

Fair Value of Plan Assets

The Company measured the fair value of plan assets based on the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5, “FAIR VALUE MEASUREMENTS” for details on the Company's' fair value measurements based on a three-tier hierarchy.

The table below presents total plan assets by investment category as of December 31, 2025 and 2024 and the classification of each investment category within the fair value hierarchy with respect to the inputs used to measure fair value. There were no transfers between Level 1, Level 2 or Level 3 during 2025 and 2024.

	Pension Benefit Plans - U.S. Plans					
	December 31, 2025			December 31, 2024		
(in millions)	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash and cash equivalents	$ 2	$ —	$ 2	$ 1	$ —	$ 1
Commingled funds:						
Equity securities:						
U.S. broad market	—	25	25	—	24	24
Emerging markets	—	5	5	—	5	5
Worldwide developed markets	—	11	11	—	11	11
Other assets	—	6	6	—	6	6
Fixed income securities:						
Investment grade	—	106	106	—	108	108
	$ 2	$ 153	$ 155	$ 1	$ 154	$ 155

	Pension Benefit Plans - Non-U.S. Plans							
	December 31, 2025				December 31, 2024			
(in millions)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash equivalents	$ —	$ 23	$ —	$ 23	$ —	$ 11	$ —	$ 11
Commingled funds:								
Equity securities:								
Emerging markets	—	1	—	1	—	1	—	1
Developed markets	—	19	—	19	—	23	—	23
Fixed income securities:								
Investment grade	—	1	—	1	—	1	—	1
Government bond funds	1	13	—	14	1	12	—	13
Other assets	—	31	9	40	—	32	13	45
	$ 1	$ 88	$ 9	$ 98	$ 1	$ 80	$ 13	$ 94

Cash equivalents consisted primarily of term deposits and money market instruments. The fair value of the term deposits approximates their carrying amounts due to their short-term maturities. The money market instruments also have short maturities and are valued using a market approach based on the quoted market prices of identical instruments.

Commingled funds are not publicly traded. The underlying assets in these funds are publicly traded on the exchanges and have readily available price quotes. The Ireland pension plans held approximately 89% and 90% of the non-U.S. commingled funds in 2025 and 2024, respectively. The commingled funds held by the U.S. and Ireland pension plans are primarily invested in index funds.

The underlying assets in the fixed income funds are generally valued using the net asset value per fund share, which is derived using a market approach with inputs that include broker quotes, benchmark yields, base spreads and reported trades.

Defined Contribution Plans

The Company sponsors defined contribution plans in the U.S., Ireland and certain other countries. Under these plans, employees are allowed to contribute a portion of their salaries to the plans, and the sponsor matches a portion of the employee contributions. The Company contributed $38 million, $36 million and $34 million to these plans during the years 2025, 2024 and 2023, respectively.

12. LEASES

As disclosed in further detail in Note 2, “SIGNIFICANT ACCOUNTING POLICIES”, the Company leases certain facilities, vehicles and equipment principally under multi-year agreements. In addition, in 2025 the Company entered into a sale and master lease agreement with a third party. Under this agreement, on October 2, 2025, the Company sold various fixed asset equipment, for a sale price of $36 million, and then leased the equipment back through a three-year leaseback transaction. This transaction did not qualify as a sale under the applicable accounting guidance, and, as such, the associated equipment remained included within Property, plant and equipment, net. The Company refers to these failed sale-leasebacks as "other financial liabilities" and recorded the related obligations in Current portion of long-term debt and other financial liabilities and Long-term debt and other financial liabilities in the Consolidated Balance Sheets.

Right-of-use assets and lease liabilities associated with the Company's operating leases and fixed asset equipment and other financial liabilities associated with the Company's leaseback transaction are included in the Consolidated Balance Sheets as follows:

(in millions)	December 31, 2025	December 31, 2024
Right-of-use assets included in:		
Other non-current assets	$ 160	$ 151
Fixed asset equipment included in:		
Property, plant and equipment, net	$ 36	$ —
Lease liabilities included in:		
Accrued and other current liabilities	$ 38	$ 32
Other non-current liabilities	125	120
Current portion of long-term debt and other financial liabilities	11	—
Long-term debt and other financial liabilities	23	—
Total lease liabilities	$ 197	$ 152

As of December 31, 2025 and 2024, the Company's finance leases were not material and for 2025 and 2024 sub-lease income and short-term lease expense were not material. Lease expense for 2025 and 2024 includes:

(in millions)	2025	2024
Operating lease costs	$ 54	$ 46
Variable operating lease costs	$ 10	$ 10
Amortization of other financial liabilities	$ —	$ —
Interest on other financial liabilities	$ 1	$ —

Other information related to operating leases and other financial liabilities for 2025 and 2024 is as follows:

(dollars in millions)	2025	2024
Cash paid from operating cash flows for amounts included in the measurement of lease liabilities	$ 51	$ 42
Cash paid from operating cash flows for other financial liabilities	$ 1	$ —
Cash paid from financing cash flows for other financial liabilities	$ 2	$ —
Cash received from financing cash flows for other financial liabilities	$ 36	$ —
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 39	$ 73
Weighted-average remaining lease term - operating leases	7.3 years	7.4 years
Weighted-average remaining lease term - other financial liabilities	2.8 years	—
Weighted-average discount rate - operating leases	7.6 %	7.5 %
Weighted-average discount rate - other financial liabilities	7.5 %	—

As of December 31, 2025, future payments under noncancellable operating leases, and, under the leaseback agreement that did not qualify as a sale, for each of the five succeeding years ending December 31 and thereafter are as follows:

(in millions)	Operating Leases	Other Financial Liabilities
2026	$ 49	$ 13
2027	40	13
2028	28	12
2029	15	—
2030	13	—
Thereafter	72	—
Total	217	38
Less: Imputed interest	54	4
Present value of remaining lease payments	163	34
Less: Current portion	38	11
Non-current portion	$ 125	$ 23

13. SHARE-BASED COMPENSATION

Bausch + Lomb Corporation 2022 Omnibus Incentive Plan

Effective May 5, 2022, Bausch + Lomb established the Bausch + Lomb Corporation 2022 Omnibus Incentive Plan (the "Plan") and a total of 28,000,000 common shares of Bausch + Lomb were originally authorized for issuance under the Plan. The Plan was amended and restated effective April 24, 2023 and further amended and restated on May 29, 2024, to increase the number of shares authorized for issuance (the "Amended and Restated Plan"), resulting in an aggregate 52,000,000 common shares of Bausch + Lomb authorized for issuance under the Amended and Restated Plan.

The Amended and Restated Plan provides for the grant of various types of awards, including restricted stock units ("RSUs"), restricted stock, stock appreciation rights, stock options, performance-based awards and cash awards. Under the Amended and Restated Plan, the exercise price of awards, if any, is set on the grant date and may not be less than the fair market value per share on that date. Generally, stock options have a term of ten years and a three-year vesting period, subject to limited exceptions.

Share-based awards granted to senior management align with the Company's focus on enhancing its revenue growth while maintaining focus on total shareholder return over the long term. The share-based awards granted under this long-term incentive program consist of time-based stock options, time-based RSUs and performance-based RSUs ("PSUs"). The PSUs are comprised of awards that vest upon: (i) achievement of certain share price appreciation conditions, including absolute and relative total shareholder return ("TSR") (the "TSR PSUs"), (ii) attainment of certain performance targets that are based on the Company's Organic Revenue Growth (the "Organic Revenue Growth PSUs") and (iii) outperformance of performance goals, based on the level of achievement of: (a) a revenue metric (measured for fiscal year 2026) and (b) relative TSR metric (if applicable) ("OPG PSU"). If the Company's performance is below a specified performance level, no common shares will be paid. Each vested PSU represents the right of a holder to receive a number of the Company's common shares up to a specified maximum.

Approximately 13,800,000 common shares were available for future grants as of December 31, 2025. Bausch + Lomb uses reserved and unissued common shares to satisfy its obligations under its share-based compensation plans.

In July 2025, the Talent and Compensation Committee of the Board of Directors approved certain amendments to the employment agreement by and between Brent Saunders, Chief Executive Officer ("CEO") and Chair of the Board of Directors of the Company, and Bausch + Lomb, dated as of February 14, 2023, and the award agreement underlying certain performance stock units previously granted to Mr. Saunders in connection with his appointment as CEO (the "New Hire PSUs"). The amendments to the New Hire PSUs provided that the New Hire PSUs will now vest and payout between 120% - 330% of the target award on February 23, 2029 (the "New Performance End Date"), based on the level of achievement of (x) specified share-price hurdle goals ranging from $26.57 per share to $39.06 per share measured as of the New Performance End Date and (y) a new cumulative Adjusted EBITDA performance modifier goal for the Company's 2025 - 2028 fiscal years measured against specified cumulative targets (which modifies the payout between a range of -40% to +40% of the payout level under the share-price hurdle performance goal, subject to Mr. Saunders' continued employment through the New Performance End Date (subject to certain exceptions). The Company began accounting for these modifications during the quarter ended September 30, 2025. These modifications did not have a material impact on the Consolidated Financial Statements for the year ended December 31, 2025.

The components and classification of share-based compensation expense related to stock options, PSUs and RSUs directly attributable to those employees specifically identified as Bausch + Lomb employees for the Plan for the years 2025, 2024 and 2023 were as follows:

(in millions)	2025	2024	2023
Stock options	$ 14	$ 10	$ 11
PSUs/RSUs	135	82	63
Share-based compensation expense	$ 149	$ 92	$ 74
Research and development expenses	$ 7	$ 5	$ 5
Selling, general and administrative expenses	142	87	69
Share-based compensation expense	$ 149	$ 92	$ 74

For the year ended December 31, 2025, share-based compensation expense includes approximately $30 million due to a change in the level of performance goal achievement related to certain PSU's.

Stock Options

Stock options granted under the Plan generally expire on the tenth anniversary of the grant date. The exercise price of any stock option granted under the Plan will not be less than the closing price per common share on the date of grant. Stock options generally vest 33% each year over a three-year period, on the anniversary of the date of grant.

The fair values of all stock options granted under the Plan for the years 2025, 2024 and 2023 were estimated as of the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2025	2024	2023
Expected stock option life (years)	3.0	3.0	3.0
Expected volatility	36.8 %	35.1 %	35.3 %
Risk-free interest rate	3.8 %	4.5 %	4.6 %
Expected dividend yield	— %	— %	— %

The expected stock option life was determined based on historical exercise and forfeiture patterns associated with historical stock options granted to Bausch + Lomb employees under BHC's long-term incentive plan. The expected volatility was determined based on implied and historical volatility of Bausch + Lomb's selected peer companies. Bausch + Lomb will continue to leverage BHC's historical stock option experience and peer company data until it has sufficient experience with its own equity awards and market data. The risk-free interest rate was determined based on the rate at the time of grant for zero-coupon U.S. government bonds with maturity dates equal to the expected life of the stock option. The expected dividend yield was determined based on the stock option's exercise price and expected Bausch + Lomb annual dividend rate at the time of grant.

The Black-Scholes option-pricing model used by the Company to calculate stock option values was developed to estimate the fair value of freely tradable, fully transferable stock options without vesting restrictions, which significantly differ from Bausch + Lomb's stock option awards. This model also requires highly subjective assumptions, including future stock price volatility and expected time until exercise, which greatly affect the calculated values.

The following table summarizes stock option activity under the Plan during 2025:

(in millions, except per share amounts)	**Options**	**Weighted-Average Exercise Price Per Share**	**Weighted-Average Remaining Contractual Term (Years)**	**Aggregate Intrinsic Value**
Outstanding, January 1, 2025	9.0	$ 17.90		
Granted	1.4	$ 15.86		
Exercised	—	$ —		
Expired or forfeited	(0.4)	$ 18.00		
Outstanding, December 31, 2025	10.0	$ 17.62	6.3	$ 2.0
Vested and expected to vest, December 31, 2025	9.6	$ 17.62	6.2	$ 1.9
Vested and exercisable, December 31, 2025	4.2	$ 17.97	4.7	$ 0.1

The weighted-average fair values of stock options granted to Bausch + Lomb employees in 2025, 2024 and 2023 were $4.66, $4.94 and $5.33, respectively. There were no stock options exercised in 2025. The stock options exercised in 2024 were not material. There were no stock options exercised in 2023.

As of December 31, 2025, the total remaining unrecognized compensation expense related to non-vested stock options amounted to $8 million, which will be amortized over the weighted-average remaining requisite service period of approximately 1.1 years. The total fair value of stock options that vested during 2025, 2024 and 2023 was $18 million, $6 million and $5 million, respectively.

Time-Based RSUs

RSUs under the Plan generally vest 33% a year over a three-year period with the exception of the RSUs granted pursuant to the IPO Founder Grants and the RSUs granted to the Company's Chief Executive Officer in connection with his appointment, which vest in two equal installments, such that 50% vest on the second anniversary and 50% vest on the third anniversary of the grant date. RSUs are credited with dividend equivalents, in the form of additional RSUs, when dividends are paid on Bausch + Lomb's common shares. Such additional RSUs will have the same vesting dates and will vest under the same terms as the RSUs in respect of which such additional RSUs are credited.

To the extent provided for in a RSU agreement, Bausch + Lomb may, in lieu of all or a portion of the common shares which would otherwise be provided to a holder, elect to pay a cash amount equivalent to the market price of the Company's common shares on the vesting date for each vested RSU. The amount of cash payment will be determined based on the average market price of the Company's common shares on the vesting date. The Company's current intent is to settle vested RSUs through the issuance of common shares.

Each vested RSU represents the right of a holder to receive one of the Company's common shares. The fair value of each RSU granted is estimated based on the trading price of the Company's common shares on the date of grant.

The following table summarizes non-vested RSU activity under the Plan during 2025:

(in millions, except per share amounts)	Restricted Stock Units (RSUs)	Weighted-Average Grant-Date Fair Value Per Share
Non-vested, January 1, 2025	6.2	$ 16.89
Granted	4.0	$ 15.47
Vested	(2.7)	$ 17.04
Forfeited	(0.7)	$ 15.98
Non-vested, December 31, 2025	6.8	$ 16.08

As of December 31, 2025, the total remaining unrecognized compensation expense related to non-vested RSUs amounted to $48 million, which will be amortized over the weighted-average remaining requisite service period of approximately 1.4 years. The total fair value of RSUs vested in 2025, 2024 and 2023 was $47 million, $41 million and $27 million, respectively.

Performance-Based RSUs

Each vested PSU represents the right of a holder to receive a number of the Company's common shares up to a specified maximum. The performance-based PSUs are comprised of awards that vest upon: (i) achievement of certain share price appreciation conditions, including absolute and relative total shareholder return, (ii) attainment of certain performance targets that are based on the Company's Organic Revenue Growth and (iii) level of achievement of: (a) a revenue metric and (b) a relative TSR metric (if applicable). If the Company's performance is below a specified performance level, no common shares will be paid. The maximum level of achievement of the performance goals is 200% - 300% of the target.

The fair value of the TSR PSUs granted during 2025, 2024 and 2023 and the OPG PSUs granted during 2025 and 2024 were estimated using a Monte Carlo Simulation model, which utilizes multiple input variables to estimate the probability that the performance condition will be achieved. The fair value of the Organic Revenue Growth PSUs is estimated based on the trading price of the Company's common shares on the date of grant. Expense recognized for the Organic Revenue Growth PSUs in each reporting period reflects the Company's latest estimate of Organic Revenue Growth in determining the number of PSUs that are expected to vest. Expense recognized for the OPG PSUs in each reporting period reflects the latest probability of the Company achieving certain revenue targets in determining the number of PSUs that are expected to vest. If the Organic Revenue Growth PSUs do not ultimately vest due to the Organic Revenue Growth not being met and/or the OPG PSUs do not ultimately vest due to certain revenue targets not being met, no compensation expense is recognized and any previously recognized compensation expense is reversed.

The fair values of TSR PSUs and OPG PSUs granted during 2025, 2024 and 2023 were estimated with the following assumptions:

	2025	2024	2023
Contractual term (years)	3.0	3.0	3.6
Expected volatility	36.7%	35.1%	35.4%
Risk-free interest rate	3.8%	4.5%	4.5%

The expected volatility was determined based on implied and historical volatility of Bausch + Lomb's selected peer companies. The risk-free interest rate was determined based on the rate at the time of grant for zero-coupon U.S. government bonds with maturity dates equal to the contractual terms of the TSR PSU and OPG PSU.

The following table summarizes the performance-based PSU activity during 2025:

(in millions, except per share amounts)	Performance-based RSUs	Weighted-Average Grant-Date Fair Value Per Share
Non-vested, January 1, 2025	4.1	$ 20.61
Granted	1.2	$ 15.90
Vested	—	$ —
Forfeited	(0.2)	$ 16.59
Non-vested, December 31, 2025	5.1	$ 19.67

During 2025, the Company granted approximately 1,166,000 performance-based RSUs, consisting of: (i) approximately 753,000 Organic Revenue Growth PSUs with a weighted-average grant date fair value of $15.98 per RSU, (ii) approximately 388,000 TSR PSUs with an average grant date fair value of $15.86 per RSU and (iii) approximately 25,000 OPG PSUs with a weighted-average grant date fair value of $14.06 per RSU.

As of December 31, 2025, the total remaining unrecognized compensation expense related to non-vested performance-based RSUs amounted to $79 million, which will be amortized over the weighted-average remaining requisite service period of approximately 1.8 years. A maximum of approximately 11,900,000 common shares could be issued upon vesting of the performance-based RSUs outstanding as of December 31, 2025. There were no performance-based RSUs that vested during 2025, 2024 and 2023.

14. ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss consists of:

(in millions)	December 31, 2025	December 31, 2024
Foreign currency translation adjustment	$ (1,163)	$ (1,358)
Pension adjustment, net of tax	(21)	(27)
	$ (1,184)	$ (1,385)

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

15. OTHER EXPENSE, NET

Other expense, net for the years 2025, 2024 and 2023 consist of:

(in millions)	2025	2024	2023
Asset impairments	$ —	$ 5	$ —
Restructuring, integration and separation costs	58	26	44
Gain on sale of assets	(6)	(5)	—
Litigation and other matters	10	5	3
Acquired in-process research and development costs	33	18	—
Acquisition-related costs	7	4	25
Acquisition-related contingent consideration	(27)	(9)	2
Other expense, net	$ 75	$ 44	$ 74

The Company evaluates opportunities to improve its operating results and implements cost savings programs to streamline its operations and eliminate redundant processes and expenses. Restructuring and integration costs are expenses associated with the implementation of these cost savings programs and include expenses associated with reducing headcount and other cost reduction initiatives. Restructuring, integration and separation costs for the years 2025, 2024 and 2023 were $58 million, $26 million and $44 million, respectively, and primarily consist of employee severance costs. These severance costs were provided under an ongoing benefit arrangement and were therefore recorded once they were both probable and reasonably estimable in accordance with the provisions of ASC 712-10, "Nonretirement Postemployment Benefits".

Acquired in-process research and development costs in 2025 primarily relates to the acquisition of Whitecap Biosciences, as discussed in Note 4, "ACQUISITIONS AND LICENSING AGREEMENTS".

Acquisition-related contingent consideration in 2025 primarily reflects changes in: (i) the timing of regulatory approval of certain pipeline products and (ii) the estimated amount and timing of projected cash flows of certain products.

16. INCOME TAXES

The components of Loss before provision for income taxes for 2025, 2024 and 2023 consist of:

(in millions)	2025	2024	2023
Domestic	$ (239)	$ (159)	$ (194)
Foreign	(78)	(75)	28
	$ (317)	$ (234)	$ (166)

The components of Provision for income taxes for 2025, 2024 and 2023 consist of:

(in millions)	2025	2024	2023
Current:			
Domestic	$ —	$ (1)	$ —
Foreign	(70)	(74)	(71)
	(70)	(75)	(71)
Deferred:			
Domestic	(1)	(1)	(20)
Foreign	36	5	9
	35	4	(11)
	$ (35)	$ (71)	$ (82)

The (provision for) benefit from income taxes differs from the expected amount by applying the Company's Canadian federal statutory rate to a loss before income taxes for 2025 as follows:

(in millions)	2025	
	Amount	**Percent**
Loss before provision for income taxes	$ (317)	
Provision for income taxes		
Expected provision for income taxes at Canadian statutory rate	$ 79	25 %
Domestic provincial and local income taxes, net of federal (national) income tax effect	—	— %
Foreign Tax Effects		
United States		
State and local taxes	5	2 %
Effects of cross-border taxes	(4)	(1)%
Research & Development Tax Credits	8	3 %
Contingent Consideration Fair Value Adjustments	6	2 %
Intercompany Profit in Ending Inventory	(2)	(1)%
All Other	(4)	(1)%
Ireland		
Statutory Rate Differential	(49)	(15)%
Changes in Valuation Allowance	(11)	(3)%
Non-Deductible Interest	(17)	(5)%
Capital Loss on Sale of Assets	7	2 %
Foreign exchange impact on EUR denominated assets in Ireland	(5)	(2)%
Intercompany Profit in Ending Inventory	18	6 %
All Other	—	— %
Netherlands		
Changes in Valuation Allowance	(4)	(1)%
All Other	(1)	— %
Germany		
Statutory Rate Differential	8	3 %
Other	(2)	(1)%
Other Foreign Jurisdictions	(7)	(2)%
Effect of Changes in Tax Laws or Rates enacted in the current period	—	— %
Effect of Cross Border Taxes (FAPI)	(2)	(1)%
Tax Credits	—	— %
Changes in Valuation Allowances	(15)	(5)%
Nontaxable and Nondeductible Items		
Share-based Compensation	(14)	(4)%
Non-Deductible Interest	(5)	(2)%
Worldwide Changes to Uncertain Tax Positions	—	— %
All Other		
Foreign exchange impact on USD denominated debt in Canada	(24)	(8)%
All Other	—	— %
	$ (35)	(11)%

As a Canadian domiciled company, the Provision for income taxes differs from the expected amount calculated by applying the Company's Canadian statutory federal plus the applicable provincial rate of 26.5% to Loss before income taxes for 2024 and 2023 as follows:

(in millions)	2024	2023
Loss before provision for income taxes	$ (234)	$ (166)
Provision for income taxes		
Expected provision for income taxes at Canadian statutory rate	$ 62	$ 44
Adjustments to tax attributes	2	1
Non-deductible amount of share-based compensation	(10)	(7)
Change in valuation allowance	(44)	(42)
Change in uncertain tax positions	1	2
Withholding tax	(7)	(5)
Return to provision	5	(1)
Foreign tax rate differences	(74)	(57)
Foreign exchange impact on USD denominated debt in Canada	25	—
Disallowed interest	(28)	(14)
Other	(3)	(3)
	$ (71)	$ (82)

Deferred tax assets and liabilities consist of:

(in millions)	December 31, 2025	December 31, 2024
Deferred tax assets:		
Tax loss and credit carryforwards	$ 1,032	$ 923
Intangible assets	—	25
Provisions	173	145
Share-based compensation	22	15
Leases	15	14
Other	28	45
Total deferred tax assets	1,270	1,167
Less valuation allowance	(212)	(179)
Net deferred tax assets	1,058	988
Deferred tax liabilities:		
Plant, equipment and technology	71	64
Intangible assets	17	—
Leases and Right of Use Assets	14	14
Outside basis differences	41	38
Total deferred tax liabilities	143	116
Net deferred tax asset	$ 915	$ 872

The following table presents a reconciliation of the deferred tax asset valuation allowance for 2025, 2024 and 2023:

(in millions)	2025	2024	2023
Balance, beginning of year	$ 179	$ 150	$ 54
Charged to Benefit from income taxes	29	30	42
Other	4	(1)	54
Balance, end of year	$ 212	$ 179	$ 150

The realization of deferred tax assets is dependent on the Company generating sufficient domestic and foreign taxable income in the years that the temporary differences become deductible. A valuation allowance has been provided for the portion of the deferred tax assets that the Company determined is more likely than not to remain unrealized based on estimated future taxable income and tax planning strategies. The valuation allowance increased by $33 million during 2025 primarily due to the losses incurred during the year in jurisdictions for which the Company has established a full valuation allowance and the establishment of partial valuation allowances related to specific items.

As of December 31, 2025 the Company had accumulated taxable losses available to offset future years' federal taxable income in the U.S. of approximately $54 million and expire from 2025 to 2035. These taxable losses are subject to annual loss limitations as a result of previous ownership changes. As of December 31, 2025, the Company U.S. research and development credits available to offset future years' federal income taxes in the U.S. were approximately $11 million, which includes acquired research and development credits and which expire in years 2025 through 2044. As of December 31, 2025 the Company had accumulated taxable losses available to offset future years taxable income in Ireland of approximately $6,401 million. These taxable losses do not expire.

The Company provides for withholding tax on the unremitted earnings of its direct foreign affiliates except for its direct U.S. subsidiaries. The Company continues to assert that the unremitted earnings of its U.S. subsidiaries will be permanently reinvested and not repatriated. The Company provides for withholding tax on the unremitted earnings of its direct foreign affiliates except for its direct U.S. subsidiaries. The Company continues to assert that the unremitted earnings of its U.S. subsidiaries will be permanently reinvested and not repatriated. As of December 31, 2025, the Company estimates that there will be no tax liability attributable to unremitted earnings of its U.S. subsidiaries. However, future distributions could be subject to U.S. withholding tax.

As of December 31, 2025, unrecognized tax benefits (including interest and penalties) were $71 million, of which $62 million would affect the effective income tax rate if recognized.

The Company provides for interest and penalties related to unrecognized tax benefits in the provision for income taxes. As of December 31, 2025 and 2024, accrued interest and penalties related to unrecognized tax benefits were approximately $12 million and $9 million, respectively. In 2025, the Company recognized a net increase of approximately $3 million. In 2024 and 2023, the Company did not recognize a net change in interest and penalties.

The Company and its subsidiaries file federal income tax returns in Canada, the U.S. and other foreign jurisdictions, as well as various provinces and states in Canada and the U.S. The Company and its subsidiaries have open tax years, primarily from 2006 to 2025, with significant taxing jurisdictions listed in the table below, respectively, including Canada and the U.S. These open years contain certain matters that could be subject to differing interpretations of applicable tax laws and regulations and tax treaties, as they relate to the amount, timing, or inclusion of revenues and expenses, or the sustainability of income tax positions of the Company and its subsidiaries. Certain of these tax years are expected to remain open indefinitely.

The Company's subsidiaries in Germany are under audit for tax years 2017 through 2019. During the three months ended September 30, 2023, the Company received a preliminary assessment from the German taxing authority for the 2014 through 2016 period that would disallow certain transfer pricing adjustments. The Company contested this alleged tax deficiency through the appropriate appeals process, and reached a preliminary settlement with the German taxing authority during the year ended December 31, 2024. The settlement was then finalized with the taxing authority and resulted in the accrual of an immaterial tax cost that will close out the 2014 to 2016 audit period. The Company continues to believe this liability will be indemnified by BHC pursuant to the Tax Matters Agreement.

Jurisdiction:	Open Years
United States - Federal	2017 - 2024
Canada	2021 - 2024
Germany	2017 - 2024
France	2013 - 2015, 2022 - 2024
Ireland	2021 - 2024
China	2015 - 2024

The following table presents a reconciliation of the unrecognized tax benefits, not including interest and penalties, for 2025, 2024 and 2023:

(in millions)	2025	2024	2023
Balance, beginning of year	$ 55	$ 59	$ 60
Additions for tax positions of prior years	6	—	2
Reductions for tax positions of prior years	(1)	(3)	(1)
Lapse of statute of limitations	(1)	(1)	(2)
Balance, end of year	$ 59	$ 55	$ 59

17. LOSS PER SHARE

Loss per share attributable to Bausch + Lomb Corporation for 2025, 2024 and 2023 were calculated as follows:

(in millions, except per share amounts)	2025	2024	2023
Net loss attributable to Bausch + Lomb Corporation	$ (360)	$ (317)	$ (260)
Basic weighted-average common shares outstanding	353.8	351.8	350.5
Diluted effect of stock options and RSUs	—	—	—
Diluted weighted-average common shares outstanding	$ 353.8	$ 351.8	$ 350.5
Loss per share attributable to Bausch + Lomb Corporation			
Basic	$ (1.02)	$ (0.90)	$ (0.74)
Diluted	$ (1.02)	$ (0.90)	$ (0.74)

In 2025, 2024 and 2023, all potential common shares issuable for RSUs, PSUs and stock options were excluded from the calculation of diluted loss per share, as the effect of including them would have been anti-dilutive. The dilutive effect of potential common shares issuable for RSUs, PSUs and stock options on the weighted-average number of common shares outstanding would have been approximately 3,213,000, 2,163,000 and 1,539,000 common shares, respectively.

In 2025, 2024 and 2023, RSUs, PSUs and stock options to purchase approximately 13,393,000, 11,290,000 and 5,305,000 common shares, respectively, were not included in the computation of diluted earnings per share because the effect would have been anti-dilutive under the treasury stock method. In 2024, an additional 750,000 PSUs, were not included in the computation of diluted earnings per share as they are either linked to the completion of the Separation or the required performance conditions had not yet been met. In 2023, an additional 4,041,000 IPO Founders Grants in the form of stock options and RSUs, which were granted to certain eligible recipients in connection with the B+L IPO, and an additional 750,000 PSUs, were not included in the computation of diluted earnings per share as they are either linked to the completion of the Separation or the required performance conditions had not yet been met.

18. SUPPLEMENTAL CASH FLOW DISCLOSURES

Supplemental cash flow disclosures for the years 2025, 2024 and 2023 are as follows:

(in millions)	2025	2024	2023
Other Payments			
Interest paid	$ 380	$ 415	$ 238
Income taxes paid			
Domestic – National	$ —	$ —	$ —
Domestic – Provincial	—	—	—
Foreign	59	91	64
	$ 59	$ 91	$ 64

Income taxes paid (net of refunds) exceeded 5 percent of total income taxes paid (net of refunds) in the following countries for the year 2025 is as follows:

(in millions)	2025
Countries	
Germany	$ 27
France	$ 16
China	$ 7
Netherlands	$ 6
United States	$ (6)
Poland	$ (5)
Mexico	$ 4

19. LEGAL PROCEEDINGS

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

On a quarterly basis, Bausch + Lomb evaluates developments in legal proceedings, potential settlements and other matters that could increase or decrease the amount of the liability accrued. As of December 31, 2025, Bausch + Lomb's Consolidated Balance Sheets includes accrued current loss contingencies of $8 million related to matters which are both probable and reasonably estimable. For all other matters, unless otherwise indicated, Bausch + Lomb cannot reasonably predict the outcome of these legal proceedings, nor can it estimate the amount of loss, or range of loss, if any, that may result from these proceedings. An adverse outcome in certain of these proceedings could have a material adverse effect on Bausch + Lomb's business, financial condition and results of operations, and could cause the market price or value of its common shares and/or debt securities to decline.

Antitrust

Generic Pricing Antitrust Litigation

BHC and its subsidiaries, Oceanside Pharmaceuticals, Inc., Bausch Health US, LLC (formerly Valeant Pharmaceuticals North America LLC) ("Bausch Health US"), and Bausch Health Americas, Inc. (formerly Valeant Pharmaceuticals International) ("Bausch Health Americas") (for the purposes of this paragraph, collectively, the "Company"), are defendants in multidistrict antitrust litigation ("MDL") entitled In re: Generic Pharmaceuticals Pricing Antitrust Litigation, pending in the U.S. District Court for the Eastern District of Pennsylvania (MDL 2724, 16 MD-2724). Bausch + Lomb Corporation had been named as a defendant in the MDL in one complaint, but this complaint has been amended to remove Bausch + Lomb Corporation and, as a result, Bausch + Lomb Corporation is no longer a party to the MDL. The lawsuits seek damages under federal and state antitrust laws, state consumer protection and unjust enrichment laws and allege that the Company's subsidiaries entered into a conspiracy to fix, stabilize, and raise prices, rig bids and engage in market and customer allocation for generic pharmaceuticals. The lawsuits, which are brought as putative class actions by direct purchasers, end payers, and indirect resellers, and as direct actions by direct purchasers, end payers, insurers, hospitals, pharmacies, and various Counties,

Cities, and Towns, are consolidated into the MDL. There are also additional, separate complaints which are consolidated in the same MDL that do not name the Company or any of its subsidiaries as a defendant. State of Connecticut, et al. v. Sandoz, Inc., et al., (D. CT, C.A. No. 3:20-00802), in which Bausch Health US and Bausch Health Americas are defendants has been remanded to and is pending in the U.S. District Court for the District of Connecticut. Bausch Health US and Bausch Health Americas have reached an agreement in principle to settle the Connecticut case, which remains subject to court approval. There are cases pending in the Court of Common Pleas of Philadelphia County and New York State Supreme Court against the Company and other defendants related to the multidistrict litigation. The Company disputes the claims against it and these cases will be defended vigorously.

Additionally, BHC and certain U.S. and Canadian subsidiaries (for the purposes of this paragraph, collectively the "Company") have been named as defendants in a proposed class proceeding entitled Kathryn Eaton v. Teva Canada Limited, et al. in the Federal Court in Toronto, Ontario, Canada (Court File No. T-607-20). The plaintiff seeks to certify a proposed class action on behalf of persons in Canada who purchased generic drugs in the private sector, alleging that the Company and other defendants violated the Competition Act by conspiring to allocate the market, fix prices, and maintain the supply of generic drugs, and seeking damages under federal law. The proposed class action contains similar allegations to the In re: Generic Pharmaceuticals Pricing Antitrust Litigation pending in the U.S. Court for the Eastern District of Pennsylvania. At the certification hearing in late October 2025 before the Federal Court, class counsel advised that they intend to seek approval to have the action dismissed as against the Company. The Company is awaiting a formal dismissal order. The Company disputes the claims against it and this case will be defended vigorously.

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

Product Liability

Shower to Shower® Products Liability Litigation

Since 2016, BHC and its affiliates, including Bausch + Lomb, have been named in a number of product liability lawsuits involving the Shower to Shower® body powder product acquired in September 2012 from Johnson & Johnson; due to dismissals, twenty-three (23) of such product liability suits currently remain pending. In three (3) cases pending in the Atlantic County, New Jersey Multi-County Litigation, agreed stipulations of dismissal have been entered by the Court, thus dismissing the Company from those cases. One (1) case was also dismissed with prejudice in its entirety for failure of plaintiff to comply with court orders requiring plaintiff fact sheets. Two cases in the federal Multidistrict Litigation were dismissed recently for failure to comply with orders requiring Plaintiff Profile Forms. Potential liability (including its attorneys' fees and costs) arising out of these remaining suits is subject to full indemnification obligations of Johnson & Johnson owed to BHC and its affiliates, including Bausch + Lomb, and legal fees and costs will be paid by Johnson & Johnson. Twenty-two (22) of these lawsuits filed by individual plaintiffs allege that the use of Shower to Shower® caused the plaintiffs to develop ovarian cancer, mesothelioma or breast cancer. The allegations in these cases include failure to warn, design defect, manufacturing defect, negligence, gross negligence, breach of express and implied warranties, civil conspiracy concert in action, negligent misrepresentation, wrongful death, loss of consortium and/or punitive damages. The damages sought include compensatory damages, including medical expenses, lost wages or earning capacity, loss of consortium and/or compensation for pain and suffering, mental anguish anxiety and discomfort, physical impairment and loss of enjoyment of life. Plaintiffs also seek pre- and post-judgment interest, exemplary and punitive damages, and attorneys' fees. Additionally, two proposed class actions were filed in Canada against BHC and various Johnson & Johnson entities (one in the Supreme Court of British Columbia and one in the Superior Court of Quebec), on behalf of persons who have purchased or used Johnson & Johnson's Baby Powder or Shower to Shower®. The class actions allege the use of the product increases certain health risks (British Columbia) or negligence in failing to properly test, failing to warn of health risks, and failing to remove the products from the market in a timely manner (Quebec). The plaintiffs in these actions are seeking awards of general, special, compensatory and punitive damages. On November 17, 2020, the British Columbia court issued a judgment declining to certify a class as to BHC or Shower to Shower®, and at this time no appeal of that judgment has been filed. On December 16, 2021, the plaintiff in the British Columbia class action filed a Second Amended Notice of Civil Claim and Application for Certification, removing BHC as a defendant; as a result, the British Columbia class action is concluded as to BHC.

In October 2021, Johnson & Johnson, through one or more subsidiaries purported to complete a Texas divisional merger with respect to any talc liabilities at Johnson & Johnson Consumer, Inc. ("JJCI"). LTL Management, LLC ("LTL"), the resulting entity of the divisional merger, assumed JJCI's talc liabilities and thereafter filed for Chapter 11 bankruptcy protection in the U.S. Bankruptcy Court for the Western District of North Carolina, which in November 2021 was transferred to the U.S. Bankruptcy Court for the District of New Jersey (the "New Jersey Bankruptcy Court"). The first bankruptcy case was dismissed on April 4, 2023, after a decision by the Third Circuit Court of Appeals, and LTL re-filed a new Chapter 11 case on the same day. Several motions to dismiss were again filed, and on August 11, 2023, the second Chapter 11 case was dismissed. LTL and certain supporting creditors and tort claimants appealed, and on July 25, 2024, the Third Circuit affirmed

the dismissal order, and LTL's second bankruptcy case was closed. During the pendency of LTL's bankruptcy cases, the New Jersey Bankruptcy Court extended a preliminary injunction that had stayed substantially all cases subject to the indemnification agreement related to Johnson & Johnson's talc liability, which injunction was terminated in connection with the bankruptcy case dismissal.

In December 2023, LTL changed its name to LLT Management LLC ("LLT"). In June and July 2024, LLT solicited votes for a new "pre-packaged" Chapter 11 plan, and after the reported successful solicitation of votes to commence the planned bankruptcy, LLT and certain affiliates underwent another corporate restructuring that resulted in two entities, Red River Talc LLC ("Red River") and Pecos River Talc LLC ("Pecos River"), assuming the talc liabilities of LLT. On September 20, 2024, Red River filed for Chapter 11 bankruptcy protection in the U.S. Bankruptcy Court for the Southern District of Texas (the "Texas Bankruptcy Court"), seeking to resolve all ovarian cancer-related talc claims. On October 21, 2024, the Texas Bankruptcy Court agreed to enter a temporary restraining order and preliminary injunction staying all ovarian cancer-related talc claims at least through December 2024, which it has since extended through March 15, 2025. On December 9, 2024, Red River filed a Second Amended Chapter 11 plan incorporating the settlement with the Talc Claimants' Committee. A hearing on confirmation of the plan and any objections thereto began on February 18, 2025. Johnson & Johnson has reported that the entity Pecos River will be responsible for resolving all non-ovarian cancer-related talc claims outside of bankruptcy. After the conclusion of the confirmation hearing, on March 31, 2025, the Texas Bankruptcy Court issued a memorandum decision denying confirmation of the plan, ordering the dismissal of Red River's bankruptcy case and vacating the preliminary injunction. The debtor's time to appeal has expired. Certain claimants filed motions to reconsider the dismissal of the bankruptcy case. Those motions were denied and the time to appeal has expired.

Red River, Pecos River and Johnson & Johnson continue to have indemnification obligations running to BHC and its affiliates, including Bausch + Lomb, for Shower to Shower® related product liability litigation. It is our expectation that Johnson & Johnson, in accordance with the applicable indemnification agreement, will continue to vigorously defend BHC and Bausch + Lomb in each of the remaining actions, and that BHC and Bausch + Lomb will not incur any material losses with respect to indemnification claims as a result of the divisional merger or the bankruptcy.

General Civil Actions

Doctors Allergy Formula Lawsuit

In April 2018, Doctors Allergy Formula, LLC ("Doctors Allergy"), filed a lawsuit against Bausch Health Americas in the Supreme Court of the State of New York, County of New York, asserting breach of contract and related claims under a 2015 Asset Purchase Agreement, which purports to include milestone payments that Doctors Allergy alleges should have been paid by Bausch Health Americas. Doctors Allergy claims its damages are not less than $23 million. Bausch Health Americas has asserted counterclaims against Doctors Allergy. Bausch Health Americas filed a motion seeking an order granting Bausch Health Americas' motion for summary judgment on its counterclaims against Doctors Allergy and dismissing Doctors Allergy's claims against Bausch Health Americas. The motion was fully briefed as of May 2021.The Court held a hearing on the motion on January 25, 2022. On May 12, 2023, the Court issued a Decision and Order denying the motion. On June 14, 2023, Bausch Health Americas filed a Notice of Appeal as to the Decision and Order. On March 13, 2024, Bausch Health Americas filed its appellate brief with the Appellate Division of the New York Supreme Court, First Department, appealing the trial court's denial of Bausch Health America's motion for summary judgment. Doctors Allergy filed its answering brief on July 26, 2024, and Bausch Health Americas filed its reply brief on September 13, 2024. The Appellate Division heard oral argument on November 7, 2024. On December 5, 2024, the Appellate Division denied Bausch Health Americas' appeal as to Doctors Allergy's second cause of action (breach of contract) and Bausch Health Americas' counterclaims, but it granted the appeal as to Doctors Allergy's third cause of action (breach of the implied duty of good faith and fair dealing) and dismissed that claim. On December 13, 2024, the Appellate Division remitted this action back to the trial court. Trial has been set, with jury selection beginning on April 20, 2026, and trial scheduled for April 24 to May 8, 2026. Bausch Health Americas disputes the claims against it and this lawsuit will be defended vigorously.

Intellectual Property Matters

Lumify® Paragraph IV Proceedings – DRL, Somerset, Gland and Granules

On August 16, 2021, Bausch & Lomb Incorporated ("B&L Inc.") received a Notice of Paragraph IV Certification from Slayback Pharma LLC ("Slayback"), in which Slayback asserted that certain U.S. patents, each of which is listed in the FDA's Orange Book for Lumify® (brimonidine tartrate solution) drops (the "Lumify Patents"), are either invalid, unenforceable and/or will not be infringed by the commercial manufacture, use or sale of Slayback's generic drops, for which an Abbreviated New Drug Application ("ANDA") has been filed by Slayback. B&L Inc., through its affiliate Bausch + Lomb Ireland Limited, exclusively licenses the Lumify Patents from Eye Therapies, LLC ("Eye Therapies"). On September 10, 2021, B&L Inc., Bausch + Lomb Ireland Limited and Eye Therapies filed suit in the U.S. District Court for the District of New Jersey against Slayback pursuant to the Hatch-Waxman Act, alleging infringement by Slayback of one or more claims

of the Lumify Patents (the "Slayback Lawsuit"), thereby triggering a 30-month stay of the approval of the Slayback ANDA. Since then, U.S. Patent No. 9,259,425 has been dismissed from the case.

On May 15, 2023, the United States Patent & Trademark Office's Patent Trial and Appeal Board (the "PTAB") issued a Final Written Decision, finding all claims of U.S. Patent No. 8,293,742 unpatentable (IPR2022-00142). This decision was appealed to the United States Court of Appeals for the Federal Circuit (the "Federal Circuit"). The Federal Circuit issued its opinion on June 30, 2025, which reversed the PTAB's claim construction of certain limitation, vacated its obviousness finding, and remanded for further proceedings.

Furthermore, two additional patents (U.S. Patent Nos. 11,596,600 and 11,833,245) have issued and been listed in the Orange Book as related to Lumify®. Lawsuits alleging infringement of these patents were filed in the U.S. District Court for the District of New Jersey against Slayback and its licensees, Dr. Reddy's Laboratories S.A. and Dr. Reddy's Laboratories, Inc. (collectively, "DRL") (the "DRL Lawsuits"). The Slayback Lawsuit and DRL Lawsuits were subsequently consolidated into one district court action before the U.S. District Court for the District of New Jersey (3:21-cv-16766-RK-RLS). On December 15, 2023, B&L Inc., Bausch + Lomb Ireland Limited, and Eye Therapies filed a Motion for a Preliminary Injunction requesting the court to enjoin any infringing activities by DRL and a hearing was held in January 2024. On May 10, 2024, the Court denied Plaintiffs' Motion, finding that Plaintiffs had not proven that they would be "irreparably harmed" absent a preliminary injunction.

Additionally, on December 18, 2023, B&L Inc., Bausch + Lomb Ireland Limited, and Eye Therapies amended its complaint in the consolidated district court action to add claims for copyright infringement, as well as claims under the Lanham Act, including trademark and trade dress infringement. DRL subsequently petitioned for inter partes review ("IPR") of U.S. Patent Nos. 11,596,600 and 11,833,245 and the PTAB instituted both petitions (IPR2024-00467 and IPR2024-00563). Oral argument was held before the PTAB on May 13, 2025.

On July 9, 2025, settlement was reached with DRL and B&L Inc., Bausch + Lomb Ireland Limited, Eye Therapies and DRL entered into a settlement agreement effective as of July 9, 2025, providing for, among other things, a market entry date of June 30, 2027 (or earlier subject to certain acceleration clauses) for DRL's generic drops. On July 14, 2025, the consolidated district court action (3:21-cv-16766-RK-RLS) was dismissed without prejudice and on July 22, 2025, the PTAB terminated IPR2024-00467 and IPR2024-00563. On August 13, 2025, the PTAB terminated IPR2022-00142 following remand from the Federal Circuit.

On March 28, 2025, B&L Inc. received a Notice of Paragraph IV Certification from Somerset Therapeutics, LLC ("Somerset"), in which Somerset asserted that U.S. Patent Nos. 8,293,742, 9,259,425, 11,596,600 and 11,833,245, each of which is listed in the FDA's Orange Book for Lumify® (brimonidine tartrate solution) drops, are either invalid, unenforceable and/or will not be infringed by the commercial manufacture, use or sale of Somerset's generic drops, for which an ANDA has been filed by Somerset. On April 28, 2025, B&L Inc., Bausch + Lomb Ireland Limited and Eye Therapies filed suit against Somerset and certain affiliates pursuant to the Hatch-Waxman Act, alleging infringement by Somerset of one or more claims of such Lumify patents, thereby triggering a 30-month stay of the approval of the Somerset ANDA. A stipulation and order of dismissal was filed on January 8, 2026.

On April 25, 2025, B&L Inc. and Bausch + Lomb Ireland Limited received a Notice of Paragraph IV Certification from Gland Pharma Limited ("Gland"), in which Gland asserted that U.S. Patent Nos. 8,293,742, 9,259,425, 11,596,600 and 11,833,245, each of which is listed in the FDA's Orange Book for Lumify® (brimonidine tartrate solution) drops, are either invalid, unenforceable and/or will not be infringed by the commercial manufacture, use or sale of Gland's generic drops, for which an ANDA has been filed by Gland. On April 28, 2025, B&L Inc., Bausch + Lomb Ireland Limited and Eye Therapies filed suit against Gland pursuant to the Hatch-Waxman Act, alleging infringement by Gland of one or more claims of such Lumify patents, thereby triggering a 30-month stay of the approval of the Gland ANDA. A stipulation and order of dismissal was entered by the court on December 23, 2025.

On November 6, 2025, B&L Inc. and Bausch + Lomb Ireland Limited received a Notice of Paragraph IV Certification from Granules India Ltd. ("Granules"), in which Granules asserted that U.S. Patent Nos. 8,293,742, 9,259,425, 11,596,600 and 11,833,245, each of which is listed in the FDA's Orange Book for Lumify® (brimonidine tartrate solution) drops, are either invalid, unenforceable and/or will not be infringed by the commercial manufacture, use or sale of Granules' generic drops, for which an ANDA has been filed by Granules. On December 9, 2025, B&L Inc., Bausch + Lomb Ireland Limited and Eye Therapies filed suit against Granules pursuant to the Hatch-Waxman Act, alleging infringement by Granules of one or more claims of such Lumify patents, thereby triggering a 30-month stay of the approval of the Granules ANDA. This matter is ongoing and Granules is expected to be served with the summons and complaint during the first quarter of 2026.

Bausch + Lomb remains confident in the strength of the Lumify® related patents and intends to vigorously defend its intellectual property.

In addition to the intellectual property matters described above, in connection with the Vyzulta® and Lotemax® SM products, the Company previously commenced infringement proceedings against potential generic competitors in the U.S., certain of which are ongoing. In connection with Vyzulta®, two matters have been resolved and dismissed and one matter was recently filed in the U.S. District Court for the District of New Jersey and is ongoing. In connection with Lotemax® SM, one matter resulted in a four-day bench trial starting January 13, 2025 and the case was dismissed without prejudice on January 5, 2026; another matter was recently filed in the U.S. District Court for the District of New Jersey and is ongoing.

Completed or Inactive Matters

The following matters have concluded, have settled, are the subject of an agreement to settle or have otherwise been closed since January 1, 2025 or have been inactive from the Company's perspective for several fiscal quarters or the Company anticipates that no further material activity will take place with respect thereto. Due to the closure, settlement, inactivity or change in status of the matters referenced below, these matters will no longer appear in the Company's future public reports and disclosures, unless required or as deemed appropriate. With respect to inactive matters, to the extent material activity takes place in subsequent quarters with respect thereto, the Company will provide updates as required or as deemed appropriate.

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

On March 24, 2022, BHC and Bausch + Lomb were named in a declaratory judgment action in the Superior Court of New Jersey, Somerset County, Chancery Division, brought by certain individual investors in BHC's common shares and debt securities who are also maintaining individual securities fraud claims against BHC and certain current or former officers and directors as part of the U.S. Securities Litigation. This action seeks a declaratory judgment that alleged transfers of certain BHC assets to Bausch + Lomb would constitute a voidable transfer under the New Jersey Voidable Transactions Act and that Bausch + Lomb would be liable for damages, if any, awarded against BHC in the individual opt-out actions. The declaratory judgment action also alleges that the potential future separation of Bausch + Lomb from BHC by distribution of Bausch + Lomb stock to BHC's shareholders would leave BHC with inadequate financial resources to satisfy these plaintiffs' alleged securities fraud damages in the underlying individual opt-out actions. None of the plaintiffs in this declaratory judgment action have obtained a judgment against BHC in the underlying individual opt-out actions and BHC disputes the claims against it in those underlying actions. The underlying individual opt-out actions assert claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), and certain actions assert claims under Section 18 of the Exchange Act. The allegations in those underlying individual opt-out actions are made against BHC and several of its former officers and directors only and relate to, among other things, allegedly false and misleading statements made during the 2013-2016 time period by BHC and/or failures to disclose information about BHC's business and prospects, including relating to drug pricing and the use of specialty pharmacies. On March 31, 2022, BHC and Bausch + Lomb removed the declaratory judgment action to the U.S. District Court for the District of New Jersey. On April 29, 2022, Plaintiffs filed a motion to remand. On November 29, 2022, the District Court granted Plaintiffs' remand motion and the case was remanded to the New Jersey Superior Court Chancery Division. On December 8, 2022, Plaintiffs filed a proposed Order to Show Cause and motion for a preliminary injunction and sought interim relief including expedited discovery. On December 13, 2022, the Court denied Plaintiffs' proposed Order to Show Cause and stayed discovery pending the resolution of BHC's and Bausch + Lomb's forthcoming motions to dismiss, while instructing BHC to provide certain notice to Plaintiffs of the intended completion of a potential future distribution referenced above under certain circumstances. On December 22, 2022, Plaintiffs filed an amended complaint which, among other things, added claims seeking injunctive relief. On January 11, 2023, BHC and Bausch + Lomb moved to dismiss the amended complaint. Briefing was complete on February 24, 2023, and the motion to dismiss was heard on March 3, 2023. On April 3, 2023, the Court issued a decision granting in part and denying in part the motion to dismiss. In early August 2025, a settlement was reached and, on August 29, 2025, the Court issued an order staying this action pending satisfaction of certain conditions to that settlement. The case was dismissed with prejudice in January 2026.

PreserVision® AREDS Patent Litigation

PreserVision® AREDS and PreserVision® AREDS 2 are OTC eye vitamin formulas for those with moderate-to-advanced AMD. The PreserVision® U.S. formulation patent expired in March 2021, but a patent covering methods of using the formulation remains in force into 2026. B&L Inc. has filed patent infringement proceedings against 20 named defendants in 17 proceedings claiming infringement of these patents and, in certain circumstances, related unfair competition and false advertising causes of action. All of these proceedings are now closed, with fifteen settling and two resulting in default. The last ongoing matter (Bausch & Lomb Inc. & PF Consumer Healthcare 1 LLC v. SBH Holdings LLC, C.A. No. 20-cv-01463-GBW-CJB (D. Del.)) was dismissed with prejudice on April 10, 2025.

*New Mexico Attorney General Consumer Protection Actio*n

BHC and Bausch Health US were named in an action brought by State of New Mexico ex rel. Hector H. Balderas, Attorney General of New Mexico, in the County of Santa Fe New Mexico First Judicial District Court (New Mexico ex rel. Balderas v. Johnson & Johnson, et al., Civil Action No. D-101-CV-2020-00013, filed on January 2, 2020), alleging consumer protection claims against Johnson & Johnson and Johnson & Johnson Consumer, Inc., BHC and Bausch Health US related to Shower to Shower® and its alleged causal link to mesothelioma and other cancers. In April 2020, Bausch Health US filed a motion to dismiss, which in September 2020, the Court granted in part as to the New Mexico Medicaid Fraud Act and New Mexico Fraud Against Taxpayers Act claims and denied as to all other claims. The State of New Mexico brought claims against all defendants under the New Mexico Unfair Practices Act and other common law and equitable causes of action, alleging defendants engaged in wrongful marketing, sale and promotion of talcum powder products. The lawsuit sought to recover the cost of the talcum powder products as well as the cost of treating asbestos-related cancers allegedly caused by those products. Bausch Health US filed its answer on November 16, 2020. On December 30, 2020, Johnson & Johnson filed a Motion for Partial Judgment on the Pleadings and on January 4, 2021, Bausch Health US filed a joinder to that motion, which was denied on March 8, 2021. Trial was scheduled to begin on May 30, 2023, until the case was stayed by an interlocutory appeal to the New Mexico Supreme Court by Johnson & Johnson. That stay was lifted on October 21, 2024 when the New Mexico Supreme Court ruled in favor of Johnson & Johnson and reversed the trial court, remanding the case back for further proceedings.

On July 14, 2022, LTL filed an adversary proceeding in the Bankruptcy Court (Case No. 21-30589, Adv. Pro. No. 22-01231) against the State of New Mexico ex rel. Hector H. Balderas, Attorney General, and obtained an injunction from the Bankruptcy Court barring the New Mexico Attorney General from continuing to prosecute the action while the bankruptcy case was pending. Because the Bankruptcy Court has ultimately dismissed both LTL's first and second bankruptcy cases and because a stay was not revived during the newest bankruptcy case of Red River Talc LLC (successor to LTL), filed on September 20, 2024, this suit has returned to its status quo prior to LTL's filing.

The State has negotiated a settlement of the lawsuit with Johnson & Johnson, in which BHC and its affiliates, including Bausch + Lomb, are released parties. Following completion of the settlement and payment, a consent judgment dismissing the Company and its affiliates was entered on May 5, 2025.

20. COMMITMENTS AND CONTINGENCIES

The Company has commitments related to capital expenditures of approximately $128 million as of December 31, 2025.

Under certain agreements, the Company may be required to make payments contingent upon the achievement of specific developmental, regulatory, or commercial milestones. As of December 31, 2025, the Company believes it is reasonably possible that it may potentially make milestone and license fee payments, including sales-based milestone payments, of approximately $242 million over time, in the aggregate, to third parties for products currently under development or being marketed, primarily consisting of the following:

- Under the terms of a December 2019 agreement with Novaliq GmbH, the Company has acquired an exclusive license for the commercialization and development in the U.S. and Canada of MIEBO® (perfluorohexyloctane), formerly known as NOV03, for the treatment of the signs and symptoms of dry eye disease and may be required to make sales-based milestone payments. The Company believes it is reasonably possible that these future sales-based payments over time may approximate $88 million, in the aggregate.

- Under the terms of a January 2025 agreement with Whitecap Biosciences, as disclosed in Note 4, "ACQUISITIONS AND LICENSING AGREEMENTS", the Company may be required to make certain development and sales-based milestones, of which the Company currently believes that it is reasonably possible that it may incur development milestone payments of up to $64 million, in the aggregate, over time.

- Under the terms of a December 2025 manufacturing acquisition agreement, as disclosed in Note 4, "ACQUISITIONS AND LICENSING AGREEMENTS", the Company may be required to make certain milestone payments of up to $35 million, in the aggregate, all of which the Company currently believes are reasonably possible over time.

Due to the nature of these arrangements, the future potential payments related to the attainment of the specified milestones over a period of several years are inherently uncertain. As of December 31, 2025, the Company has accrued $37 million related to future milestones, with the remaining milestones, related to the aforementioned agreements, being not yet probable of being achieved.

Indemnification Provisions

In the normal course of operations, the Company enters into agreements that include indemnification provisions for product liability and other matters. These provisions are generally subject to maximum amounts, specified claim periods and other conditions and limits. In addition, the Company is obligated to indemnify its officers and directors in respect of any legal claims or actions initiated against them in their capacity as officers and directors of the Company in accordance with applicable law and the Company has entered into indemnification agreements with its directors and certain officers with respect to such matters. Pursuant to such indemnities, the Company is indemnifying certain former officers and directors in respect of certain litigation and regulatory matters. As of December 31, 2025 and 2024, no material amounts were accrued for the Company obligations under these indemnification provisions.

21. SEGMENT INFORMATION

Reportable Segments

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

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

The Company's Chief Operating Decision Maker uses segment profit to assess operating performance and make resource allocation decisions for each of its segments. Segment profit is based on operating income after the elimination of intercompany transactions. Certain costs, such as Amortization of intangible assets, and Other expense, net, are not included in the measure of segment profit, as management excludes these items in assessing segment financial performance.

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

Segment Revenues and Profit

Segment revenues and profits for the years 2025, 2024 and 2023 were as follows:

	Vision Care			Pharmaceuticals			Surgical			Total		
(in millions)	**2025**	**2024**	**2023**	**2025**	**2024**	**2023**	**2025**	**2024**	**2023**	**2025**	**2024**	**2023**
Revenues												
Product Sales	$2,914	$2,731	$2,535	$1,277	$1,206	$ 834	$ 889	$ 837	$ 762	$5,080	$4,774	$4,131
Other Revenues	9	8	8	7	3	2	5	6	5	21	17	15
	2,923	2,739	2,543	1,284	1,209	836	894	843	767	5,101	4,791	4,146
Expenses												
Cost of goods sold (excluding amortization and impairments of intangible assets)	1,113	1,002	954	397	374	252	535	492	434			
Cost of other revenues	1	1	1	4	3	1	—	—	—			
Selling, general and administrative	912	882	832	572	543	322	298	265	248			
Research and development	48	46	67	53	33	20	43	42	35			
Segment Profit	$ 849	$ 808	$ 689	$ 258	$ 256	$ 241	$ 18	$ 44	$ 50	1,125	1,108	980
Corporate										(679)	(614)	(536)
Amortization of intangible assets										(258)	(288)	(240)
Other expense, net										(75)	(44)	(74)
Operating income										113	162	130
Interest income										12	15	15
Interest expense										(421)	(399)	(283)
Loss on extinguishment of debt										(6)	—	—
Foreign exchange and other										(15)	(12)	(28)
Loss before provision for income taxes										$ (317)	$ (234)	$ (166)

Revenues by Segment and by Product Category

Revenues by segment and product category were as follows:

	Vision Care			Pharmaceuticals			Surgical			Total		
(in millions)	**2025**	**2024**	**2023**	**2025**	**2024**	**2023**	**2025**	**2024**	**2023**	**2025**	**2024**	**2023**
Pharmaceuticals	$ 5	$ 4	$ 4	$1,076	$ 965	$ 614	$ —	$ —	$ —	$1,081	$ 969	$ 618
Devices	1,033	963	888	—	—	—	889	837	762	1,922	1,800	1,650
OTC	1,834	1,724	1,611	—	—	—	—	—	—	1,834	1,724	1,611
Branded and Other Generics	42	40	32	201	241	220	—	—	—	243	281	252
Other revenues	9	8	8	7	3	2	5	6	5	21	17	15
	$2,923	$2,739	$2,543	$1,284	$1,209	$ 836	$ 894	$ 843	$ 767	$5,101	$4,791	$4,146

The top ten products/franchises represented 56%, 54% and 48% of total revenues for the years 2025, 2024 and 2023, respectively.

Geographic Information

Revenues are attributed to a geographic region based on the location of the customer for the years 2025, 2024 and 2023 and were as follows:

(in millions)	2025	2024	2023
U.S. and Puerto Rico	$ 2,546	$ 2,413	$ 1,934
China	358	358	344
France	246	227	210
Japan	186	180	187
Germany	164	152	147
Russia	148	120	106
United Kingdom	137	132	121
Canada	135	127	110
Italy	102	91	82
Spain	101	92	85
Mexico	75	75	68
Poland	75	65	51
South Korea	51	47	46
Other	777	712	655
	$ 5,101	$ 4,791	$ 4,146

Long-lived assets consisting of property, plant and equipment, net of accumulated depreciation, are attributed to geographic regions based on their physical location as of December 31, 2025 and 2024 and were as follows:

(in millions)	2025	2024
U.S. and Puerto Rico	$ 836	$ 798
Ireland	544	424
Germany	162	104
Other	220	159
	$ 1,762	$ 1,485

Major Customers

Major customers that accounted for approximately 10% or more of total revenues were as follows:

	2025	2024
McKesson Corporation	10 %	10 %
Cardinal Health, Inc.	10 %	10 %

For the year 2023, no individual customer accounted for approximately 10% or more of total revenues.