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

INTRODUCTION

Unless the context otherwise indicates, as used in this "Management's Discussion and Analysis of Financial Condition and Results of Operations," the terms "we," "us," "our," "the Company," and similar terms refer to Bausch Health Companies Inc. and its subsidiaries. This "Management's Discussion and Analysis of Financial Condition and Results of Operations" has been updated through November 2, 2021 and should be read in conjunction with the unaudited interim Consolidated Financial Statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021 (this "Form 10-Q"). The matters discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" contain certain forward-looking statements within the meaning of Section 27A of The Securities Act of 1933, as amended, and Section 21E of The Securities Exchange Act of 1934, as amended, and that may be forward-looking information within the meaning defined under applicable Canadian securities laws (collectively, "Forward-Looking Statements"). See "Forward-Looking Statements" at the end of this discussion.

Our accompanying unaudited interim Consolidated Financial Statements as of September 30, 2021 and for the three and nine months ended September 30, 2021 and 2020 have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the rules and regulations of the United States Securities and Exchange Commission (the "SEC") for interim financial statements, and should be read in conjunction with our Consolidated Financial Statements for the year ended December 31, 2020, which were included in our Annual Report on Form 10-K filed on February 24, 2021. In our opinion, the unaudited interim Consolidated Financial Statements reflect all adjustments, consisting of normal and recurring adjustments, necessary for a fair statement of the financial condition, results of operations and cash flows for the periods indicated. Additional company information is available on SEDAR at www.sedar.com and on the SEC website at www.sec.gov. All currency amounts are expressed in U.S. dollars, unless otherwise noted.

OVERVIEW

We are a global company whose mission is to improve people's lives with our health care products. We develop, manufacture and market, primarily in the therapeutic areas of eye health, gastroenterology ("GI") and dermatology, a broad range of: (i) branded pharmaceuticals, (ii) generic and branded generic pharmaceuticals, (iii) over-the-counter ("OTC") products and (iv) medical devices (contact lenses, intraocular lenses, ophthalmic surgical equipment and aesthetics devices), which are marketed directly or indirectly in approximately 100 countries.

Core Businesses

Our strategy is to focus our business on core therapeutic classes that offer attractive growth opportunities. Within our chosen therapeutic classes, we prioritize durable products which we believe have the potential for strong operating margins and evidence of growth opportunities. We believe this strategy has reduced complexity in our operations and maximizes the value of our: (i) eye health, (ii) GI and (iii) dermatology businesses, which collectively now represent a substantial portion of our revenues. We have found and continue to believe there is significant opportunity in these businesses and we believe our existing portfolio, commercial footprint and pipeline of product development projects position us to successfully compete in these markets and provide us with the greatest opportunity to build value for our shareholders. We identify these businesses as "core", meaning that we believe we are best positioned to grow and develop them.

Reportable Segments and Strategies

As discussed further below, on August 6, 2020, the Company announced that it intends to separate its eye health business into an independent publicly traded entity from the remainder of Bausch Health Companies Inc. (the "B+L Separation"). In connection with the planned separation of its eye health business into an independent publicly traded entity from the remainder of Bausch Health Companies Inc., the Company has begun managing its operations in a manner consistent with the organizational structure of the separate entities as proposed by the B+L Separation. As a result, during the first quarter of 2021, the Company's Chief Executive Officer ("CEO"), who is the Company's Chief Operating Decision Maker, commenced managing the business differently through changes in its operating and reportable segments, which necessitated a realignment of the Company's historical segment structure. This realignment is consistent with how the Company's CEO currently: (i) assesses operating performance on a regular basis, (ii) makes resource allocation decisions and (iii) designates responsibilities of his direct reports. Pursuant to these changes, effective in the first quarter of 2021, the Company operates in the following reportable segments: (i) Bausch + Lomb, (ii) Salix, (iii) International Rx, (iv) Ortho Dermatologics and (v) Diversified Products. In addition, as part of this realignment of segment structure, certain products historically included in certain segments are now included in their new respective segments based on the organizational structure of the two separate entities as proposed by the B+L Separation. Prior period presentation of segment revenues and segment profits has been recast to conform to the current segment reporting structure.

The Bausch + Lomb segment - consists of our Global Bausch + Lomb eye health business which includes our Global Vision Care, Global Surgical, Global Consumer and Global Ophthalmology Rx products, which in aggregate accounted for approximately 45%, 42% and 44% of our Company's revenues for the nine months ended September 30, 2021 and the years 2020 and 2019, respectively. Our Bausch + Lomb business is a fully-integrated eye health business, which we believe is critical to maintaining and developing our position in the global eye health market. As a fully integrated eye health business with a legacy of over 165 years, Bausch + Lomb has an established line of contact lenses, intraocular lenses and other medical devices, surgical systems and devices, vitamin and mineral supplements, lens care products, prescription eye-medications and other consumer products that positions us to compete in all areas of the eye health market.

As part of our global Bausch + Lomb business strategy, we continually look for key trends in the eye health market to meet changing consumer/patient needs and identify areas for investment and growth. For instance, one of these trends is the increasing rate of myopia, and importantly, myopia as a potential risk factor for glaucoma, macular degeneration and retinal detachment. We continue to see increased demand for new eye health products that address conditions brought on by factors, such as increased screen time, lack of outdoor activities and academic pressures, as well as conditions brought on by an aging population, for example, as more and more baby-boomers in the U.S. are reaching the age of 65. To supplement our well-established Bausch + Lomb product lines, we continue to identify new products tailored to address these key trends, which we develop internally with our own research and development ("R&D") team to generate organic growth. Recent product launches include Biotrue® ONEday daily disposable contact lenses, the next generation of Bausch + Lomb ULTRA® contact lenses, SiHy Daily contact lenses (branded as AQUALOX™ ONE DAY in Japan, Bausch + Lomb INFUSE® SiHy Daily Disposable in the U.S. and Bausch + Lomb Ultra® ONE DAY in Australia, Hong Kong and Canada), Lumify® (an eye redness treatment), Vyzulta® (a pressure lowering eye drop for patients with angle glaucoma or ocular hypertension), Ocuvite® Eye Performance (vitamins to protect the eye from stressors such as sunlight and blue light emitted from digital devices), and SimplifEYE® (preloaded intraocular lens injector platform for enVista intraocular lens).

We also license selective molecules or technology in leveraging our own R&D expertise through development, as well as seek out external product development opportunities. Examples of this include the acquired global exclusive license for a myopia control contact lens design developed by BHVI, which we plan to pair with our leading contact lens technologies to develop potential contact lens treatments designed to slow the progression of myopia in children, and the acquired exclusive licenses for the commercialization and development in the U.S. and Canada of: (i) a microdose formulation of atropine ophthalmic solution, which is being investigated for the reduction of pediatric myopia progression in children ages 3-12; (ii) Xipere™ which was approved by the U.S. Food and Drug Administration ("FDA") in October 2021, and is the first treatment available in the U.S. that utilizes the suprachoroidal space to treat patients suffering from macular edema associated with uveitis; and (iii) NOV03, an investigational drug with a novel mechanism of action to treat Dry Eye Disease ("DED") associated with Meibomian gland dysfunction ("MGD") and has demonstrated statistically significant topline data in two Phase 3 studies. We also acquired the U.S. rights to EM-100, which was recently launched as Alaway® Preservative-Free and is the first OTC preservative-free formulation eye drop for the temporary relief of itchy eyes due to pollen, ragweed, grass, animal hair and dander in adults and children 3 years of age and older. We believe investments in these investigational treatments, if approved by the FDA, will complement, and help build upon, our strong portfolio of integrated eye health products.

The Salix segment - consists of sales in the U.S. of GI products, which in aggregate accounted for approximately 24%, 24% and 23% of our Company's revenues for the nine months ended September 30, 2021 and the years 2020 and 2019, respectively. The Salix segment includes our Xifaxan® product which accounted for approximately 19%, 18% and 17% of our Company's revenues for the nine months ended September 30, 2021 and the years 2020 and 2019, respectively.

We have been making investments in our Salix business since 2017, including: (i) hiring 200 trained and experienced sales force representatives to expand the commercial field force for Xifaxan®, (ii) increasing the focus on the development of next generation formulations of our Salix intellectual property to address new indications, (iii) completing the strategic acquisition of certain assets of Synergy Pharmaceuticals Inc. ("Synergy"), which included the Trulance® product, and (iv) increasing the number of sales force representatives for Trulance®. In addition, we have entered into licensing agreements for investigational products, which, once developed and if approved by the FDA, will be new treatments for certain GI and liver diseases and we anticipate will contribute to the future growth. Each of these opportunities potentially provides us with the ability to expand our GI portfolio and allows us to leverage our existing GI sales force, supply channel and distribution channel.

The International Rx segment - consists of sales, with the exception of sales of Bausch + Lomb products and Solta aesthetic medical devices, outside the U.S. and Puerto Rico of branded pharmaceutical products, branded generic pharmaceutical products and OTC products, which in aggregate accounted for approximately 14%, 15% and 13% of our Company's revenues for the nine months ended September 30, 2021 and the years 2020 and 2019, respectively. Principal products within our International Rx segment include Bisocard®, Thrombo ASS®, Contrave® / Mysimba®, Jublia®, Ivexterm® and Espaven®.

The Ortho Dermatologics segment - consists of: (i) sales in the U.S. of Ortho Dermatologics (dermatological products) and (ii) global sales of Solta aesthetic medical devices. Revenues from the Ortho Dermatologics segment accounted for approximately 7% of our Company's revenues for the nine months ended September 30, 2021 and the years 2020 and 2019.

The Ortho Dermatologics business is our medical dermatology business dedicated to the treatment of a range of therapeutic areas, including psoriasis, actinic keratosis, acne, atopic dermatitis, onychomycosis and other dermatoses. As part of our business strategy for the Ortho Dermatologics business, we have made significant investments to build out our psoriasis, atopic dermatitis and acne product portfolios, which are the markets within dermatology where we see the greatest opportunities, with a focus on topical gel and lotion products over injectable biologics. We continue to support the use of injectable biologics; however, we believe some patients prefer topical products as an alternative to injectable biologics. Further, as topical products can, in many cases, defer the use of injectable biologics that often come with associated risk/ benefit profiles, a topical product is usually readily adopted by payors, is less expensive and can be more cost-effective than injectable biologics. Therefore, we believe topical products represent alternative treatments for physicians, payors and patients, and as the preferred choice of treatment, have the potential to drive greater volumes, generate better margins and potentially be a key contributing factor of our Ortho Dermatologics business.

Our Solta business is a leading global aesthetic medical device business focused on the development, manufacture and sale of innovative technologies that provide aesthetic and therapeutic benefits. Global Solta revenues were $219 million, $166 million, $253 million and $194 million for the nine months ended September 30, 2021 and 2020 and the years 2020 and 2019, respectively. The increase in revenue is primarily attributable to next generation Thermage FLX®, a fourth-generation non-invasive treatment option using a radiofrequency platform designed to optimize key functional characteristics and improve patient outcomes. During 2018 and 2019, next generation Thermage FLX® was launched in Hong Kong, Japan, Korea, Taiwan, Philippines, Singapore, Indonesia, Malaysia, China, Thailand, Vietnam, and Australia as part of our Solta aesthetic medical devices portfolio. These launches have been successful as next generation Thermage FLX® revenues were $110 million, $94 million, $142 million and $77 million for the nine months ended September 30, 2021 and 2020 and the years 2020 and 2019, respectively. We expect additional launches of next generation Thermage FLX® in Europe in the near term, paced by country-specific regulatory registrations. Consistent with our business strategy to continually update and improve our technology, in 2021, we launched, in the U.S., our next generation Clear + Brilliant® *Touch* system which is designed to deliver a customized and more comprehensive treatment protocol by providing patients of all ages and skin types the benefits of two wavelengths. The launch of our next generation Clear + Brilliant® *Touch* in the U.S. is expected to serve as a foundation for future launches in Asia and Europe.

The Diversified Products segment - consists of sales in the U.S. of: (i) pharmaceutical products in the areas of neurology and certain other therapeutic classes, such as Wellbutrin®, Aplenzin®, Cuprimine®, Ativan® and Migranal®, (ii) generic products, such as Uceris® authorized generic ("AG"), Elidel® AG, Migranal® AG and Diastat® AG, and (iii) dentistry products, such as Arestin® and NeutraSal®. Revenues from our Diversified Products segment accounted for approximately 10%, 12% and 13% of our Company's revenues for the nine months ended September 30, 2021 and the years 2020 and 2019, respectively. The Company utilizes the Diversified Products segment to extend the long-term cash flows from a number of assets that are expected to decline over time due to the loss of exclusivity, by launching and selling authorized generic versions of certain branded assets.

For a comprehensive discussion of our business, business strategy, products and other business matters, see Item 1. "Business" included in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC and the Canadian Securities Administrators ("CSA") on February 24, 2021.

Our Focus on Value

In 2016, we retained a new executive team which implemented a multi-year plan designed to transform and bring out value in our Company. The multi-year plan increased our focus on, among other factors, our: product portfolio, infrastructure, geographic footprint, capital structure and risk management. Since that time, we have been executing and continue to execute on our commitments to transform the Company and generate value. Under the multi-year plan we have taken the following actions, among others:

- divested non-core assets in order to narrow the Company's activities to our core businesses where we believe we have an existing and sustainable competitive edge and the ability to generate operational efficiencies. To date, we received approximately $4,100 million in net proceeds from these divestitures, which includes the sale of Amoun Pharmaceutical Company S.A.E. ("Amoun"), as discussed below, which we divested on July 26, 2021;
- made strategic investments in our core businesses in order to support recent revenue growth and prepare for additional growth opportunities we plan to capitalize on for our core businesses;

- made measurable progress in improving our capital structure as we have repaid approximately $10,000 million in debt obligations (net of additional borrowings, amounts refinanced and excluding the $1,210 million financing of the U.S. Securities Litigation settlement discussed below) during the period of January 1, 2016 through the date of this filing, using the proceeds from the divestiture of non-core assets, cash generated from our operations and improved working capital management. This includes approximately $1,300 million of repayments (net of additional borrowings) during 2021 using cash on hand, cash generated from operations and the net proceeds from the Amoun Sale (as defined below); and

- resolved many of the Company's legacy litigation matters originating back to 2015 and prior, including the most significant legacy legal matter, the U.S. Securities Litigation settlement discussed below, significantly reducing related possible disruptions and other uncertainties to our operations.

We believe that these and other positive actions we have taken to transform our Company, have properly focused our operations and improved our capital structure, and we also believe that, as a result of such actions, we are now presented with an opportunity to unlock additional value across our portfolio of assets by creating two highly attractive but dissimilar businesses.

Proposed Separation of the Bausch + Lomb Eye Health Business and Proposed IPO of Solta Medical Business

On August 6, 2020, we announced that we intend to separate our eye health business into an independent publicly traded entity, Bausch + Lomb, from the remainder of Bausch Health Companies Inc. The Bausch + Lomb entity will consist of the Company's Bausch + Lomb Global Vision Care, Global Consumer, Global Surgical and Global Ophthalmology Rx businesses. We remain committed to this plan and continue to believe this is an opportunity to unlock additional value across our portfolio of assets.

At the time of our announcement, we emphasized that it is important that the post-separation entities be well capitalized, with appropriate leverage and with access to additional capital, if and when needed, to provide each entity with the ability to independently allocate capital to areas that will strengthen their own competitive positions in their respective lines of business and position each entity for sustainable growth. Therefore, we see the appropriate capitalization and leverage of these businesses post-separation as a key to bringing out the maximum value across our portfolio of assets and, so, it is a primary objective of our plan of separation.

We also previously stated that all options for achieving the appropriate capitalization and leverage for these entities post-separation were being considered. Management continues to consider alternative means of achieving these outcomes, including dispositions in our business that we believe represent attractive opportunities for the Company and are in line with our plan of separation. This informed our decision to divest Amoun on July 26, 2021 and, as discussed below, use the net proceeds to repay certain debt obligations. It has also informed, in part, our decision to pursue an initial public offering of our Solta aesthetic medical device business (“Solta Medical”) (the “Solta IPO”), which we publicly announced on August 3, 2021. We believe that the Solta IPO will enable us to further repay certain of our debt obligations. However, we also believe that the Solta IPO will allow us to unlock the value of this high-growth business and give us ownership of a valuable financial asset that would compare more favorably to other medical aesthetic companies.

We intend to use the proceeds from the B+L Separation and the Solta IPO to repay, to the extent possible, a portion of our existing debt, thereby improving our capitalization and leverage. We believe the B+L Separation and the Solta IPO provides us with an attractive opportunity for liquidity to support the appropriate capitalization and leverage of the Bausch + Lomb entity, the Solta Medical entity and the remainder of Bausch Health Companies Inc., which we refer to as “Bausch Pharma” and will assume a new name upon completion of the B+L Separation. However, management continues to consider the forms of the B+L Separation and the Solta IPO and is exploring a number of alternative capitalization structures in order to properly capitalize the three entities.

The B+L Separation and the Solta IPO will establish three separate companies that include:

- **Bausch + Lomb** - a fully integrated, pure play eye-health company built on the iconic Bausch + Lomb brand and long history of innovation;

- **Solta Medical** - a leading global aesthetic medical device company focused on the development, manufacture and sale of innovative technologies that provide aesthetic and therapeutic benefits; and

- **Bausch Pharma** - a diversified pharmaceutical company with leading positions in gastroenterology, dermatology, neurology and international pharmaceuticals. The remaining pharmaceutical entity will comprise a diversified portfolio of our leading durable brands across the Salix, International Rx, dentistry, neurology, medical dermatology and generics businesses.

We believe these transactions will create three highly attractive but dissimilar businesses. As separate entities, management believes that each company will be better positioned to individually focus on its core businesses to drive additional growth, more effectively allocate capital and better manage its respective capital needs. Further, these transactions allow us and the market to compare the operating results of each entity with other "pure play" peer companies. Although management believes these transactions will bring out additional value, there can be no assurance that either the B+L Separation or the Solta IPO will be successful in doing so.

We have completed the internal objectives necessary for the B+L Separation and continue to address the internal organizational design and structure of the new Solta Medical entity which we anticipate having completed by the end of 2021. Subject to market conditions and receipt of regulatory, stock exchange and other approvals, we expect to launch the Solta IPO as early as December 2021 or January 2022. Subject to receipt of regulatory, stock exchange and other approvals and market conditions we expect to launch an IPO of the Bausch + Lomb entity as early as thirty days subsequent to the Solta IPO. We expect to complete the Separation of Bausch + Lomb, following the expiry of customary lock-ups and achievement of targeted debt leverage ratios, subject to receipt of applicable shareholder and other necessary approvals.

As of the date of this filing, the determination of the capitalization of the three entities is evolving, and we do not have a definitive timetable to finalize the respective capital structures. Although a public offering of a portion of the Bausch + Lomb and/or the Solta Medical businesses are among the alternate capital structures being considered, this Form 10-Q does not constitute an offer of any securities of the Bausch + Lomb or Solta Medical entities for sale.

In addition to the capitalization and leverage ratios of each entity, there are considerations, approvals and conditions, including market conditions, that will determine the ultimate timing and structure of these transactions, including regulatory approvals, final approval by our board of directors, any shareholder vote requirements that may be applicable, compliance with U.S. and Canadian securities laws and stock exchange rules, receipt of any applicable opinions and/or rulings with respect to the Canadian and U.S. federal income tax treatment of such transactions and determination of the pro forma capitalizations of the three entities. The failure to satisfy all of the required conditions could delay the completion of these transactions for a significant period of time or prevent them from occurring at all. In addition to our internal organization and structure work, we will need to complete a number of additional steps that will depend on the ultimate structure of the transactions (in addition to obtaining the regulatory approvals and satisfying the conditions described above) before we can complete the B+L Separation and/or the Solta IPO. As a result, there can be no assurance as to the timing of the completion of both or either of these transactions or their terms, and the information in this Form 10-Q relating to each transaction is preliminary and may change as the transactions progress and any such changes and their impact on the Company, or any of the companies that result from the consummation of any of these transactions, may be material.

See Item 1A. "Risk Factors — Risk Relating to the Separation" of our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC and the CSA on February 24, 2021, for additional risks relating to the B+L Separation. See Item 1A. "Risk Factors — Risk Relating to the Proposed IPO of the Solta Aesthetic Medical Device Business" of Part II of our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021, filed with the SEC and CSA on August 3, 2021, for additional risks relating to the Solta IPO.

Divest Assets to Improve Our Capital Structure and Simplify Our Business

In order to better focus on our core businesses, we continue to evaluate opportunities to simplify our operations and improve our capital structure, including dispositions of various assets. For example, on July 26, 2021, we completed the sale of Amoun for total gross consideration of approximately $740 million, subject to certain adjustments (the "Amoun Sale"). Amoun manufactures, markets and distributes branded generics of human and animal health products. The Amoun business was part of the International Rx segment (previously included within the former Bausch + Lomb/International segment). Revenues associated with Amoun were $157 million for the period of January 1, 2021 through July 26, 2021 and were $247 million, $220 million and $183 million for the years 2020, 2019 and 2018, respectively. On July 30, 2021 and August 3, 2021, the Company made aggregate payments of $600 million, to repay $469 million of its June 2025 Term Loan B Facility and $131 million of its November 2025 Term Loan B Facility, using the net proceeds from the Amoun Sale and cash on hand.

We are actively considering further dispositions of various assets in line with this strategy. While we anticipate that any future divestiture activities will be on non-core assets, consistent with our duties to our shareholders and other stakeholders, we will consider dispositions in core areas that we believe represent attractive opportunities for the Company. See Note 4, "ACQUISITION, LICENSING AGREEMENTS AND DIVESTITURE" to our unaudited interim Consolidated Financial Statements for additional information.

Impacts of COVID-19 Pandemic

The unprecedented nature of the COVID-19 pandemic has, and continues to, adversely impact the global economy. The COVID-19 pandemic and the reactions of governments, private sector participants and the public in an effort to contain the

spread of the COVID-19 virus and/or address its impacts have had significant direct and indirect effects on businesses and commerce. This includes, but is not limited to, disruption to supply chains, employee base and transactional activity, facility closures and production suspensions. We believe we responded quickly to these and other human and commercial challenges brought on by the COVID-19 pandemic and that our actions allowed us to: (i) maintain a reliable supply of our products, (ii) protect the health, safety and well-being of our employees, (iii) reduce operating expenses and preserve cash through profit protection measures initiated in response to the COVID-19 pandemic, (iv) limit the disruptions to our product development pipeline and (v) ensure affordability of and access to our products. We will continue to monitor the impacts of the COVID-19 pandemic and related responses from governments and private sector participants on the Company, our customers, supply chain, third-party suppliers, project development timelines, costs, revenue, margins, liquidity and financial condition and our planned actions and responses to this pandemic.

During the pandemic, the public has been advised to engage in certain "social restrictions" such as: (i) remaining at home or shelter-in-place, (ii) limiting social interaction, (iii) closing non-essential businesses and (iv) postponing certain surgical and elective medical procedures in order to prioritize/conserve available health care resources. During the three months ended March 31, 2020, these factors negatively impacted, most notably, the revenues of the Company's Vision Care and Surgical businesses in Asia, where the COVID-19 pandemic originated. Beginning in March 2020, and throughout most of the second quarter of 2020, the Company experienced steeper declines in these revenues and the revenues of other businesses, as social restrictions expanded worldwide, particularly in the U.S. and Europe. Social restrictions negatively impacted the Company's revenues for contact lenses, intraocular lenses, medical devices, surgical systems and certain pre- and post-operative eye-medications of its Ophtho Rx business, aesthetic medical devices of its Global Solta business, and certain branded pharmaceutical products of its Salix, Ortho Dermatologics and Dentistry businesses, as the offices of many health care providers were closed and certain surgeries and elective medical procedures were deferred.

Our 2020 revenues were most negatively impacted during our second quarter by the social restrictions and other precautionary measures taken in response to the COVID-19 pandemic. However, as governments began lifting social restrictions, allowing offices of certain health care providers to reopen and certain surgeries and elective medical procedures to proceed, the negative trend in the revenues of certain businesses began to level off and stabilize prior to our third quarter of 2020. After the launch of effective vaccines in December 2020, infection rates began to decline in 2021 signaling the beginning of a recovery from the COVID-19 pandemic.

Our revenues were $6,238 million for the nine months ended September 30, 2021, as compared to $5,814 million for the nine months ended September 30, 2020, a year-over-year increase of $424 million, or 7%, and primarily reflects the positive impacts from the recovery from the COVID-19 pandemic, partially offset by the impact of our divestiture of Amoun on July 26, 2021. Presuming there continues to be increased availability of effective vaccines and any resurgence of the COVID-19 virus and variant strains thereof, such as the delta variant, do not have a material adverse impact on efforts to contain the COVID-19 virus, the Company anticipates an ongoing, gradual global recovery from the significant macroeconomic and health care impacts of the pandemic. However, the rates of recovery for each business will vary by geography and will be dependent upon, among other things, the availability and effectiveness of vaccines for the COVID-19 virus and variant strains thereof, government responses, rates of economic recovery, precautionary measures taken by patients and customers, the rate at which remaining social restrictions are lifted and, once lifted, the presumption that social restrictions will not be materially reenacted in the event of a resurgence of the virus or variant strains thereof and other actions taken in response to the COVID-19 pandemic. At the current pace of the recovery, we anticipate that our revenues will likely return to pre-pandemic levels for many of our businesses and geographies in 2021 and for the remaining businesses and geographies in 2022. However, as our revenues were most negatively impacted by the social restrictions and other precautionary measures taken in response to the COVID-19 pandemic during our second quarter of 2020, we expect the rate of growth for the remainder of 2021 to be lower than the year-over-year revenue growth for the nine months ended September 30, 2021.

Although we put in place procedures to mitigate the risks associated with closures and disruptions at our manufacturing facilities, the COVID-19 pandemic temporarily impacted the manner in which we managed our inventories and inventory levels. The negative impact of the COVID-19 pandemic on the demand for many of our products necessitated that we, among other things, shorten production runs to reduce inventories and mitigate inventory losses. The shorter production runs, the costs associated with idling certain facilities during government mandated lockdowns and the costs of the precautionary measures taken at our manufacturing facilities in response to the COVID-19 pandemic resulted in manufacturing variances, which temporarily depressed our contribution margins in 2020. However, in 2021, as demand increased and our retailers and distributors replenished their inventories, the pressures on our manufacturing processes experienced during 2020 have been alleviated and we have avoided many of the COVID-19 pandemic-induced manufacturing variances during the nine months ended September 30, 2021.

As we monitor the direction and pace of the recovery in each business and geography, we are also continually monitoring the effectiveness of the profit protection measures we initiated to manage and reduce our operating expenses and

preserve cash during the COVID-19 pandemic. These profit protection measures were successful in expanding the profit margins in many of our businesses, as referenced in the discussion of our operating results below. In 2021, we began allocating more resources to selling and other promotional activities in support of our existing products, product launches and products in development. As a result, our Selling, general & administrative ("SG&A") and R&D expenses increased 12% and 5% during the nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020, respectively. As the recovery continues, we expect to continue to see our operating expenses for the remainder of 2021 to exceed our operating expenses over the same period in 2020.

We believe our diverse portfolio of durable products and strong brands has served us well through the COVID-19 pandemic and we continue to be well-positioned to grow market share and return to growth as the world recovers. However, this situation remains very fluid and we continue to monitor the availability and effectiveness of vaccines and any resurgence of the COVID-19 virus, the delta variant and other variant strains thereof on our operations, businesses and primary goals. Given these circumstances, we continue to focus on: (i) revising our go-to-market and sales force strategies to address the changing business dynamics created by the COVID-19 pandemic, (ii) building out our e-commerce presence to enable us to reach customers in new ways, (iii) investing in our key promoted brands and product launches to increase market share, (iv) optimizing our cost structure and (v) looking for key trends in the market to meet changing consumer/patient needs and identify areas for investment and growth. We believe focusing on these priorities will best enable us to effectively manage the changing business dynamics created by the COVID-19 pandemic, best prepare us for a possible resurgence of the virus and any variant strains thereof and return us to growth during the recovery from the COVID-19 pandemic.

The changes in our segment revenues and segment profits, including the impacts of COVID-19 pandemic related matters for the three and nine months ended September 30, 2021, are discussed in further detail in the respective subsequent section " — Reportable Segment Revenues and Profits".

For a further discussion of these and other COVID-19 related risks, see Item 1A. "Risk Factors— Risk Relating to COVID-19" of our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC and the CSA on February 24, 2021.

Focus on Core Businesses

In order to continue to focus on our core businesses we have: (i) directed capital allocation to drive growth within our core businesses, (ii) made measurable progress in effectively managing our capital structure, (iii) increased our efforts to improve patient access and (iv) continued to invest in sustainable growth drivers to position us for long-term growth.

Direct Capital Allocation to Drive Growth Within Our Core Businesses

Our capital allocation is driven by our long-term growth strategies. We have been aggressively allocating resources to promote our core businesses globally through: (i) strategic acquisitions, (ii) R&D investment, (iii) strategic licensing agreements and (iv) strategic investments in our infrastructure. The outcome of this process allows us to better drive value in our product portfolio and generate operational efficiencies.

Strategic Acquisitions

We remain very selective when considering any acquisition and pursue only those opportunities that we believe align well with our current organization and strategic plan. We sometimes refer to these opportunities as "bolt on" acquisitions. In being selective, we seek to enter into only those acquisitions that provide us with significant synergies with our existing business, thereby minimizing risks to our core businesses and providing long-term growth opportunities. Recently, we have entered into transactions that, although not immediately impactful to our operating results, are expected to be accretive to our bottom line in future years and contribute to our long-term growth strategies.

In March 2019, we completed the acquisition of certain assets of Synergy whereby we acquired the worldwide rights to the Trulance® (plecanatide) product, a once-daily tablet for adults with chronic idiopathic constipation, or CIC, and irritable bowel syndrome with constipation, or IBS-C. We believe that the Trulance® product complements our existing Salix products and allows us to effectively leverage our existing GI sales force. In order to drive growth of the Trulance® product, we have increased the number of sales force representatives for the Trulance® product. We believe this has been successful as Trulance® revenues were $74 million and $58 million for the nine months ended September 30, 2021 and 2020, respectively.

In February 2019, we acquired the U.S. rights to EM-100 (an investigational preservative-free formulation eye drop) from Eton Pharmaceuticals, Inc. On September 25, 2020, the Company announced that the FDA had approved Alaway® Preservative Free (ketotifen fumarate) ophthalmic solution, 0.035%, antihistamine eye drops (EM-100) as the first OTC preservative-free formulation eye drop approved to temporarily relieve itchy eyes due to pollen, ragweed, grass, animal hair and dander. Alaway® Preservative Free was launched in February 2021 and is expected to complement our broad range of Bausch + Lomb integrated eye health products.

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

R&D Investment

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

Our internal R&D organization focuses on the development of products through clinical trials. As of December 31, 2020, approximately 1,300 dedicated R&D and quality assurance employees in 23 R&D facilities were involved in our R&D efforts internally.

We have approximately 200 projects in our global pipeline. Certain core internal R&D projects that have received a significant portion of our R&D investment in current and prior periods are listed below. However, due to the challenges of the COVID-19 pandemic, most notably those attributable to "stay at home" orders and travel restrictions, certain of our R&D activities were forced to pause in 2020. Clinical trials that started prior to governmental shutdowns remained enrolled and existing patients progressed, while new patient enrollments were paused as most trial sites were not able to accept new patients. However, during our third quarter of 2020, we saw the pace of new patient enrollments increase, and, although certain of our projects are moving slower than we would like due to the impacts of the COVID-19 pandemic, through the date of this filing we have not had to make changes to our development timelines that would have a material impact on our current or future operating results.

We continue to monitor the timing and completion of our ongoing and anticipated clinical trial programs. As of the date of this filing, the delays in our clinical trials have not had a material impact on our operating results; however, a resurgence of the virus significant enough to necessitate reenacting certain social restrictions could result in unanticipated delays in our ability to conduct new patient enrollments. Other possible COVID-19 pandemic and resurgence related challenges include, but are not limited to, facility closures, delays by third-party service providers, deferrals of doctor visits, postponement of elective medical procedures and surgeries and changes in prioritization by the FDA and other regulatory authorities. Delays, if any, caused by the COVID-19 pandemic and a possible resurgence of the virus or variant strains thereof such as these and others will likely adversely affect the timely approval, launch and commercialization and the commercial success of our products, particularly those in early stage clinical trials. As a result, our estimates regarding the timing and success of our R&D efforts (some of which are set out below), including as it relates to study initiation, enrollment and completion, availability of study results, regulatory submissions, regulatory approvals and commercial launches, may change.

Bausch + Lomb

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

- Lumify® (brimonidine tartrate ophthalmic solution, 0.025%) - An OTC eye drop developed as an ocular redness reliever. We launched this product in the U.S. in May 2018. Currently, we have several line extensions under development and expect Phase 3 clinical studies to commence in 2022.

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

- New Ophthalmic Viscosurgical Device ("OVD") product - A formulation to protect corneal endothelium during phacoemulsification process during a cataract surgery and to help chamber maintenance and lubrication during intraocular lens delivery. In January 2020, we commenced an FDA clinical study for the cohesive OVD product which has now achieved its enrollment target, despite COVID-19-related slowdowns, and we expect results in the first quarter of 2022. In addition, in March 2021, we received Premarket Approval from the FDA for Clearvisc™ dispersive OVD, which we launched in June 2021.

- enVista® Trifocal intraocular lens - An innovative lens design. We initiated an investigative device exemption study for this product in May 2018 and initiated the last phase of this three-phase study in the fourth quarter of 2020. We expect to complete enrollment during the fourth quarter of 2021 for the Canadian study and during the first half of 2022 for the U.S. study.

- SimplifEYE® preloaded intraocular lens injector platform for enVista intraocular lens - We have received approvals from the European Union and Canada and received FDA clearance for the injector and launched this platform in October 2020.

- Extended depth of focus intraocular lens - Currently under development, however, the timing and completion of which has been delayed due to COVID-19 pandemic related matters. Once development is completed, and if approved, we anticipate that this product could be launched in 2023.

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

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

- Renu® Advanced Multi-Purpose Solution ("MPS") - Contains a triple disinfectant system that kills 99.9% of germs, and has a dual surfactant system that provides up to 20 hours of moisture. Renu® Advanced MPS is FDA cleared with indications for use to condition, clean, remove protein, disinfect, rinse and store soft contact lenses including those composed of silicone hydrogels. Renu® Advanced MPS has gained regulatory approvals in Korea, India, Mexico, Indonesia, Malaysia, Singapore and, during the second quarter of 2020, the European Union. In 2021, Renu® Advanced MPS was launched in Greece and gained regulatory approvals in China and Taiwan.

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

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

Gastrointestinal

- Rifaximin - Top line results from a Phase 2 study for the treatment of overt hepatic encephalopathy with a new formulation (SSD IR) of rifaximin showed a treatment benefit. Patients receiving 40 mg twice daily showed a statistically significant separation from placebo. The top line results from this Phase 2 study will help inform further research on potential new indications for rifaximin; this will include the commencement of a Phase 3 study (RED-C) in 2021 to seek an indication for the prevention of the first episode of Hepatic Encephalopathy.

- Rifaximin - Rifaximin recently received orphan drug designation for sickle cell anemia. A novel dosage formulation is planned to be studied for the treatment of sickle cell anemia and clinical trials are expected to commence in the second half of 2021.

- Rifaximin - Development of a fit for purpose Patient Reported Outcomes tool for small intestinal bacterial overgrowth, or "SIBO", is continuing in 2021.

- Rifaximin - We have entered into an agreement with Cedars Sinai Medical Center to evaluate a new formulation of rifaximin for the treatment of IBS-D. Two preclinical studies have been completed. A Proof of Concept study, that was paused due to COVID-19 pandemic related factors, has recommenced and is fully enrolled.

- Envive™ - In October 2020, we launched, on a limited basis, a probiotic supplement that was developed to address gastrointestinal disturbances. In April 2021, we expanded the launch to additional territories in the U.S.

- Amiselimod (S1P modulator) - We commenced a Phase 2 study during the first half of 2021 to evaluate Amiselimod (S1P modulator) for the treatment of mild to moderate ulcerative colitis.

Dermatology

- Arazlo® (tazarotene) Lotion, 0.045% (formerly Internal Development Project ("IDP")-123) - In June 2020, we launched this acne product containing lower concentration of tazarotene in a lotion form to help reduce irritation while maintaining efficacy.

- IDP-120 - An acne product with a fixed combination of mutually incompatible ingredients: benzoyl peroxide and tretinoin. Phase 3 clinical studies have been completed and met the primary endpoints. We are currently evaluating next steps for this project.

- IDP-126 - An acne product with a fixed combination of benzoyl peroxide, clindamycin phosphate and adapalene. Phase 3 clinical studies initiated in December 2019 were paused due to COVID-19 pandemic related factors, but resumed in June 2020. Both Phase 3 studies have been completed and have met their primary endpoints. A comparative bridging safety and efficacy study was delayed until 2021 due to COVID-19. The bridging study is ongoing. We anticipate filing a New Drug Application ("NDA") in the second half of 2022.

- Clear + Brilliant® *Touch* - Next generation Clear + Brilliant® laser that is designed to deliver a customized and more comprehensive treatment protocol by providing patients of all ages and skin types the benefits of two wavelengths. This product was launched in the U.S. in March 2021.

Strategic Licensing Agreements

To supplement our internal R&D initiatives and to build-out and refresh our product portfolio, we also search for opportunities to augment our pipeline through arrangements that allow us to gain access to unique products and investigational treatments, by strategically aligning ourselves with other innovative product solutions.

In the normal course of business, the Company will enter into select licensing and collaborative agreements for the commercialization and/or development of unique products primarily in the U.S. and Canada. These products are sometimes investigational treatments in early stage development that target unique conditions. The ultimate outcome, including whether the product will be: (i) fully developed, (ii) approved by the FDA or other regulators, (iii) covered by third-party payors or (iv) profitable for distribution, is highly uncertain. Under certain agreements, the Company may be required to make payments contingent upon the achievement of specific developmental, regulatory, or commercial milestones.

In October 2020, we announced that we had entered into two exclusive license agreements which present us with unique developmental opportunities to address the unmet need of treatment for myopia in children. The first of these two licensing agreements is with Eyenovia, Inc. for the development and commercialization in the United States and Canada of an investigational microdose formulation of atropine ophthalmic solution, which is being investigated for the reduction of pediatric myopia progression, also known as nearsightedness, in children ages 3-12. We expect to complete enrollment for a Phase 3 study during the second half of 2022. If approved by the FDA, we believe this investigational product could potentially change the treatment paradigm for the reduction of myopia progression in children. The second is an exclusive global licensing agreement with BHVI for a myopia control contact lens design developed by BHVI. The Company plans to pair BHVI's novel contact lens design with our leading contact lens technologies to develop potential contact lens treatments designed to slow the progression of myopia in children.

In December 2019, we announced that we had acquired an exclusive license from Novaliq GmbH for the commercialization and development in the U.S. and Canada of the investigational treatment NOV03 (perfluorohexyloctane), a first-in-class investigational drug with a novel mechanism of action to treat DED associated with MGD. In an Open Label Safety study, NOV03 has achieved its enrollment target. In April 2021, we announced statistically significant topline data from the first of two Phase 3 studies and in September 2021, we announced statistically significant topline data from the second Phase 3 study. We anticipate filing an NDA in the first half of 2022. If approved by the FDA, we believe the addition of this investigational treatment for DED will help build upon our strong portfolio of integrated eye health products.

In October 2019, we acquired an exclusive license from Clearside Biomedical, Inc. ("Clearside") for the commercialization and development of Xipere™ (triamcinolone acetonide suprachoroidal injectable suspension) in the U.S. and Canada. Xipere™ is a proprietary suspension of the corticosteroid triamcinolone acetonide formulated for suprachoroidal administration via Clearside's proprietary SCS Microinjector™. In October 2021, the FDA approved Xipere™ for suprachoroidal use for the treatment of macular edema associated with uveitis. We expect to make Xipere™ available during the first quarter of 2022.

In April 2019, we entered into two licensing agreements which present us with unique developmental opportunities to address unmet needs of individuals suffering with certain GI and liver diseases. The first of these two licensing agreements was with the University of California for certain intellectual property relating to an investigational compound targeting the pituitary adenylate cyclase receptor 1 in non-alcoholic fatty liver disease ("NAFLD"), nonalcoholic steatohepatitis ("NASH") and other GI and liver diseases. However, as some early non-clinical (in-vitro) development work did not meet our internal expectations, in September 2021, we made the decision to terminate this license agreement and notified the University of California accordingly. The second is an exclusive licensing agreement with Mitsubishi Tanabe Pharma Corporation to develop and commercialize MT-1303 (amiselimod), a late-stage oral compound that targets the sphingosine 1-phosphate receptor that plays a role in autoimmune diseases, such as inflammatory bowel disease and ulcerative colitis. We have completed a thorough QTC study, which evaluated the cardiac safety profile of the compound. Topline results were positive and we commenced a Phase 2 study in the first half of 2021.

Strategic Investments in our Infrastructure

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

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

To address the expected global demand for our Bausch + Lomb ULTRA® range of contact lenses, in December 2017, we completed a multi-year, $200 million strategic upgrade to our Rochester facility. The upgrade increased production capacity in support of our Bausch + Lomb Ultra® and SiHy Daily AQUALOX™ product lines and better supports the production of other well-established contact lenses, such as our PureVision®, PureVision®2 (SVS, Toric, and Multifocal), SofLens® 38 and SilSoft®.

To address the expected global demand for our SiHy Daily disposable contact lenses, in November 2018, we initiated $300 million of additional projects to add multiple production lines to our Rochester and Waterford facilities. These production lines have recently been completed and we expect to start production of our latest contact lenses, Bausch + Lomb INFUSE® and ULTRA ONE DAY®, at these facilities by the end of 2021.

To further help us meet the anticipated demand of our contact lenses, in 2020, we initiated an expansion of the Company's Lynchburg distribution center. The new facility is expected to create new jobs over the next five years and expand the overall site to 190,000 square feet, which will provide distribution capabilities for medical devices, primarily contact lens products, and be the main point of distribution for these products in the U.S. This expansion program is expected to be completed in the first half of 2022.

In July 2021, we announced plans to invest an additional €90 million to increase capacity at our Waterford facility to meet the expected demand for our Biotrue® ONEday range of daily disposable contact lenses. The new production lines are expected to be completed in 2023.

If completed as planned, the recently announced expansion of our Waterford facility will be the fifth major expansion of our Bausch + Lomb manufacturing facilities in support of our efforts to increase market share in the contact lens market in the seven years ending 2023. We believe the investments in our Waterford, Rochester and Lynchburg facilities and related expansion of labor forces further demonstrates the growth potential we see in our Bausch + Lomb products and our eye health business.

Effectively Managing Our Capital Structure

We continue to effectively manage our capital structure by: (i) reducing our debt through repayments, (ii) extending the maturities of debt through refinancing and (iii) improving our credit ratings.

Debt Repayments - Excluding the impact of the $1,210 million financing of the U.S. Securities Litigation settlement (discussed in the subsequent section titled "OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS"), we have repaid (net of additional borrowings) approximately $10,000 million of long-term debt during the period January 1, 2016 through the date of this filing using the net cash proceeds from divestitures of non-core assets, cash generated from operations and cash generated from tighter working capital management. This includes approximately $1,300 million of repayments (net of additional borrowings) during 2021 using cash on hand, cash generated from operations and the net proceeds from the Amoun Sale.

2020 Refinancing Transactions - In May and December 2020, we accessed the credit markets and completed a series of transactions, whereby we extended $3,250 million in aggregate maturities of certain debt obligations due to mature in 2022 and 2023 out to 2029 through 2031 and $250 million in aggregate amortization payments due in 2022 out to 2029 (the "2020 Refinancing Transactions"). In addition to extending $3,500 million in payments due in 2022 and 2023 to 2029 through 2031, the 2020 Refinancing Transactions replaced secured debt of $1,500 million with unsecured debt. This provides us with more secured debt capacity under our Restated Credit Agreement and existing indentures if the market for unsecured debt in the future is less favorable. Further, by replacing $1,500 million of secured debt with unsecured debt we now have additional room under the debt maintenance covenant of our 2023 Revolving Credit Facility that requires us to maintain a first lien net leverage ratio of not greater than 4.00 to 1.00. The 2020 Refinancing Transactions also repaid in full €1,500 million of debt denominated in euros, thereby reducing our exposure to fluctuations in the value of the euro.

2021 Refinancing Transactions - In June 2021, we accessed the credit markets and completed a transaction, whereby we: (i) extended $1,600 million in aggregate maturities of certain debt obligations due to mature in 2024 out to 2028 and (ii) refinanced $1,600 million in aggregate of existing 7.00% Senior Secured Notes due 2024 with $1,600 million in aggregate of 4.875% Senior Secured Notes due 2028 (the "2021 Refinancing Transactions").

See Note 10, "FINANCING ARRANGEMENTS" to our unaudited interim Consolidated Financial Statements for the details of our debt portfolio as of September 30, 2021 and December 31, 2020.

The debt repayments and refinancing transactions outlined above have allowed us to: (i) improve our credit ratings, (ii) extend maturities of certain debt obligations due in 2022 through 2024 out to the years 2029 through 2031, (iii) satisfy all debt mandatory amortization payments and (iv) reduce our exposure to fluctuations in the value of the euro.

Our prepayment of debt and refinancing transactions over the last four years translate into lower repayments of principal over the next four years, which, in turn, we believe will permit more cash flows to be directed toward developing our core assets, identifying new product opportunities and repaying additional debt amounts. The mandatory scheduled principal repayments of our debt obligations as of September 30, 2021, were as follows:

(in millions)

2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
$ —	$ —	$ —	$ —	$ 9,723	$ 1,500	$ 2,250	$ 3,612	$ 3,250	$ 1,250	$ 1,000	$ 22,585

During October 2021, we drew down, net of repayments, $290 million under our 2023 Revolving Credit Facility which we used primarily to make deposits of approximately $300 million, in the aggregate, into escrow funds under the terms of settlement agreements regarding the Glumetza Antitrust Litigation and to pay interest and other business expenses.

The weighted average stated interest rate of the Company's outstanding debt as of September 30, 2021 was 5.91% as compared to 6.02% as of December 31, 2020.

We continue to monitor our capital structure and to evaluate other opportunities to simplify our business and improve our capital structure, giving us the ability to better focus on our core businesses. While we anticipate focusing any future divestiture activities on non-core assets, consistent with our duties to our shareholders and other stakeholders, we will consider dispositions in core areas that we believe represent attractive opportunities for the Company. Also, the Company regularly evaluates market conditions, its liquidity profile and various financing alternatives for opportunities to enhance its capital structure. If the Company determines that conditions are favorable, the Company may refinance or repurchase existing debt or issue additional debt, equity or equity-linked securities.

See Note 10, "FINANCING ARRANGEMENTS" to our unaudited interim Consolidated Financial Statements and “Management's Discussion and Analysis - Liquidity and Capital Resources: Long-term Debt” for additional discussion of these matters. Cash requirements for future debt repayments including interest can be found in “Management's Discussion and Analysis - Off-Balance Sheet Arrangements and Contractual Obligations.”

Improve Patient Access

Improving patient access to our products, as well as making them more affordable, is a key element of our business strategy.

Patient Access and Pricing Committee - In 2016, we formed the Patient Access and Pricing Committee which is responsible for setting, changing and monitoring the pricing of our products and evaluating contract arrangements that determine the placement of our products on drug formularies. The Patient Access and Pricing Committee considers new to market product pricing, price changes and their impact across channels on patient accessibility and affordability. The Patient Access and Pricing Committee remains committed to limiting the average annual price increase for our branded prescription pharmaceutical products to no greater than single digits and has reaffirmed this commitment for 2021. These pricing changes and programs could affect the average realized pricing for our products and may have a significant impact on our company revenue and profit.

Bausch Health Patient Assistance Program - We are committed to supporting patients who have lost employment health benefits due to the COVID-19 pandemic, and because it is essential that our patients continue their prescribed treatments, we are proud to offer certain of our prescription medicines through our Bausch Health Patient Assistance Program. In the face of the COVID-19 pandemic, some people have financial obstacles that keep them from obtaining and continuing their prescribed treatments. The purpose of the Bausch Health Patient Assistance Program is to provide eligible unemployed patients in the U.S., who have lost their health insurance due to the COVID-19 pandemic, with certain of our prescription products where their financial circumstances or insurance status would otherwise interfere with their ability to access such product. If approved, patients receive their Bausch Health Companies Inc. prescription product(s) at no cost to them for up to one year, and may be able to reapply to the program annually if they continue to meet eligibility requirements and have a valid prescription.

Cash-pay Prescription Program - In February 2019, we launched Dermatology.com, a cash-pay product acquisition program offering certain branded Ortho Dermatologics products directly to patients. In March 2020, the name Dermatology.com was removed as the cash-pay product program name, with the name Dermatology.com limited to only online usage, including future digital teledermatology and e-commerce offerings. The cash-pay program is designed to address the affordability and availability of certain branded dermatology products, when insurers and pharmacy benefit managers are no longer offering those branded prescription pharmaceutical products under their designated pharmacy benefit offerings.

Walgreens Fulfillment Arrangements - In the beginning of 2016, we launched a brand fulfillment arrangement with Walgreen Co. ("Walgreens"). Under the terms of the brand fulfillment arrangement, as amended in July 2019, we made certain dermatology and ophthalmology products available to eligible patients through patient access and co-pay assistance programs at Walgreens U.S. retail pharmacy locations, as well as participating independent retail pharmacies.

Invest in Sustainable Growth Drivers to Position us for Long-Term Growth

We are constantly challenged by the changing dynamics of our industry to innovate and bring new products to market. We have divested certain businesses where we saw limited growth opportunities, so that we can be more aggressive in redirecting our R&D spend and other corporate investments to innovate within our core businesses where we believe we can be most profitable and where we aim to be an industry leader.

We believe that we have a well-established product portfolio that is diversified within our core businesses and provides a sustainable revenue stream to fund our operations. However, our future success is also dependent upon our ability to continually refresh our pipeline, to provide a rotation of product launches that meet new and changing demands and replace other products that have lost momentum. We believe we have a robust pipeline that not only provides for the next generation of our existing products, but is also poised to bring new products to market.

Invest in our Eye Health Business - As part of our global Bausch + Lomb business strategy, we continually look for key trends in the eye health market to meet changing consumer/patient needs and identify areas for investment to extend our market share through new launches and effective pricing.

For instance, there is an increasing rate of myopia, and importantly, myopia as a potential risk factor for glaucoma, macular degeneration and retinal detachment. We continue to see increased demand for new eye health products that address conditions brought on by factors such as increased screen time, lack of outdoor activities and academic pressures, as well as conditions brought on by an aging population (for example, as more and more baby-boomers in the U.S. are reaching the age of 65). To extend our market share in eye health, we continually seek to identify new products tailored to address these key trends for development internally with our own R&D team to generate organic growth. Recent product launches include Biotrue® ONEday daily disposable contact lenses, the next generation of Bausch + Lomb ULTRA® contact lenses, SiHy Daily contact lenses (branded as AQUALOX™ ONE DAY in Japan, Bausch + Lomb INFUSE® SiHy Daily Disposable in the

U.S. and Bausch + Lomb Ultra® ONE DAY in Australia, Hong Kong and Canada), Lumify® (an eye redness treatment), Vyzulta® (a pressure lowering eye drop for patients with angle glaucoma or ocular hypertension), Ocuvite® Eye Performance (vitamins to protect the eye from stressors such as sunlight and blue light emitted from digital devices) and SimplifEYE® (preloaded intraocular lens injector platform for enVista intraocular lens).

We also license selective molecules or technology in leveraging our own R&D expertise through development, as well as seek out external product development opportunities. As previously discussed, we acquired a global exclusive license for a myopia control contact lens design developed by BHVI, which we plan to pair with our leading contact lens technologies to develop potential contact lens treatments designed to slow the progression of myopia in children, and exclusive licenses for the commercialization and development in the U.S. and Canada of: a microdose formulation of atropine ophthalmic solution, which is being investigated for the reduction of pediatric myopia progression in children ages 3-12; Xipere™ which was approved by the FDA in October 2021, and is the first treatment available in the U.S. that utilizes the suprachoroidal space to treat patients suffering from macular edema associated with uveitis; and NOV03, an investigational drug with a novel mechanism of action to treat DED associated with MGD which has demonstrated statistically significant topline data in two Phase 3 studies. We also acquired the U.S. rights to EM-100, which was launched as Alaway® Preservative-Free and is the first OTC preservative-free formulation eye drop for the temporary relief of itchy eyes due to pollen, ragweed, grass, animal hair, and dander in adults and children 3 years of age and older. We believe investments in these investigational treatments, if approved by the FDA, will complement, and help build upon, our strong portfolio of integrated eye health products.

As previously discussed, we have also made strategic investments in our infrastructure, the most significant of which were at our Waterford facility in Ireland to meet the forecasted demand for our Biotrue® ONEday lenses, our Rochester facility in New York to address the expected global demand for our Bausch + Lomb ULTRA® contact lens and our Lynchburg facility in Virginia to be our main point of distribution for medical devices in the U.S. During late 2018, we began investing in additional expansion projects at the Waterford and Rochester facilities in order to address the expected global demand for our SiHy Daily disposable contact lenses, which we launched in Japan in September 2018, under the branded name AQUALOX™ ONE DAY, in the U.S. in August 2020, under the branded name Bausch + Lomb INFUSE® SiHy Daily Disposable contact lens, and in Australia, Hong Kong and Canada in the fourth quarter of 2020, under the branded name Bausch + Lomb Ultra® ONE DAY.

We believe our recent product launches, licensing arrangements and the investments in our Waterford, Rochester and Lynchburg facilities demonstrate the growth potential we see in our Bausch + Lomb products and our eye health business and that these investments will position us to further extend our market share in the eye health market.

Leveraging our Salix Infrastructure - We strongly believe in our GI product portfolio and we have implemented initiatives, including increasing our marketing presence and identifying additional opportunities outside our existing GI portfolio, to further capitalize on the value of the infrastructure we built around these products to extend our market share.

In the first quarter of 2017, we hired approximately 250 trained and experienced sales force representatives and managers to create, bolster and sustain deep relationships with primary care physicians ("PCP"). With approximately 70% of IBS-D patients initially presenting symptoms to a PCP, we continue to believe that the dedicated PCP sales force is better positioned to reach more patients in need of IBS-D treatment.

This initiative provided us with positive results, as we experienced consistent growth in demand for our GI products throughout 2017 through 2020, which was evident by our growth in Salix revenues of 22% when comparing 2020 to 2017. These results encouraged us to seek out ways to bring out further value through leveraging our existing sales force and, in the later portion of 2018 and in 2019, we identified and executed on certain opportunities which we describe below.

Strategic Acquisition - As previously discussed, in March 2019, we completed the acquisition of certain assets of Synergy, whereby we acquired the worldwide rights to the Trulance® product, a once-daily tablet for adults with chronic idiopathic constipation, or CIC and irritable bowel syndrome with constipation, or IBS-C. We believe that the Trulance® product complements our existing Salix products and allows us to effectively leverage our existing GI sales force.

Licensing Arrangements - As previously discussed, in April 2019, we entered into a licensing agreement to develop and commercialize MT-1303 (amiselimod), a late-stage oral compound that targets the sphingosine 1-phosphate receptor that plays a role in autoimmune diseases, such as inflammatory bowel disease and ulcerative colitis. This license presents a unique developmental opportunity to address unmet needs of individuals suffering with certain GI and liver diseases and if developed and approved by the FDA, will allow us to further utilize our existing sales force and infrastructure to extend our market share in the future and create value.

Investment in Next Generation Formulations - Revenues from our Xifaxan® product increased approximately 2%, 22% and 22% in 2020, 2019 and 2018, respectively. In order to extend growth in Xifaxan®, we continue to directly invest in next generation formulations of Xifaxan® and rifaximin, the principal semi-synthetic antibiotic used in our

Xifaxan® product. In addition to three R&D programs in progress, we have another R&D program planned for a next generation formulation of Xifaxan® (rifaximin) which would address a new indication.

We believe that the acquisition and licensing opportunities discussed above will be accretive to our business by providing us access to products and investigational compounds that are a natural pairing to our Xifaxan® business, allowing us to effectively leverage our existing infrastructure and sales force. We believe these opportunities, coupled with our investment in next generation formulations, will allow our GI franchise to continue to further extend market share.

Reposition the Ortho Dermatologics Business to Generate Additional Value - In 2018, we realigned our Solta aesthetic medical device business and combined it with our medical dermatology business, creating a complete dermatology portfolio. We continue to make investments in our Solta portfolio and anticipate building out our Solta sales force, particularly in Europe, to address the growing demand. Our Ortho Dermatologics business continues to work towards improving the treatment options for medical dermatology patients needing topical acne and psoriasis products. We are exploring additional strategic e-commerce and partnership expansion opportunities which can enable increased accessibility for patients and we continue to invest in our on-market products and evaluate various opportunities for our key pipeline products.

In support of the complete dermatology portfolio, we have taken and are taking a number of actions that we believe will help our efforts to stabilize our dermatology business. These actions include: (i) building on our legacy brands to improve and meet today's physician relevance and customer service, (ii) appointing new leadership, (iii) making key investments in our core medical device and dermatological products portfolios, (iv) optimizing our go to market strategy by building on our relationships with prescribers of our products to balance our sales portfolio with the business' profitability, (v) refocusing our operational and promotional resources and (vi) improving patient access to our Ortho Dermatologics products through our cash-pay prescription program previously discussed.

During the three months ended March 31, 2021, we identified recent launches of certain Ortho Dermatologics products which are not going to achieve their trajectories as forecasted once the social restrictions associated with the COVID-19 pandemic began to ease in the U.S. and offices of health care professionals could reopen. In addition, insurance coverage pressures within the U.S. continued to persist, limiting patient access to topical acne and psoriasis products. In light of these developments, during the first quarter of 2021, the Company began taking steps to: (i) redirect its R&D spend to eliminate projects it has identified as high cost and high risk, (ii) redirect a portion of its marketing and product development outside the U.S. to geographies where there is better patient access and (iii) reduce its cost structure to be more competitive.

Investment in Our Core Dermatology Portfolio - We have made significant investments to build out our aesthetics, psoriasis and acne product portfolios, which are the markets within dermatology where we see the greatest opportunities to extend our market share.

Aesthetics - In 2017, we launched our next generation Thermage FLX® product in the U.S., a fourth-generation non-invasive treatment option using a radiofrequency platform designed to optimize key functional characteristics and improve patient outcomes. During 2018 and 2019, next generation Thermage FLX® was launched in Hong Kong, Japan, Korea, Taiwan, Philippines, Singapore, Indonesia, Malaysia, China, Thailand, Vietnam, and Australia as part of our Solta aesthetic medical devices portfolio. These launches have been successful as next generation Thermage FLX® revenues were $110 million, $94 million, $142 million and $77 million for the nine months ended September 30, 2021 and 2020 and the years 2020 and 2019, respectively. We expect additional launches of next generation Thermage FLX® in Europe in the near term, paced by country-specific regulatory registrations. Consistent with our business strategy to continually update and improve our technology, in 2021, we launched, in the U.S., our next generation Clear + Brilliant® *Touch* system which is designed to deliver a customized and more comprehensive treatment protocol by providing patients of all ages and skin types the benefits of two wavelengths. The launch of our next generation Clear + Brilliant® *Touch* in the U.S. is expected to serve as a foundation for future launches in Asia and Europe.

Psoriasis - In response to the increasing number of reported cases of psoriasis in the U.S., we launched Duobrii® in June 2019 and launched Bryhali® in November 2018, which align well with our topical portfolio of psoriasis treatments. Although, we continue to support a diverse portfolio of topical and injectable biologics, in order to provide a diverse choice of psoriasis treatments to doctors and patients; we believe some patients prefer topical products as an alternative to injectable biologics.

Acne - In support of our established acne product portfolio, we have developed and launched several products, which include Arazlo® (tazarotene) Lotion (launched in June 2020), Altreno® (launched in the U.S. in October 2018), the first lotion (rather than a gel or cream) product containing tretinoin for the treatment of acne, and Retin-A Micro® 0.06% (launched in January 2018). We also have a unique acne project in our pipeline that, if approved by the FDA, we believe will further innovate and advance the treatment of acne.

Business Trends

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

U.S. Tax Reform

In April 2021, U.S. President Joseph Biden proposed changes to the U.S. tax system and, in September 2021, the House Ways & Means Committee approved a draft reconciliation bill, which included changes to the U.S. tax system which differed in a number of respects from the President's proposal. The proposals under discussion include changes to the U.S. corporate tax system that would increase U.S. corporate tax rates and raise the tax rate on and make other tax changes to Global Intangible Low Tax Income earned by foreign subsidiaries. Also, under consideration are modifications to the Base Erosion and Anti-Abuse Tax ("BEAT"), which would tax certain payments, including some that are related to inventory, made to affiliates that are subject to an effective tax rate of less than 10%. The draft reconciliation bill includes additional limitations on the participation exemption for foreign dividends received and interest expense. In addition, the draft reconciliation bill reduces the carryforward period for unused interest expense to five years and introduces an excise tax on certain pharmaceutical products that are non-compliant with the proposed drug pricing legislation. We are unable to predict which, if any, U.S. tax reform proposals will be enacted into law, and what effects any enacted legislation might have on our liability for U.S. corporate tax. However, it is possible that the enactment of changes in the U.S. corporate tax system could have a material adverse effect on our liability for U.S. corporate tax and our consolidated effective tax rate.

Global Minimum Corporate Tax Rate

On October 8, 2021, the Organisation for Economic Co-operation and Development ("OECD")/G20 inclusive framework on Base Erosion and Profit Shifting (the "Inclusive Framework") published a statement updating and finalizing the key components of a two-pillar plan on global tax reform originally agreed on July 1, 2021, and a timetable for implementation by 2023. The Inclusive Framework plan has now been agreed to by 136 OECD members, including several countries which did not agree to the initial plan. Under pillar one, taxing rights over multinational businesses with global turnover above €20 billion and a profit margin above 10% will generally be re-allocated to permit market countries to include market countries. Under pillar two, the Inclusive Framework has agreed on a global minimum corporate tax rate of 15% for companies with revenue above €750 million, calculated on a country-by-country basis. On October 30, 2021, the G20 formally endorsed the new global minimum corporate tax rate rules. The Inclusive Framework agreement must now be implemented by the OECD Members who have agreed to the plan, effective in 2023. We will continue to monitor the implementation of the Inclusive Framework agreement by the countries in which we operate. While we are unable to predict when and how the Inclusive Framework agreement will be enacted into law in these countries, it is possible that the implementation of the Inclusive Framework agreement, including the global minimum corporate tax rate could have a material effect on our liability for corporate taxes and our consolidated effective tax rate.

Health Care Reform

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

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

For 2020 and 2019, we incurred costs of $21 million and $20 million, respectively, related to the annual fee assessed on prescription drug manufacturers and importers that sell branded prescription drugs to specified U.S. government programs (e.g., Medicare and Medicaid). For 2020 and 2019, we also incurred costs of $131 million and $137 million, respectively, on Medicare Part D utilization incurred by beneficiaries whose prescription drug costs cause them to be subject to the Medicare Part D coverage gap (i.e., the "donut hole").

The financial impact of the ACA will be affected by certain additional developments over the next few years, including pending implementation guidance and certain health care reform proposals. Additionally, policy efforts designed specifically

to reduce patient out-of-pocket costs for medicines could result in new mandatory rebates and discounts or other pricing restrictions. Also, it is possible, as discussed further below, that legislation will be passed by Congress repealing the ACA in whole or in part. Adoption of legislation at the federal or state level could materially affect demand for, or pricing of, our products.

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

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

In 2019, the Government of Canada (Health Canada) published in the Canada Gazette the new pricing regulation for patented drugs. These regulations will become effective on January 1, 2022. The new regulations will change the mechanics of establishing the pricing for products submitted for approval after August 21, 2019; they will also require full transparency of discounts agreed with provincial bodies; and finally, will change the number and composition of reference countries used to determine if a drug's price is excessive. While we do not believe this will have a significant impact on our future cash flows, as additional facts materialize, we cannot provide assurance as to the ultimate content, timing, effect or impact of such regulations.

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

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

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

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

Generic Competition and Loss of Exclusivity

Certain of our products face the expiration of their patent or regulatory exclusivity in 2021 or in later years, following which we anticipate generic competition of these products. In addition, in certain cases, as a result of negotiated settlements of some of our patent infringement proceedings against generic competitors, we have granted licenses to such generic companies, which will permit them to enter the market with their generic products prior to the expiration of our applicable patent or regulatory exclusivity. Finally, for certain of our products that lost patent or regulatory exclusivity in prior years, we anticipate that generic competitors may launch in 2021 or in later years. Following a loss of exclusivity ("LOE") of and/or generic competition for a product, we would anticipate that product sales for such product would decrease significantly shortly following the LOE or entry of a generic competitor. Where we have the rights, we may elect to launch an authorized generic of such product (either ourselves or through a third-party) prior to, upon or following generic entry, which may mitigate the anticipated decrease in product sales; however, even with launch of an authorized generic, the decline in product sales of such product would still be expected to be significant, and the effect on our future revenues could be material.

A number of our products already face generic competition. Prior to and during 2021, in the U.S., these products include, among others, Ammonul®, Apriso®, Benzaclin®, Bepreve®, Bupap®, Cuprimine®, Demser®, Edecrin®, Elidel®, Glumetza®, Istalol®, Isuprel®, Locoid® Lotion, Lotemax® Gel, Lotemax® Suspension, Mephyton®, Migranal®, MoviPrep®, Nitropress®, Solodyn®, Syprine®, Timoptic® in Ocudose®, Uceris® Tablet, Virazole®, Wellbutrin XL®, Xenazine®, Zegerid® and Zovirax® cream. In Canada, these products include, among others, Glumetza®, Wellbutrin® XL and Zovirax® ointment.

2020 LOE Branded Products - Branded products that began facing generic competition in the U.S. during 2020 include, Migranal®, MoviPrep® and certain other products. In aggregate, these products accounted for less than 1% of our total revenues in 2020. While certain of these products have already begun experiencing an adverse impact on volume and/or pricing as a result of the entry into the market of generic competition, we are unable to predict the complete magnitude or timing of this impact.

2021 LOE Branded Products - Branded products that began facing generic competition in the U.S. during 2021 included Lotemax® Gel, Bepreve® and certain other products. These products accounted for less than 1% of our total revenues in 2020. We believe the entry into the market of generic competition generally would have an adverse impact on the volume and/or pricing of the affected products, however we are unable to predict the magnitude or timing of this impact.

2021 through 2025 LOE Branded Products - Based on current patent expiration dates, settlement agreements and/or competitive information, we have identified branded products that we believe could begin facing potential LOE and/or generic competition in the U.S. during the years 2021 through 2025. These products and year of expected LOE include, but are not limited to, Clindagel® (2021), Noritate® (2021), Targretin® Gel (2022), Xerese® (2022) and certain other products that are subject to settlement agreements which could impact their exclusivity during the years 2021 through 2025. In aggregate, these products accounted for 2% of our total revenues in 2020. These dates may change based on, among other things, successful challenge to our patents, settlement of existing or future patent litigation and at-risk generic launches. We believe the entry into the market of generic competition generally would have an adverse impact on the volume and/or pricing of the affected products, however we are unable to predict the magnitude or timing of this impact.

In addition, for a number of our products (including Xifaxan® 550mg, Uceris®, Bryhali®, Duobrii®, Trulance® and Lumify® in the U.S.), we have commenced (or anticipate commencing) and have (or may have) ongoing infringement proceedings against potential generic competitors in the U.S. and Canada. If we are not successful in these proceedings, we may face increased generic competition for these products.

Bryhali® Lotion, 0.01% (Glenmark) - In December 2019, the Company announced that it had reached an agreement to resolve the outstanding intellectual property litigation with Glenmark Pharmaceuticals, Ltd. ("Glenmark"). Under the terms of the agreement, the Company will grant Glenmark a non-exclusive license to its intellectual property relating to Bryhali® in the U.S. and, beginning in 2026 (or earlier under certain circumstances), Glenmark will have the option to market a royalty-free generic version of Bryhali® Lotion, should it receive approval from the FDA. The parties have agreed to dismiss all litigation related to Bryhali® Lotion, and all intellectual property protecting Bryhali® Lotion remains intact.

Bryhali® Lotion, 0.01% (Padagis) - On March 20, 2020, the Company received a Notice of Paragraph IV Certification from Perrigo Israel Pharmaceuticals, Ltd. (now Padagis LLC) (“Padagis”), in which Padagis asserted that certain U.S. patents, each of which is listed in the FDA’s Orange Book for Bryhali® (halobetasol propionate) lotion, 0.01% are either invalid, unenforceable and/or will not be infringed by the commercial manufacture, use or sale of Padagis’ generic halobetasol propionate lotion, for which an Abbreviated New Drug Application ("ANDA") has been filed by Padagis. On May 1, 2020, the Company filed suit against Padagis pursuant to the Hatch-Waxman Act, alleging infringement by Padagis of one or more claims of the Bryhali® Patents, thereby triggering a 30-month stay of the approval of the Padagis ANDA for halobetasol propionate lotion. On September 3, 2020, this action was consolidated with the action between the Company and Padagis described below, regarding Padagis’ ANDA for generic Duobrii® (halobetasol propionate and tazarotine) lotion. The

Company remains confident in the strength of the Bryhali® patents and intends to vigorously pursue this matter and defend its intellectual property.

Duobrii® Lotion (Padagis) - On July 23, 2020, the Company received a Notice of Paragraph IV Certification from Padagis, in which Padagis asserted that certain U.S. patents, each of which is listed in the FDA's Orange Book for Duobrii® (halobetasol propionate and tazarotine) lotion, are either invalid, unenforceable and/or will not be infringed by the commercial manufacture, use or sale of Padagis' generic lotion, for which an ANDA has been filed by Padagis. On August 28, 2020, the Company filed suit against Padagis pursuant to the Hatch-Waxman Act, alleging infringement by Padagis of one or more claims of the Duobrii® Patents, thereby triggering a 30-month stay of the approval of the Padagis ANDA. On September 3, 2020, this action was consolidated with the action between the Company and Padagis described above, regarding Padagis' ANDA for generic Bryhali® (halobetasol propionate) lotion. We remain confident in the strength of the Duobrii® patents and will vigorously defend our intellectual property.

Xifaxan® 550mg Patent Litigation (Actavis) - On March 23, 2016, the Company initiated litigation against Actavis Laboratories FL, Inc.'s ("Actavis"), which alleged infringement by Actavis of one or more claims of each of the Xifaxan® patents. On September 12, 2018, we announced that we had reached an agreement with Actavis that resolved the existing litigation and eliminated the pending challenges to our intellectual property protecting Xifaxan® (rifaximin) 550 mg tablets. As part of the agreement, the parties agreed to dismiss all litigation related to Xifaxan® (rifaximin), Actavis acknowledged the validity of the licensed patents for Xifaxan® (rifaximin) 550 mg tablets and all intellectual property protecting Xifaxan® (rifaximin) 550 mg tablets will remain intact and enforceable until expiry in 2029. The agreement also grants Actavis a non-exclusive license to the intellectual property relating to Xifaxan® (rifaximin) 550 mg tablets in the United States beginning January 1, 2028 (or earlier under certain circumstances). The Company will not make any financial payments or other transfers of value as part of the agreement. In addition, under the terms of the agreement, beginning January 1, 2028 (or earlier under certain circumstances), Actavis will have the option to: (1) market a royalty-free generic version of Xifaxan® tablets, 550 mg, should it receive approval from the FDA on its ANDA, or (2) market an authorized generic version of Xifaxan® tablets, 550 mg, in which case, we will receive a share of the economics from Actavis on its sales of such an authorized generic. Actavis will be able to commence such marketing earlier if another generic rifaximin product is granted approval and such other generic rifaximin product begins to be sold or distributed before January 1, 2028.

Xifaxan® 550mg Patent Litigation (Sandoz) - In October 2019, the Company announced that it and its licensor, Alfasigma had commenced litigation against Sandoz Inc. ("Sandoz"), a Novartis division, alleging patent infringement of 14 patents by Sandoz's filing of its ANDA for Xifaxan® (rifaximin) 550 mg tablets. On May 6, 2020, the Company announced that an agreement had been reached with Sandoz that resolved this litigation. Under the terms of the agreement, the parties agreed to dismiss all litigation related to Xifaxan® (rifaximin), Sandoz acknowledged the validity of the licensed patents for Xifaxan® (rifaximin) 550 mg tablets and all intellectual property protecting Xifaxan® (rifaximin) 550 mg tablets will remain intact and enforceable until expiry in October 2029. The agreement also grants Sandoz a non-exclusive license to the intellectual property relating to Xifaxan® (rifaximin) 550 mg tablets in the United States beginning January 1, 2028 (or earlier under certain circumstances). Under the terms of the agreement, beginning January 1, 2028 (or earlier under certain circumstances), Sandoz will have the right to market a royalty-free generic version of Xifaxan® (rifaximin) 550 mg tablets, should it receive approval from the FDA on its ANDA. Sandoz will be able to commence such marketing earlier if another generic rifaximin product is granted approval and such other generic rifaximin product begins to be sold or distributed in the U.S. before January 1, 2028. The Company did not make any financial payments or other transfers of value as part of this agreement with Sandoz.

Xifaxan® 550mg Patent Litigation (Norwich) - On March 26, 2020, the Company and its licensor Alfasigma filed suit against Norwich Pharmaceuticals Inc. ("Norwich"), alleging infringement by Norwich of one or more claims of the 23 Xifaxan® patents by Norwich's filing of its ANDA for Xifaxan® (rifaximin) 550 mg tablets. On November 13, 2020, an additional three patents alleged to be infringed by Norwich were added to the suit. Xifaxan® 550mg is protected by 26 patents covering the composition of matter and the use of Xifaxan® listed in the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations, or the Orange Book. A 3-day bench trial is scheduled to begin March 21, 2022. The Company remains confident in the strength of the Xifaxan® patents and will continue to vigorously pursue this matter and defend its intellectual property.

Xifaxan® 200mg and 550mg Patent Litigation (Sun) - In April 2019, the Company and its licensor, Alfasigma, commenced litigation against Sun Pharmaceutical Industries Ltd. ("Sun"), alleging patent infringement by Sun's filing of its ANDA for Xifaxan® (rifaximin) 200 mg tablets. This suit had been filed following receipt of a Notice of Paragraph IV Certification from Sun, in which Sun asserted that the U.S. patents listed in the FDA's Orange Book for the Company's Xifaxan® tablets, 200 mg, were either invalid, unenforceable and/or would not be infringed by the commercial manufacture, use or sale of Sun's generic rifaximin tablets, 200 mg. Subsequently, on August 10, 2020, the Company received an additional Notice of Paragraph IV Certification from Sun, in which Sun asserted that the U.S. patents listed in the FDA's Orange Book for the Company's Xifaxan® tablets, 550 mg, were either invalid, unenforceable and/or would not be infringed

by the commercial manufacture, use or sale of Sun's generic rifaximin tablets, 550 mg, for which an ANDA had been filed by Sun. On September 22, 2020, the Company announced that an agreement had been reached with Sun that resolved the outstanding intellectual property disputes with Sun regarding Xifaxan® (rifaximin) 200 mg and 550 mg tablets. Under the terms of the agreement, the parties agreed to dismiss all litigation related to Xifaxan® (rifaximin) and all intellectual property protecting Xifaxan® (rifaximin) 200 mg and 550 mg tablets will remain intact and enforceable until expiry in July and October 2029, respectively. The agreement also grants Sun a non-exclusive license to the intellectual property relating to Xifaxan® (rifaximin) 200 mg and 550 mg tablets in the U.S. beginning January 1, 2028 (or earlier under certain circumstances). Under the terms of the agreement, beginning January 1, 2028 (or earlier under certain circumstances), Sun will have the right to market royalty-free generic versions of Xifaxan® (rifaximin) 200 mg and 550 mg tablets, should it receive approval from the FDA on its ANDAs. Sun will be able to commence such marketing earlier if another generic rifaximin product is granted approval and such other generic rifaximin product begins to be sold or distributed in the U.S. before January 1, 2028.

Relistor® Tablets Patent Litigation (Actavis) - On December 6, 2016, the Company initiated litigation against Actavis, which alleged infringement by Actavis of one or more claims of U.S. Patent No. 8,524,276 (the "'276 Patent"), which protects the formulation of RELISTOR® tablets. Actavis had challenged the validity of such patent and alleged non-infringement by its generic version of such product. In July 2019, we announced that the U.S. District Court of New Jersey had upheld the validity of and determined that Actavis infringed the '276 Patent, expiring in March 2031. Actavis appealed this decision to the U.S. Court of Appeals for the Federal Circuit. In March 2021, the Company and Actavis reached a settlement agreement and the appeal was dismissed.

Trulance® 3mg Tablets Patent Litigation (MSN and Mylan) - In March 2021, the Company received Notices of Paragraph IV Certification from MSN Laboratories Private Ltd. ("MSN") and Mylan Pharmaceuticals Inc., ("Mylan") in which MSN and Mylan asserted that certain U.S. patents, each of which is listed in the FDA's Orange Book for Trulance® (plecanatide) 3mg tablets, are either invalid, unenforceable and/or will not be infringed by the commercial manufacture, use or sale of their generic plecanatide tablets, for which each of MSN and Mylan had filed an ANDA. In April 2021, the Company filed suit against MSN and Mylan, alleging infringement of one or more claims of the patents listed for Trulance® in the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations, or the Orange Book. The Company remains confident in the strength of the Trulance® patents and will continue to vigorously pursue this matter and defend its intellectual property.

Lumify® Ophthalmic Solution Patent Litigation (Slayback) - In September 2021, the Company commenced litigation against Slayback Pharma LLC and Slayback Pharma India LLP (together, "Slayback") alleging patent infringement by Slayback Pharma LLC's filing of its ANDA No. 216361, referencing Lumify® (0.025% brimonidine tartrate ophthalmic solution). This suit had been filed following receipt of a Notice of Paragraph IV Certification from Slayback Pharma LLC, in which it had asserted that the U.S. patents listed in the FDA's Orange Book for the Company's Lumify® brimonidine tartrate ophthalmic solution, were either invalid, unenforceable and/or would not be infringed by the commercial manufacture, use or sale of its generic brimonidine tartrate solution. The filing of this suit triggered a 30-month stay of the approval of the Slayback ANDA for its brimonidine tartrate solution. The Company remains confident in the strength of the Lumify® patents and will continue to vigorously pursue this matter and defend its intellectual property.

Generic Competition to Uceris® - In July 2018, a generic competitor launched a product which will directly compete with our Uceris® Tablet product. As disclosed in our prior filings, the Company initiated various infringement proceedings against this generic competitor. The Court construed the claims of the asserted patents on August 2, 2019 and, on October 24, 2019, the Company agreed to a judgment that the asserted patents did not cover the generic tablets under the Court's claim construction, while reserving its right to appeal the claim construction. On November 22, 2019, the Company filed a Notice of Appeal with respect to the claim construction in the Court of Appeals for the Federal Circuit. On December 18, 2020, the Court of Appeals for the Federal Circuit affirmed the District Court's claim construction. The ultimate impact of this generic competitor on our future revenues cannot be predicted; however, Uceris® Tablet revenues for the nine months ended September 30, 2021 and 2020 were approximately $7 million and $8 million, respectively, and for the years 2020, 2019 and 2018 were approximately $15 million, $20 million and $84 million, respectively.

Generic Competition to Jublia® - On June 6, 2018, the U.S. Patent and Trial Appeal Board ("PTAB") completed its inter partes review for an Orange Book-listed patent covering Jublia® (U.S. Patent No 7,214,506 (the "'506 Patent")) and issued a written determination invalidating such patent. On March 13, 2020, the Court of Appeals for the Federal Circuit reversed this decision and remanded the matter back to the PTAB for further proceedings. As a result of a settlement, a joint motion to terminate the proceedings was filed on November 12, 2020 and, on January 8, 2021, the PTAB granted this motion. The '506 Patent, therefore, remains valid and enforceable and expires in 2026. Jublia® revenues for the nine months ended September 30, 2021 and 2020 were approximately $76 million and $88 million, respectively, and for the years 2020, 2019 and 2018 were approximately $111 million, $110 million and $89 million, respectively. Jublia® is covered by fourteen additional Orange Book-listed patents owned by the Company or its licensor, which expire in the years 2028 through 2035. In

August and September 2018, the Company received notices of the filing of a number of ANDAs with paragraph IV certification, and has timely filed patent infringement suits against these ANDA filers, and, in addition, the Company has also commenced certain patent infringement proceedings in Canada against three separate defendants. All cases in the U.S. and Canada regarding Jublia® have been settled.

PreserVision® Patent Litigation - PreserVision® AREDS and PreserVision® AREDS 2 are OTC eye vitamin and mineral supplements containing nutrient formulas recommended by the National Eye Institute to reduce the risk of progression of intermediate to advanced AMD. PreserVision® products accounted for 3% of our total revenues in 2020. The PreserVision® U.S. formulation patent expired in March 2021, but a patent covering methods of using the formulation remains in force into 2026. The Company has filed patent infringement proceedings against 16 defendants claiming infringement of these patents and, in certain circumstances, related unfair competition and false advertising causes of action. Eleven of these proceedings were subsequently settled; two resulted in entry of a default. One defendant filed a declaratory judgment action after the Company filed its suit, seeking declaratory judgment related to patent claims as well as false advertising and unfair competition claims. As of the date of this filing, there are four unresolved actions. The Company remains confident in the strength of these patents and will continue to vigorously pursue these matters and defend its intellectual property. While the Company cannot predict the magnitude or timing of the impact from the PreserVision® patent expiry, this is an OTC product and thus, the impact is not expected to be as significant as the LOE of a branded pharmaceutical product.

See Note 18, "LEGAL PROCEEDINGS" to our unaudited interim Consolidated Financial Statements elsewhere in this Form 10-Q, as well as Note 21, "LEGAL PROCEEDINGS" of our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC and the CSA on February 24, 2021 for further details regarding certain infringement proceedings.

The risks of generic competition are a fact of the health care industry and are not specific to our operations or product portfolio. These risks are not avoidable, but we believe they are manageable. To manage these risks, our leadership team continually evaluates the impact that generic competition may have on future profitability and operations. In addition to aggressively defending the Company's patents and other intellectual property, our leadership team makes operational and investment decisions regarding these products and businesses at risk, not the least of which are decisions regarding our pipeline. Our leadership team actively manages the Company's pipeline in order to identify innovative and realizable projects aligned with our core businesses that are expected to provide incremental and sustainable revenues and growth into the future. We believe that our current pipeline is strong enough to meet these objectives and provide future sources of revenues, in our core businesses, sufficient enough to sustain our growth and corporate health as other products in our established portfolio face generic competition and lose momentum.

We believe that we have a well-established product portfolio that is diversified within our core businesses. We also believe that we have a robust pipeline that not only provides for the next generation of our existing products, but also brings new solutions into the market.

See Item 1A “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC and the CSA on February 24, 2021 for additional information on our competition risks.

Regulatory Matters

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

FINANCIAL PERFORMANCE HIGHLIGHTS

The following table provides selected unaudited financial information for the three and nine months ended September 30, 2021 and 2020:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions, except per share data)	2021	2020	Change	2021	2020	Change
Revenues	$ 2,111	$ 2,138	$ (27)	$ 6,238	$ 5,814	$ 424
Operating income	$ 574	$ 460	$ 114	$ 83	$ 681	$ (598)
Income (loss) before income taxes	$ 216	$ 75	$ 141	$ (1,045)	$ (540)	$ (505)
Net income (loss) attributable to Bausch Health Companies Inc.	$ 188	$ 71	$ 117	$ (1,017)	$ (407)	$ (610)
Earnings (loss) per share attributable to Bausch Health Companies Inc.						
Basic	$ 0.52	$ 0.20	$ 0.32	$ (2.84)	$ (1.15)	$ (1.69)
Diluted	$ 0.52	$ 0.20	$ 0.32	$ (2.84)	$ (1.15)	$ (1.69)

Financial Performance

Summary of the Three Months Ended September 30, 2021 Compared to the Three Months Ended September 30, 2020

Revenue for the three months ended September 30, 2021 and 2020 was $2,111 million and $2,138 million, respectively, a decrease of $27 million, or 1%. The decrease was primarily due to: (i) the impact of our divestiture of Amoun on July 26, 2021 and (ii) a decrease in net realized pricing. These decreases were partially offset by: (i) the net increase in volumes primarily in our Bausch + Lomb and Salix segments and (ii) the favorable impact of foreign currencies, primarily in Asia, Latin America and Canada. The net increase in volumes was primarily due to the positive impacts from the recovery from the COVID-19 pandemic and the easing of certain social restrictions, as previously discussed, partially offset by the impact of the loss of exclusivity of certain products.

Operating income for the three months ended September 30, 2021 and 2020 was $574 million and $460 million, respectively, an increase in our operating results of $114 million and reflects, among other factors:

- a decrease in contribution (Product sales revenue less Cost of goods sold, excluding amortization and impairments of intangible assets) of $19 million primarily due to: (i) the decrease in net realized pricing and (ii) the impact of our divestiture of Amoun on July 26, 2021;
- an increase in SG&A of $81 million primarily attributable to: (i) the impacts of the non-recurrence of certain profit protection measures taken in 2020 to manage and reduce operating expenses during the COVID-19 pandemic, as previously discussed and (ii) Separation-related and IPO-related costs incurred;
- an increase in R&D of $18 million primarily attributable to the non-recurrence of the temporary suspension in certain R&D activities and clinical trials in 2020 due to social restrictions and other precautionary measures taken in response to the COVID-19 pandemic, as previously discussed, partially offset by the impact of rebalancing our portfolio within the Ortho Dermatologics business;
- a decrease in Amortization of intangible assets of $53 million primarily attributable to fully amortized intangible assets no longer being amortized in 2021;
- an increase in Asset impairments, including loss on assets held for sale of $16 million attributable to higher impairments to certain products; and
- a favorable change in Other (income) expense, net of $201 million, primarily attributable to insurance recoveries related to certain litigation matters partially offset by the loss on the completion of the Amoun Sale.

Operating income for the three months ended September 30, 2021 and 2020 was $574 million and $460 million, and included non-cash charges for Depreciation and amortization of intangible assets of $382 million and $436 million, Asset impairments, including loss on assets held for sale of $18 million and $2 million and Share-based compensation of $33 million and $27 million, respectively.

Income before income taxes for the three months ended September 30, 2021 and 2020 was $216 million and $75 million, respectively, an increase of $141 million. The increase is primarily attributable to: (i) the increase in our operating results of $114 million, as previously discussed, (ii) a decrease in Interest expense of $23 million and (iii) a

favorable net change in Foreign exchange and other of $16 million partially offset by an increase in Loss on extinguishment of debt of $12 million.

Net income attributable to Bausch Health Companies Inc. for the three months ended September 30, 2021 and 2020 was $188 million and $71 million, respectively, an increase in our results of $117 million. The increase in our results was primarily due to the increase in our Income before income taxes of $141 million, as previously discussed, partially offset by an unfavorable change in income taxes of $20 million.

Summary of the Nine Months Ended September 30, 2021 Compared to the Nine Months Ended September 30, 2020

Revenue for the nine months ended September 30, 2021 and 2020 was $6,238 million and $5,814 million, respectively, an increase of $424 million, or 7%. The increase was primarily due to: (i) the net increase in volumes and (ii) the favorable impact of foreign currencies, primarily in Europe, Asia and Canada. These increases were partially offset by: (i) a decrease in net realized pricing and (ii) our divestiture of Amoun on July 26, 2021. The net increase in volumes was primarily due to the positive impacts from the recovery from the COVID-19 pandemic and the easing of certain social restrictions, as previously discussed, primarily during the three months ended June 30, 2021, partially offset by the impact of the loss of exclusivity of certain products.

Operating income for the nine months ended September 30, 2021 and 2020 was $83 million and $681 million, respectively, a decrease in our operating results of $598 million and reflects, among other factors:

- an increase in contribution of $256 million primarily due to: (i) the increase in volumes, as previously discussed, and (ii) the favorable impact of foreign currencies, partially offset by: (i) the decrease in net realized pricing and (ii) the impact of our divestiture of Amoun on July 26, 2021;
- an increase in SG&A of $213 million primarily attributable to: (i) the impacts of the non-recurrence of certain profit protection measures taken in 2020 to manage and reduce operating expenses during the COVID-19 pandemic, as previously discussed, (ii) Separation-related and IPO-related costs incurred in 2021 and (iii) the impact of foreign currencies;
- an increase in R&D of $15 million primarily attributable to the non-recurrence of the temporary suspension in certain R&D activities and clinical trials in 2020, partially offset by a rebalancing of our portfolio within the Ortho Dermatologics business;
- a decrease in Amortization of intangible assets of $208 million primarily attributable to fully amortized intangible assets no longer being amortized in 2021;
- Goodwill impairments of $469 million related to the impairment to the goodwill of the Ortho Dermatologics reporting unit during the three months ended March 31, 2021 as a result of revised forecasts due to: (i) certain products that continued to experience longer launch cycles than originally anticipated, in part due to COVID-19 pandemic factors, and (ii) other changes to its product pipeline;
- an increase in Asset impairments, including loss on assets held for sale of $196 million, primarily attributable to: (i) higher impairments to certain products and (ii) additional losses during 2021 related to assets classified as held for sale; and
- an unfavorable change in Other (income) expense, net of $157 million primarily attributable: (i) to higher adjustments related to the settlements of certain litigation matters during the nine months ended September 30, 2021 and (ii) the loss on the completion of the Amoun Sale during the three months ended September 30, 2021, partially offset by: (i) insurance recoveries related to certain litigation matters during the three months ended September 30, 2021 and (ii) decreases in charges for Acquisition-related contingent consideration and Acquired in-process research and development costs.

Operating income for the nine months ended September 30, 2021 and 2020 was $83 million and $681 million, respectively, and included non-cash charges for Depreciation and amortization of intangible assets of $1,189 million and $1,397 million, Asset impairments, including loss on assets held for sale of $213 million and $17 million, Goodwill impairments of $469 million and $0, and Share-based compensation of $95 million and $81 million, respectively.

Our Loss before income taxes for the nine months ended September 30, 2021 and 2020 was $1,045 million and $540 million, respectively, an increase of $505 million. The increase in our Loss before income taxes is primarily attributable to: (i) the decrease in our operating results of $598 million, as previously discussed, and (ii) an increase in Loss on extinguishment of debt of $11 million partially offset by: (i) a decrease in Interest expense of $72 million and (ii) the favorable change in Foreign exchange and other of $37 million.

Net loss attributable to Bausch Health Companies Inc. for the nine months ended September 30, 2021 and 2020 was $1,017 million and $407 million, respectively, a decrease in our results of $610 million. The decrease in our results was primarily due to: (i) the increase in our Loss before income taxes of $505 million, as previously discussed and (ii) a decrease in Benefit from income taxes of $97 million.

RESULTS OF OPERATIONS

Our unaudited operating results for the three and nine months ended September 30, 2021 and 2020 were as follows:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Revenues						
Product sales	$ 2,088	$ 2,111	$ (23)	$ 6,167	$ 5,734	$ 433
Other revenues	23	27	(4)	71	80	(9)
	2,111	2,138	(27)	6,238	5,814	424
Expenses						
Cost of goods sold (excluding amortization and impairments of intangible assets)	574	578	(4)	1,742	1,565	177
Cost of other revenues	8	12	(4)	26	39	(13)
Selling, general and administrative	653	572	81	1,944	1,731	213
Research and development	121	103	18	348	333	15
Amortization of intangible assets	338	391	(53)	1,055	1,263	(208)
Goodwill impairments	—	—	—	469	—	469
Asset impairments, including loss on assets held for sale	18	2	16	213	17	196
Restructuring, integration, separation and IPO costs	8	2	6	29	13	16
Other (income) expense, net	(183)	18	(201)	329	172	157
	1,537	1,678	(141)	6,155	5,133	1,022
Operating income	574	460	114	83	681	(598)
Interest income	2	2	—	6	11	(5)
Interest expense	(351)	(374)	23	(1,083)	(1,155)	72
Loss on extinguishment of debt	(12)	—	(12)	(62)	(51)	(11)
Foreign exchange and other	3	(13)	16	11	(26)	37
Income (loss) before (provision for) benefit from income taxes	216	75	141	(1,045)	(540)	(505)
(Provision for) benefit from income taxes	(25)	(5)	(20)	36	133	(97)
Net income (loss)	191	70	121	(1,009)	(407)	(602)
Net (income) loss attributable to noncontrolling interest	(3)	1	(4)	(8)	—	(8)
Net income (loss) attributable to Bausch Health Companies Inc.	$ 188	$ 71	$ 117	$ (1,017)	$ (407)	$ (610)

Three Months Ended September 30, 2021 Compared to the Three Months Ended September 30, 2020

Revenues

The Company's revenues are primarily generated from product sales, principally in the therapeutic areas of eye health, GI and dermatology, that consist of: (i) branded pharmaceuticals, (ii) generic and branded generic pharmaceuticals, (iii) OTC products and (iv) medical devices (contact lenses, intraocular lenses, ophthalmic surgical equipment and aesthetics devices). Other revenues include alliance and service revenue from the licensing and co-promotion of products and contract service revenue primarily in the areas of dermatology and topical medication.

Our revenues were $2,111 million and $2,138 million for the three months ended September 30, 2021 and 2020, respectively, a decrease of $27 million, or 1%. The decrease was due to: (i) the impact of divestitures and discontinuations of $46 million, primarily attributable to our divestiture of Amoun on July 26, 2021 and (ii) a decrease in net realized pricing of $36 million, primarily in our Bausch + Lomb and Diversified Products segments. These decreases were partially offset by: (i) the net increase in volumes of $36 million primarily in our Bausch + Lomb and Salix segments and (ii) the favorable impact of foreign currencies of $19 million, primarily in Asia, Latin America and Canada. The net increase in volumes was primarily due to the positive impacts from the recovery from the COVID-19 pandemic and the easing of certain social restrictions, as previously discussed, partially offset by the impact of the loss of exclusivity of certain products primarily in our Bausch + Lomb and Salix segments.

The changes in our segment revenues and segment profits, including the impacts of COVID-19 pandemic related matters for the three and nine months ended September 30, 2021, are discussed in further detail in the respective subsequent section " — Reportable Segment Revenues and Profits".

Cash Discounts and Allowances, Chargebacks and Distribution Fees

As is customary in the pharmaceutical industry, gross product sales are subject to a variety of deductions in arriving at net product sales. Provisions for these deductions are recognized concurrently with the recognition of gross product sales. These provisions include cash discounts and allowances, chargebacks, and distribution fees, which are paid or credited to direct customers, as well as rebates and returns, which can be paid or credited to direct and indirect customers. As more fully discussed in Note 3, "REVENUE RECOGNITION" to our unaudited interim Consolidated Financial Statements, the Company continually monitors the provisions for these deductions and evaluates the estimates used as additional information becomes available. Price appreciation credits are generated when we increase a product's wholesaler acquisition cost ("WAC") under our contracts with certain wholesalers. Under such contracts, we are entitled to credits from such wholesalers for the impact of that WAC increase on inventory on hand at the wholesalers. In wholesaler contracts, such credits are offset against the total distribution service fees we pay on all of our products to each such wholesaler. In addition, some payor contracts require discounting if a price increase or series of price increases in a contract period exceeds a negotiated threshold. Provision balances relating to amounts payable to direct customers are netted against trade receivables and balances relating to indirect customers are included in accrued liabilities.

We actively manage these offerings, focusing on the incremental costs of our patient assistance programs, the level of discounting to non-retail accounts and identifying opportunities to minimize product returns. We also concentrate on managing our relationships with our payors and wholesalers, reviewing the ranges of our offerings and being disciplined as to the amount and type of incentives we negotiate. Provisions recorded to reduce gross product sales to net product sales and revenues for the three months ended September 30, 2021 and 2020 were as follows:

	Three Months Ended September 30,			
	2021		2020	
(in millions)	Amount	Pct.	Amount	Pct.
Gross product sales	$ 3,437	100.0 %	$ 3,431	100.0 %
Provisions to reduce gross product sales to net product sales				
Discounts and allowances	166	4.8 %	164	4.8 %
Returns	17	0.5 %	17	0.5 %
Rebates	615	17.9 %	569	16.6 %
Chargebacks	494	14.4 %	516	15.0 %
Distribution fees	57	1.6 %	54	1.6 %
Total provisions	1,349	39.2 %	1,320	38.5 %
Net product sales	2,088	60.8 %	2,111	61.5 %
Other revenues	23		27	
Revenues	$ 2,111		$ 2,138	

Cash discounts and allowances, returns, rebates, chargebacks and distribution fees as a percentage of gross product sales were 39.2% and 38.5% for the three months ended September 30, 2021 and 2020, respectively, an increase of 0.7 percentage points and includes:

- discounts and allowances as a percentage of gross product sales were unchanged as: (i) higher discounts for Glumetza® AG, (ii) the impact of higher gross product sales for Xifaxan® and (iii) the impact of the launch of the generic Lotemax® Gel AG were offset by lower gross product sales and lower discount rates for certain generic products, such as Elidel® AG and Clindagel® AG;

- returns as a percentage of gross product sales were unchanged as the Company's improving return experience was offset by reductions in variable consideration for sales returns related to past sales in 2021 as compared to 2020. Over the last several years, the Company has increased its focus on maximizing operational efficiencies and continues to take actions to reduce product returns, including, but not limited to: (i) monitoring and reducing customer inventory levels, (ii) instituting disciplined pricing policies and (iii) improving contracting. These actions have had the effect of improving the sales return experience, primarily related to branded and generic products. Included in the product returns provision for the three months ended September 30, 2021 and 2020 are

reductions in variable consideration for sales returns related to past sales of approximately $28 million and $38 million, respectively. See Note 3, "REVENUE RECOGNITION" to our unaudited interim Consolidated Financial Statements regarding further details related to product sales provisions;

- rebates as a percentage of gross product sales were higher primarily due to: (i) an increase in gross product sales of certain branded products with higher rebate rates, such as Xifaxan®, Prolensa® and Trulance® and (ii) an increase in rebates due to the launch of Arazlo® (June 2020) and were partially offset by the impact of lower gross product sales for certain branded products, such as Retin-A Micro® 0.06, Duobrii® and Uceris® Tablets, and our generic product Glumetza® AG;
- chargebacks as a percentage of gross product sales were lower primarily due to the impact of lower gross product sales for Glumetza® AG partially offset by increased gross product sales and higher chargeback rates for certain products, such as Glumetza® SLX, Xifaxan®, Retin-A-Cream® and Mysoline® AG; and
- distribution service fees as a percentage of gross product sales were unchanged. No price appreciation credits were provided for the three months ended September 30, 2021 and 2020.

Expenses

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

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

Cost of goods sold was $574 million and $578 million for the three months ended September 30, 2021 and 2020, respectively, a decrease of $4 million, or 1%. The decrease was primarily driven by: (i) the impact of the divestiture of Amoun on July 26, 2021 and (ii) lower manufacturing variances partially offset by the increase in volumes, previously discussed. Lower manufacturing variances are primarily due to the benefits from the non-recurrence of certain variances driven by the impacts of the COVID-19 pandemic in 2020, as previously discussed, partially offset by inflationary pressures related to certain manufacturing costs.

As the recovery from the COVID-19 pandemic continues and businesses reopen, many companies are reporting unexpected price increases for certain costs, such as labor, materials, shipping and utilities. The increased costs have resulted in additional manufacturing variances and have had a negative impact on our contribution margins during the nine months ended September 30, 2021. Through the date of this filing, we are unable to determine if these inflationary factors are transitory or should be expected over a long term.

Cost of goods sold as a percentage of product sales revenue were 27.5% and 27.4% for the three months ended September 30, 2021 and 2020, respectively, an increase of 0.1 percentage points.

Selling, General and Administrative Expenses

SG&A expenses primarily include: employee compensation associated with sales and marketing, finance, legal, information technology, human resources and other administrative functions; certain outside legal fees and consultancy costs; product promotion expenses; overhead and occupancy costs; depreciation of corporate facilities and equipment; and other general and administrative costs. Also included in SG&A expenses for the three and nine months ended September 30, 2021 are Separation-related and IPO-related costs. The Company has incurred, and will incur, Separation-related and IPO-related costs which are incremental costs indirectly related to the B+L Separation and Solta IPO. Separation-related and IPO-related costs include, but are not limited to: (i) IT infrastructure and software licensing costs, (ii) rebranding costs and (iii) costs associated with facility relocation and/or modification.

SG&A expenses were $653 million and $572 million for the three months ended September 30, 2021 and 2020, respectively, an increase of $81 million, or 14%. The increase was primarily attributable to: (i) the impacts of the non-recurrence of certain profit protection measures taken in 2020 to manage and reduce operating expenses during the COVID-19 pandemic, as previously discussed and (ii) an increase in Separation-related and IPO-related costs of $32 million.

During 2020, the Company took certain profit protection measures to manage and reduce operating expenses during the COVID-19 pandemic, which resulted in year-over-year increases primarily in selling expenses and advertising and promotion expenses. These profit protection measures were successful in expanding the profit margins in many of our businesses, as previously discussed. As the pace of recovery in each geography accelerates, we expect to allocate more resources to selling and other promotional activities to drive our return to sustainable revenue and profit growth. Therefore, if the recovery

continues, we expect our operating expenses to increase in support of our existing products, product launches and products in development and as a result expect to see our operating expenses for the remainder of 2021 to exceed our operating expenses in 2020 for the same period.

Research and Development Expenses

Included in Research and development are costs related to our product development and quality assurance programs. Expenses related to product development include: employee compensation costs; overhead and occupancy costs; depreciation of research and development facilities and equipment; clinical trial costs; clinical manufacturing and scale-up costs; and other third-party development costs. Quality assurance are the costs incurred to meet evolving customer and regulatory standards and include: employee compensation costs; overhead and occupancy costs; amortization of software; and other third-party costs.

R&D expenses were $121 million and $103 million for the three months ended September 30, 2021 and 2020, respectively, an increase of $18 million, or 17%. The increase was primarily attributable to the non-recurrence of the temporary suspension in certain R&D activities and clinical trials in 2020 due to social restrictions and other precautionary measures taken in response to the COVID-19 pandemic, as previously discussed, partially offset by the impact of rebalancing our portfolio within the Ortho Dermatologics business. R&D expenses as a percentage of Product sales were approximately 6% and 5% for the three months ended September 30, 2021 and 2020, respectively.

In 2020, certain of our R&D activities were limited and others, including new patient enrollments in clinical trials, were temporarily paused primarily during our second quarter, as most trial sites were not able to accept new patients due to government-mandated shutdowns. However, during our third quarter of 2020, many of these trial sites began to reopen and we saw the pace of new patient enrollments increase, although at this time certain of our projects are moving slower than we would like due to the impacts of the COVID-19 pandemic. As of the date of this filing, we have not had to make material changes to our development timelines and the pause in our clinical trials has not had a material impact on our operating results; however, a resurgence of the virus could result in unanticipated delays in our ability to conduct new patient enrollments and create other delays which could have a significant adverse effect on our future operating results.

Amortization of Intangible Assets

Intangible assets with finite lives are amortized using the straight-line method over their estimated useful lives, generally 2 to 20 years. Management continually assesses the useful lives related to the Company's long-lived assets to reflect the most current assumptions.

Amortization of intangible assets was $338 million and $391 million for the three months ended September 30, 2021 and 2020, respectively, a decrease of $53 million. The decrease was primarily attributable to fully amortized intangible assets no longer being amortized in 2021.

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

Asset Impairments, Including Loss on Assets Held for Sale

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 Asset impairments in the Consolidated Statement of Operations. The Company 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, including loss on assets held for sale were $18 million and $2 million for the three months ended September 30, 2021 and 2020, respectively, an increase of $16 million. Asset impairments, including loss on assets held for sale for the three months ended September 30, 2021 were $18 million and include: (i) impairments of $9 million due to decreases in forecasted sales of a certain product line in our Diversified Products segment and (ii) impairments of $9 million, in aggregate, related to the discontinuance of certain product lines.

See Note 8, "INTANGIBLE ASSETS AND GOODWILL" to our unaudited interim Consolidated Financial Statements regarding further details related to our intangible assets.

Restructuring, Integration, Separation and IPO Costs

Restructuring, integration separation and IPO costs were $8 million and $2 million for the three months ended September 30, 2021 and 2020, respectively, an increase of $6 million.

Restructuring and Integration Costs

The Company evaluates opportunities to improve its operating results and implements cost savings programs to streamline its operations and eliminate redundant processes and expenses. Restructuring and integration costs are expenses associated with the implementation of these cost savings programs and include expenses associated with: (i) reducing headcount, (ii) eliminating real estate costs associated with unused or under-utilized facilities and (iii) implementing contribution margin improvement and other cost reduction initiatives.

Restructuring and integration costs were $3 million and $1 million for the three months ended September 30, 2021 and 2020, respectively. The Company continues to evaluate opportunities to streamline its operations and identify additional cost savings globally. Although a specific plan does not exist at this time, the Company may identify and take additional exit and cost-rationalization restructuring actions in the future, the costs of which could be material.

Separation and IPO Costs

The Company has incurred, and will incur, costs associated with activities to effectuate the B+L Separation and the Solta IPO. These activities include: (i) separating the Bausch + Lomb and Solta Medical businesses from the remainder of the Company and (ii) registering the Bausch + Lomb and Solta Medical businesses as independent publicly traded entities. Separation and IPO costs are incremental costs directly related to the B+L Separation and Solta IPO and include, but are not limited to: (i) legal, audit and advisory fees, (ii) talent acquisition costs and (iii) costs associated with establishing a new board of directors and related board committees for the Bausch + Lomb and Solta Medical entities. Separation and IPO costs were $5 million and $1 million for the three months ended September 30, 2021 and 2020, respectively. The Company continues to make progress toward internal objectives necessary for the B+L Separation and Solta IPO and the extent and timing of future charges for these costs cannot be reasonably estimated at this time and could be material.

See Note 5, "RESTRUCTURING, INTEGRATION, SEPARATION AND IPO COSTS" to our unaudited interim Consolidated Financial Statements for further details regarding these actions.

Other (Income) Expense, Net

Other (income) expense, net for the three months ended September 30, 2021 and 2020 consists of the following:

	Three Months Ended September 30,	
(in millions)	**2021**	**2020**
Litigation and other matters	$ (212)	$ 4
Loss on sale of assets	21	—
Acquisition-related contingent consideration	8	2
Acquired in-process research and development costs	—	12
	$ (183)	$ 18

Litigation and other matters for the three months ended September 30, 2021, includes insurance recoveries of $213 million related to certain litigation matters as discussed in Note 18, "LEGAL PROCEEDINGS" to our unaudited interim Consolidated Financial Statements. Loss on sale of assets for the three months ended September 30, 2021, includes a loss of $26 million upon completion of the Amoun Sale as discussed in Note 4, "ACQUISITION, LICENSING AGREEMENTS AND DIVESTITURE" to our unaudited interim Consolidated Financial Statements.

Acquired in-process research and development costs for the three months ended September 30, 2020 includes the $10 million upfront payment for an option to acquire all ophthalmology assets of Allegro Ophthalmics, LLC, as discussed in Note 4, "ACQUISITION, LICENSING AGREEMENTS AND DIVESTITURE" to our unaudited interim Consolidated Financial Statements.

Non-Operating Income and Expense

Interest Expense

Interest expense primarily consists of interest payments due, amortization of debt premiums, discounts and deferred issuance costs on indebtedness under our credit facilities and notes and the amortization of amounts excluded from the assessment of hedge effectiveness over the term of the Company's cross-currency swaps.

Interest expense was $351 million and $374 million, and included non-cash amortization and write-offs of debt premiums, discounts and deferred issuance costs of $17 million and $13 million, for the three months ended September 30, 2021 and 2020, respectively. Interest expense for the three months ended September 30, 2021 decreased $23 million, or 6%, as compared to the three months ended September 30, 2020, primarily due to lower outstanding principal balances. The weighted average stated rate of interest as of September 30, 2021 and 2020 was 5.91% and 5.94%, respectively.

See Note 10, "FINANCING ARRANGEMENTS" to our unaudited interim Consolidated Financial Statements for further details.

Loss on Extinguishment of Debt

Loss on extinguishment of debt represents the differences between the amounts paid to settle extinguished debts and the carrying value of the related extinguished debt. Loss on extinguishment of debt was $12 million and $0 for the three months ended September 30, 2021 and 2020, respectively, primarily associated with debt repayments made during the three months ended September 30, 2021, as previously discussed.

See Note 10, "FINANCING ARRANGEMENTS" to our unaudited interim Consolidated Financial Statements for further details.

Foreign Exchange and Other

Foreign exchange and other primarily includes: (i) translation gains/losses on intercompany loans and third-party liabilities and (ii) the gain/loss due to foreign currency exchange contracts. Foreign exchange and other was a gain of $3 million and a loss of $13 million for the three months ended September 30, 2021 and 2020, respectively, a favorable net change of $16 million.

Income Taxes

Provision for income taxes was $25 million and $5 million for the three months ended September 30, 2021 and 2020, respectively, an unfavorable change of $20 million.

Our effective income tax rate for the three months ended September 30, 2021 differs from the statutory Canadian income tax rate primarily due to: (i) the recording of valuation allowance on entities for which no tax benefit of losses is expected, (ii) the tax benefit generated from our annualized mix of earnings by jurisdiction and (iii) the discrete treatment of certain tax matters, primarily related to: (a) changes in uncertain tax positions, (b) adjustments for book to income tax return provisions and (c) a tax deduction for stock compensation.

Our effective income tax rate for the three months ended September 30, 2020 differs from the statutory Canadian income tax rate primarily due to: (i) the recording of valuation allowance on entities for which no tax benefit of losses is expected, (ii) the tax benefit generated from our annualized mix of earnings by jurisdiction and (iii) the discrete treatment of certain tax matters, primarily related to: (a) tax law changes, (b) adjustments for book to income tax return provisions and (c) changes in uncertain tax positions.

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

Reportable Segment Revenues and Profits

In connection with the planned separation of its eye health business into an independent publicly traded entity from the remainder of Bausch Health Companies Inc., the Company has begun managing its operations in a manner consistent with the organizational structure of the separate entities as proposed by the B+L Separation. As a result, during the first quarter of 2021, the Company’s CEO, who is the Company’s Chief Operating Decision Maker, commenced managing the business differently through changes in its operating and reportable segments, which necessitated a realignment of the Company's historical segment structure. This realignment is consistent with how the Company’s CEO currently: (i) assesses operating performance on a regular basis, (ii) makes resource allocation decisions and (iii) designates responsibilities of his direct reports. Pursuant to these changes, effective in the first quarter of 2021, the Company operates in the following reportable segments: (i) Bausch + Lomb, (ii) Salix, (iii) International Rx, (iv) Ortho Dermatologics and (v) Diversified Products. In addition, as part of this realignment of segment structure, certain products historically included in certain segments are now

included in their new respective segments based on the organizational structure of the two separate entities as proposed by the B+L Separation. Prior period presentation of segment revenues and segment profits has been recast to conform to the current segment reporting structure.

The following is a brief description of the Company's segments:

- ***The Bausch + Lomb segment*** consists of global sales of Bausch + Lomb Vision Care, Consumer, Surgical and Ophthalmology Rx products.
- ***The Salix segment*** consists of sales in the U.S. of GI products.
- ***The International Rx segment*** consists of sales, with the exception of sales of Bausch + Lomb products and Solta aesthetic medical devices, outside the U.S. and Puerto Rico of branded pharmaceutical products, branded generic pharmaceutical products and OTC products.
- ***The Ortho Dermatologics segment*** consists of: (i) sales in the U.S. of Ortho Dermatologics (dermatological) products and (ii) global sales of Solta aesthetic medical devices.
- ***The Diversified Products segment*** consists of sales in the U.S. of: (i) pharmaceutical products in the areas of neurology and certain other therapeutic classes, (ii) generic products and (iii) dentistry products.

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

The following table presents segment revenues, segment revenues as a percentage of total revenues, and the period-over-period changes in segment revenues for the three months ended September 30, 2021 and 2020. The following table also presents segment profits, segment profits as a percentage of segment revenues and the period-over-period changes in segment profits for the three months ended September 30, 2021 and 2020.

	Three Months Ended September 30,					
	2021		2020		Change	
(in millions)	Amount	Pct.	Amount	Pct.	Amount	Pct.
Segment Revenues						
Bausch + Lomb	$ 949	45 %	$ 916	43 %	$ 33	4 %
Salix	527	24 %	496	23 %	31	6 %
International Rx	271	13 %	308	14 %	(37)	(12)%
Ortho Dermatologics	140	7 %	143	7 %	(3)	(2)%
Diversified Products	224	11 %	275	13 %	(51)	(19)%
Total revenues	$ 2,111	100 %	$ 2,138	100 %	$ (27)	(1)%
Segment Profits / Segment Profit Margins						
Bausch + Lomb	$ 247	26 %	$ 274	30 %	$ (27)	(10)%
Salix	377	72 %	360	73 %	17	5 %
International Rx	92	34 %	104	34 %	(12)	(12)%
Ortho Dermatologics	64	46 %	69	48 %	(5)	(7)%
Diversified Products	161	72 %	207	75 %	(46)	(22)%
Total segment profits	$ 941	45 %	$ 1,014	47 %	$ (73)	(7)%

Organic Revenues and Organic Growth Rates (non-GAAP)

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

selling price and (ii) changes in sales deductions. The Company uses organic revenue (non-GAAP) and organic revenue growth (non-GAAP) to assess performance of its reportable segments, and the Company in total, without the impact of foreign currency exchange fluctuations and recent acquisitions, divestitures and product discontinuations. The Company believes that such measures are useful to investors as they provide a supplemental period-to-period comparison.

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

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

Acquisitions, divestitures and discontinuations: In order to present period-over-period organic revenues (non-GAAP) on a comparable basis, revenues associated with acquisitions, divestitures and discontinuations are adjusted to include only revenues from those businesses and assets owned during both periods. Accordingly, organic revenue growth (non-GAAP) excludes from the current period, all revenues attributable to each acquisition for twelve months subsequent to the day of acquisition, as there are no revenues from those businesses and assets included in the comparable prior period. Organic revenue growth (non-GAAP) excludes from the prior period (but not the current period), all revenues attributable to each divestiture and discontinuance during the twelve months prior to the day of divestiture or discontinuance, as there are no revenues from those businesses and assets included in the comparable current period. There were no acquisitions during the twelve month period ended September 30, 2021.

The following table presents a reconciliation of GAAP revenues to organic revenues (non-GAAP) and the period-over-period changes in organic revenue (Non-GAAP) for the three months ended September 30, 2021 and 2020 by segment.

	Three Months Ended September 30, 2021			Three Months Ended September 30, 2020			Change in Organic Revenue (Non-GAAP)	
(in millions)	Revenue as Reported	Changes in Exchange Rates	Organic Revenue (Non-GAAP)	Revenue as Reported	Divestitures and Discontinuations	Organic Revenue (Non-GAAP)	Amount	Pct.
Bausch + Lomb	$ 949	$ (10)	$ 939	$ 916	$ (4)	$ 912	$ 27	3 %
Salix	527	—	527	496	—	496	31	6 %
International Rx	271	(7)	264	308	(42)	266	(2)	(1)%
Ortho Dermatologics	140	(2)	138	143	—	143	(5)	(3)%
Diversified Products	224	—	224	275	—	275	(51)	(19)%
Total	$ 2,111	$ (19)	$ 2,092	$ 2,138	$ (46)	$ 2,092	$ —	— %

Bausch + Lomb Segment:

Bausch + Lomb Segment Revenue

The Bausch + Lomb segment has a diversified product line with no single product group representing 10% or more of its product sales. The Bausch + Lomb segment revenue was $949 million and $916 million for the three months ended September 30, 2021 and 2020, respectively, an increase of $33 million, or 4%. The increase was primarily attributable to: (i) an increase in volumes across all our Bausch + Lomb businesses of $49 million primarily due to the positive impacts from the recovery from the COVID-19 pandemic and the easing of certain social restrictions, as previously discussed, partially offset by: (a) the non-recurrence of a sale of Soothe®, a product of our Consumer business, to a key U.S. customer during the three months ended September 30, 2020 and (b) the impact of generic competition as certain products, such as Lotemax® Gel, lost exclusivity and (ii) the favorable impact of foreign currencies of $10 million, primarily in Europe and Asia. These increases were partially offset by: (i) a decrease in net realized pricing of $22 million primarily due to higher sales deductions in our Ophthalmology business in the U.S. and (ii) the impact of divestitures and discontinuations of $4 million, related to the discontinuation of several products. The increase in volumes was most notable in our Consumer and Surgical businesses, and geographically was primarily attributable to increases in Europe.

During 2020, the volumes of our Bausch + Lomb segment were most negatively impacted by the COVID-19 pandemic during our second quarter. During 2020, the postponement of certain surgical and elective medical procedures related to the COVID-19 pandemic, and associated declines in pre- and post-operative prescriptions, negatively impacted the volumes of our Ophthalmology and Surgical businesses while the reduction in the consumption of contact lenses worldwide due to limited social interactions and, in some regions, government recommended use of frames, negatively impacted the volumes of our Vision Care business. During our first quarter of 2020, certain customers engaged in "pantry-loading", which,

positively impacted the volumes of our Consumer business during that quarter but negatively impacted the volumes of our Consumer business for our second quarter of 2020. However, as governments began lifting social restrictions, the negative trend in the revenues of these businesses began to level off and stabilize prior to our third quarter and continued into our fourth quarter of 2020 and first quarter of 2021.

Bausch + Lomb Segment Profit

The Bausch + Lomb segment profit for the three months ended September 30, 2021 and 2020 was $247 million and $274 million, respectively, a decrease of $27 million, or 10%. The decrease was primarily driven by: (i) the impacts of the non-recurrence of certain profit protection measures taken in 2020 to manage and reduce operating expenses during the COVID-19 pandemic, as previously discussed, which resulted in year-over-year increases primarily in selling expenses and advertising and promotion expenses and (ii) the non-recurrence of the temporary suspension in certain R&D activities and clinical trials in 2020 due to social restrictions and other precautionary measures taken in response to the COVID-19 pandemic, as previously discussed. These decreases were partially offset by an increase in contribution primarily attributable to: (i) the net increase in revenues, as previously discussed, and (ii) lower manufacturing variances. The lower manufacturing variances were primarily due to the non-recurrence of certain variances driven by the impacts of the COVID-19 pandemic in 2020, as previously discussed, partially offset by inflationary pressures related to certain manufacturing costs, as previously discussed.

Salix Segment:

Salix Segment Revenue

The Salix segment includes our Xifaxan® product line. Revenues from our Xifaxan® product line accounted for approximately 81% and 77% of the Salix segment revenues for the three months ended September 30, 2021 and 2020, respectively. No other single product group represents 10% or more of the Salix segment product sales. Salix segment revenue for the three months ended September 30, 2021 and 2020 was $527 million and $496 million, respectively, an increase of $31 million, or 6%. The increase is primarily driven by: (i) an increase in volumes of $28 million primarily attributable to our Xifaxan® IBS-D product and the positive impacts from the recovery from the COVID-19 pandemic and the easing of certain social restrictions, as previously discussed, partially offset by the impact of generic competition as certain products, such as Apriso®, lost exclusivity and (ii) an increase in net realized pricing of $3 million.

Salix Segment Profit

The Salix segment profit for the three months ended September 30, 2021 and 2020 was $377 million and $360 million, respectively, an increase of $17 million, or 5%. The increase was primarily driven by the net increase in revenues, as previously discussed, partially offset by the impacts of the non-recurrence of certain profit protection measures taken in 2020 to manage and reduce operating expenses during the COVID-19 pandemic, as previously discussed, which resulted in year-over-year increases primarily in selling expenses and advertising and promotion expenses.

International Rx Segment:

International Rx Segment Revenue

The International Rx segment has a diversified product line with no single product group representing 10% or more of its product sales. The International Rx segment revenue was $271 million and $308 million for the three months ended September 30, 2021 and 2020, respectively, a decrease of $37 million, or 12%. The decrease was primarily attributable to: (i) the impact of divestitures and discontinuations of $42 million, primarily attributable to our divestiture of Amoun on July 26, 2021 and (ii) a decrease in volumes of $16 million, primarily in Canada and Latin America. Revenues associated with Amoun were $20 million and $60 million for the three months ended September 30, 2021 and 2020, respectively. These decreases were partially offset by: (i) an increase in net realized pricing of $14 million and (ii) the favorable impact of foreign currencies of $7 million, primarily in Latin America.

International Rx Segment Profit

The International Rx segment profit for the three months ended September 30, 2021 and 2020 was $92 million and $104 million, respectively, a decrease of $12 million, or 12%. The decrease was primarily attributable to: (i) our divestiture of Amoun on July 26, 2021 and (ii) the decrease in volumes, previously discussed, partially offset by the increase in net realized pricing, previously discussed.

Ortho Dermatologics Segment:

Ortho Dermatologics Segment Revenue

The Ortho Dermatologics segment includes the Thermage® and Julia® product lines, which accounted for approximately 41% and 11% of the Ortho Dermatologics segment revenues for the three months ended September 30, 2021, respectively. No other single product group represents 10% or more of the Ortho Dermatologics segment revenues. The Ortho Dermatologics segment revenue for the three months ended September 30, 2021 and 2020 was $140 million and $143 million, respectively, a decrease of $3 million, or 2%. The decrease is a result of a decrease in net realized pricing of $6 million, as a result of higher sales deductions in our medical dermatology products. The decrease was partially offset by: (i) the favorable impact of foreign currencies of $2 million and (ii) an increase in volume of $1 million.

Ortho Dermatologics Segment Profit

The Ortho Dermatologics segment profit for the three months ended September 30, 2021 and 2020 was $64 million and $69 million, respectively, a decrease of $5 million, or 7%. The decrease was primarily driven by: (i) the net decrease in revenues, as previously discussed, and (ii) an increase in R&D expenses due to the non-recurrence of the temporary suspension in certain R&D activities and clinical trials in 2020 due to social restrictions and other precautionary measures taken in response to the COVID-19 pandemic, as previously discussed.

Diversified Products Segment:

Diversified Products Segment Revenue

The following table displays the Diversified Products segment revenue by product and product revenues as a percentage of segment revenue for the three months ended September 30, 2021 and 2020.

	Three Months Ended September 30,					
	2021		2020		Change	
(in millions)	Amount	Pct.	Amount	Pct.	Amount	Pct.
Wellbutrin® Franchise	$ 66	29 %	$ 81	29 %	$ (15)	(19)%
Aplenzin®	25	11 %	26	9 %	(1)	(4)%
Arestin®	21	9 %	17	6 %	4	24 %
Ativan® Franchise	11	5 %	22	8 %	(11)	(50)%
Librium®	10	4 %	—	— %	10	100 %
Cardizem® Franchise	8	4 %	11	4 %	(3)	(27)%
Diastat® Franchise	7	3 %	8	3 %	(1)	(13)%
Mysoline® Franchise	6	3 %	8	3 %	(2)	(25)%
Xenazine® Franchise	5	2 %	7	3 %	(2)	(29)%
Elidel® Franchise	5	2 %	3	1 %	2	67 %
Other product revenues	59	28 %	89	33 %	(30)	(34)%
Other revenues	1	— %	3	1 %	(2)	(67)%
Total Diversified Products revenues	$ 224	100 %	$ 275	100 %	$ (51)	(19)%

The Diversified Products segment revenue for the three months ended September 30, 2021 and 2020 was $224 million and $275 million, respectively, a decrease of $51 million, or 19%. The decrease was primarily driven by: (i) a decrease in volume of $26 million and (ii) a decrease in net realized pricing of $25 million, primarily in our Generics and Neurology and Other business. The decrease in volume was primarily attributable to a decrease in our Neurology and Other business primarily due to lower demand of Wellbutrin®, Ativan® and Pepcid®.

Diversified Products Segment Profit

The Diversified Products segment profit for the three months ended September 30, 2021 and 2020 was $161 million and $207 million, respectively, a decrease of $46 million, or 22%. The decrease was primarily driven by a decrease in contribution primarily attributable to the net decrease in revenues, as previously discussed.

Nine Months Ended September 30, 2021 Compared to the Nine Months Ended September 30, 2020

Revenues

Our revenue was $6,238 million and $5,814 million for the nine months ended September 30, 2021 and 2020, respectively, an increase of $424 million, or 7%. The increase was due to: (i) the net increase in volumes of $451 million primarily in our Bausch + Lomb, Salix, Ortho Dermatologics and International Rx segments and (ii) the favorable impact of foreign currencies of $112 million primarily in Europe, Asia and Canada. These increases were partially offset by: (i) a decrease in net realized pricing of $79 million primarily due to higher sales deductions and (ii) the impact of divestitures and discontinuations of $60 million, primarily attributable to our divestiture of Amoun on July 26, 2021. The net increase in volumes was primarily due to the positive impacts from the recovery from the COVID-19 pandemic and the easing of certain social restrictions, as previously discussed, partially offset by: (i) the impact of the loss of exclusivity of certain products primarily in our Diversified Products, Bausch + Lomb and Ortho Dermatologics segments and (ii) the impacts of a third-party supplier quality issue on the revenues of certain Consumer products included in our Bausch + Lomb segment, as discussed below.

Our 2020 revenues were most negatively impacted during our second quarter by the social restrictions and other precautionary measures taken in response to the COVID-19 pandemic. However, as governments began lifting social restrictions, allowing offices of certain health care providers to reopen and certain surgeries and elective medical procedures to proceed, the negative trend in the revenues of certain businesses began to level off and stabilize prior to our third quarter of 2020. At the current pace of the recovery, we anticipate that our revenues will likely return to pre-pandemic levels for many of our businesses and geographies in 2021 and for the remaining businesses and geographies in 2022. However, as our revenues were most negatively impacted by the social restrictions and other precautionary measures taken in response to the COVID-19 pandemic during our second quarter of 2020, we expect the rate of growth for the remainder of 2021 to be lower than the year-over-year revenue growth for the nine months ended September 30, 2021.

The changes in our segment revenues and segment profits, including the impacts of COVID-19 pandemic related matters for the three and nine months ended September 30, 2021, are discussed in further detail in the respective subsequent section " — Reportable Segment Revenues and Profits".

Cash Discounts and Allowances, Chargebacks and Distribution Fees

Provisions recorded to reduce gross product sales to net product sales and revenues for the nine months ended September 30, 2021 and 2020 were as follows:

	Nine Months Ended September 30,			
	2021		2020	
(in millions)	Amount	Pct.	Amount	Pct.
Gross product sales	$ 10,229	100.0 %	$ 9,431	100.0 %
Provisions to reduce gross product sales to net product sales				
Discounts and allowances	472	4.6 %	457	4.8 %
Returns	94	0.9 %	71	0.8 %
Rebates	1,842	18.0 %	1,587	16.8 %
Chargebacks	1,487	14.6 %	1,433	15.2 %
Distribution fees	167	1.6 %	149	1.6 %
Total provisions	4,062	39.7 %	3,697	39.2 %
Net product sales	6,167	60.3 %	5,734	60.8 %
Other revenues	71		80	
Revenues	$ 6,238		$ 5,814	

Cash discounts and allowances, returns, rebates, chargebacks and distribution fees as a percentage of gross product sales were 39.7% and 39.2% for the nine months ended September 30, 2021 and 2020, respectively, an increase of 0.5 percentage points and includes:

- discounts and allowances as a percentage of gross product sales were lower primarily due to lower discount rates and gross product sales for certain generic products, such as Migranal® AG, Elidel® AG and Timoptic® AG;
- returns as a percentage of gross product sales was higher and primarily reflects a lower adjustment in 2021 as compared to 2020 for improving sales return experience. Over the last several years, the Company has increased its focus on maximizing operational efficiencies and continues to take actions to reduce product returns, including,

but not limited to: (i) monitoring and reducing customer inventory levels, (ii) instituting disciplined pricing policies and (iii) improving contracting. These actions have had the effect of improving the sales return experience, primarily related to branded and generic products. Included in the product returns provision for the nine months ended September 30, 2021 and 2020, are reductions in variable consideration for sales returns related to past sales of approximately $28 million and $38 million, during the three months ended September 30, 2021 and 2020, respectively. See Note 3, "REVENUE RECOGNITION" to our unaudited interim Consolidated Financial Statements regarding further details related to product sales provisions. In addition, returns as a percentage of gross product sales was higher due to the recall of certain Consumer products as a result of a third-party supplier of sterilization services for our lens care solution bottles and caps at our Milan, Italy facility, discussed below;

- rebates as a percentage of gross product sales were higher primarily due the impact of: (i) an increase in gross product sales of certain branded products with higher rebate rates, such as Xifaxan®, Jublia®, and Prolensa® and (ii) an increase in rebates due to the launch of Arazlo® (June 2020) and was partially offset by lower gross product sales and lower rebate rates for branded products such as Apriso®, Duobrii®, Wellbutrin® and Uceris® Tablets;

- chargebacks as a percentage of gross product sales were lower primarily due to the impacts of lower chargeback rates and gross product sales for certain products such as Glumetza® AG, Wellbutrin® and Targretin® AG partially offset by higher chargeback rates and gross product sales for certain products such as Glumetza® SLX, Mysoline® and Syprine® AG; and

- distribution service fees as a percentage of gross product sales were unchanged. Price appreciation credits were offset against the distribution service fees we paid wholesalers and were $1 million and $4 million for the nine months ended September 30, 2021 and 2020, respectively.

Expenses

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

Cost of goods sold was $1,742 million and $1,565 million for the nine months ended September 30, 2021 and 2020, respectively, an increase of $177 million, or 11%. The increase was primarily driven by: (i) the net increase in volumes, as previously discussed, and (ii) the unfavorable impact of foreign currencies. These increases were partially offset by: (i) the impact of the divestiture of Amoun on July 26, 2021 and (ii) lower manufacturing variances primarily due to the benefits from the non-recurrence of certain variances driven by the impacts of the COVID-19 pandemic in 2020, as previously discussed, partially offset by: (a) charges related to a quality issue at a third-party supplier, as discussed below, and (b) inflationary pressures related to certain manufacturing costs, as previously discussed.

Cost of goods sold as a percentage of product sales revenue was 28.2% and 27.3% for the nine months ended September 30, 2021 and 2020, respectively, an increase of 0.9 percentage points. Costs of goods sold as a percentage of Product sales revenue was unfavorably impacted by the decrease in net realized pricing, as previously discussed.

We were notified by a third-party supplier of sterilization services for our lens care solution bottles and caps at our Milan, Italy facility, of inconsistencies in the sterilization data versus certificates of conformance previously submitted to us by that supplier. Based on our internal Health and Safety Analysis, it was determined that this issue did not affect the safety or performance of any of our products and is limited to a specific number of lots for certain Consumer products within our Bausch + Lomb segment. However, out of an abundance of caution and working with the appropriate notified body and responsible health authorities, we have contained and/or recalled down to the consumer level the limited number of affected lots of products resulting in $8 million of manufacturing variances and $6 million of returns. Further, although our Greenville, South Carolina facility increased production to support some of the demand in the near term, due to the limited availability of qualified materials, production at the Milan facility could not keep up with demand which negatively impacted our sales for the affected products in this region during the nine months ended September 30, 2021. At this time, we have removed this supplier from our Approved Supplier List and qualified another sterilization supplier, who, along with an existing secondary supplier, have and will provide bottle sterilization, thereby allowing our Milan facility to return to full production capacity. Although it is possible additional charges may be incurred, at this time we believe no additional charges will be necessary.

Selling, General and Administrative Expenses

SG&A expenses were $1,944 million and $1,731 million for the nine months ended September 30, 2021 and 2020, respectively, an increase of $213 million, or 12%. The increase was primarily attributable to: (i) the impacts of the non-recurrence of certain profit protection measures taken in 2020 to manage and reduce operating expenses during the

COVID-19 pandemic, as previously discussed, (ii) an increase in Separation-related and IPO-related costs of $87 million and (iii) the impact of foreign currencies.

During 2020, the Company took certain profit protection measures to manage and reduce operating expenses during the COVID-19 pandemic, which resulted in year-over-year increases primarily in selling expenses and advertising and promotion expenses. These profit protection measures were successful in expanding the profit margins in many of our businesses as previously discussed. As the pace of recovery in each geography accelerates, we expect to allocate more resources to selling and other promotional activities to drive our return to sustainable revenue and profit growth. Therefore, if the recovery continues, we expect our operating expenses to increase in support of our existing products, product launches and products in development and as a result expect to see our operating expenses for the remainder of 2021 exceed our operating expenses in 2020 for the same period.

Research and Development

R&D expenses were $348 million and $333 million for the nine months ended September 30, 2021 and 2020, respectively, an increase of $15 million, or 5%. The increase was primarily attributable to the non-recurrence of the temporary suspension in certain R&D activities and clinical trials in 2020 due to social restrictions and other precautionary measures taken in response to the COVID-19 pandemic, as previously discussed, partially offset by the impact of rebalancing our portfolio within the Ortho Dermatologics business. R&D expenses as a percentage of Product sales were approximately 6% for both the nine months ended September 30, 2021 and 2020.

In 2020, certain of our R&D activities were limited and others, including new patient enrollments in clinical trials, were temporarily paused primarily during our second quarter, as most trial sites were not able to accept new patients due to government-mandated shutdowns. However, during our third quarter of 2020, many of these trial sites began to reopen and we saw the pace of new patient enrollments increase, although at this time certain of our projects are moving slower than we would like due to the impacts of the COVID-19 pandemic. As of the date of this filing, we have not had to make material changes to our development timelines and the pause in our clinical trials has not had a material impact on our operating results; however, a resurgence of the virus could result in unanticipated delays in our ability to conduct new patient enrollments and create other delays which could have a significant adverse effect on our future operating results.

Amortization of Intangible Assets

Amortization of intangible assets was $1,055 million and $1,263 million for the nine months ended September 30, 2021 and 2020, respectively, a decrease of $208 million, or 16%. The decrease was primarily attributable to fully amortized intangible assets no longer being amortized in 2021.

Goodwill Impairments

Goodwill impairments were $469 million and $0 for the nine months ended September 30, 2021 and 2020, respectively. During the three months ended March 31, 2021, management identified launches of certain Ortho Dermatologics products which were not going to achieve their trajectories as forecasted once the social restrictions associated with the COVID-19 pandemic began to ease in the U.S. and offices of health care professionals could reopen. In addition, insurance coverage pressures within the U.S. continued to persist limiting patient access to topical acne and psoriasis products. In light of these developments, during the first quarter of 2021, the Company began taking steps to: (i) redirect its R&D spend to eliminate projects it has identified as high cost and high risk, (ii) redirect a portion of its marketing and product development outside the U.S. to geographies where there is better patient access and (iii) reduce its cost structure to be more competitive. As a result, during the three months ended March 31, 2021, the Company revised its long-term forecasts for the Ortho Dermatologics reporting unit. Management believed that these events were indicators that there is less headroom as of March 31, 2021 as compared to the headroom calculated on the date goodwill was last tested for impairment (October 1, 2020). Therefore, a quantitative fair value test for the Ortho Dermatologics reporting unit was performed. The quantitative fair value test utilized the Company's most recent cash flow projections as revised in the first quarter of 2021 to reflect the business changes previously discussed, including a range of potential outcomes, along with a long-term growth rate of 1.0% and a range of discount rates between 9.0% and 10.0%. Based on the quantitative fair value test, the carrying value of the Ortho Dermatologics reporting unit exceeded its fair value at March 31, 2021, and the Company recognized a goodwill impairment of $469 million.

See Note 8, "INTANGIBLE ASSETS AND GOODWILL" to our unaudited interim Consolidated Financial Statements regarding further details related to our goodwill impairment analysis.

Asset Impairments, Including Loss on Assets Held for Sale

Asset impairments, including loss on assets held for sale were $213 million and $17 million for the nine months ended September 30, 2021 and 2020, respectively, an increase of $196 million. Asset impairments, including loss on assets held for

sale for the nine months ended September 30, 2021 includes: (i) impairments of $105 million, in aggregate, due to decreases in forecasted sales of certain product lines, (ii) an adjustment of $88 million to the loss on assets held for sale in connection with the Amoun Sale and (iii) impairments of $20 million, in aggregate, related to the discontinuance of certain product lines. Asset impairments, including loss on assets held for sale for the nine months ended September 30, 2020 include impairments of: (i) $16 million, in aggregate, due to decreases in forecasted sales of certain product lines and (ii) $1 million, in aggregate, related to the discontinuance of certain product lines not aligned with the focus of the Company's core businesses.

See Note 8, "INTANGIBLE ASSETS AND GOODWILL" to our unaudited interim Consolidated Financial Statements regarding further details related to our intangible assets.

Restructuring, Integration, Separation and IPO Costs

Restructuring, integration, separation and IPO costs were $29 million and $13 million for the nine months ended September 30, 2021 and 2020, respectively, an increase of $16 million.

Restructuring and Integration Costs

Restructuring and integration costs were $9 million and $12 million for the nine months ended September 30, 2021 and 2020, respectively, a decrease of $3 million. The Company continues to evaluate opportunities to streamline its operations and identify additional cost savings globally. Although a specific plan does not exist at this time, the Company may identify and take additional exit and cost-rationalization restructuring actions in the future, the costs of which could be material.

Separation and IPO Costs

Separation and IPO costs were $20 million and $1 million for the nine months ended September 30, 2021 and 2020, respectively. The Company continues to make progress toward internal objectives necessary for the B+L Separation and Solta IPO and the extent and timing of future charges for these costs cannot be reasonably estimated at this time and could be material.

See Note 5, "RESTRUCTURING, INTEGRATION, SEPARATION AND IPO COSTS" to our unaudited interim Consolidated Financial Statements for further details regarding these actions.

Other (Income) Expense, Net

Other (income) expense, net for the nine months ended September 30, 2021 and 2020 consists of the following:

	Nine Months Ended September 30,	
(in millions)	**2021**	**2020**
Litigation and other matters	$ 320	$ 127
Acquisition-related contingent consideration	8	26
Gain on sale of assets, net	(2)	(1)
Acquired in-process research and development costs	3	20
	$ 329	$ 172

Litigation and other matters for the nine months ended September 30, 2021, includes adjustments related to the Glumetza Antitrust Litigation, partially offset by insurance recoveries of $213 million related to certain litigation matters. See Note 18, "LEGAL PROCEEDINGS" to our unaudited interim Consolidated Financial Statements for further details regarding these matters.

Litigation and other matters for the nine months ended September 30, 2020, includes adjustments related to an SEC investigation into the Company and its former relationship with Philidor Rx Services, LLC ("Philidor"), its accounting practices and policies, its public disclosures and other matters (which investigation has now been settled) (the “SEC Investigation”) and the U.S. Securities Litigation and the Canadian Securities Litigation and related opt-outs of each. Litigation and other matters also includes an insurance recovery related to a certain litigation matter. See Note 18, "LEGAL PROCEEDINGS" to our unaudited interim Consolidated Financial Statements for further details regarding these matters.

Non-Operating Income and Expense

Interest Expense

Interest expense was $1,083 million and $1,155 million and included non-cash amortization and write-offs of debt premiums, discounts and deferred issuance costs of $42 million and $45 million for the nine months ended September 30,

2021 and 2020, respectively. Interest expense decreased $72 million, or 6%, primarily due to lower outstanding principal balances. The weighted average stated rate of interest as of September 30, 2021 and 2020 was 5.91% and 5.94%, respectively.

Loss on Extinguishment of Debt

Loss on extinguishment of debt represents the differences between the amounts paid to settle extinguished debts and the carrying value of the related extinguished debt. Loss on extinguishment of debt was $62 million and $51 million for the nine months ended September 30, 2021 and 2020, respectively, primarily associated with the 2021 Refinancing Transactions and the 2020 Refinancing Transactions, respectively, as previously discussed.

See Note 10, "FINANCING ARRANGEMENTS" to our unaudited interim Consolidated Financial Statements for further details.

Foreign Exchange and Other

Foreign exchange and other was a gain of $11 million and a loss of $26 million for the nine months ended September 30, 2021 and 2020, respectively, a favorable net change of $37 million primarily due to: (i) translation gains/losses on intercompany loans and third-party liabilities and (ii) the gain/loss due to foreign currency exchange contracts.

Income Taxes

Benefit from income taxes was $36 million and $133 million for the nine months ended September 30, 2021 and 2020, respectively, an unfavorable change of $97 million. Our effective income tax rate for the nine months ended September 30, 2021 differs from the statutory Canadian income tax rate primarily due to: (i) the tax benefit generated from our annualized mix of earnings by jurisdiction, (ii) the recording of valuation allowance on entities for which no tax benefit of losses is expected and (iii) the discrete treatment of certain tax matters, primarily related to: (a) net income tax benefit associated with certain legal settlements, (b) tax provision related to potential and recognized withholding tax on intercompany dividends, (c) changes in uncertain tax positions, (d) adjustments for book to income tax return provisions and (e) a tax deduction for stock compensation.

Our effective income tax rate for the nine months ended September 30, 2020 differs from the statutory Canadian income tax rate primarily due to: (i) the tax benefit generated from our annualized mix of earnings by jurisdiction, (ii) the recording of valuation allowance on entities for which no tax benefit of losses is expected and (iii) the discrete treatment of certain tax matters, primarily related to: (a) the release of a valuation allowance, (b) tax law changes, (c) adjustments for book to income tax return provisions, (d) changes in uncertain tax positions and (e) a tax deduction for stock compensation.

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

Reportable Segment Revenues and Profits

The following table presents segment revenues, segment revenues as a percentage of total revenues, and the year-over-year changes in segment revenues for the nine months ended September 30, 2021 and 2020. The following table also presents segment profits, segment profits as a percentage of segment revenues and the year-over-year changes in segment profits for the nine months ended September 30, 2021 and 2020.

	Nine Months Ended September 30,					
	2021		2020		Change	
(in millions)	Amount	Pct.	Amount	Pct.	Amount	Pct.
Segment Revenues						
Bausch + Lomb	$ 2,764	45 %	$ 2,468	42 %	$ 296	12 %
Salix	1,515	24 %	1,377	24 %	138	10 %
International Rx	890	14 %	848	14 %	42	5 %
Ortho Dermatologics	418	7 %	391	7 %	27	7 %
Diversified Products	651	10 %	730	13 %	(79)	(11)%
Total revenues	$ 6,238	100 %	$ 5,814	100 %	$ 424	7 %
Segment Profits / Segment Profit Margins						
Bausch + Lomb	$ 699	25 %	$ 661	27 %	$ 38	6 %
Salix	1,074	71 %	968	70 %	106	11 %
International Rx	304	34 %	277	33 %	27	10 %
Ortho Dermatologics	195	47 %	154	39 %	41	27 %
Diversified Products	472	73 %	528	72 %	(56)	(11)%
Total segment profits	$ 2,744	44 %	$ 2,588	45 %	$ 156	6 %

The following table presents organic revenue (non-GAAP) and the year-over-year changes in organic revenue (non-GAAP) for the nine months ended September 30, 2021 and 2020 by segment. Organic revenues (non-GAAP) and organic growth (non-GAAP) rates are defined in the previous section titled "Reportable Segment Revenues and Profits".

	Nine Months Ended September 30, 2021			Nine Months Ended September 30, 2020			Change in Organic Revenue (Non-GAAP)	
(in millions)	Revenue as Reported	Changes in Exchange Rates	Organic Revenue (Non-GAAP)	Revenue as Reported	Divestitures and Discontinuations	Organic Revenue (Non-GAAP)	Amount	Pct.
Bausch + Lomb	$ 2,764	$ (69)	$ 2,695	$ 2,468	$ (8)	$ 2,460	$ 235	10 %
Salix	1,515	—	1,515	1,377	—	1,377	138	10 %
International Rx	890	(34)	856	848	(44)	804	52	6 %
Ortho Dermatologics	418	(9)	409	391	—	391	18	5 %
Diversified Products	651	—	651	730	(8)	722	(71)	(10)%
Total	$ 6,238	$ (112)	$ 6,126	$ 5,814	$ (60)	$ 5,754	$ 372	6 %

Bausch + Lomb Segment:

Bausch + Lomb Segment Revenue

The Bausch + Lomb segment revenue was $2,764 million and $2,468 million for the nine months ended September 30, 2021 and 2020, respectively, an increase of $296 million, or 12%. The increase was primarily attributable to: (i) an increase in volumes across all of our Bausch + Lomb businesses of $279 million primarily due to the positive impacts from the recovery from the COVID-19 pandemic and the easing of certain social restrictions, as previously discussed, partially offset by: (a) the impact of generic competition as certain products, such as Lotemax® Gel, lost exclusivity and (b) the impacts of a third-party supplier quality issue on the revenues of certain Consumer products, as previously discussed, and (ii) the favorable impact of foreign currencies of $69 million, primarily in Europe and Asia. These increases were partially offset by: (i) a decrease in net realized pricing of $44 million primarily due to higher sales deductions in our Ophthalmology business, and (ii) the impact of divestitures and discontinuations of $8 million, related to several products. The increase in volumes was most notably seen in our Surgical and Vision care businesses, and geographically was primarily attributable to increases in Asia, the U.S. and Europe.

As previously discussed, during 2020, the volumes of our Bausch + Lomb segment were most negatively impacted by the social restrictions and other precautionary measures taken in response to the COVID-19 pandemic during our second quarter of 2020. However, as governments began lifting social restrictions, the negative trend in the revenues began to level off and stabilize prior to our third quarter and continued into our fourth quarter of 2020 and first quarter of 2021. At the current pace of the recovery, we anticipate that our revenues will likely return to pre-pandemic levels for many of our Bausch + Lomb businesses and geographies in 2021 and for the remaining Bausch + Lomb businesses and geographies in 2022. However, as our revenues were most negatively impacted by the social restrictions and other precautionary measures taken in response to the COVID-19 pandemic during our second quarter of 2020, we expect the rate of growth for the remainder of 2021 to be lower than the year-over-year revenue growth for the nine months ended September 30, 2021.

Bausch + Lomb Segment Profit

The Bausch + Lomb segment profit for the nine months ended September 30, 2021 and 2020 was $699 million and $661 million, respectively, an increase of $38 million, or 6%. The increase was primarily driven by the increase in contribution primarily attributable to the net increase in revenues, as previously discussed. These increases were partially offset by: (i) the impacts of the non-recurrence of certain profit protection measures taken in 2020 to manage and reduce operating expenses during the COVID-19 pandemic, as previously discussed, which resulted in year-over-year increases primarily in selling expenses and advertising and promotion expenses and (ii) the non-recurrence of the temporary suspension in certain R&D activities and clinical trials in 2020 due to social restrictions and other precautionary measures taken in response to the COVID-19 pandemic, as previously discussed.

Salix Segment:

Salix Segment Revenue

The Salix segment includes the Xifaxan® product line. Revenues from our Xifaxan® product line accounted for approximately 79% and 78% of the Salix segment revenues for the nine months ended September 30, 2021 and 2020, respectively. No other single product group represents 10% or more of the Salix segment product sales. The Salix segment revenue for the nine months ended September 30, 2021 and 2020 was $1,515 million and $1,377 million, respectively, an increase of $138 million, or 10%. The increase was primarily attributable to increases in: (i) volume of $107 million, primarily attributable to our Xifaxan® and Trulance® product lines and to the positive impacts from the recovery from the COVID-19 pandemic and the easing of certain social restrictions, as previously discussed, and (ii) net realized pricing of $31 million, primarily attributable to our Xifaxan® product line, partially offset by higher sales adjustments for Glumetza® SLX.

Although we experienced COVID-19 pandemic related declines in year-over-year revenues in certain products during 2021, at the current pace of the recovery, we anticipate that our revenues will likely return to pre-pandemic levels for most of our Salix products in 2021. However, as our revenues were most negatively impacted by the social restrictions and other precautionary measures taken in response to the COVID-19 pandemic during our second quarter of 2020, we expect the rate of growth for the remainder of 2021 to be lower than the year-over-year revenue growth for the nine months ended September 30, 2021.

Salix Segment Profit

The Salix segment profit for the nine months ended September 30, 2021 and 2020 was $1,074 million and $968 million, respectively, an increase of $106 million, or 11%. The increase was primarily driven by the increase in contribution as a result of the increase in revenue, as previously discussed, partially offset by the impacts of the non-recurrence of certain profit protection measures taken in 2020 to manage and reduce operating expenses during the COVID-19 pandemic, as previously discussed, which resulted in year-over-year increases primarily in selling expenses and advertising and promotion expenses.

International Rx Segment:

International Rx Segment Revenue

The International Rx segment has a diversified product line with no single product group representing 10% or more of its product sales. The International Rx segment revenue was $890 million and $848 million for the nine months ended September 30, 2021 and 2020, respectively, an increase of $42 million, or 5%. The increase was primarily attributable to: (i) an increase in volumes of $41 million, (ii) the favorable impact of foreign currencies of $34 million, primarily in Canada and Europe, and (iii) an increase in net realized pricing of $11 million. The increase in volumes is primarily due to the positive impacts from the recovery from the COVID-19 pandemic and the easing of certain social restrictions, as previously discussed. These increases were partially offset by the impact of divestitures and discontinuations of $44 million, primarily attributable to our divestiture of Amoun on July 26, 2021. Amoun revenues for the nine months ended September 30, 2021 and 2020 were $157 million and $179 million, respectively.

Although we experienced COVID-19 pandemic related declines in year-over-year revenues in certain products during 2021, at the current pace of the recovery, we anticipate that our revenues will likely return to pre-pandemic levels for many of our International Rx products and geographies in 2021 and for the remaining International Rx products and geographies in 2022. However, as our revenues were most negatively impacted by the social restrictions and other precautionary measures taken in response to the COVID-19 pandemic during our second quarter of 2020, we expect the rate of growth for the remainder of 2021 to be lower than the year-over-year revenue growth for the nine months ended September 30, 2021.

International Rx Segment Profit

The International Rx segment profit for the nine months ended September 30, 2021 and 2020 was $304 million and $277 million, respectively, an increase of $27 million, or 10%. The increase was primarily driven by the increase in contribution primarily attributable to the net increase in revenues, as previously discussed, partially offset by our divestiture of Amoun on July 26, 2021.

Ortho Dermatologics Segment:

Ortho Dermatologics Segment Revenue

The Ortho Dermatologics segment includes the Thermage® and Julia® product lines, which accounted for approximately 41% and 11% of the Ortho Dermatologics segment revenues for the nine months ended September 30, 2021, respectively. No other single product group represents 10% or more of the Ortho Dermatologics segment revenues. The Ortho Dermatologics segment revenue for the nine months ended September 30, 2021 and 2020 was $418 million and $391 million, respectively, an increase of $27 million, or 7%. The increase was primarily attributable to: (i) an increase in volume of $54 million and (ii) the favorable impact of foreign currencies of $9 million. These increases were partially offset by a decrease in net realized pricing of $36 million, as a result of higher sales deductions in our medical dermatology products. The increase in volume was primarily due to: (i) increased demand of Thermage FLX® in our Solta aesthetic medical device business and (ii) the positive impacts from the recovery from the COVID-19 pandemic and the easing of certain social restrictions, as previously discussed, and were partially offset by the impact of generic competition as certain medical dermatology products, such as Elidel®, lost exclusivity.

Ortho Dermatologics Segment Profit

The Ortho Dermatologics segment profit for the nine months ended September 30, 2021 and 2020 was $195 million and $154 million, respectively, an increase of $41 million, or 27%. The increase is primarily due to: (i) an increase in contribution primarily attributable to: (a) the net increase in revenues, as previously discussed, and (b) lower manufacturing variances, (ii) a decrease in SG&A expenses and (iii) a decrease in R&D expenses due to the impact of rebalancing our portfolio within the Ortho Dermatologics business.

Diversified Products Segment:

Diversified Products Segment Revenue

The following table displays the Diversified Products segment revenue by product and product revenues as a percentage of segment revenue for the nine months ended September 30, 2021 and 2020.

	Nine Months Ended September 30,					
	2021		2020		Change	
(in millions)	Amount	Pct.	Amount	Pct.	Amount	Pct.
Wellbutrin® Franchise	$ 182	28 %	$ 204	28 %	$ (22)	(11)%
Aplenzin®	77	12 %	75	10 %	2	3 %
Arestin®	67	10 %	42	6 %	25	60 %
Ativan® Franchise	42	6 %	37	5 %	5	14 %
Mysoline® Franchise	23	4 %	18	2 %	5	28 %
Cardizem® Franchise	20	3 %	25	3 %	(5)	(20)%
Diastat® Franchise	19	3 %	22	3 %	(3)	(14)%
Xenazine® Franchise	17	3 %	23	3 %	(6)	(26)%
Librax® Franchise	13	2 %	16	2 %	(3)	(19)%
Uceris® AG	12	2 %	15	2 %	(3)	(20)%
Other product revenues	174	26 %	247	35 %	(73)	(30)%
Other revenues	5	1 %	6	1 %	(1)	(17)%
Total Diversified Products revenues	$ 651	100 %	$ 730	100 %	$ (79)	(11)%

The Diversified Products segment revenue for the nine months ended September 30, 2021 and 2020 was $651 million and $730 million, respectively, a decrease of $79 million, or 11%. The decrease was primarily driven by: (i) a decrease in net realized pricing of $41 million, (ii) a decrease in volume of $30 million and (iii) the impact of divestitures and discontinuations of $8 million. The decrease in volume was primarily attributable to the impact of generic competition as certain products in our Neurology and Other business, such as Migranal®, Xenazine®, Mephyton®, Isuprel®, Syprine®, Cuprimine® and Demser®, lost exclusivity.

Diversified Products Segment Profit

The Diversified Products segment profit for the nine months ended September 30, 2021 and 2020 was $472 million and $528 million, respectively, a decrease of $56 million, or 11% and was primarily driven by the decrease in revenues, as previously discussed.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

	Nine Months Ended September 30,		
(in millions)	2021	2020	Change
Net loss	$ (1,009)	$ (407)	$ (602)
Adjustments to reconcile net loss to net cash provided by operating activities	2,322	1,510	812
Cash provided by operating activities before changes in operating assets and liabilities	1,313	1,103	210
Changes in operating assets and liabilities	89	(386)	475
Net cash provided by operating activities	1,402	717	685
Net cash provided by (used in) investing activities	489	(177)	666
Net cash used in financing activities	(1,788)	(1,791)	3
Effect of exchange rate on cash and cash equivalents	(15)	(5)	(10)
Net increase (decrease) in cash, cash equivalents, restricted cash and cash held for sale	88	(1,256)	1,344
Cash, cash equivalents and restricted cash, beginning of period	1,816	3,244	(1,428)
Cash, cash equivalents and restricted cash, end of period	$ 1,904	$ 1,988	$ (84)

Operating Activities

Net cash provided by operating activities was $1,402 million and $717 million for the nine months ended September 30, 2021 and 2020, respectively, an increase of $685 million. The increase was attributable to: (i) the increase in Cash provided by operating activities before changes in operating assets and liabilities and (ii) Changes in operating assets.

Cash provided by operating activities before changes in operating assets and liabilities for the nine months ended September 30, 2021 and 2020 was $1,313 million and $1,103 million, respectively, an increase in cash of $210 million. The increase is primarily attributable to: (i) the positive impacts from the recovery from the COVID-19 pandemic and the easing of certain social restrictions, as previously discussed, and (ii) higher insurance recoveries during the nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020 associated with certain litigation matters partially offset by: (i) higher payments of accrued legal settlements during the nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020, (ii) higher payments for Separation and IPO costs and Separation-related and IPO-related costs during the nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020 and (iii) the impacts of the non-recurrence of certain profit protection measures taken in 2020 to manage and reduce operating expenses during the COVID-19 pandemic, as previously discussed, which resulted in year-over-year increases in payments primarily for selling expenses and advertising and promotion expenses.

Changes in operating assets and liabilities resulted in a net increase in cash of $89 million for the nine months ended September 30, 2021, as compared to a decrease of $386 million for the nine months ended September 30, 2020, respectively, representing a net increase in cash of $475 million. During the nine months ended September 30, 2021, Changes in operating assets and liabilities was positively impacted by: (i) the timing of other payments in the ordinary course of business of $314 million and (ii) an increase in accrued interest due to timing of payments of $14 million and was partially offset by: (i) an increase in trade receivables of $177 million and (ii) an increase in inventories of $62 million. During the nine months ended September 30, 2020, Changes in operating assets and liabilities was negatively impacted by: (i) the timing of other payments in the ordinary course of business of $345 million and (ii) an increase in inventories of $178 million and was partially offset by: (i) an increase in accrued interest due to timing of payments of $70 million and (ii) the collection of trade receivables of $67 million.

Investing Activities

Net cash provided by investing activities was $489 million for the nine months ended September 30, 2021 and was primarily driven by: (i) Proceeds from sale of assets and businesses, net of costs to sell of $669 million, which is primarily attributable to the Amoun Sale and (ii) Interest settlements from cross-currency swaps of $23 million partially offset by Purchases of property, plant and equipment of $191 million.

Net cash used in investing activities was $177 million for the nine months ended September 30, 2020 and was driven by Purchases of property, plant and equipment of $222 million offset by: (i) Interest settlements from cross-currency swaps of $23 million and (ii) Proceeds from sale of assets and businesses, net of costs to sell of $21 million primarily related to the receipt of a milestone payment associated with a prior year divestiture.

Financing Activities

Net cash used in financing activities was $1,788 million for the nine months ended September 30, 2021 and was primarily driven by the repayments of debt of $3,200 million which consisted of: (i) $1,600 million of 7.00% Senior Secured Notes due 2024 as part of the 2021 Refinancing Transactions and (ii) the aggregate prepayments of $1,600 million using cash on hand, cash generated from operations and the net proceeds from the Amoun Sale. Issuance of long-term debt, net of discounts of $1,576 million primarily includes the proceeds of $1,580 million from the issuance of $1,600 million in principal amount of 4.875% Senior Secured Notes due June 2028.

Net cash used in financing activities was $1,791 million for the nine months ended September 30, 2020 and was primarily driven by repayments of long-term debt, net of issuances and related discounts, of $1,686 million. These repayments include $1,240 million of May 2023 Unsecured Notes, which was previously financed as part of the December 2019 Financing and Refinancing Transactions.

See Note 10, "FINANCING ARRANGEMENTS" to our unaudited interim Consolidated Financial Statements for additional information regarding the financing activities described above.

Liquidity and Debt

Future Sources of Liquidity

Our primary sources of liquidity are our cash and cash equivalents, cash collected from customers, funds as available from our revolving credit facility, issuances of long-term debt and issuances of equity and equity-linked securities. We believe these sources will be sufficient to meet our current liquidity needs for at least the twelve months following the issuance of this Form 10-Q.

The Company regularly evaluates market conditions, its liquidity profile, and various financing alternatives for opportunities to enhance its capital structure. If opportunities are favorable, the Company may refinance or repurchase existing debt or issue equity or equity-linked securities. We believe our existing cash and cash generated from operations will be sufficient to service our debt obligations through 2024.

Long-term Debt

Long-term debt, net of unamortized premiums, discounts and issuance costs was $22,358 million and $23,925 million as of September 30, 2021 and December 31, 2020, respectively. Aggregate contractual principal amounts due under our debt obligations were $22,585 million and $24,185 million as of September 30, 2021 and December 31, 2020, respectively, a decrease of $1,600 million. The decrease is attributable to the debt repayments previously discussed under "Cash Flows - Financing Activities" during the nine months ended September 30, 2021.

Our prepayment and refinancing of debt over the last four years translate into lower repayments of principal over the next four years, which, in turn, we believe will permit more cash flows to be directed toward developing our core assets, identifying new product opportunities and repaying additional debt amounts. The mandatory scheduled principal repayments of our debt obligations as of September 30, 2021, were as follows:

(in millions)

2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
$ —	$ —	$ —	$ —	$ 9,723	$ 1,500	$ 2,250	$ 3,612	$ 3,250	$ 1,250	$ 1,000	$ 22,585

During October 2021, we drew down, net of repayments, $290 million under our 2023 Revolving Credit Facility which we used primarily to make deposits of approximately $300 million, in the aggregate, into escrow funds under the terms of settlement agreements regarding the Glumetza Antitrust Litigation and to pay interest and other business expenses. See Note 10, "FINANCING ARRANGEMENTS" to our unaudited interim Consolidated Financial Statements and “Management's Discussion and Analysis - Liquidity and Capital Resources: Long-term Debt” for further details.

Senior Secured Credit Facilities

On June 1, 2018, the Company and certain of its subsidiaries as guarantors entered into the “Senior Secured Credit Facilities” under the Company’s Fourth Amended and Restated Credit and Guaranty Agreement, as amended by the First Incremental Amendment to the Restated Credit Agreement, dated as of November 27, 2018 (the “Restated Credit Agreement”) with a syndicate of financial institutions and investors as lenders. The Restated Credit Agreement provides for a revolving credit facility of $1,225 million, which matures on the earlier of June 1, 2023 and the date that is 91 calendar days prior to the scheduled maturity of indebtedness for borrowed money of the Company and Bausch Health Americas, Inc. ("BHA") in an aggregate principal amount in excess of $1,000 million (the "2023 Revolving Credit Facility") and term loan

facilities of original principal amounts of $4,565 million and $1,500 million, maturing in June 2025 (the “June 2025 Term Loan B Facility”) and November 2025 (the "November 2025 Term Loan B Facility"), respectively. Both the Company and BHA are borrowers under the 2023 Revolving Credit Facility, borrowings under which may be made in U.S. dollars, Canadian dollars or euros.

Current Description of Senior Secured Credit Facilities

Borrowings under the Senior Secured Credit Facilities in U.S. dollars bear interest at a rate per annum equal to, at the Company's option, either: (i) a base rate determined by reference to the highest of: (a) the prime rate (as defined in the Restated Credit Agreement), (b) the federal funds effective rate plus 1/2 of 1.00% or (c) the eurocurrency rate (as defined in the Restated Credit Agreement) for a period of one month plus 1.00% (or if such eurocurrency rate shall not be ascertainable, 1.00%) or (ii) a eurocurrency rate determined by reference to the costs of funds for U.S. dollar deposits for the interest period relevant to such borrowing adjusted for certain additional costs (provided, however, that the eurocurrency rate shall at no time be less than 0.00% per annum), in each case plus an applicable margin.

Borrowings under the 2023 Revolving Credit Facility in euros bear interest at a eurocurrency rate determined by reference to the costs of funds for euro deposits for the interest period relevant to such borrowing (provided, however, that the eurocurrency rate shall at no time be less than 0.00% per annum), plus an applicable margin.

Borrowings under the 2023 Revolving Credit Facility in Canadian dollars bear interest at a rate per annum equal to, at the Company's option, either: (i) a prime rate determined by reference to the higher of: (a) the rate of interest last quoted by The Wall Street Journal as the “Canadian Prime Rate” or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Bank of Canada as its prime rate and (b) the 1 month BA rate (as defined below) calculated daily plus 1.00% (provided, however, that the prime rate shall at no time be less than 0.00%) or (ii) the bankers’ acceptance rate for Canadian dollar deposits in the Toronto interbank market (the “BA rate”) for the interest period relevant to such borrowing (provided, however, that the BA rate shall at no time be less than 0.00% per annum), in each case plus an applicable margin.

Subject to certain exceptions and customary baskets set forth in the Restated Credit Agreement, the Company is required to make mandatory prepayments of the loans under the Senior Secured Credit 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 and net proceeds threshold), (ii) 100% of the net cash proceeds from the incurrence of debt (other than permitted debt as described in the Restated Credit Agreement), (iii) 50% of Excess Cash Flow (as defined in the Restated 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). These mandatory prepayments may be used to satisfy future amortization.

The applicable interest rate margins for the June 2025 Term Loan B Facility and the November 2025 Term Loan B Facility are 2.00% and 1.75%, respectively, with respect to base rate and prime rate borrowings and 3.00% and 2.75%, respectively, with respect to eurocurrency rate and BA rate borrowings. As of September 30, 2021, the stated rates of interest on the Company’s borrowings under the June 2025 Term Loan B Facility and the November 2025 Term Loan B Facility were 3.08% and 2.83% per annum, respectively.

The amortization rate for both the June 2025 Term Loan B Facility and the November 2025 Term Loan B Facility is 5.00% per annum. The Company may direct that prepayments be applied to such amortization payments in order of maturity. As of September 30, 2021, there were no remaining mandatory quarterly amortization payments for the Senior Secured Credit Facilities.

The applicable interest rate margins for borrowings under the 2023 Revolving Credit Facility are 1.50%-2.00% with respect to base rate or prime rate borrowings and 2.50%-3.00% with respect to eurocurrency rate or BA rate borrowings. As of September 30, 2021, the stated rate of interest on the 2023 Revolving Credit Facility was 2.83% per annum. As of September 30, 2021, the Company had no outstanding borrowings, $54 million of issued and outstanding letters of credit and remaining availability of $1,171 million under its 2023 Revolving Credit Facility. In addition, the Company is required to pay commitment fees of 0.25%-0.50% per annum with respect to the unutilized commitments under the 2023 Revolving Credit Facility, payable quarterly in arrears. The Company also is required to pay: (i) 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 eurocurrency rate borrowings under the 2023 Revolving Credit Facility on a per annum basis, payable quarterly in arrears, (ii) customary fronting fees for the issuance of letters of credit and (iii) agency fees.

The Restated Credit Agreement permits the incurrence of incremental credit facility borrowings up to the greater of $1,000 million and 28.5% of Consolidated Adjusted EBITDA (non-GAAP) (as defined in the Restated Credit Agreement), subject to customary terms and conditions, as well as the incurrence of additional incremental credit facility borrowings

subject to a secured leverage ratio of not greater than 3.50:1.00, and, in the case of unsecured debt, a total leverage ratio of not greater than 6.50:1.00 or an interest coverage ratio of not less than 2.00:1.00.

Senior Secured Notes

The Senior Secured Notes are guaranteed by each of the Company's subsidiaries that is a guarantor under the Restated Credit Agreement and existing Senior Unsecured Notes (together, the "Note Guarantors"). The Senior 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 Restated Credit Agreement under the terms of the indentures governing the Senior Secured Notes.

The Senior Secured Notes and the guarantees 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 Senior 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 Senior Secured Notes and effectively senior to the Company's and the Note Guarantors' respective existing and future indebtedness that is unsecured, including the existing Senior Unsecured Notes, or that is secured by junior liens, in each case to the extent of the value of the collateral. In addition, the Senior Secured Notes are structurally subordinated to: (i) all liabilities of any of the Company's subsidiaries that do not guarantee the Senior 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 indentures governing the Senior Secured Notes), unless the Company has exercised its right to redeem all of the notes of a series, holders of the Senior Secured Notes may require the Company to repurchase such holder's notes, in whole or in part, at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest.

The aggregate principal amount of our Senior Secured Notes as of September 30, 2021 and December 31, 2020 was $3,850 million and $4,250 million, respectively, a decrease of $400 million representing the prepayment of $400 million 7.00% Senior Secured Notes due 2024 using cash on hand and cash generated from operations during 2021. Further, in June 2021 as part of the 2021 Refinancing Transactions previously discussed, we accessed the credit markets and refinanced the remaining $1,600 million of existing 7.00% Senior Secured Notes due 2024 with $1,600 million of 4.875% Senior Secured Notes due 2028.

Senior Unsecured Notes

The Senior Unsecured Notes issued by the Company are the Company's senior unsecured obligations and are jointly and severally guaranteed on a senior unsecured basis by each of its subsidiaries that is a guarantor under the Senior Secured Credit Facilities. The Senior Unsecured Notes issued by BHA are senior unsecured obligations of BHA and are jointly and severally guaranteed on a senior unsecured basis by the Company and each of its subsidiaries (other than BHA) that is a guarantor under the Senior Secured Credit Facilities. Future subsidiaries of the Company and BHA, if any, may be required to guarantee the Senior Unsecured Notes. On a non-consolidated basis, the non-guarantor subsidiaries had total assets of $2,088 million and total liabilities of $1,682 million as of September 30, 2021, and revenues of $1,273 million and operating income of $44 million for the nine months ended September 30, 2021.

If the Company experiences a change in control, the Company may be required to make an offer to repurchase each series of Senior Unsecured Notes, in whole or in part, at a purchase price equal to 101% of the aggregate principal amount of the Senior Unsecured Notes repurchased, plus accrued and unpaid interest.

The aggregate principal amount of our Senior Unsecured Notes as of September 30, 2021 and December 31, 2020 was $14,900 million and $15,500 million, respectively, a decrease of $600 million representing the prepayment of $600 million 6.125% Senior Unsecured Notes due 2025 using cash on hand and cash generated from operations during 2021.

Covenant Compliance

Any inability to comply with the covenants under the terms of our Restated Credit Agreement, Senior Secured Notes indentures or Senior Unsecured Notes indentures could lead to a default or an event of default for which we may need to seek relief from our lenders and noteholders in order to waive the associated default or event of default and avoid a potential acceleration of the related indebtedness or cross-default or cross-acceleration to other debt. There can be no assurance that we would be able to obtain such relief on commercially reasonable terms or otherwise and we may be required to incur significant additional costs. In addition, the lenders under our Restated Credit Agreement, holders of our Senior Secured Notes and holders of our Senior Unsecured Notes may impose additional operating and financial restrictions on us as a condition to granting any such waiver.

Since 2017 through the date of this filing, the Company completed several actions which included using cash flows from operations to repay debt and refinancing debt with near-term maturities. These actions have reduced the Company's debt balance and positively affected the Company's ability to comply with the financial maintenance covenant. As of September 30, 2021, the Company was in compliance with its financial maintenance covenant related to its outstanding debt. The Company, based on its current forecast, as adjusted for the potential impacts of the COVID-19 pandemic, expects to remain in compliance with the financial maintenance covenant and meet its debt service obligations for at least the twelve months following the date of issuance of this Form 10-Q.

The Company continues to take steps to improve its operating results to ensure continual compliance with its financial maintenance covenant and take other actions to reduce its debt levels to align with the Company's long-term strategy. The Company may consider taking other actions, including divesting other businesses, refinancing debt and issuing equity or equity-linked securities as deemed appropriate, to provide additional coverage in complying with the financial maintenance covenant and meeting its debt service obligations.

On August 6, 2020, we announced that we intend to separate our eye health business into an independent publicly traded entity, Bausch + Lomb from the remainder of Bausch Health Companies Inc. On August 3, 2021, we announced our intention to conduct an initial public offering of our aesthetic medical device business, Solta Medical. We intend to use the proceeds from the B+L Separation and the Solta IPO to repay, to the extent possible, a portion of our existing debt, thereby improving our capitalization and leverage. We believe the B+L Separation and the Solta IPO provides us with an attractive opportunity for liquidity to support the appropriate capitalization and leverage of the Bausch + Lomb entity, the Solta Medical entity and Bausch Pharma. However, management continues to consider the forms of the B+L Separation and the Solta IPO and is exploring a number of alternative capitalization structures in order to properly capitalize the three entities.

As of the date of this filing, the determination of the capitalization of the three entities is evolving, and we do not have a definitive timetable to finalize the respective capital structures. Although a public offering of a portion of the Bausch + Lomb and/or the Solta Medical businesses are among the alternate capital structures being considered, this Form 10-Q does not constitute an offer of any securities of the Bausch + Lomb or Solta Medical entities for sale.

Weighted Average Interest Rate

The weighted average stated rate of interest of the Company's outstanding debt as of September 30, 2021 and December 31, 2020 was 5.91% and 6.02%, respectively.

See Note 10, "FINANCING ARRANGEMENTS" to our unaudited interim Consolidated Financial Statements for further details.

Credit Ratings

As of November 2, 2021, the credit ratings and outlook from Moody's, Standard & Poor's and Fitch for certain outstanding obligations of the Company were as follows:

Rating Agency	Corporate Rating	Senior Secured Rating	Senior Unsecured Rating	Outlook
Moody's	B2	Ba2	B3	Stable
Standard & Poor's	B+	BB	B	Negative
Fitch	B	BB	B	Negative

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

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

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

A substantial portion of our cash requirements for the remainder of 2021 are for debt service. Our other future cash requirements relate to working capital, capital expenditures, business development transactions (contingent consideration), restructuring, integration and separation costs, benefit obligations and litigation settlements. In addition, we may use cash to enter into licensing arrangements and/or to make strategic acquisitions. We are considering further acquisition opportunities within our core therapeutic areas, some of which could be sizable.

In addition to our working capital requirements, as of September 30, 2021, we expect our primary cash requirements during the remainder of 2021 to include:

- *Debt repayments*—As a result of prepayments and a series of refinancing transactions, we have reduced and extended the maturities of a substantial portion of our long-term debt and, as of the date of this filing, have no debt maturities until 2023 and have no mandatory amortization payments. We expect to make interest payments of approximately $360 million during the remainder of 2021 and may also elect to make additional principal payments under certain circumstances. During October 2021, we drew down, net of repayments, $290 million under our 2023 Revolving Credit Facility which we used primarily to make deposits of approximately $300 million, in the aggregate, into escrow funds under the terms of settlement agreements regarding the Glumetza Antitrust Litigation, as discussed below, and to pay interest and other business expenses. Further, in the ordinary course of business, we may borrow and repay other amounts under our 2023 Revolving Credit Facility to meet business needs;

- *IT Infrastructure Investment*—We expect to make payments of approximately $15 million for licensing, maintenance and capitalizable costs associated with our IT infrastructure improvement projects during the remainder of 2021;

- *Capital expenditures*—We expect to make payments of approximately $85 million for property, plant and equipment during the remainder of 2021;

- *Contingent consideration payments*—We expect to make contingent consideration and other development/approval/ sales-based milestone payments of approximately $25 million during the remainder of 2021;

- *Restructuring and integration payments*—We expect to make payments of $3 million during the remainder of 2021 for employee separation costs and lease termination obligations associated with restructuring and integration actions we have taken through September 30, 2021;

- *Benefit obligations*—We expect to make aggregate payments under our pension and postretirement obligations of $4 million during the remainder of 2021; and

- *Litigation Payments* - In the ordinary course of business, the Company is involved in litigation, claims, government inquiries, investigations, charges and proceedings. As of September 30, 2021, the Company's Consolidated Balance Sheet includes accrued current loss contingencies of $2,061 million related to matters which are both probable and reasonably estimable, of which $1,738 million, has been paid or is expected to be payable during the remainder of 2021; however, a reliable estimate of the period in which the remaining loss contingencies will be payable, if ever, cannot be made. The amounts which can be expected to be payable during the remainder of 2021 include inter alia agreements to resolve:

  U.S. Securities Litigation for $1,210 million - The Company reached an agreement to resolve the U.S. Securities Litigation for $1,210 million. Final court approval of this settlement was granted in January 2021 but is subject to an objector's appeal of the Court's final approval order. The settlement resolves and discharges all claims against the Company in the class action. As part of the settlement, the Company and the other settling defendants admitted no liability as to the claims against it and deny all allegations of wrongdoing. This settlement resolves the most significant of the Company's remaining legacy legal matters and eliminates a material uncertainty regarding our Company. As of September 30, 2021, Restricted cash includes $1,210 million of payments into an escrow fund under the terms of a settlement agreement regarding the U.S. Securities Litigation.

  Glumetza Antitrust Litigation for $300 million - The Company reached an agreement in principle on July 26, 2021, to resolve the class plaintiffs' claims in the Glumetza Antitrust Litigation for $300 million, subject to a final settlement agreement and, thereafter, court approval. On September 22, 2021, the court granted preliminary approval of the class settlement agreement. A final settlement approval hearing is scheduled for January 20, 2022. As part of the proposed settlement, the Company admitted no liability as to the claims against it and denies all allegations of wrongdoing. During October 2021, primarily using amounts drawn under our 2023 Revolving Credit Facility, we deposited approximately $300 million into escrow funds under the terms of a settlement agreement regarding the Glumetza Antitrust Litigation.

  See Note 18, "LEGAL PROCEEDINGS" to our unaudited interim Consolidated Financial Statements for further details of this and other matters. Our ability to successfully defend the Company against pending and future litigation may impact future cash flows.

Future Costs of Proposed B+L Separation and Proposed Solta IPO

As previously discussed, the Company has separately announced its intention to: (i) to separate its eye-health business into an independent publicly traded entity, Bausch + Lomb, from the remainder of Bausch Health Companies Inc. and (ii) to conduct an initial public offering of its Solta Medical business. The Company has incurred, and will incur, costs associated

with activities to effectuate the B+L Separation and the Solta IPO. These activities include: (i) separating the Bausch + Lomb and the Solta Medical businesses from the remainder of the Company and (ii) registering the Bausch + Lomb and the Solta Medical businesses as independent publicly traded entities. Separation and IPO costs are incremental costs directly related to the B+L Separation and Solta IPO and include, but are not limited to: (i) legal, audit and advisory fees, (ii) talent acquisition costs and (iii) costs associated with establishing new boards of directors and related board committees for the Bausch + Lomb and Solta Medical entities. The Company has also incurred, and will incur, Separation-related and IPO-related costs which are incremental costs indirectly related to the B+L Separation and Solta IPO. These costs include, but are not limited to: (i) IT infrastructure and software licensing costs, (ii) rebranding costs and (iii) costs associated with facility relocation and/or modification. The Company continues to make progress toward internal objectives necessary for the B+L Separation and the Solta IPO and the extent and timing of future charges for these costs cannot be reasonably estimated at this time and could be material.

Future Cost Savings Programs

We continue to evaluate opportunities to improve our operating results and may initiate additional cost savings programs to streamline our operations and eliminate redundant processes and expenses. These cost savings programs may include, but are not limited to: (i) reducing headcount, (ii) eliminating real estate costs associated with unused or under-utilized facilities and (iii) implementing contribution margin improvement and other cost reduction initiatives. The expenses associated with the implementation of these cost savings programs could be material and may impact our cash flows.

Future Licensing Payments

In the ordinary course of business, the Company may enter into select licensing and collaborative agreements for the commercialization and/or development of unique products primarily in the U.S. and Canada. In connection with these agreements, the Company may pay an upfront fee to secure the agreement. See Note 4, "ACQUISITION, LICENSING AGREEMENTS AND DIVESTITURE" to our unaudited interim Consolidated Financial Statements. Payments associated with the upfront fee for these agreements cannot be reasonably estimated at this time and could be material.

Unrecognized Tax Benefits

As of September 30, 2021, the Company had unrecognized tax benefits totaling $1,117 million, of which, $194 million is expected to be realized during the remainder of 2021, however a reliable estimate of the period in which the remaining uncertain tax positions will be payable, if ever, cannot be made.

There have been no other material changes to the contractual obligations disclosed in Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Off-Balance Sheet Arrangements and Contractual Obligations” included in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC and the CSA on February 24, 2021.

OUTSTANDING SHARE DATA

Our common shares trade on the New York Stock Exchange and the Toronto Stock Exchange under the symbol “BHC”.

At October 28, 2021, we had 359,330,757 issued and outstanding common shares. In addition, as of October 28, 2021, we had outstanding 8,993,149 stock options and 5,304,482 time-based restricted share units that each represent the right of a holder to receive one of the Company’s common shares, and 2,292,902 performance-based restricted share units that represent the right of a holder to receive a number of the Company's common shares up to a specified maximum. A maximum of 3,958,100 common shares could be issued upon vesting of the performance-based restricted share units outstanding.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies and estimates are those policies and estimates that are most important and material to the preparation of our Consolidated Financial Statements, and which require management’s most subjective and complex judgment due to the need to select policies from among alternatives available, and to make estimates about matters that are inherently uncertain. Management has reassessed the critical accounting policies and estimates as disclosed in Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates” included in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC and the CSA on February 24, 2021, and determined that there were no significant changes in our critical accounting policies and estimates during the nine months ended September 30, 2021, except for: (i) estimates and assumptions regarding the nature, timing and extent that the COVID-19 pandemic had on the Company's operations and cash flows as discussed in Note 2, "SIGNIFICANT ACCOUNTING POLICIES" to our unaudited interim Consolidated Financial Statements, (ii) the impact that the current year segment and reporting unit realignments had on the Company’s allocation of goodwill as discussed in

Note 8, "INTANGIBLE ASSETS AND GOODWILL" to our unaudited interim Consolidated Financial Statements, (iii) the estimates associated with the fair value of Ortho Dermatologics reporting unit in testing goodwill for impairment as discussed in Note 8, "INTANGIBLE ASSETS AND GOODWILL" to our unaudited interim Consolidated Financial Statements, (iv) the impact that the COVID-19 pandemic has on the Company's assessment of goodwill as discussed in Note 8, "INTANGIBLE ASSETS AND GOODWILL" to our unaudited interim Consolidated Financial Statements and (v) recently adopted accounting guidance as discussed in Note 2, "SIGNIFICANT ACCOUNTING POLICIES" to our unaudited interim Consolidated Financial Statements.

NEW ACCOUNTING STANDARDS

Adoption of New Accounting Guidance

Information regarding recently issued accounting guidance is contained in Note 2, "SIGNIFICANT ACCOUNTING POLICIES" of notes to our unaudited interim Consolidated Financial Statements.

FORWARD-LOOKING STATEMENTS

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

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

These forward-looking statements relate to, among other things: our business strategy, business plans and prospects and forecasts and changes thereto; product pipeline, prospective products and product approvals, expected launches of new products, product development and future performance and results of current and anticipated products; anticipated revenues for our products; expected R&D and marketing spend; our expected primary cash and working capital requirements for 2021 and beyond; the Company's plans for continued improvement in operational efficiency and the anticipated impact of such plans; our liquidity and our ability to satisfy our debt maturities as they become due; our ability to reduce debt levels; our ability to comply with the financial and other covenants contained in our Restated Credit Agreement, and senior notes indentures; the impact of our distribution, fulfillment and other third-party arrangements; proposed pricing actions; exposure to foreign currency exchange rate changes and interest rate changes; the outcome of contingencies, such as litigation, subpoenas, investigations, reviews, audits and regulatory proceedings; the anticipated impact of the adoption of new accounting standards; general market conditions; our expectations regarding our financial performance, including revenues, expenses, gross margins and income taxes; our impairment assessments, including the assumptions used therein and the results thereof; the anticipated impact of the evolving COVID-19 pandemic and related responses from governments and private sector participants on the Company, its supply chain, third-party suppliers, project development timelines, costs, revenues, margins, liquidity and financial condition, the anticipated timing, speed and magnitude of recovery from these COVID-19 pandemic related impacts and the Company's planned actions and responses to this pandemic; the Company's plan to separate its eye health business, including the structure and timing of completing such separation transaction; and the proposed IPO of the Company's Solta aesthetic medical device business, including the timing of such IPO.

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

- the risks and uncertainties caused by or relating to the evolving COVID-19 pandemic, the fear of that pandemic, the availability and effectiveness of vaccines for COVID-19 (including with respect to current or future variants), COVID-19 vaccine immunization rates, the emergence of variant strains of COVID-19, the evolving reaction of

governments, private sector participants and the public to that pandemic, and the potential effects and economic impact of the pandemic and the reaction to it, the severity, duration and future impact of which are highly uncertain and cannot be predicted, and which may have a significant adverse impact on the Company, including, but not limited, to its supply chain, third-party suppliers, project development timelines, employee base, liquidity, stock price, financial condition and costs (which may increase) and revenue and margins (both of which may decrease);

- with respect to the proposed separation of the Company's eye health business, the risks and uncertainties include, but are not limited to, the expected benefits and costs of the separation transaction, the expected timing of completion of the separation transaction and its terms (including the Company's expectation that it will launch the IPO of the Bausch + Lomb entity as early as thirty days subsequent to the IPO of the Company's Solta aesthetic medical device business, subject to market conditions and receipt of regulatory, stock exchange and other approvals and the Company's expectation that the separation transaction will be completed following the expiry of customary lock-ups and achievement of targeted debt leverage ratios, subject to receipt of applicable shareholder and other necessary approvals), the Company's ability to complete the separation transaction considering the various conditions to the completion of the separation transaction (some of which are outside the Company's control, including conditions related to regulatory matters and a possible shareholder vote, if applicable), that market or other conditions are no longer favorable to completing the transaction, that any shareholder, stock exchange, regulatory or other approval (if required) is not obtained on the terms or timelines anticipated or at all, business disruption during the pendency of or following the separation transaction, diversion of management time on separation transaction-related issues, retention of existing management team members, the reaction of customers and other parties to the separation transaction, the qualification of the separation transaction as a tax-free transaction for Canadian and/or U.S. federal income tax purposes (including whether or not an advance ruling from either or both of the Canada Revenue Agency and the Internal Revenue Service will be sought or obtained), potential dissynergy costs resulting from the separation transaction, the impact of the separation transaction on relationships with customers, suppliers, employees and other business counterparties, general economic conditions, conditions in the markets the Company is engaged in, behavior of customers, suppliers and competitors, technological developments, as well as legal and regulatory rules affecting the Company's business;

- with respect to the proposed IPO of the Company's Solta aesthetic medical device business, the risks and uncertainties include, but are not limited to, risks relating to the expected timing of completion of such transaction (including the Company's expectation that it will launch such IPO as early as December 2021 or January 2022, subject to market conditions and receipt of regulatory, stock exchange and other approvals) and the Company's ability to complete such transaction, that market or other conditions are no longer favorable to completing the transaction on a timely basis or at all, the receipt of (or failure to receive) any shareholder, stock exchange, regulatory and other approvals required in connection with the transaction and the timing of receipt of such approvals, business disruption during the pendency of or following such transaction, diversion of management time on transaction-related issues, retention of Solta aesthetic medical device management team members, the reaction of customers and other parties to such transaction, the impact of such transaction on relationships with customers, suppliers, employees and other business counterparties, and other events that could adversely impact the completion of such transaction, including industry or economic conditions outside of Bausch Health's control. In particular, the Company can offer no assurance that any IPO will occur at all, or that any such transaction will occur on the timelines anticipated by the Company;

- the expense, timing and outcome of legal and governmental proceedings, investigations and information requests relating to, among other matters, our past distribution, marketing, pricing, disclosure and accounting practices (including with respect to our former relationship with Philidor), including a number of pending non-class securities litigations (including certain pending opt-out actions in the U.S. related to the previously settled securities class action (which remains subject to an objector's appeal of the Court's final approval order) and certain opt-out actions in Canada relating to the recently settled class action in Canada) and purported class actions under the federal *Racketeer Influenced Corrupt Organizations Act* (the settlement of which remains subject to final court approval) and other claims, investigations or proceedings that may be initiated or that may be asserted;

- potential additional litigation and regulatory investigations (and any costs, expenses, use of resources, diversion of management time and efforts, liability and damages that may result therefrom), negative publicity and reputational harm on our Company, products and business that may result from the past and ongoing public scrutiny of our past distribution, marketing, pricing, disclosure and accounting practices and from our former relationship with Philidor;

- the past and ongoing scrutiny of our legacy business practices, including with respect to pricing, and any pricing controls or price adjustments that may be sought or imposed on our products as a result thereof;

- pricing decisions that we have implemented, or may in the future elect to implement, such as the Patient Access and Pricing Committee's commitment that the average annual price increase for our branded prescription pharmaceutical

products will be set at no greater than single digits, or any future pricing actions we may take following review by our Patient Access and Pricing Committee (which is responsible for the pricing of our drugs);

- legislative or policy efforts, including those that may be introduced and passed by the U.S. Congress, designed to reduce patient out-of-pocket costs for medicines, which could result in new mandatory rebates and discounts or other pricing restrictions, controls or regulations (including mandatory price reductions);
- ongoing oversight and review of our products and facilities by regulatory and governmental agencies, including periodic audits by the FDA and equivalent agencies outside of the U.S. and the results thereof;
- actions by the FDA or other regulatory authorities with respect to our products or facilities;
- compliance with the legal and regulatory requirements of our marketed products;
- our substantial debt (and potential additional future indebtedness) and current and future debt service obligations, our ability to reduce our outstanding debt levels and the resulting impact on our financial condition, cash flows and results of operations;
- our ability to comply with the financial and other covenants contained in our Restated Credit Agreement, senior notes indentures, 2023 Revolving Credit Facility and other current or future debt agreements and the limitations, restrictions and prohibitions such covenants impose or may impose on the way we conduct our business, including prohibitions on incurring additional debt if certain financial covenants are not met, limitations on the amount of additional obligations we are able to incur pursuant to other covenants, our ability to draw under our 2023 Revolving Credit Facility and restrictions on our ability to make certain investments and other restricted payments;
- any default under the terms of our senior notes indentures or Restated Credit Agreement and our ability, if any, to cure or obtain waivers of such default;
- any downgrade by rating agencies in our credit ratings, which may impact, among other things, our ability to raise debt and the cost of capital for additional debt issuances;
- any reductions in, or changes in the assumptions used in, our forecasts for fiscal year 2021 or beyond, including as a result of the impacts of the COVID-19 pandemic on our business and operations, which could lead to, among other things: (i) a failure to meet the financial and/or other covenants contained in our Restated Credit Agreement and/or senior notes indentures and/or (ii) impairment in the goodwill associated with certain of our reporting units or impairment charges related to certain of our products or other intangible assets, which impairments could be material;
- changes in the assumptions used in connection with our impairment analyses or assessments, which would lead to a change in such impairment analyses and assessments and which could result in an impairment in the goodwill associated with any of our reporting units or impairment charges related to certain of our products or other intangible assets;
- the uncertainties associated with the acquisition and launch of new products, assets and businesses, including, but not limited to, our ability to provide the time, resources, expertise and funds required for the commercial launch of new products, the acceptance and demand for new products, and the impact of competitive products and pricing, which could lead to material impairment charges;
- our ability or inability to extend the profitable life of our products, including through line extensions and other life-cycle programs;
- our ability to retain, motivate and recruit executives and other key employees;
- our ability to implement effective succession planning for our executives and key employees;
- factors impacting our ability to stabilize and reposition our Ortho Dermatologics business to generate additional value, including the success of recently launched products and the approval of pipeline products (and the timing of such approvals);
- factors impacting our ability to achieve anticipated revenues for our products, including changes in anticipated marketing spend on such products and launch of competing products;
- factors impacting our ability to achieve anticipated market acceptance for our products, including acceptance of the pricing, effectiveness of promotional efforts, reputation of our products and launch of competing products;

- the challenges and difficulties associated with managing a large complex business, which has, in the past, grown rapidly;
- our ability to compete against companies that are larger and have greater financial, technical and human resources than we do, as well as other competitive factors, such as technological advances achieved, patents obtained and new products introduced by our competitors;
- our ability to effectively operate and grow our businesses in light of the challenges that the Company has faced and market conditions, including with respect to its substantial debt, pending investigations and legal proceedings, scrutiny of our past pricing and other practices, limitations on the way we conduct business imposed by the covenants contained in our Restated Credit Agreement, senior notes indentures and the agreements governing our other indebtedness, and the impacts of the COVID-19 pandemic;
- the extent to which our products are reimbursed by government authorities, pharmacy benefit managers ("PBMs") and other third-party payors; the impact our distribution, pricing and other practices may have on the decisions of such government authorities, PBMs and other third-party payors to reimburse our products; and the impact of obtaining or maintaining such reimbursement on the price and sales of our products;
- the inclusion of our products on formularies or our ability to achieve favorable formulary status, as well as the impact on the price and sales of our products in connection therewith;
- the consolidation of wholesalers, retail drug chains and other customer groups and the impact of such industry consolidation on our business;
- our ability to maintain strong relationships with physicians and other healthcare professionals;
- our eligibility for benefits under tax treaties and the continued availability of low effective tax rates for the business profits of certain of our subsidiaries;
- the implementation of the Organisation for Economic Co-operation and Development inclusive framework on Base Erosion and Profit Shifting, including the proposed global minimum corporate tax rate, by the countries in which we operate;
- the actions of our third-party partners or service providers of research, development, manufacturing, marketing, distribution or other services, including their compliance with applicable laws and contracts, which actions may be beyond our control or influence, and the impact of such actions on our Company;
- the risks associated with the international scope of our operations, including our presence in emerging markets and the challenges we face when entering and operating in new and different geographic markets (including the challenges created by new and different regulatory regimes in such countries and the need to comply with applicable anti-bribery and economic sanctions laws and regulations);
- adverse global economic conditions and credit markets and foreign currency exchange uncertainty and volatility in certain of the countries in which we do business;
- the impact of the United States-Mexico-Canada Agreement and any potential changes to other trade agreements;
- the trade conflict between the United States and China;
- our ability to obtain, maintain and license sufficient intellectual property rights over our products and enforce and defend against challenges to such intellectual property;
- the introduction of generic, biosimilar or other competitors of our branded products and other products, including the introduction of products that compete against our products that do not have patent or data exclusivity rights;
- our ability to identify, finance, acquire, close and integrate acquisition targets successfully and on a timely basis and the difficulties, challenges, time and resources associated with the integration of acquired companies, businesses and products;
- any divestitures of our assets or businesses and our ability to successfully complete any such divestitures on commercially reasonable terms and on a timely basis, or at all, and the impact of any such divestitures on our Company, including the reduction in the size or scope of our business or market share, loss of revenue, any loss on sale, including any resultant impairments of goodwill or other assets, or any adverse tax consequences suffered as a result of any such divestitures;

- the expense, timing and outcome of pending or future legal and governmental proceedings, arbitrations, investigations, subpoenas, tax and other regulatory audits, examinations, reviews and regulatory proceedings against us or relating to us and settlements thereof;
- our ability to negotiate the terms of or obtain court approval for the settlement of certain legal and regulatory proceedings;
- our ability to obtain components, raw materials or finished products supplied by third parties (some of which may be single-sourced) and other manufacturing and related supply difficulties, interruptions and delays;
- the disruption of delivery of our products and the routine flow of manufactured goods;
- economic factors over which the Company has no control, including changes in inflation, interest rates, foreign currency rates, and the potential effect of such factors on revenues, expenses and resulting margins;
- interest rate risks associated with our floating rate debt borrowings;
- our ability to effectively distribute our products and the effectiveness and success of our distribution arrangements;
- our ability to effectively promote our own products and those of our co-promotion partners;
- the success of our fulfillment arrangements with Walgreens, including market acceptance of, or market reaction to, such arrangements (including by customers, doctors, patients, PBMs, third-party payors and governmental agencies), and the continued compliance of such arrangements with applicable laws;
- our ability to secure and maintain third-party research, development, manufacturing, licensing, marketing or distribution arrangements;
- the risk that our products could cause, or be alleged to cause, personal injury and adverse effects, leading to potential lawsuits, product liability claims and damages and/or recalls or withdrawals of products from the market;
- the mandatory or voluntary recall or withdrawal of our products from the market and the costs associated therewith;
- the availability of, and our ability to obtain and maintain, adequate insurance coverage and/or our ability to cover or insure against the total amount of the claims and liabilities we face, whether through third-party insurance or self-insurance;
- our indemnity agreements, which may result in an obligation to indemnify or reimburse the relevant counterparty, which amounts may be material;
- the difficulty in predicting the expense, timing and outcome within our legal and regulatory environment, including with respect to approvals by the FDA, Health Canada, European Medicines Agency ("EMA") and similar agencies in other countries, legal and regulatory proceedings and settlements thereof, the protection afforded by our patents and other intellectual and proprietary property, successful generic challenges to our products and infringement or alleged infringement of the intellectual property of others;
- the results of continuing safety and efficacy studies by industry and government agencies;
- the success of preclinical and clinical trials for our drug development pipeline or delays in clinical trials that adversely impact the timely commercialization of our pipeline products, as well as other factors impacting the commercial success of our products, which could lead to material impairment charges;
- uncertainties around the successful improvement and modification of our existing products and development of new products, which may require significant expenditures and efforts;
- the results of management reviews of our research and development portfolio (including following the receipt of clinical results or feedback from the FDA or other regulatory authorities), which could result in terminations of specific projects which, in turn, could lead to material impairment charges;
- the seasonality of sales of certain of our products;
- declines in the pricing and sales volume of certain of our products that are distributed or marketed by third parties, over which we have no or limited control;
- compliance by the Company or our third-party partners and service providers (over whom we may have limited influence), or the failure of our Company or these third parties to comply, with health care "fraud and abuse" laws and other extensive regulation of our marketing, promotional and business practices (including with respect to

pricing), worldwide anti-bribery laws (including the U.S. Foreign Corrupt Practices Act and the Canadian Corruption of Foreign Public Officials Act), worldwide economic sanctions and/or export laws, worldwide environmental laws and regulation and privacy and security regulations;

- the impacts of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 and potential amendment thereof and other legislative and regulatory health care reforms in the countries in which we operate, including with respect to recent government inquiries on pricing;
- the impact of any changes in or reforms to the legislation, laws, rules, regulation and guidance that apply to the Company and its businesses and products or the enactment of any new or proposed legislation, laws, rules, regulations or guidance that will impact or apply to the Company or its businesses or products;
- the impact of changes in federal laws and policy that may be undertaken under the Biden administration;
- illegal distribution or sale of counterfeit versions of our products;
- interruptions, breakdowns or breaches in our information technology systems; and
- risks in Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020, filed on February 24, 2021, risks in Item 1A. "Risk Factors" of Part II of our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021, filed on August 3, 2021, and risks detailed from time to time in our other filings with the SEC and the Canadian Securities Administrators (the "CSA"), as well as our ability to anticipate and manage the risks associated with the foregoing.

Additional information about these factors and about the material factors or assumptions underlying such forward-looking statements may be found in our Annual Report on Form 10-K for the year ended December 31, 2020, filed on February 24, 2021, under Item 1A. "Risk Factors", in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021, filed on August 3, 2021, under Item 1A. "Risk Factors" of Part II and in the Company's other filings with the SEC and the CSA. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. These forward-looking statements speak only as of the date made. We undertake no obligation to update or revise any of these forward-looking statements to reflect events or circumstances after the date of this Form 10-Q or to reflect actual outcomes, except as required by law. We caution that, as it is not possible to predict or identify all relevant factors that may impact forward-looking statements, the foregoing list of important factors that may affect future results is not exhaustive and should not be considered a complete statement of all potential risks and uncertainties.

In early 2019, we began providing our estimates regarding the Company's three year compound annual growth rate ("CAGR") for the 2019 to 2022 period on both a revenue and adjusted EBITDA (non-GAAP) basis. However, subsequent to that, we announced our intention to separate our eye health business from the remainder of the Company and to complete the IPO of Solta Medical. We have made significant progress towards achieving these goals, including the sale of Amoun (which we completed in the third quarter of 2021), and, as announced, subject to market conditions, and receipt of regulatory, stock exchange and other approvals, we now believe that the IPOs of both Solta Medical and the Bausch + Lomb entity will occur in the near term. As a result, given these fundamental changes (which changes have already resulted in separation costs and have the potential for further incremental costs, including as a result of dissynergies), at this time, we no longer believe that our long-term CAGR estimates represent a meaningful metric for the performance of the Company or its businesses and, as such, we do not expect to provide long-term CAGR estimates for the Company going forward.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Other than as indicated below under "— Interest Rate Risk", there have been no material changes to our exposures to market risks as disclosed in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations — Quantitative and Qualitative Disclosures About Market Risks" included in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC and the CSA on February 24, 2021.

Interest Rate Risk

As of September 30, 2021, we had $18,762 million and $3,823 million principal amount of issued fixed rate debt and variable rate debt, respectively. The estimated fair value of our issued fixed rate debt as of September 30, 2021 was $18,918 million. If interest rates were to increase by 100 basis-points, the fair value of our issued fixed rate debt would decrease by approximately $526 million. If interest rates were to decrease by 100 basis-points, the fair value of our issued fixed rate debt would increase by approximately $485 million. We are subject to interest rate risk on our variable rate debt as changes in interest rates could adversely affect earnings and cash flows. A 100 basis-points increase in interest rates would have an annualized pre-tax effect of approximately $38 million in our Consolidated Statements of Operations and Cash

Flows, based on current outstanding borrowings and effective interest rates on our variable rate debt. While our variable-rate debt may impact earnings and cash flows as interest rates change, it is not subject to changes in fair value.

Inflation Risk

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

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), has evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2021. Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of September 30, 2021.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal controls over financial reporting that occurred during the three months ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.