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

FORM 10-Q

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

**For the Quarterly Period Ended June 30, 2022
OR**

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

For the transition period from _____ to _____

Commission File Number: 001-14956

Bausch Health Companies Inc.

(Exact name of registrant as specified in its charter)

British Columbia , Canada

(State or other jurisdiction of incorporation or organization)

98-0448205

(I.R.S. Employer Identification No.)

2150 St. Elzéar Blvd. West, Laval, Québec, Canada H7L 4A8

(Address of Principal Executive Offices) (Zip Code)

(514) 744-6792

(Registrant's telephone number, including area code)

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

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

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

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

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

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

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

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

Common shares, no par value — 361,728,490 shares outstanding as of August 4, 2022.

BAUSCH HEALTH COMPANIES INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2022

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BAUSCH HEALTH COMPANIES INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2022

Introductory Note

Except where the context otherwise requires, all references in this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022 (this “Form 10-Q”) to the “Company”, “we”, “us”, “our” or similar words or phrases are to Bausch Health Companies Inc. and its subsidiaries, taken together. In this Form 10-Q, references to “\$” are to United States (“U.S.”) dollars, references to “€” are to euros and references to “CAD” are to Canadian dollars. Unless otherwise indicated, the statistical and financial data contained in this Form 10-Q are presented as of June 30, 2022.

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 research and development (“R&D”) and marketing spend; our expected primary cash and working capital requirements for 2022 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 Fourth Amended and Restated Credit and Guaranty Agreement dated as of June 1, 2018 (the “Restated Credit Agreement”), as amended by the First Incremental Amendment to the Restated Credit Agreement, dated as of November 27, 2018 (the “2018 Restated Credit Agreement”) and the Second Amendment (the “Second Amendment”) to the 2018 Restated Credit Agreement, dated as of May 10, 2022 (as so amended, and as may be further amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, the “2022 Amended Credit Agreement”), and senior notes indentures; the ability of our subsidiary, Bausch + Lomb Corporation (“Bausch + Lomb”), to comply with the financial and other covenants contained in its Credit and Guaranty Agreement (the “B+L Credit Agreement”, and the credit facilities thereunder, the “B+L Credit Facilities”), dated as of May 10, 2022; 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 anticipated impact from the ongoing conflict between Russia and Ukraine; and the Company’s plan to separate its eye health business, including the structure and timing of completing such separation transaction.

Forward-looking statements can generally be identified by the use of words such as “believe”, “anticipate”, “expect”, “intend”, “estimate”, “plan”, “continue”, “will”, “may”, “could”, “would”, “should”, “target”, “potential”, “opportunity”, “designed”, “create”, “predict”, “project”, “forecast”, “seek”, “strive”, “ongoing”, “decrease” or “increase” and variations or other similar expressions. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances are forward-looking statements. These forward-looking statements may not be appropriate for other purposes. 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 and subvariants), COVID-19 vaccine immunization rates, the emergence of variant and subvariant strains of COVID-19, the resurgence of the COVID-19 virus and variant and subvariant strains thereof (including, but not limited to, the recent resurgence of COVID-19 cases) and any resulting reinstitution of lockdowns and other restrictions, 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, costs (which may increase) and revenue and margins (both of which may decrease);*
- *the challenges the Company faces as a result of the closing of the initial public offering (“IPO”) of Bausch + Lomb (the “B+L IPO”), including the transitional services being provided by and to Bausch + Lomb, any potential, actual or perceived conflict of interest of some of our directors and officers because of their equity ownership in Bausch + Lomb and/or because they also serve as directors or officers of Bausch + Lomb and our ability to timely consolidate the financial results of the Bausch + Lomb business;*
- *with respect to the Company's proposed plan to spinoff Bausch + Lomb, the risks and uncertainties include, but are not limited to, the expected benefits and costs of the spinoff, the expected timing of completion of the spinoff and its terms (including the Company's expectation that the spinoff will be completed following the expiry of customary lock-ups related to the B+L IPO and achievement of targeted debt leverage ratios, subject to receipt of applicable shareholder and other necessary approvals), the Company's ability to complete the spinoff considering the various conditions to the completion of the spinoff (some of which are outside the Company's control, including conditions related to regulatory matters and applicable shareholder and stock exchange approvals), that market or other conditions are no longer favorable to completing the spinoff, that the previously announced planned IPO of the Company's aesthetics medical device business, Global Solta (the “Solta IPO”) has been suspended, that the Norwich Legal Decision (see “Xifaxan® Paragraph IV Proceedings” of Note 18, “LEGAL PROCEEDINGS” to our unaudited interim Consolidated Financial Statements) may affect the timing of, or our ability to complete the B+L Separation, that applicable shareholder, stock exchange, regulatory or other approvals is not obtained on the terms or timelines anticipated or at all, business disruption during the pendency of, or following, the spinoff, 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 the Canada Revenue Agency and/or the Internal Revenue Service will be sought or obtained), the ability of the Company and the separated entity to satisfy the conditions required to maintain the tax-free status of the spinoff (some of which are beyond their control), other potential tax or other liabilities that may arise as a result of the spinoff, the potential dissynergy costs resulting from the spinoff, the impact of the spinoff on relationships with customers, suppliers, employees and other business counterparties, general economic conditions, conditions in the markets the Company is engaged in, behavior of customers, suppliers and competitors, technological developments, as well as legal and regulatory rules affecting the Company's business. In particular, the Company can offer no assurance that any spinoff will occur at all, or that any such transaction will occur on the timelines anticipated by the Company;*
- *ongoing litigation and potential additional litigation, claims, challenges and/or regulatory investigations challenging or otherwise relating to the B+L IPO and the spinoff and the costs, expenses, use of resources, diversion of management time and efforts, liability and damages that may result therefrom;*
- *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 Rx Services, LLC (“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 petition for rehearing of its appeal of the Court's final approval order) and certain opt-out actions in Canada relating to the recently settled class action in Canada), certain pending lawsuits 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 historic practice of limiting the average annual price increase for our branded prescription pharmaceutical products to single digits, or any future pricing actions we may take in 2022 or beyond 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 U.S. Food and Drug Administration (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 senior notes indentures, the 2027 Revolving Credit Facility (as defined below), the 2022 Amended Credit Agreement, the B+L Credit Agreement and other current or future credit and/or debt agreements, including the ability of Bausch + Lomb to comply with its covenants and obligations under the B+L Credit Agreement, 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 2027 Revolving Credit Facility, Bausch + Lomb's ability to draw down under the revolving credit facility under the B+L Credit Agreement and restrictions on our ability to make certain investments and other restricted payments;*
- any default under the terms of our senior notes indentures or the 2022 Amended Credit Agreement (and other current or future credit and/or debt agreements) 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 2022 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 the 2022 Amended Credit Agreement, senior notes indentures and/or the B+L Credit Agreement (and other current or future credit and/or debt agreements) 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 directors, 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 2022 Amended Credit Agreement, the B+L Credit Agreement, our 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; the impact of obtaining or maintaining such reimbursement on the price and sales of our products; and the launch and implementation of any new pharma-care or dental-care program or related spending by the Canadian federal government;*
- *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 availability of low effective tax rates for the business profits of certain of our subsidiaries;*
- *the implementation of the Organisation for Economic Co-operation and Development Inclusive Framework on Base Erosion and Profit Shifting, including the global minimum corporate tax rate, by the countries in which we operate;*
- *the outcome of any audits by taxation authorities, which outcomes may differ from the estimates and assumptions that we may use in determining our consolidated tax provisions and accruals;*
- *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, including rates of inflation, and credit markets and foreign currency exchange uncertainty and volatility in certain of the countries in which we do business;*
- *the trade conflict between the U.S. and China;*
- *the impact of the ongoing conflict between Russia and Ukraine and the export controls, sanctions and other restrictive actions that have been or may be imposed by the U.S., Canada and other countries against governmental and other entities in Russia, Belarus and parts of Ukraine;*

- *the impact of the United States-Mexico-Canada Agreement (“USMCA”) and any potential changes to other trade agreements;*
- *our ability to obtain, maintain and license sufficient intellectual property rights over our products and enforce and defend against challenges to such intellectual property (such as in connection with the filing by Norwich Pharmaceuticals Inc. (“Norwich”) of its Abbreviated New Drug Application (“ANDA”) for Xifaxan[®] (rifaximin) 550 mg tablets and the Company’s related lawsuit filed against Norwich in connection therewith) and the impact of the Norwich matter on, among other things, our business results, financial results, and the proposed separation of B+L;*
- *our ability to successfully appeal the decision of the U.S. District Court for the District of Delaware in the Company’s lawsuit against Norwich in connection with Norwich’s ANDA and challenge Norwich’s ability to achieve a modified ANDA that avoids an injunction [expected to be issued] by the District Court and omits the Xifaxan[®] hepatic encephalopathy (“HE”) indication and HE safety data;*
- *the fact that a substantial amount of our revenues are derived from the Xifaxan[®] product line, and that we may be materially impacted by the entry of a generic rifaximin product earlier than January 2028;*
- *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 Walgreen Co., 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 current administration;*
- *illegal distribution or sale of counterfeit versions of our products;*
- *any plans for the Company's aesthetic medical business;*
- *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, 2021, filed on February 23, 2022, risks under Item 1A. “Risk Factors” of Part II of this Form 10-Q and risks detailed from time to time in our other filings with the U.S. Securities and Exchange Commission (“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, 2021, filed on February 23, 2022, under Item 1A. “Risk Factors”, under Item 1A. “Risk Factors” of Part II of this Form 10-Q and in the Company’s other filings with the SEC and the CSA. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. These forward-looking statements speak only as of the date made. We undertake no obligation to update or

revise any of these forward-looking statements to reflect events or circumstances after the date of this Form 10-Q or to reflect actual outcomes, except as required by law. We caution that, as it is not possible to predict or identify all relevant factors that may impact forward-looking statements, the foregoing list of important factors that may affect future results is not exhaustive and should not be considered a complete statement of all potential risks and uncertainties.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

BAUSCH HEALTH COMPANIES INC.
CONSOLIDATED BALANCE SHEETS
(in millions, except share amounts)
(Unaudited)

	June 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 659	\$ 582
Restricted cash and other settlement deposits	1,220	1,537
Trade receivables, net	1,645	1,775
Inventories, net	1,073	993
Prepaid expenses and other current assets	820	720
Total current assets	5,417	5,607
Property, plant and equipment, net	1,545	1,598
Intangible assets, net	6,322	6,948
Goodwill	12,266	12,457
Deferred tax assets, net	2,283	2,252
Other non-current assets	338	340
Total assets	<u>\$ 28,171</u>	<u>\$ 29,202</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 536	\$ 407
Accrued and other current liabilities	4,311	4,791
Current portion of long-term debt	150	—
Total current liabilities	4,997	5,198
Acquisition-related contingent consideration	188	202
Non-current portion of long-term debt	21,664	22,654
Deferred tax liabilities, net	545	529
Other non-current liabilities	524	653
Total liabilities	<u>27,918</u>	<u>29,236</u>
Commitments and contingencies (Note 18)		
Equity (Deficit)		
Common shares, no par value, unlimited shares authorized, 361,571,921 and 359,405,748 issued and outstanding at June 30, 2022 and December 31, 2021, respectively	10,380	10,317
Additional paid-in capital	104	462
Accumulated deficit	(9,175)	(8,961)
Accumulated other comprehensive loss	(2,002)	(1,924)
Total Bausch Health Companies Inc. shareholders' deficit	(693)	(106)
Noncontrolling interest	946	72
Total equity (deficit)	253	(34)
Total liabilities and equity (deficit)	<u>\$ 28,171</u>	<u>\$ 29,202</u>

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

BAUSCH HEALTH COMPANIES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues				
Product sales	\$ 1,947	\$ 2,076	\$ 3,845	\$ 4,079
Other revenues	20	24	40	48
	<u>1,967</u>	<u>2,100</u>	<u>3,885</u>	<u>4,127</u>
Expenses				
Cost of goods sold (excluding amortization and impairments of intangible assets)	570	604	1,113	1,168
Cost of other revenues	7	8	15	18
Selling, general and administrative	676	685	1,298	1,291
Research and development	127	115	254	227
Amortization of intangible assets	302	360	612	717
Goodwill impairments	83	—	83	469
Asset impairments, including loss on assets held for sale	6	47	14	195
Restructuring, integration, separation and IPO costs	35	9	48	21
Other expense, net	—	542	2	512
	<u>1,806</u>	<u>2,370</u>	<u>3,439</u>	<u>4,618</u>
Operating income (loss)	161	(270)	446	(491)
Interest income	3	2	5	4
Interest expense	(410)	(364)	(772)	(732)
Gain (loss) on extinguishment of debt	113	(45)	113	(50)
Foreign exchange and other	4	7	(3)	8
Loss before income taxes	(129)	(670)	(211)	(1,261)
(Provision for) benefit from income taxes	(10)	77	6	61
Net loss	(139)	(593)	(205)	(1,200)
Net income attributable to noncontrolling interest	(6)	(2)	(9)	(5)
Net loss attributable to Bausch Health Companies Inc.	<u>\$ (145)</u>	<u>\$ (595)</u>	<u>\$ (214)</u>	<u>\$ (1,205)</u>
Basic and diluted loss per share attributable to Bausch Health Companies Inc.				
	<u>\$ (0.40)</u>	<u>\$ (1.66)</u>	<u>\$ (0.59)</u>	<u>\$ (3.37)</u>
Basic and diluted weighted-average common shares				
	<u>362.2</u>	<u>359.1</u>	<u>361.5</u>	<u>358.0</u>

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

BAUSCH HEALTH COMPANIES INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in millions)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net loss	\$ (139)	\$ (593)	\$ (205)	\$ (1,200)
Other comprehensive (loss) income				
Foreign currency translation adjustment	(166)	76	(222)	(48)
Pension and postretirement benefit plan adjustments, net of income taxes	1	(1)	7	—
Other comprehensive (loss) income	(165)	75	(215)	(48)
Comprehensive loss	(304)	(518)	(420)	(1,248)
Comprehensive income attributable to noncontrolling interest	(6)	(3)	(9)	(6)
Comprehensive loss attributable to Bausch Health Companies Inc.	<u>\$ (310)</u>	<u>\$ (521)</u>	<u>\$ (429)</u>	<u>\$ (1,254)</u>

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

BAUSCH HEALTH COMPANIES INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)
(in millions)
(Unaudited)

Bausch Health Companies Inc. Shareholders' Deficit								
	<u>Common Shares</u>		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Bausch Health Companies Inc. Shareholders' Deficit	Non- controlling Interest	Total Equity (Deficit)
	Shares	Amount						
Three Months Ended June 30, 2022								
Balances, April 1, 2022	361.3	\$10,373	\$ 415	\$ (9,030)	\$ (1,974)	\$ (216)	\$ 75	\$ (141)
Proceeds from B+L initial public offering, net of costs (Note 2)			(327)		137	(190)	865	675
Common shares issued under share-based compensation plans	0.3	7	(6)	—	—	1	—	1
Share-based compensation	—	—	26	—	—	26	—	26
Employee withholding taxes related to share-based awards	—	—	(4)	—	—	(4)	—	(4)
Net (loss) income	—	—	—	(145)	—	(145)	6	(139)
Other comprehensive loss	—	—	—	—	(165)	(165)	—	(165)
Balances, June 30, 2022	<u>361.6</u>	<u>\$10,380</u>	<u>\$ 104</u>	<u>\$ (9,175)</u>	<u>\$ (2,002)</u>	<u>\$ (693)</u>	<u>\$ 946</u>	<u>\$ 253</u>
Three Months Ended June 30, 2021								
Balances, April 1, 2021	358.1	\$10,289	\$ 393	\$ (8,623)	\$ (2,256)	\$ (197)	\$ 73	\$ (124)
Common shares issued under share-based compensation plans	0.6	11	(7)	—	—	4	—	4
Share-based compensation	—	—	31	—	—	31	—	31
Employee withholding taxes related to share-based awards	—	—	(4)	—	—	(4)	—	(4)
Net (loss) income	—	—	—	(595)	—	(595)	2	(593)
Other comprehensive income	—	—	—	—	74	74	1	75
Balances, June 30, 2021	<u>358.7</u>	<u>\$10,300</u>	<u>\$ 413</u>	<u>\$ (9,218)</u>	<u>\$ (2,182)</u>	<u>\$ (687)</u>	<u>\$ 76</u>	<u>\$ (611)</u>
Six Months Ended June 30, 2022								
Balances, January 1, 2022	359.4	\$10,317	\$ 462	\$ (8,961)	\$ (1,924)	\$ (106)	\$ 72	\$ (34)
Proceeds from B+L initial public offering, net of costs (Note 2)	—	—	(327)	—	137	(190)	865	675
Common shares issued under share-based compensation plans	2.2	63	(60)	—	—	3	—	3
Share-based compensation	—	—	58	—	—	58	—	58
Employee withholding taxes related to share-based awards	—	—	(29)	—	—	(29)	—	(29)
Net (loss) income	—	—	—	(214)	—	(214)	9	(205)
Other comprehensive loss	—	—	—	—	(215)	(215)	—	(215)
Balances, June 30, 2022	<u>361.6</u>	<u>\$10,380</u>	<u>\$ 104</u>	<u>\$ (9,175)</u>	<u>\$ (2,002)</u>	<u>\$ (693)</u>	<u>\$ 946</u>	<u>\$ 253</u>
Six Months Ended June 30, 2021								
Balances, January 1, 2021	355.4	\$10,227	\$ 454	\$ (8,013)	\$ (2,133)	\$ 535	\$ 70	\$ 605
Common shares issued under share-based compensation plans	3.3	73	(58)	—	—	15	—	15
Share-based compensation	—	—	62	—	—	62	—	62
Employee withholding taxes related to share-based awards	—	—	(45)	—	—	(45)	—	(45)
Net (loss) income	—	—	—	(1,205)	—	(1,205)	5	(1,200)
Other comprehensive (loss) income	—	—	—	—	(49)	(49)	1	(48)
Balances, June 30, 2021	<u>358.7</u>	<u>\$10,300</u>	<u>\$ 413</u>	<u>\$ (9,218)</u>	<u>\$ (2,182)</u>	<u>\$ (687)</u>	<u>\$ 76</u>	<u>\$ (611)</u>

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

BAUSCH HEALTH COMPANIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(Unaudited)

	Six Months Ended June 30,	
	2022	2021
Cash Flows From Operating Activities		
Net loss	\$ (205)	\$ (1,200)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization of intangible assets	699	807
Amortization and write-off of debt premiums, discounts and issuance costs	64	25
Asset impairments, including loss on assets held for sale	14	195
Goodwill impairments	83	469
Acquisition-related contingent consideration	(2)	—
Allowances for losses on trade receivable and inventories	19	35
Deferred income taxes	(99)	(120)
Net gain on sale of assets	(3)	(23)
Adjustments to accrued legal settlements	7	532
Payments of accrued legal settlements	(360)	(129)
Share-based compensation	58	62
Foreign exchange loss	—	7
Gain excluded from hedge effectiveness	—	(11)
(Gain) loss on extinguishment of debt	(113)	50
Payments of contingent consideration adjustments, including accretion	(1)	(8)
Other	4	(24)
Changes in operating assets and liabilities:		
Trade receivables	107	(48)
Inventories	(138)	(47)
Prepaid expenses and other current assets	(48)	21
Accounts payable, accrued and other liabilities	(26)	245
Net cash provided by operating activities	<u>60</u>	<u>838</u>
Cash Flows From Investing Activities		
Purchases of property, plant and equipment	(98)	(128)
Payments for intangible and other assets	(15)	(4)
Purchases of marketable securities	(14)	(11)
Proceeds from sale of marketable securities	13	8
Proceeds from sale of assets and businesses, net of costs to sell	—	25
Interest settlements from cross-currency swaps	—	11
Net cash used in investing activities	<u>(114)</u>	<u>(99)</u>
Cash Flows From Financing Activities		
Issuance of long-term debt, net of discounts	6,320	1,579
Repayments of long-term debt	(7,083)	(2,100)
Net proceeds from B+L initial public offering, net of costs	675	—
Payments of employee withholding taxes related to share-based awards	(29)	(45)
Payments of acquisition-related contingent consideration	(13)	(41)
Payments of financing costs	(34)	(38)
Other	2	14
Net cash used in financing activities	<u>(162)</u>	<u>(631)</u>
Effect of exchange rate changes on cash, cash equivalents and other	(24)	(6)
Net increase in cash, cash equivalents, restricted cash and other settlement deposits	(240)	102
Cash, cash equivalents, restricted cash and other settlement deposits, beginning of period	2,119	1,816
Cash, cash equivalents, restricted cash and other settlement deposits, end of period	<u>\$ 1,879</u>	<u>\$ 1,918</u>
Cash and cash equivalents	\$ 659	\$ 642
Restricted cash and other settlement deposits	1,220	1,214
Cash and cash equivalents, held for sale	—	62
Cash, cash equivalents, restricted cash and other settlement deposits, end of period	<u>\$ 1,879</u>	<u>\$ 1,918</u>

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

BAUSCH HEALTH COMPANIES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. DESCRIPTION OF BUSINESS

Bausch Health Companies Inc. (the “Company” or “Bausch Health”) is a multinational, specialty pharmaceutical and medical device company that develops, manufactures and markets, primarily in the therapeutic areas of gastroenterology (“GI”) and dermatology, a broad range of branded, generic and branded generic pharmaceuticals, over-the-counter (“OTC”) products and medical aesthetic devices and, through its approximately 90% ownership of Bausch + Lomb Corporation (“Bausch + Lomb”), branded, and branded generic pharmaceuticals, OTC products and medical devices (contact lenses, intraocular lenses, ophthalmic surgical equipment) in the therapeutic area of eye health. The Company’s products are marketed directly or indirectly in approximately 100 countries.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Use of Estimates

The accompanying unaudited Consolidated Financial Statements have been prepared by the Company in U.S. dollars and in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial reporting, which do not conform in all respects to the requirements of U.S. GAAP for annual financial statements. Accordingly, these notes to the unaudited Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements prepared in accordance with U.S. GAAP that are contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021, filed with the U.S. Securities and Exchange Commission (the “SEC”) and the Canadian Securities Administrators (the “CSA”) on February 23, 2022. The unaudited Consolidated Financial Statements have been prepared using accounting policies that are consistent with the policies used in preparing the Company’s audited Consolidated Financial Statements for the year ended December 31, 2021. The unaudited Consolidated Financial Statements reflect all normal and recurring adjustments necessary for a fair statement of the Company’s financial position and results of operations for the interim periods. The operating results for the interim periods presented are not necessarily indicative of the results expected for the full year.

Separation of the Bausch + Lomb Eye Health Business

On August 6, 2020, the Company announced its intentions 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 January 2022, the Company completed the internal organizational design and structure of the new eye health entity, Bausch + Lomb, as previously announced. The registration statement related to the initial public offering (“IPO”) of Bausch + Lomb (the “B+L IPO”) was declared effective on May 5, 2022, and Bausch + Lomb’s common stock began trading on the New York Stock Exchange and the Toronto Stock Exchange, in each case under the ticker symbol “BLCO” on May 6, 2022. Prior to the effectiveness of the registration statement, Bausch + Lomb was an indirect wholly-owned subsidiary of the Company. On May 10, 2022, a wholly owned subsidiary of the Company (the “Selling Shareholder”) sold 35,000,000 common shares of Bausch + Lomb, at an offering price of \$18.00 per share, pursuant to the B+L IPO. In addition, the Selling Shareholder granted the underwriters an option for a period of 30 days from the date of the B+L IPO to purchase up to an additional 5,250,000 common shares to cover over-allotments at the IPO price less underwriting commissions. On May 31, 2022, the underwriters partially exercised the over-allotment option granted by the Selling Shareholder and, on June 1, 2022, the Selling Shareholder sold an additional 4,550,357 common shares of Bausch + Lomb at an offering price of \$18.00 per share (less applicable underwriting discount). The remainder of the over-allotment option granted to the underwriters expired.

Upon the closing of the B+L IPO and after giving effect to the partial exercise of the over-allotment option, Bausch Health directly or indirectly holds 310,449,643 Bausch + Lomb common shares, which represent approximately 88.7% of Bausch + Lomb’s outstanding common shares. The aggregate net proceeds from the B+L IPO and the partial exercise of the over-allotment option by the underwriters, after deducting underwriting commissions were approximately \$675 million. The Company remains committed to completing the B+L Separation and believes the separation makes strategic sense. The completion of the B+L Separation is subject to the expiry of customary lockups related to the B+L IPO, the achievement of targeted debt leverage ratios and the receipt of applicable shareholder and other necessary approvals. The Company continues to evaluate the factors and considerations related to completing the B+L Separation and effect of the Norwich Legal Decision (see “*Xifaxan*® Paragraph IV Proceedings” of Note 18, “LEGAL PROCEEDINGS”) on the B+L Separation.

The B+L IPO established two separate companies that include: (i) a fully integrated eye health company which consists of the Bausch + Lomb Vision Care, Surgical and Ophthalmic Pharmaceuticals businesses and (ii) a diversified pharmaceutical company which includes the Company’s Salix, International (formerly International Rx), Diversified (dentistry, neurology, medical dermatology and generics pharmaceutical) products, and Solta aesthetic medical device businesses. Other than the

effects of the B+L IPO described above, these unaudited Consolidated Financial Statements do not include any adjustments to give effect to the B+L Separation.

Impacts of COVID-19 Pandemic

The unprecedented nature of the COVID-19 pandemic has, and continues to, adversely impact the global economy. The COVID-19 pandemic and the reactions of governments, private sector participants and the public in an effort to contain the spread of the COVID-19 virus and/or address its impacts have had significant direct and indirect effects on businesses and commerce. This includes, but is not limited to, disruption to supply chains, employee base and transactional activity, facilities closures and production suspensions.

The extent to which these events may continue to impact the Company's business, financial condition, cash flows and results of operations, in particular, will depend on future developments which are highly uncertain and many of which are outside the Company's control. Such developments include the availability and effectiveness of vaccines for the COVID-19 virus, the ultimate geographic spread and duration of the pandemic, COVID-19 vaccine immunization rates, the extent and duration of a resurgence of the COVID-19 virus and variant strains thereof, such as the delta and omicron variants, new information concerning the severity of the COVID-19 virus, the effectiveness and intensity of measures to contain the COVID-19 virus and the economic impact of the pandemic and the reactions to it. Such developments, among others, depending on their nature, duration and intensity, could have a significant adverse effect on the Company's business, financial condition, cash flows and results of operations.

To date, the Company has been able to continue its operations with limited disruptions in supply and manufacturing. Although it is difficult to predict the broad macroeconomic effects that the COVID-19 pandemic will have on industries or individual companies, the Company has assessed the possible effects and outcomes of the pandemic on, among other things, its supply chain, customers and distributors, discounts and rebates, employee base, product sustainability, research and development efforts, product pipeline and consumer demand and currently believes that its estimates are reasonable.

Initial Public Offering of Solta Medical Business

On August 3, 2021, the Company announced its intentions to conduct an IPO of its aesthetic medical device business, Solta Medical (formerly Global Solta) (the "Solta IPO"). In January 2022, the Company completed the internal organizational design and structure of the new Solta Medical entity, Solta Medical Corporation ("Solta"). On June 16, 2022, as a result of challenging market conditions and other factors, the Company announced it was suspending its plans for the Solta IPO. Solta will remain part of Bausch Health, as the Company plans to revisit alternate paths for its Solta medical aesthetic devices business.

Use of Estimates

In preparing the unaudited Consolidated Financial Statements, management is required to make estimates and assumptions. This includes estimates and assumptions regarding the nature, timing and extent of the impacts that the COVID-19 pandemic will have on its operations and cash flows. The estimates and assumptions used by the Company affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the unaudited Consolidated Financial Statements, and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates and the differences could be material.

On an ongoing basis, management reviews its estimates to ensure that these estimates appropriately reflect changes in the Company's business and new information as it becomes available. If historical experience and other factors used by management to make these estimates do not reasonably reflect future activity, the Company's results of operations and financial position could be materially impacted.

Principles of Consolidation

The unaudited Consolidated Financial Statements include the accounts of the Company and those of its subsidiaries and any variable interest entities for which the Company is the primary beneficiary. All intercompany transactions and balances have been eliminated.

Reclassifications

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

Changes in Reportable Segments

Commencing in the first quarter of 2022, the Company operates in the following reportable segments: (i) Salix, (ii) International (formerly International Rx), (iii) Diversified Products, (iv) Solta Medical, and (v) Bausch + Lomb. Prior to the first quarter of 2022, the Company operated in the following reportable segments: (i) Salix, (ii) International Rx, (iii) Ortho

Dermatologics, (iv) Diversified Products and (v) Bausch + Lomb. Prior period presentations have been recast to conform to the current segment reporting structure. See Note 19, “SEGMENT INFORMATION” for additional information.

3. REVENUE RECOGNITION

The Company’s revenues are primarily generated from product sales, principally in the therapeutic areas of GI, dermatology, and eye health, 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 medical 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. Contract service revenue is derived primarily from contract manufacturing for third parties and is not material. See Note 19, “SEGMENT INFORMATION” for the disaggregation of revenue which depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by the economic factors of each category of customer contracts.

Product Sales Provisions

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

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

The Company continually monitors its variable consideration provisions and evaluates the estimates used as additional information becomes available. Adjustments will be made to these provisions periodically to reflect new facts and circumstances that may indicate that historical experience may not be indicative of current and/or future results. The Company is required to make subjective judgments based primarily on its evaluation of current market conditions and trade inventory levels related to the Company’s products. These judgments include the potential impact of the COVID-19 pandemic on, among other things, unemployment and related changes in customer health insurance levels, customer behaviors during the COVID-19 pandemic and government stimulus bills that focus on ensuring availability and access to lifesaving drugs during a public health crisis. This evaluation may result in an increase or decrease in the experience rate that is applied to current and future sales, or require an adjustment related to past sales, or both. If the trend in actual amounts of variable consideration varies from the Company’s prior estimates, the Company adjusts these estimates when such trend is believed to be sustainable. At that time, the Company would record the necessary adjustments which would affect net product revenue and earnings reported in the current period. The Company applies this method consistently for contracts with similar characteristics.

The following tables present the activity and ending balances of the Company’s variable consideration provisions for the six months ended June 30, 2022 and 2021.

	Six Months Ended June 30, 2022					
<i>(in millions)</i>	Discounts and Allowances	Returns	Rebates	Chargebacks	Distribution Fees	Total
Reserve balances, January 1, 2022	\$ 222	\$ 482	\$ 944	\$ 170	\$ 45	\$ 1,863
Current period provisions	278	60	1,236	1,028	108	2,710
Payments and credits	(303)	(107)	(1,170)	(976)	(46)	(2,602)
Reserve balances, June 30, 2022	<u>\$ 197</u>	<u>\$ 435</u>	<u>\$ 1,010</u>	<u>\$ 222</u>	<u>\$ 107</u>	<u>\$ 1,971</u>

Included in Rebates in the table above are cooperative advertising credits due to customers of approximately \$48 million and \$36 million as of June 30, 2022 and January 1, 2022, respectively, which are reflected as a reduction of Trade receivables, net in the Consolidated Balance Sheets. There were no price appreciation credits during the six months ended June 30, 2022.

Six Months Ended June 30, 2021

<i>(in millions)</i>	Discounts and Allowances	Returns	Rebates	Chargebacks	Distribution Fees	Total
Reserve balances, January 1, 2021	\$ 190	\$ 575	\$ 779	\$ 184	\$ 85	\$ 1,813
Current period provisions	306	77	1,227	993	110	2,713
Payments and credits	(296)	(119)	(1,025)	(1,012)	(94)	(2,546)
Reserve balances, June 30, 2021	<u>\$ 200</u>	<u>\$ 533</u>	<u>\$ 981</u>	<u>\$ 165</u>	<u>\$ 101</u>	<u>\$ 1,980</u>

Included in Rebates in the table above are cooperative advertising credits due to customers of approximately \$41 million and \$32 million as of June 30, 2021 and January 1, 2021, respectively. Included as a reduction of Distribution fees in the table above are price appreciation credits of approximately \$1 million during the six months ended June 30, 2021.

Contract Assets and Contract Liabilities

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

Allowance for Credit Losses

An allowance is maintained for potential credit losses. The Company estimates the current expected credit loss on its receivables based on various factors, including historical credit loss experience, customer credit worthiness, value of collateral (if any), and any relevant current and reasonably supportable future economic factors. Additionally, the Company generally estimates the expected credit loss on a pool basis when customers are deemed to have similar risk characteristics. Trade receivable balances are written off against the allowance when it is deemed probable that the trade receivable will not be collected. Trade receivables, net are stated net of certain sales provisions and the allowance for credit losses. The activity in the allowance for credit losses for trade receivables for the six months ended June 30, 2022 and 2021 is as follows.

<i>(in millions)</i>	2022	2021
Balance, beginning of period	\$ 35	\$ 39
Provision	1	—
Write-offs	(1)	(1)
Recoveries	3	1
Foreign exchange and other	(2)	—
Balance, end of period	<u>\$ 36</u>	<u>\$ 39</u>

4. LICENSING AGREEMENTS AND DIVESTITURE

Licensing Agreements

In the normal course of business, the Company may enter into select licensing and collaborative agreements for the commercialization and/or development of unique products. These products are sometimes investigational treatments in early stage development that target unique conditions. The ultimate outcome, including whether the product will be: (i) fully developed, (ii) approved by regulatory agencies, (iii) covered by third-party payors or (iv) profitable for distribution, is highly uncertain. The commitment periods under these agreements vary and include customary termination provisions. Expenses arising from commitments, if any, to fund the development and testing of these products and their promotion are recognized as incurred. Royalties due are recognized when earned and milestone payments are accrued when each milestone has been achieved and payment is probable and can be reasonably estimated.

Divestiture of Amoun Pharmaceutical Company S.A.E. (“Amoun”)

On March 31, 2021, the Company announced that it and certain of its affiliates had entered into a definitive agreement to sell all of its equity interests in Amoun for total gross consideration of approximately \$740 million (including the assignment to the purchasing entity of an intercompany loan granted by the Company to Amoun), subject to certain adjustments (the “Amoun Sale”). The Amoun Sale closed on July 26, 2021. As part of the Amoun Sale, cash generated by Amoun during the period from the locked-box date of January 1, 2021 through closing was for the benefit of the purchasing entity, subject to working capital during such period. Amoun manufactures, markets and distributes branded generics of human and animal health products. The Amoun business was part of the International segment (previously included within the former Bausch + Lomb/International Rx segment) and was reclassified as held for sale as of December 31, 2020. As a result of meeting the criteria for held for sale classification, the carrying value of the Amoun business, was adjusted to its estimated fair value, less

costs to sell, and the Company recognized impairment losses of \$20 million and \$88 million during the three and six months ended June 30, 2021, respectively, included within Asset impairments, including loss on assets held for sale in the Consolidated Statements of Operations. Revenues associated with Amoun were \$70 million and \$137 million for the three and six months ended June 30, 2021, respectively.

5. RESTRUCTURING, INTEGRATION, SEPARATION AND IPO COSTS

Restructuring and Integration Costs

The Company evaluates opportunities to improve its operating results and implement 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. The liability associated with restructuring and integration costs as of June 30, 2022 was \$30 million.

The Company incurred \$25 million and \$6 million of restructuring and integration costs and made payments of \$15 million and \$9 million during the six months ended June 30, 2022 and 2021, respectively.

Separation Costs, Separation-related Costs, IPO Costs and IPO-related Costs

The Company has incurred, and expects to continue to incur costs associated with activities to effectuate the B+L Separation. The Company also incurred costs associated with activities to effectuate the Solta IPO, which was suspended in June 2022. These B+L Separation and Solta IPO activities include: (i) separating the Bausch + Lomb and Solta Medical businesses from the remainder of the Company, (ii) completing the B+L IPO and preparing for the suspended Solta IPO and (iii) completing the actions necessary for Bausch + Lomb to become an independent publicly traded entity. Separation and IPO costs are incremental costs directly related to the ongoing B+L Separation and the suspended 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. Included in Restructuring, integration, separation and IPO costs for the six months ended June 30, 2022 and 2021 are Separation and IPO costs of \$23 million and \$15 million, respectively.

The Company has also incurred Separation-related and IPO-related costs which are incremental costs indirectly related to the B+L Separation and the suspended Solta IPO and will continue to incur incremental costs indirectly related with the B+L Separation. 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. Included in Selling, general and administrative for the six months ended June 30, 2022 and 2021 are Separation-related and IPO-related costs of \$64 million and \$55 million, respectively.

The extent and timing of future charges of these costs to complete the B+L Separation cannot be reasonably estimated at this time and could be material.

6. FAIR VALUE MEASUREMENTS AND FINANCIAL INSTRUMENTS

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

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

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis

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

(in millions)	June 30, 2022				December 31, 2021			
	Carrying Value	Level 1	Level 2	Level 3	Carrying Value	Level 1	Level 2	Level 3
Assets:								
Cash equivalents	\$ 20	\$ 7	\$ 13	\$ —	\$ 76	\$ 58	\$ 18	\$ —
Restricted cash and other settlement deposits	\$ 1,220	\$ 1,220	\$ —	\$ —	\$ 1,537	\$ 1,537	\$ —	\$ —
Foreign currency exchange contracts	\$ 1	\$ —	\$ 1	\$ —	\$ 1	\$ —	\$ 1	\$ —
Liabilities:								
Acquisition-related contingent consideration	\$ 225	\$ —	\$ —	\$ 225	\$ 241	\$ —	\$ —	\$ 241
Foreign currency exchange contracts	\$ 11	\$ —	\$ 11	\$ —	\$ —	\$ —	\$ —	\$ —

Cash equivalents consist of highly liquid investments, primarily money market funds, with maturities of three months or less when purchased, and are reflected in the Consolidated Balance Sheets at carrying value, which approximates fair value due to their short-term nature. Cash, cash equivalents and restricted cash and other settlements as presented in the Consolidated Balance Sheet as of June 30, 2022 includes \$446 million of cash, cash equivalents and restricted cash held by legal entities of Bausch + Lomb, of which approximately \$92 million was due to be distributed to other legal entities owned by the Company in connection with the separation of Bausch + Lomb. Cash otherwise held by Bausch + Lomb legal entities and any future cash from the operations, investing and financing activities of Bausch + Lomb, is expected to be retained by Bausch + Lomb entities and are generally not available to support the operations, investing and financing activities of other legal entities, including Bausch + Lomb's parent company unless paid as a dividend which would be determined by the Board of Directors of Bausch + Lomb and paid pro rata to Bausch + Lomb's shareholders.

As of June 30, 2022, Restricted cash and other settlement deposits includes \$1,210 million of payments into an escrow fund under the terms of a settlement agreement regarding certain U.S. securities litigation (which settlement agreement is subject to one objector's appeal of the final court approval of the agreement), and is reflected in the Consolidated Balance Sheets at carrying value, which approximates fair value due to its short-term nature. These payments will remain in escrow until resolution of the appeal of the final court approval of the settlement agreement, as discussed in Note 18, "LEGAL PROCEEDINGS".

There were no transfers into or out of Level 3 during the six months ended June 30, 2022.

Cross-currency Swaps

During 2019, the Company entered into cross-currency swaps, with aggregate notional amounts of \$1,250 million, to mitigate fluctuation in the value of a portion of its euro-denominated net investment in its Consolidated Financial Statements from fluctuation in exchange rates. The euro-denominated net investment being hedged was the Company's investment in certain euro-denominated subsidiaries. The Company unwound these cross-currency swaps during November 2021. As a result, there were no assets or liabilities related to the cross-currency swaps included in the Consolidated Balance Sheets as of June 30, 2022 and December 31, 2021.

The following table presents the effect of hedging instruments on the Consolidated Statements of Comprehensive Loss and the Consolidated Statements of Operations for the three and six months ended June 30, 2022 and 2021:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Gain (loss) recognized in Other comprehensive loss	\$ —	\$ (12)	\$ —	\$ 29
Gain excluded from assessment of hedge effectiveness	\$ —	\$ 5	\$ —	\$ 11
Location of gain of excluded component	Interest Expense		Interest Expense	

No portion of the cross-currency swaps was ineffective for the six months ended June 30, 2021. During the six months ended June 30, 2022 and 2021, the Company received \$0 and \$11 million, respectively, in interest settlements which are reported as investing activities in the Consolidated Statements of Cash Flows.

Foreign Currency Exchange Contracts

Since 2020, the Company has been entering into foreign currency exchange contracts. As of June 30, 2022, these contracts had an aggregate outstanding notional amount of \$332 million.

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

The assets and liabilities associated with the Company's foreign exchange contracts as included in the Consolidated Balance Sheets as of June 30, 2022 and December 31, 2021 are as follows:

<i>(in millions)</i>	June 30, 2022	December 31, 2021
Accrued and other current liabilities	\$ 11	\$ —
Prepaid expenses and other current assets	\$ 1	\$ 1
Net fair value	\$ (10)	\$ 1

The following table presents the effect of the Company's foreign exchange contracts on the Consolidated Statements of Operations and the Consolidated Statements of Cash Flows for the three and six months ended June 30, 2022 and 2021:

<i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Gain (loss) related to changes in fair value	\$ (3)	\$ 7	\$ (10)	\$ 5
Gain (loss) related to settlements	\$ (10)	\$ —	\$ (3)	\$ (9)

Acquisition-related Contingent Consideration Obligations

The fair value measurement of contingent consideration obligations arising from business combinations is determined via a probability-weighted discounted cash flow analysis, using unobservable (Level 3) inputs. These inputs may include: (i) the estimated amount and timing of projected cash flows, (ii) the probability of the achievement of the factor(s) on which the contingency is based and (iii) the risk-adjusted discount rate used to present value the probability-weighted cash flows. Significant increases or decreases in any of those inputs in isolation could result in a significantly higher or lower fair value measurement. At June 30, 2022, the fair value measurements of acquisition-related contingent consideration were determined using risk-adjusted discount rates ranging from 6% to 18%, and a weighted average risk-adjusted discount rate of 7%. The weighted average risk-adjusted discount rate was calculated by weighting each contract's relative fair value at June 30, 2022.

The following table presents a reconciliation of contingent consideration obligations measured on a recurring basis using significant unobservable inputs (Level 3) for the six months ended June 30, 2022 and 2021:

<i>(in millions)</i>	June 30, 2022	June 30, 2021
Balance, beginning of period	\$ 241	\$ 328
Adjustments to Acquisition-related contingent consideration:		
Accretion for the time value of money	\$ 8	\$ 9
Fair value adjustments due to changes in estimates of other future payments	(10)	(9)
Acquisition-related contingent consideration	(2)	—
Payments/Settlements	(14)	(49)
Foreign currency translation adjustment included in other comprehensive loss	—	1
Balance, end of period	225	280
Current portion included in Accrued and other current liabilities	37	74
Non-current portion	<u>\$ 188</u>	<u>\$ 206</u>

Fair Value of Long-term Debt

The fair value of long-term debt as of June 30, 2022 and December 31, 2021 was \$16,141 million and \$22,689 million, respectively, and was estimated using the quoted market prices for the same or similar debt issuances (Level 2).

7. INVENTORIES

Inventories, net consist of:

<i>(in millions)</i>	June 30, 2022	December 31, 2021
Raw materials	\$ 301	\$ 279
Work in process	124	112
Finished goods	648	602
	<u>\$ 1,073</u>	<u>\$ 993</u>

8. INTANGIBLE ASSETS AND GOODWILL

Intangible Assets

The major components of intangible assets consist of:

<i>(in millions)</i>	June 30, 2022			December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization and Impairments	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization and Impairments	Net Carrying Amount
Finite-lived intangible assets:						
Product brands	\$ 20,807	\$ (16,695)	\$ 4,112	\$ 20,842	\$ (16,169)	\$ 4,673
Corporate brands	897	(506)	391	902	(473)	429
Product rights/patents	3,318	(3,197)	121	3,321	(3,174)	147
Partner relationships	146	(146)	—	158	(158)	—
Technology and other	196	(196)	—	207	(206)	1
Total finite-lived intangible assets	25,364	(20,740)	4,624	25,430	(20,180)	5,250
Bausch + Lomb Trademark	1,698	—	1,698	1,698	—	1,698
	<u>\$ 27,062</u>	<u>\$ (20,740)</u>	<u>\$ 6,322</u>	<u>\$ 27,128</u>	<u>\$ (20,180)</u>	<u>\$ 6,948</u>

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, for the six months ended June 30, 2022 were \$14 million and include: (i) impairments of \$10 million, in aggregate, due to decreases in forecasted sales of certain product lines and (ii) impairments of \$4 million, in aggregate, related to the discontinuance of certain product lines.

Asset impairments, including loss on assets held for sale, for the six months ended June 30, 2021 were \$195 million and include: (i) \$96 million, in aggregate, due to decreases in forecasted sales of certain product lines, (ii) an adjustment of \$88 million due to the loss on assets held for sale in connection with the Amoun Sale and (iii) impairments of \$11 million, in aggregate, related to the discontinuance of certain product lines.

Estimated amortization expense of finite-lived intangible assets for the remainder of 2022 and each of the five succeeding years ending December 31 and thereafter is as follows:

<i>(in millions)</i>	Remainder of 2022	2023	2024	2025	2026	2027	Thereafter	Total
Amortization	\$ 565	\$ 1,020	\$ 898	\$ 792	\$ 664	\$ 627	\$ 58	\$ 4,624

Intangible assets, net includes finite-lived intangible assets related to the Company's Xifaxan[®] branded products with a carrying value of approximately \$2,963 million as of June 30, 2022, and a remaining estimated life of 66 months. Amortization expense related to these intangible assets amounts to approximately \$539 million annually. While the Company intends to appeal the Norwich Legal Decision (see "Xifaxan[®] Paragraph IV Proceedings" of Note 18, "LEGAL PROCEEDINGS"), it is possible that this and other potential future developments:

- may adversely impact the estimated future cash flows associated with these brands, which could result in an impairment of the value of these intangible assets in one or more future periods. Any such impairment could be material to the Company's results of operations in the period in which it occurs; and
- may result in shortened useful lives of the Xifaxan[®] intangible assets, which would increase amortization expense in future periods.

The changes in the carrying amounts of goodwill during the six months ended June 30, 2022 and the year ended December 31, 2021 were as follows:

<i>(in millions)</i>	Bausch + Lomb/ International	Bausch + Lomb	Salix	International	Ortho Dermatologics	Solta Medical	Diversified Products	Total
Balance, January 1, 2021	\$ 5,704	\$ —	\$ 3,159	\$ —	\$ 1,267	\$ —	\$ 2,914	\$ 13,044
Realignment of segment goodwill	(5,704)	5,395	—	887	—	—	(578)	—
Impairment	—	—	—	—	(469)	—	—	(469)
Foreign exchange and other	—	(77)	—	(62)	—	—	21	(118)
Balance, December 31, 2021	—	5,318	3,159	825	798	—	2,357	12,457
Realignment of segment goodwill	—	—	—	—	(798)	115	683	—
Impairment	—	—	—	—	—	—	(83)	(83)
Foreign exchange and other	—	(86)	—	(52)	—	—	30	(108)
Balance, June 30, 2022	<u>\$ —</u>	<u>\$ 5,232</u>	<u>\$ 3,159</u>	<u>\$ 773</u>	<u>\$ —</u>	<u>\$ 115</u>	<u>\$ 2,987</u>	<u>\$ 12,266</u>

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

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

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

First Quarter 2021 - Realignment of Segments

Commencing in the first quarter of 2021, the Company began operating in the following reportable segments: (i) Bausch + Lomb, (ii) Salix, (iii) International, (iv) Ortho Dermatologics and (v) Diversified Products. The Bausch + Lomb segment consisted of the: (i) U.S. Bausch + Lomb and (ii) International Bausch + Lomb reporting units. The Salix segment consisted of the Salix reporting unit. The International segment consisted of the International (formerly International Rx) reporting unit. The Ortho Dermatologics segment consisted of the: (i) Ortho Dermatologics and (ii) Global Solta reporting units. The Diversified Products segment consisted of the: (i) Neurology and Other, (ii) Generics and (iii) Dentistry reporting units. This realignment in segment structure resulted in a change in the Company's former International reporting unit, which was divided between the International Bausch + Lomb reporting unit and International reporting unit. In addition, as part of the realignment of segment structure, certain products historically included in the Generics reporting unit were included in the U.S. Bausch + Lomb reporting unit.

As a result of this realignment, goodwill was reassigned to each of the aforementioned reporting units using a relative fair value approach. Goodwill previously reported in the former International reporting unit was reassigned to the International Bausch + Lomb and International reporting units, and a portion of goodwill previously reported in the former Generics reporting unit was reassigned to the U.S. Bausch + Lomb reporting unit.

Immediately prior to the change in reporting units, the Company performed a qualitative fair value assessment for its former: (i) International and (ii) Generics reporting units. Based on the qualitative fair value assessment performed, Management believed that it was more likely than not that the carrying values of its former: (i) International and (ii) Generics reporting units were less than their respective fair values and therefore, concluded a quantitative assessment was not required.

Immediately following the change in reporting units, as a result of the change in composition of the net assets for its: (i) International Bausch + Lomb, (ii) International and (iii) Generics reporting units, the Company performed a quantitative fair value test. The quantitative fair value test utilized a range of long-term growth rates of 1.0% to 3.0% and a range of discount rates between 11.0% and 12.25%, in estimation of the fair value of the reporting units. After completing the testing, the fair value of each of these reporting units exceeded its carrying value by more than 40%, and, therefore, there was no impairment to goodwill. In addition, as the U.S. Bausch + Lomb reporting unit had a change in composition of its net assets related to certain products historically included in the Generics reporting unit now being included in the U.S. Bausch + Lomb reporting unit, the Company performed a qualitative assessment of this reporting unit. Based on the qualitative fair value assessment performed, Management believed that it was more likely than not that the carrying value of its current U.S. Bausch + Lomb reporting unit was less than its fair value and therefore, concluded a quantitative assessment was not required.

2021 Interim Goodwill Impairment Testing

During the interim periods of 2021, with the exception of the Ortho Dermatologics reporting unit, no events occurred, or circumstances changed that would indicate that the fair value of any other reporting unit might be below its carrying value and therefore, no impairments were recorded.

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 had 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 was 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.

Second Quarter 2021 - Realignment of Bausch + Lomb Reporting Units

Commencing in the second quarter of 2021, the Company changed the way it reviews the financial information of its Bausch + Lomb segment. Beginning in the second quarter of 2021, management no longer reviews the financial information of its Bausch + Lomb segment on a geographic basis, but instead reviews this financial information on a business line basis. This change created a change in the reporting units of the Bausch + Lomb segment. After the change, under its business line view, the Bausch + Lomb segment consisted of the global: (i) Vision Care / Consumer Products, (ii) Ophthalmic Pharmaceuticals and (iii) Surgical reporting units. Prior to the second quarter of 2021, under the geographic view, the Bausch + Lomb segment consisted of the former: (i) U.S. Bausch + Lomb and (ii) International Bausch + Lomb reporting units. As a result of the realignment, goodwill was reassigned to each of the aforementioned reporting units using a relative fair value approach. The change in Bausch + Lomb reporting units did not impact the reported revenues and segment profits of the Bausch + Lomb segment for any prior periods.

Immediately prior to the change in its Bausch + Lomb reporting units, the Company performed a qualitative fair value assessment for its former reporting units. Based on the qualitative fair value assessment, management believed that it was more likely than not that the carrying values of its former: (i) U.S. Bausch + Lomb and (ii) International Bausch + Lomb reporting units were less than their respective fair values and, therefore, concluded a quantitative assessment was not required.

As a result of the change in composition of net assets, the Company performed a quantitative fair value test of its new: (i) Vision Care / Consumer Products, (ii) Ophthalmic Pharmaceuticals and (iii) Surgical reporting units immediately following the change in the Bausch + Lomb segment. The quantitative fair value test utilized long-term growth rates of 2.0% and 3.0% and a range of discount rates between 7.0% and 10.0%, in estimation of the fair value of the reporting units. After completing the testing, the fair value of each of these reporting units exceeded its carrying value by more than 45%, and, therefore, there was no impairment to goodwill.

2021 Annual Goodwill Impairment Test

The Company conducted its annual goodwill impairment test as of October 1, 2021 by first assessing qualitative factors. Based on its qualitative assessment as of October 1, 2021, management believed that, with the exception of the Ortho Dermatologics reporting unit, it was more likely than not that the carrying amounts of its reporting units were less than their respective fair values and therefore concluded that a quantitative fair value test for those reporting units was not required.

As part of its qualitative assessment of the Ortho Dermatologics reporting unit as of October 1, 2021, the Company considered, among other matters, the limited headroom as a result of the impairment to the goodwill of the Ortho Dermatologics reporting unit when last tested (March 31, 2021) and macroeconomic factors such as higher than expected inflation for many commodities, volatility in many of the equity markets and pressures on market interest rates. The Company believed that these facts and circumstances may suggest that it was more likely than not that the fair value of the Ortho Dermatologics reporting unit was less than its carrying amount, and therefore a quantitative fair value test was performed for the reporting unit.

The Company performed a quantitative fair value test for the Ortho Dermatologics reporting unit as of October 1, 2021, utilizing a long-term growth rate of 1.0% and a discount rate of 9.0%, in estimation of the fair value of this reporting unit. Based on the quantitative fair value test, the fair value of the Ortho Dermatologics reporting unit was approximately 10% greater than its carrying value and as a result there was no impairment to the goodwill of the reporting unit.

First Quarter 2022 - Realignment of Segments

Commencing in the first quarter of 2022, the Company began operating in the following reportable segments: (i) Salix, (ii) International, (iii) Diversified Products, (iv) Solta Medical and (v) Bausch + Lomb. The Salix segment consists of the Salix reporting unit. The International segment consists of the International reporting unit. The Diversified Products segment consists of the: (i) Neurology and Other, (ii) Generics, (iii) Ortho Dermatologics and (iv) Dentistry reporting units. The Solta Medical segment consists of the Solta reporting unit. The Bausch + Lomb segment consists of the: (i) Vision Care (formerly Vision Care / Consumer Products), (ii) Ophthalmic Pharmaceuticals and (iii) Surgical reporting units. As such, the new segment structure does not impact the Company's reporting units but realigns the two reporting units of the former Ortho Dermatologics segment whereby the Ortho Dermatologics reporting unit is now part of the current Diversified Products segment and the Solta reporting unit is now its own operating and reportable segment, and therefore management concluded that a quantitative fair value test was not required. See Note 19, "SEGMENT INFORMATION" for additional information.

March 31, 2022 Interim Assessment of Goodwill

During the three months ended March 31, 2022, macroeconomic factors had impacted interest rates and the U.S. inflation rate was higher than previously expected. Given the limited headroom of the Ortho Dermatologics reporting unit as calculated on October 1, 2021, the Company believed that these facts and circumstances suggest the fair value of the Ortho Dermatologics reporting unit could be less than its carrying amount, and therefore a quantitative fair value test was performed for the reporting unit.

The quantitative fair value test utilized the Company's most recent cash flow projections as revised in the first quarter of 2022 and utilized a long-term growth rate of 1% and a discount rate of 9%. The discount rate contemplates changes in the current macroeconomic conditions noting certain inputs such as the risk free rate increased over the three months ended March 31, 2022, and was offset by decreases in other reporting unit specific risks during the same period. Based on the quantitative fair value test, the fair value of the Ortho Dermatologics reporting unit was less than 2% greater than its carrying value and as a result there was no impairment to the goodwill of the reporting unit.

June 30, 2022 Interim Assessment of Goodwill

Ortho Dermatologics

The Company continues to monitor the market conditions impacting the Ortho Dermatologics reporting unit. During the three months ended June 30, 2022, increases in interest rates and, to a lesser extent, higher than expected inflation in the U.S. and other macroeconomic factors impacted key assumptions used to value the Ortho Dermatologics reporting unit at March 31, 2022 (the last time goodwill of the Ortho Dermatologics reporting unit was tested). Given the limited headroom of the Ortho Dermatologics reporting unit as calculated on March 31, 2022, the Company believed that these facts and circumstances suggest the fair value of the Ortho Dermatologics reporting unit could be less than its carrying amount, and therefore a quantitative fair value test was performed for the reporting unit.

The quantitative fair value test utilized the Company's most recent cash flow projections as revised in the second quarter of 2022 which reflect current market conditions and current trends in business performance. The Company's latest discounted cash flow model for the Ortho Dermatologics reporting unit includes a range of potential outcomes for, among other matters, macroeconomic factors such as higher than expected inflation for many commodities, volatility in many of the equity markets and pressures on market interest rates. The quantitative fair value test utilized a long-term growth rate of 1% and a discount rate of 10%. The discount rate has increased 1% since the assessment performed at March 31, 2022, as a result of changes in current macroeconomic conditions, including an increase in the risk free rate during the three months ended June 30, 2022. Based on the quantitative fair value test, the carrying value of the Ortho Dermatologics reporting unit exceeded its fair value at June 30, 2022, and the Company recognized a goodwill impairment of \$83 million.

Bausch + Lomb Reporting Units

During the period May 6, 2022 (the time Bausch + Lomb's stock began trading publicly) through June 30, 2022, equity and bond markets were negatively impacted by various macroeconomic and geopolitical factors including, but not limited to: rising inflation rates in the U.S. and abroad, uncertainties created by the Russia/Ukraine conflict, interest rate volatility, COVID-19 related lockdowns and supply issues. The decline in the equity markets negatively impacted the market price for Bausch + Lomb's common stock which at June 30, 2022 was trading below its IPO offering price. The Company believed that these facts and circumstances suggest the fair value of the three reporting units of the Bausch + Lomb segment could be less than their respective carrying amounts. Therefore, separate quantitative fair value tests were performed for the Vision Care, Surgical and Ophthalmic reporting units of the Bausch + Lomb segment.

The quantitative fair value tests utilized Bausch + Lomb's most recent cash flow projections for each of the reporting units and utilized long-term growth rates of 2% and 3% and discount rates of 9.0% and 11.5%. After completing the testing, the fair value of each of these reporting units exceeded their respective carrying values by more than 25%, and, therefore, there was no impairment to goodwill.

During the interim periods of 2022, with the exception of the Ortho Dermatologics reporting unit and the reporting units of the Bausch + Lomb segment, no events occurred, or circumstances changed that would indicate that the fair value of any other reporting unit might be below its carrying value and therefore, no impairment to those reporting units was recorded.

Accumulated goodwill impairment charges through June 30, 2022 were \$4,263 million.

Other Reporting Units

No other events occurred or circumstances changed during the period October 1, 2021 (the last time goodwill was tested for all other reporting units) through June 30, 2022 that would indicate that the fair value of any reporting unit, other than the Ortho Dermatologics reporting unit, might be below its carrying value.

Approximately 80% of Salix segment's revenue for the six months ended June 30, 2022, or \$775 million was derived from the Xifaxan[®] product line. While the Company intends to appeal the Norwich Legal Decision (see "Xifaxan[®] Paragraph IV Proceedings" of Note 18, "LEGAL PROCEEDINGS"), it is possible that this and other potential future developments, may adversely impact the estimated fair value of the Salix segment, in one or more future periods. Any such impairment could be material to the Company's results of operations in the period in which it occurs.

9. ACCRUED AND OTHER CURRENT LIABILITIES

Accrued and other current liabilities consist of:

<i>(in millions)</i>	June 30, 2022	December 31, 2021
Legal matters and related fees	\$ 1,536	\$ 1,890
Product rebates	962	908
Product returns	435	482
Interest	326	328
Employee compensation and benefit costs	277	336
Income taxes payable	59	98
Other	716	749
	<u>\$ 4,311</u>	<u>\$ 4,791</u>

10. FINANCING ARRANGEMENTS

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

(in millions)	Maturity	June 30, 2022		December 31, 2021	
		Principal Amount	Net of Premiums, Discounts and Issuance Costs	Principal Amount	Net of Premiums, Discounts and Issuance Costs
Senior Secured Credit Facilities:					
<i>2018 Restated Credit Agreement</i>					
2023 Revolving Credit Facility	June 2023	\$ —	\$ —	\$ 285	\$ 285
June 2025 Term Loan B Facility	June 2025	—	—	2,829	2,772
November 2025 Term Loan B Facility	November 2025	—	—	994	984
<i>2022 Amended Credit Agreement</i>					
2027 Revolving Credit Facility	February 2027	425	425	—	—
February 2027 Term Loan B Facility	February 2027	2,500	2,448	—	—
<i>B+L Credit Facilities</i>					
B+L Revolving Credit Facility	May 2027	—	—	—	—
B+L Term Facility	May 2027	2,500	2,446	—	—
Senior Secured Notes:					
5.50% Secured Notes	November 2025	1,750	1,740	1,750	1,739
6.125% Secured Notes	February 2027	1,000	986	—	—
5.75% Secured Notes	August 2027	500	496	500	495
4.875% Secured Notes	June 2028	1,600	1,581	1,600	1,580
Senior Unsecured Notes:					
6.125%	April 2025	—	—	2,650	2,640
9.00%	December 2025	1,500	1,485	1,500	1,482
9.25%	April 2026	1,500	1,490	1,500	1,489
8.50%	January 2027	1,750	1,754	1,750	1,754
7.00%	January 2028	748	742	750	743
5.00%	January 2028	1,176	1,165	1,250	1,238
6.25%	February 2029	1,406	1,391	1,500	1,483
5.00%	February 2029	834	826	1,000	990
7.25%	May 2029	745	738	750	742
5.25%	January 2030	1,201	1,189	1,250	1,237
5.25%	February 2031	909	900	1,000	989
Other	Various	12	12	12	12
Total long-term debt		<u>\$ 22,056</u>	<u>21,814</u>	<u>\$ 22,870</u>	<u>22,654</u>
Less: Current portion of long-term debt			<u>150</u>		<u>—</u>
Non-current portion of long-term debt			<u>\$ 21,664</u>		<u>\$ 22,654</u>

Covenant Compliance

The Senior Secured Credit Facilities (as defined below), the B+L Credit Facilities (as defined below) and the indentures governing the Senior Secured Notes (as defined and described in the table above) and Senior Unsecured Notes (as defined and described in the table above) contain customary affirmative and negative covenants and specified events of default. These affirmative and negative covenants include, among other things, and subject to certain qualifications and exceptions, covenants that restrict the Company's ability and the ability of its subsidiaries to: incur or guarantee additional indebtedness; create or permit liens on assets; pay dividends on capital stock or redeem, repurchase or retire capital stock or subordinated indebtedness; make certain investments and other restricted payments; engage in mergers, acquisitions, consolidations and amalgamations; transfer and sell certain assets; and engage in transactions with affiliates. As of June 30, 2022, the amount available for restricted payments under the "builder basket" in the Company's most restrictive indentures (as defined by those indentures) was approximately \$14,100 million (although such availability is subject to the Company's compliance with a 2.00:1.00 fixed charge coverage ratio). The 2027 Revolving Credit Facility (as defined below) also contains a financial

maintenance covenant that, requires the Company to maintain a first lien net leverage ratio of not greater than 4.00:1.00. The financial maintenance covenant may be waived or amended without the consent of the term loan facility lenders and contains a customary term loan facility standstill.

As of June 30, 2022, the Company was in compliance with its financial maintenance covenant related to its debt obligations. The Company, based on its current forecast for the next twelve months from the date of issuance of these financial statements, expects to remain in compliance with its financial maintenance covenant and meet its debt service obligations over that same period.

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

Senior Secured Credit Facilities

Senior Secured Credit Facilities under the 2018 Restated Credit Agreement

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 "2018 Restated Credit Agreement") with a syndicate of financial institutions and investors as lenders. Prior to the 2022 Amended Credit Agreement (as defined below), the 2018 Restated Credit Agreement provided for a revolving credit facility of \$1,225 million, maturing 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.

Senior Secured Credit Facilities under the 2022 Amended Credit Agreement

On May 10, 2022, the Company and certain of its subsidiaries as guarantors entered into a Second Amendment (the "Second Amendment") to the Fourth Amended and Restated Credit and Guaranty Agreement (as amended by the Second Amendment, the "2022 Amended Credit Agreement"). The 2022 Amended Credit Agreement provides for a new term loan facility with an aggregate principal amount of \$2,500 million (the "2027 Term Loan B Facility") maturing on February 1, 2027 and a new revolving credit facility of \$975 million (the "2027 Revolving Credit Facility") that will mature on the earlier of February 1, 2027 and the date that is 91 calendar days prior to the scheduled maturity of indebtedness for borrowed money of the Company and BHA in an aggregate principal amount in excess of \$1,000 million. Borrowings under the 2027 Revolving Credit Facility can be made in U.S. dollars, Canadian dollars or Euros. After giving effect to the Second Amendment, the 2023 Revolving Credit Facility, June 2025 Term Loan B Facility and November 2025 Term Loan B Facility were refinanced (such refinancing, the "Credit Agreement Refinancing"), along with certain of the Company's existing senior notes, using net proceeds from the borrowings under the 2027 Term Loan B Facility, the B+L IPO and the B+L Debt Financing (as defined below) and available cash on hand. As of June 30, 2022, the Company had drawn \$425 million on the 2027 Revolving Credit Facility.

Borrowings under the 2027 Term Loan B Facility bear interest at a rate per annum equal to, at the Company's option, either: (a) a forward-looking term rate determined by reference to the financing rate for borrowing U.S. dollars overnight collateralized by U.S. Treasury securities ("term SOFR rate") for the interest period relevant to such borrowing or (b) a base rate determined by reference to the highest of: (i) the prime rate (as defined in the 2022 Amended Credit Agreement), (ii) the federal funds effective rate plus 1/2 of 1.00% and (iii) the term SOFR rate for a period of one month plus 1.00% (or if such rate shall not be ascertainable, 1.50%) (provided, however, that the term SOFR rate with respect to the 2027 Term Loan B Facility shall at no time be less than 0.50% per annum), in each case, plus an applicable margin. Borrowings under the 2027 Revolving Credit Facility in: (i) U.S. dollars bear interest at a rate per annum equal to, at the Company's option, either: (a) the term SOFR rate (provided, however, that the term SOFR rate with respect to the 2027 Revolving Credit Facility shall at no time be less than 0.00% per annum) or (b) a base rate determined by reference to the highest of: (x) the prime rate (as defined in the 2022 Amended Credit Agreement), (y) the federal funds effective rate plus 1/2 of 1.00% or (z) the term SOFR rate for a period of one month plus 1.00%, (ii) Canadian dollars bear interest at a rate per annum equal to, at the Company's option, either: (a) 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) or (b) a prime rate determined by reference to the higher of: (x) 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 (y) the one month BA rate calculated daily plus 1.00% (provided, however, that the prime rate shall at no time be less than 0.00% per annum) and (iii) euros bear interest at a rate per annum

equal to a term benchmark rate determined by reference to the cost of funds for euro deposits (“EURIBOR”) for the interest period relevant to such borrowing (provided, however, that such rate, shall at no time be less than 0.00% per annum in each case, plus an applicable margin). Term SOFR rate loans are subject to a credit spread adjustment ranging from 0.10%-0.25%.

The applicable interest rate margin for borrowings under the 2027 Term Loan B Facility is 5.25% for term SOFR rate loans and 4.25% for U.S. dollar base rate loans. The applicable interest rate margin for borrowings under the 2027 Revolving Credit Facility ranges from 4.75% to 5.25% for term SOFR rate loans, BA rate loans and EURIBOR loans and 3.75% to 4.25% for U.S. dollar base rate loans and Canadian prime rate loans.

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 2027 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 term SOFR rate borrowings under the 2027 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.

Subject to certain exceptions and customary baskets set forth in the 2022 Amended 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 thresholds), (ii) 100% of the net cash proceeds from the incurrence of debt (other than permitted debt as described in the 2022 Amended Credit Agreement), (iii) 50% of Excess Cash Flow (as defined in the 2022 Amended Credit Agreement) subject to decrease based on leverage ratios and subject to a threshold amount and (iv) 100% of net cash proceeds from asset sales (subject to reinvestment rights, and net proceeds thresholds). These mandatory prepayments may be used to satisfy future amortization.

The amortization rate for the 2027 Term Loan B Facility is 5.00% per annum, or \$125 million, payable in quarterly installments beginning on September 30, 2022. The Company may direct that prepayments be applied to such amortization payments in order of maturity. As of June 30, 2022, the remaining mandatory quarterly amortization payments for the 2027 Term Loan B Facility were \$563 million through December 2026.

The 2022 Amended Credit Agreement permits the incurrence of incremental credit facility borrowings up to the greater of \$1,000 million and 40% of Consolidated Adjusted EBITDA (non-GAAP) (as defined in the 2022 Amended Credit Agreement), subject to customary terms and conditions, as well as the incurrence of additional incremental credit facility borrowings subject to, in the case of secured debt, a secured leverage ratio of not greater than 3.50:1.00, and, in the case of unsecured debt, either 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.

The 2022 Amended Credit Agreement provides that Bausch + Lomb shall initially be a “restricted” subsidiary subject to the terms of the 2022 Amended Credit Agreement covenants, but does not require Bausch + Lomb to guarantee the obligations under the 2022 Amended Credit Agreement. The 2022 Amended Credit Agreement permits the Company to designate Bausch + Lomb as an “unrestricted” subsidiary under the 2022 Amended Credit Agreement and no longer subject to the terms of the covenants thereunder provided that no event of default is continuing or will result from such designation and the total leverage ratio of Remainco (as defined in the 2022 Amended Credit Agreement) will not be greater than 7.60:1.00 on a pro forma basis. The Credit Agreement Refinancing contains provisions designed to facilitate the B+L Separation.

Senior Secured Credit Facilities under the B+L Credit Agreement

On May 10, 2022, Bausch + Lomb entered into a credit agreement (the “B+L Credit Agreement”, and the credit facilities thereunder, the “B+L Credit Facilities”) providing for term loans of \$2,500 million with a five-year term to maturity (the “B+L Term Facility”) and a five-year revolving credit facility of \$500 million (the “B+L Revolving Credit Facility” and such financing, the “B+L Debt Financing”). The B+L Credit Facilities are secured by substantially all of the assets of Bausch + Lomb and its material, wholly-owned Canadian, U.S., Dutch and Irish subsidiaries, subject to certain exceptions. The term loans are denominated in U.S. dollars, and borrowings under the revolving credit facility will be made available in U.S. dollars, euros, pounds sterling and Canadian dollars. As of June 30, 2022, the B+L Revolving Credit Facility remains undrawn.

The B+L Revolving Credit Facility is a source of funding for Bausch + Lomb and its subsidiaries only. Absent the making of a dividend, which would be determined by the Board of Directors of Bausch + Lomb and paid pro rata to Bausch + Lomb’s shareholders, proceeds from the B+L Revolving Credit Facility are not available to fund the operations, investing and financing activities of Bausch Health.

Borrowings under the B+L Revolving Credit Facility in: (i) U.S. dollars bear interest at a rate per annum equal to, at Bausch + Lomb’s option, either: (a) the term SOFR rate for the interest period relevant to such borrowing or (b) a base rate, determined by reference to the highest of: (i) the prime rate (as defined in the B+L Credit Agreement), (ii) the federal funds

effective rate plus 1/2 of 1.00% and (iii) the term SOFR rate for a period of one month plus 1.00% (or if such rate shall not be ascertainable, 1.00%) (provided, however, that the term SOFR rate with respect to the B+L Revolving Credit Facility shall at no time be less than 0.00% per annum), (ii) Canadian dollars bear interest at a rate per annum equal to, at Bausch + Lomb's option, either: (a) 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) or (b) prime rate determined by reference to the higher of: (x) 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 (y) the one month BA rate calculated daily plus 1.00% (provided, however, that the prime rate shall at no time be less than 0.00% per annum), (iii) euros bear interest at a rate per annum equal to EURIBOR for the interest period relevant to such borrowing (provided, however, that such rate shall at no time be less than 0.00% per annum) and (iv) pounds sterling bear interest at a rate per annum equal to the effective overnight interest rate for unsecured transaction in the Sterling Overnight Index Average ("SONIA") (provided, however, that such rate, shall at no time be no less than 0.00% per annum, in each case, plus an applicable margin. Term SOFR rate loans are subject to a credit spread adjustment of 0.10% and sterling loans are subject to a credit spread adjustment of 0.0326%.

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

Borrowings under the B+L Term Facility bear interest at a rate per annum equal to, at Bausch + Lomb's option, either (i) the term SOFR rate for the interest period relevant to such borrowing (provided, however, that the term SOFR rate with respect to the B+L Term Facility shall at no time be less than 0.50% per annum), plus an applicable margin of 3.25% or (ii) a base rate determined by reference to the highest of (x) the prime rate (as defined in the B+L Credit Agreement), (y) the federal funds effective rate plus 1/2 of 1.00% and (z) the term SOFR rate for a period of one month plus 1.00% (or if such rate shall not be ascertainable, 2.25%) (provided, however, that the base rate with respect to the B+L Term Facility shall at no time be less than 0.50% per annum), plus an applicable margin of 2.25%. Term SOFR rate loans are subject to a credit spread adjustment of 0.10%.

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

The amortization rate for the B+L Term Facility is 1.00% per annum, or \$25 million, payable in quarterly installments beginning on September 30, 2022. Bausch + Lomb may direct that prepayments be applied to such amortization payments in order of maturity. As of June 30, 2022, the remaining mandatory quarterly amortization payments for the B+L Term Facility were \$119 million through March 2027.

Senior Secured Notes

The Senior Secured Notes are guaranteed by each of the Company's subsidiaries that is a guarantor under the 2022 Amended Credit Agreement and existing Senior Unsecured Notes (together, the "Note Guarantors"). In connection with the closing of the B+L IPO, the redemption of the Company's 6.125% Senior Unsecured Notes due 2025 (the "April 2025 Unsecured Notes" and the related indenture, the "April 2025 Unsecured Notes Indenture") (as discussed below) and the related release in respect of the 2018 Restated Credit Agreement, the guarantees and related security provided by Bausch + Lomb and its subsidiaries in respect of the existing senior notes of the Company and BHA were released.

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 2022 Amended 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.

4.875% Senior Secured Notes due 2028 - June 2021 Refinancing Transactions

On June 8, 2021, the Company issued \$1,600 million aggregate principal amount of 4.875% Senior Secured Notes due June 2028 (the "June 2028 Secured Notes") in a private placement. The proceeds and cash on hand were used to: (i) repurchase a portion and redeem the remainder of \$1,600 million of 7.00% Senior Secured Notes due 2024 (the "March 2024 Secured Notes"), representing the remaining outstanding principal balance of the March 2024 Secured Notes and (ii) pay all fees and expenses associated with these transactions (collectively, the "June 2021 Refinancing Transactions"). The June 2021 Refinancing Transactions were accounted for as an extinguishment of debt and the Company incurred a loss on extinguishment of debt of \$38 million representing the difference between the amount paid to settle the extinguished debt and the extinguished debt's carrying value. Interest on the June 2028 Secured Notes is payable semi-annually in arrears on each June 1 and December 1.

The June 2028 Secured Notes are redeemable at the option of the Company, in whole or in part, at any time on or after June 1, 2024, at the redemption prices set forth in the June 2028 Secured Notes indenture. The Company may redeem some or all of the June 2028 Secured Notes prior to June 1, 2024 at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the date of the redemption plus a "make-whole" premium. In addition, at any time prior to June 1, 2024, the Company may redeem up to 40% of the aggregate principal amount of the June 2028 Secured Notes using the net proceeds of certain equity offerings at the redemption price set forth in the June 2028 Secured Notes indenture.

6.125% Senior Secured Notes due 2027 - February 2022 Financing

On February 10, 2022, the Company issued \$1,000 million aggregate principal amount of 6.125% Senior Secured Notes due February 2027 (the "February 2027 Secured Notes"). The proceeds from the February 2027 Secured Notes, along with proceeds from the B+L IPO, the 2027 Term Loans and the B+L Debt Financing and cash on hand, were used to redeem the April 2025 Unsecured Notes and the Credit Agreement Refinancing as discussed below. The February 2027 Secured Notes accrue interest at a rate of 6.125% per year, payable semi-annually in arrears on each February and August.

The February 2027 Secured Notes are redeemable at the option of the Company, in whole or in part, at any time on or after February 2024, at the redemption prices set forth in the indenture. The Company may redeem some or all of the February 2027 Secured Notes prior to February 2024 at a price equal to 100% of the principal amount thereof plus a "make-whole" premium. Prior to February 2024, the Company may redeem up to 40% of the aggregate principal amount of the February 2027 Secured Notes using the proceeds of certain equity offerings at the redemption price set forth in the indenture.

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 2022 Amended Credit Agreement. 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 2022 Amended Credit Agreement. Future subsidiaries of the Company and BHA, if any, may be required to guarantee the Senior Unsecured Notes. In connection with the closing of the B+L IPO, the discharge of the April 2025 Unsecured Notes Indenture and the related release in respect of the 2018 Restated Credit Agreement, the guarantees and related security provided by Bausch + Lomb and its subsidiaries in respect of the existing senior notes of the Company and BHA were released.

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.

Redemption of April 2025 Unsecured Notes

On January 18, 2022, the Company issued conditional notices of redemption to redeem: (i) all of the April 2025 Unsecured Notes conditioned upon the completion of the Credit Agreement Refinancing and (ii) \$370 million in aggregate principal amount of the Company's outstanding 9.000% Senior Unsecured Notes due 2025 (the "December 2025 Unsecured Notes") conditioned upon the receipt of aggregate proceeds of at least \$7,000 million from: (a) the B+L IPO, (b) the B+L Debt Financing, (c) the Credit Agreement Refinancing and (d) the issuance of the February 2027 Secured Notes.

In connection with the closing of the B+L IPO, the conditions of the redemption of its April 2025 Unsecured Notes were satisfied and the Company discharged the April 2025 Unsecured Notes Indenture using: (i) the net proceeds from the issuance of the February 2027 Secured Notes, (ii) the net proceeds from the B+L IPO, (iii) the net proceeds from the borrowings under the B+L Debt Financing and (iv) cash on hand. On May 10, 2022, the Company caused sufficient funds for the redemption in full of its April 2025 Unsecured Notes at a redemption price of 101.021% of the principal amount then outstanding to be irrevocably deposited with the Bank of New York Mellon, N.A., as trustee under the April 2025 Unsecured Notes Indenture, and the April 2025 Unsecured Notes Indenture was discharged. The April 2025 Unsecured Notes were redeemed on May 16, 2022. The redemption was accounted for as an extinguishment of debt.

On May 10, 2022, the Company notified the Trustee and holders of its outstanding December 2025 Unsecured Notes that the conditions to its previously announced redemption would not be satisfied, and the conditional redemption was cancelled.

In connection with the closing of the B+L IPO, the discharge of the April 2025 Unsecured Notes Indenture and the related release in respect of the 2018 Restated Credit Agreement as described above, the guarantees and related security provided by Bausch + Lomb and its subsidiaries in respect of the existing senior notes of the Company and BHA were released.

Weighted Average Stated Rate of Interest

The weighted average stated rate of interest for the Company's outstanding debt obligations as of June 30, 2022 and December 31, 2021 was 6.34% and 5.88%, respectively.

Gain (Loss) on Extinguishment of Debt

During the three months ended June 30, 2022, the Company repurchased and retired, outstanding Senior Unsecured Notes with an aggregate par value of \$481 million in the open market, for an aggregate cost of \$300 million. In connection with these repurchases, the Company recognized a gain of \$176 million on extinguishment of debt which represents the differences between the amounts paid to settle the extinguished debt and its carrying value.

In connection with the repayment of: (i) June 2025 Term Loan B Facility, (ii) November 2025 Term Loan B Facility, (iii) 2023 Revolving Credit Facility and (iv) redemption of April 2025 Unsecured Notes the Company incurred a loss on extinguishment of debt of \$63 million representing the difference between the amount paid to settle the extinguished debt and the extinguished debt's carrying value.

Maturities

The Company may, from time to time, purchase outstanding debt for cash in open market purchases or privately negotiated transactions. Such repurchases or exchanges, if any, will depend on prevailing market conditions, future liquidity requirements, contractual restrictions and other factors.

Maturities of debt obligations for the remainder of 2022, the five succeeding years ending December 31 and thereafter are as follows:

(in millions)

Remainder of 2022	\$ 75
2023	150
2024	150
2025	3,400
2026	1,650
2027	8,000
Thereafter	<u>8,631</u>
Total debt obligations	22,056
Unamortized premiums, discounts and issuance costs	<u>(242)</u>
Total long-term debt and other	<u>\$ 21,814</u>

11. PENSION AND POSTRETIREMENT EMPLOYEE BENEFIT PLANS

The Company sponsors defined benefit plans and a participatory defined benefit postretirement medical and life insurance plan, which covers certain U.S. employees and employees in certain other countries. Net periodic (benefit) cost for the Company's defined benefit pension plans and postretirement benefit plan for the six months ended June 30, 2022 and 2021 consists of:

(in millions)	Pension Benefit Plans				Postretirement Benefit Plan	
	U.S. Plan		Non-U.S. Plans		2022	2021
	2022	2021	2022	2021		
Service cost	\$ —	\$ —	\$ 2	\$ 2	\$ —	\$ —
Interest cost	2	2	2	1	—	—
Expected return on plan assets	(5)	(5)	(2)	(3)	—	—
Amortization of prior service credit and other	—	—	—	—	(1)	(1)
Amortization of net loss	—	—	1	1	—	—
Net periodic (benefit) cost	<u>\$ (3)</u>	<u>\$ (3)</u>	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ (1)</u>	<u>\$ (1)</u>

12. SHARE-BASED COMPENSATION

Bausch Health's Long-Term Incentive Plan

In May 2014, shareholders approved the Company's 2014 Omnibus Incentive Plan (the "2014 Plan") which replaced the Company's 2011 Omnibus Incentive Plan (the "2011 Plan") for future equity awards granted by the Company. The Company transferred the common shares available under the 2011 Plan to the 2014 Plan. The maximum number of common shares that may be issued to participants under the 2014 Plan was equal to 18,000,000 common shares, plus the number of common shares under the 2011 Plan reserved but unissued and not underlying outstanding awards and the number of common shares becoming available for reuse after awards are terminated, forfeited, cancelled, exchanged or surrendered under the 2011 Plan and the Company's 2007 Equity Compensation Plan. The Company registered 20,000,000 common shares for issuance under the 2014 Plan. The 2014 Plan was amended and restated effective April 30, 2018 and April 28, 2020 to, among other things, increase the number of common shares authorized for issuance under the 2014 Plan.

Effective June 21, 2022, the Company further amended and restated the 2014 Plan, as subsequently amended and restated (the "Amended and Restated 2014 Plan"). Such amendment and restatement increased the number of common shares authorized for issuance under the Amended and Restated 2014 Plan by an additional 11,500,000 common shares, among other things.

Approximately 21,627,000 common shares were available for future grants under the Amended and Restated 2014 Plan as of June 30, 2022. The Company uses reserved and unissued common shares to satisfy its obligations under its share-based compensation plans.

The Company has a long-term incentive program with the objective of aligning the share-based awards granted to senior management with the Company’s focus on improving its tangible capital usage and allocation while maintaining focus on improving total shareholder return over the long-term. The share-based awards granted under this long-term incentive program consist of time-based stock options, time-based restricted share units (“RSUs”) and performance-based RSUs. Performance-based RSUs are comprised of awards that: (i) vest upon achievement of certain share price appreciation conditions that are based on total shareholder return (“TSR”), (ii) vest upon attainment of certain performance targets that are based on the Company’s return on tangible capital (“ROTC”) and (iii) vest fully or partially upon attainment of certain goals that are linked to the B+L Separation.

Bausch + Lomb Long-Term Incentive Plan

Bausch + Lomb participated in Bausch Health’s long-term incentive program prior to the establishment of the Bausch + Lomb Incentive Plan. Effective May 5, 2022, Bausch + Lomb established the Bausch + Lomb Corporation 2022 Omnibus Incentive Plan (the “B+L Plan”). A total of 28,000,000 common shares of Bausch + Lomb are authorized under the B+L Plan. The B+L Plan provides for the grant of various types of awards including RSUs, stock appreciation rights, stock options, performance-based awards and cash awards. Under the Plan, the exercise price of awards, if any, is set on the grant date and may not be less than the fair market value per share on that date. Generally, stock options have a term of ten years and a three-year vesting period, subject to limited exceptions.

On May 5, 2022, in connection with the B+L IPO, Bausch + Lomb granted certain awards to certain eligible recipients (the “IPO Founder Grants”). Eligible recipients are individuals employed by Bausch + Lomb or employed by an affiliate of Bausch + Lomb. Approximately 3,900,000 IPO Founder Grants were issued to Bausch + Lomb executive officers and were awarded 50% in the form of stock options and 50% in the form of RSUs. Additionally, Bausch + Lomb granted approximately 5,700,000 stock options and RSUs to non-executive eligible recipients, of which approximately 4,300,000 were IPO Founder Grants. The options have a three-year graded vesting period and the RSUs vest 50% in the second year and 50% in the third year after the grant. Vesting of the IPO Founder Grants are contingent on the completion of the B+L Separation and expense recognition will begin near the time of the B+L Separation.

Approximately 18,400,000 Bausch + Lomb common shares were available for future grants as of June 30, 2022 under the B+L Plan. Bausch + Lomb uses reserved and unissued common shares to satisfy its obligations under its share-based compensation plans.

The following table summarizes the components and classification of Bausch Health share-based compensation expenses related to stock options and RSUs for the three and six months ended June 30, 2022 and 2021:

<i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Stock options	\$ 3	\$ 3	\$ 7	\$ 7
RSUs	23	28	51	55
	<u>\$ 26</u>	<u>\$ 31</u>	<u>\$ 58</u>	<u>\$ 62</u>
Research and development expenses	\$ 3	\$ 2	\$ 6	\$ 5
Selling, general and administrative expenses	23	29	52	57
	<u>\$ 26</u>	<u>\$ 31</u>	<u>\$ 58</u>	<u>\$ 62</u>

Share-based awards granted for the six months ended June 30, 2022 and 2021 consist of:

	<u>2022</u>	<u>2021</u>
Bausch Health Share-Based Awards		
Stock options		
Granted	2,570,000	1,466,000
Weighted-average exercise price	\$ 23.95	\$ 32.52
Weighted-average grant date fair value	\$ 6.60	\$ 11.18
Time-based RSUs		
Granted	2,680,000	2,861,000
Weighted-average grant date fair value	\$ 18.49	\$ 32.26
TSR performance-based RSUs		
Granted	—	400,000
Weighted-average grant date fair value	\$ —	\$ 56.04
ROTC performance-based RSUs		
Granted	369,000	413,000
Weighted-average grant date fair value	\$ 9.40	\$ 31.72
B+L Separation performance-based RSUs		
Granted	—	132,000
Weighted-average grant date fair value	\$ —	\$ 32.56
Bausch+ Lomb Share-Based Awards		
Stock options		
Granted	6,455,000	—
Weighted-average exercise price	\$ 18.00	\$ —
Weighted-average grant date fair value	\$ 4.55	\$ —
Time-based RSUs		
Granted	3,207,000	—
Weighted-average grant date fair value	\$ 17.92	\$ —

As of June 30, 2022, the remaining unrecognized compensation expenses related to all outstanding non-vested stock options, time-based RSUs and performance-based RSUs under the Amended and Restated 2014 Plan amounted to \$139 million, which will be amortized over a weighted-average period of 1.74 years.

As of June 30, 2022, the remaining unrecognized compensation expenses related to all outstanding non-vested stock options, time-based RSUs and performance-based RSUs under the B+L Plan amounted to \$59 million, which will be amortized over a weighted-average period of 1.77 years.

13. ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss consists of:

<i>(in millions)</i>	June 30, 2022	December 31, 2021
Foreign currency translation adjustment	\$ (1,990)	\$ (1,905)
Pension and postretirement benefit plan adjustments, net of income taxes	(12)	(19)
	<u>\$ (2,002)</u>	<u>\$ (1,924)</u>

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

As a result of the change in the Company's ownership interest in Bausch + Lomb, the carrying amount of accumulated other comprehensive income was adjusted to reflect the change in the ownership interest in Bausch + Lomb through a corresponding credit of \$137 million to equity attributable to the Company.

14. RESEARCH AND DEVELOPMENT

Included in Research and development are costs related to product development and quality assurance programs. Quality assurance are the costs incurred to meet evolving customer and regulatory standards. Research and development costs consist of:

<i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Product related research and development	\$ 120	\$ 109	\$ 241	\$ 214
Quality assurance	7	6	13	13
	<u>\$ 127</u>	<u>\$ 115</u>	<u>\$ 254</u>	<u>\$ 227</u>

15. OTHER EXPENSE, NET

Other expense, net consists of:

<i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Litigation and other matters	\$ 8	\$ 532	\$ 7	\$ 532
Acquisition-related contingent consideration	(5)	9	(2)	—
Gain on sale of assets, net	(3)	—	(3)	(23)
Acquired in-process research and development costs	1	1	1	3
Other, Net	(1)	—	(1)	—
	<u>\$ —</u>	<u>\$ 542</u>	<u>\$ 2</u>	<u>\$ 512</u>

Gain on sale of assets, net for the six months ended June 30, 2021, includes \$25 million related to the achievement of a milestone related to a certain product.

16. INCOME TAXES

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

Benefit from income taxes for the six months ended June 30, 2022 was \$6 million and included: (i) \$16 million of income tax expense for the Company's ordinary loss for the six months ended June 30, 2022 and (ii) \$22 million of net income tax benefit for discrete items, which includes: (a) \$39 million of net income tax benefit recognized for changes in uncertain tax positions and (b) a \$16 million tax provision associated with filing certain tax returns.

Benefit from income taxes for the six months ended June 30, 2021 was \$61 million and included: (i) \$50 million of income tax benefit for the Company's ordinary loss for the six months ended June 30, 2021 and (ii) \$11 million of net income tax provision for discrete items, which includes: (a) a \$54 million of net income tax benefit associated with certain legal settlements, (b) a \$46 million tax provision related to potential and recognized withholding tax on intercompany dividends, (c) a \$7 million tax benefit related to a deduction for stock compensation and (d) a \$4 million tax provision associated with the filing of certain tax returns.

The Company records a valuation allowance against its deferred tax assets to reduce the net carrying value to an amount that it believes is more likely than not to be realized. When the Company establishes or reduces the valuation allowance against its deferred tax assets, the provision for income taxes will increase or decrease, respectively, in the period such determination is made. The valuation allowance against deferred tax assets was \$2,277 million and \$2,222 million as of June 30, 2022 and December 31, 2021, respectively. The increase was primarily due to losses in Canada. The Company will continue to assess the need for a valuation allowance on an ongoing basis.

On October 8, 2021, the Organisation for Economic Co-operation and Development ("OECD")/G20 inclusive framework on Base Erosion and Profit Shifting (the "Inclusive Framework") published a statement updating and finalizing the key

components of a two-pillar plan on global tax reform originally agreed on July 1, 2021, and a timetable for implementation by 2023. The timetable for implementation has since been extended to 2024. The Inclusive Framework plan has now been agreed to by 141 OECD members, including several countries which did not agree to the initial plan. Under pillar one, taxing rights over multinational businesses with global turnover above €20 billion and a profit margin above 10% will generally be re-allocated to market jurisdictions. 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. On December 20, 2021, the OECD published model rules to implement the pillar two rules, which are generally consistent with agreements reached by the Inclusive Framework in October 2021. Some further guidance on the plan and rules has been published, with additional guidance expected to be published in 2023. The Company will continue to monitor the implementation of the Inclusive Framework agreement by the countries in which we operate. While the Company is 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 the Company's liability for corporate taxes and the Company's consolidated effective tax rate.

As of June 30, 2022 and December 31, 2021, the Company had \$840 million and \$927 million of unrecognized tax benefits, which included \$44 million and \$41 million of interest and penalties, respectively. Of the total unrecognized tax benefits as of June 30, 2022, \$179 million would reduce the Company's effective tax rate, if recognized. The Company believes that it is reasonably possible that the total amount of unrecognized tax benefits at June 30, 2022 could decrease by approximately \$14 million in the next 12 months as a result of the resolution of certain tax audits and other events.

The Company continues to be under examination by the Canada Revenue Agency. The Company's position as of June 30, 2022 with regard to proposed audit adjustments was updated to reflect an updated assessment received for 2015 which would primarily result in a loss of tax attributes that are subject to a full valuation allowance.

In 2017, the Company undertook an internal restructuring in the form of what is commonly known as a Granite Trust transaction, which resulted in a recorded capital loss (the "2017 capital loss"). In the U.S., the 2014 tax year remains open to the extent of the portion of the 2017 capital loss carried back to that year. The Internal Revenue Service ("IRS") is continuing its examination of the Company's annual tax filings for 2015 and 2016 and the Company's short period tax return for the period ended September 8, 2017, which was filed as a result of the Company's internal restructuring efforts during 2017. In 2021, the Company received a notice of proposed adjustment from the IRS that would disallow the 2017 capital loss. The Company intends to contest any proposed tax deficiency through the IRS administrative appeals process, and if necessary, appropriate litigation. If the Company were ultimately unsuccessful in defending its position, and all or a substantial portion of the 2017 capital loss deduction were disallowed, the Company estimates, in a worst-case scenario, that it could be liable for additional income taxes (excluding penalties and interest) of up to \$2,100 million, which could have an adverse effect on the Company's financial condition and results of operations. The Company intends to vigorously defend its position, including through appropriate litigation, if necessary, and ultimately believes it will sustain its deduction of the 2017 capital loss, and, accordingly, no income tax provision has been recorded.

The Company's U.S. affiliates remain under examination for various state tax audits in the U.S. for years 2015 through 2020.

The Company's subsidiaries in Germany are under audit for tax years 2014 through 2016. At this time, the Company does not expect that proposed adjustments, if any, would be material to the Company's Consolidated Financial Statements.

The Company settled its audit with the Australian Taxation Office for various years beginning in 2011 through 2017 with no material adjustments.

Certain affiliates of the Company in regions outside of Canada, the U.S., Germany and Australia are currently under examination by relevant taxing authorities, and all necessary accruals have been recorded, including uncertain tax benefits. At this time, the Company does not expect that proposed adjustments, if any, would be material to the Company's Consolidated Financial Statements.

17. LOSS PER SHARE

Net loss per share attributable to Bausch Health Companies Inc. were calculated as follows:

<i>(in millions, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net loss attributable to Bausch Health Companies Inc.	<u>\$ (145)</u>	<u>\$ (595)</u>	<u>\$ (214)</u>	<u>\$ (1,205)</u>
Basic and diluted weighted-average common shares outstanding	<u>362.2</u>	<u>359.1</u>	<u>361.5</u>	<u>358.0</u>
Basic and diluted loss per share attributable to Bausch Health Companies Inc.	<u>\$ (0.40)</u>	<u>\$ (1.66)</u>	<u>\$ (0.59)</u>	<u>\$ (3.37)</u>

During the three and six months ended June 30, 2022 and 2021, all potential common shares issuable for stock options and RSUs were excluded from the calculation of diluted loss per share, as the effect of including them would have been anti-dilutive. The dilutive effect of potential common shares issuable for stock options and RSUs on the weighted-average number of common shares outstanding would have been approximately 1,184,000 and 4,558,000 common shares for the three months ended June 30, 2022 and 2021, respectively, and approximately 2,392,000 and 5,608,000 common shares for the six months ended June 30, 2022 and 2021, respectively.

During the three and six months ended June 30, 2022, time-based RSUs, performance-based RSUs and stock options to purchase approximately 15,372,000 and 13,771,000 common shares, respectively, were not included in the computation of diluted earnings per share because the effect would have been anti-dilutive under the treasury stock method. During the three and six months ended June 30, 2021, time-based RSUs, performance-based RSUs and stock options to purchase approximately 3,929,000 and 4,110,000 common shares, respectively, were not included in the computation of diluted earnings per share because the effect would have been anti-dilutive under the treasury stock method. During the three months ended June 30, 2022, an additional 156,000 performance-based RSUs were not included in the computation of diluted earnings per share as the required performance conditions had not been met.

18. LEGAL PROCEEDINGS

From time to time, the Company becomes involved in various legal and administrative proceedings, which include product liability, intellectual property, commercial, tax, antitrust, governmental and regulatory investigations, related private litigation and ordinary course employment-related issues. From time to time, the Company also initiates actions or files counterclaims. The Company could be subject to counterclaims or other suits in response to actions it may initiate. The Company believes that the prosecution of these actions and counterclaims is important to preserve and protect the Company, its reputation and its assets. Certain of these proceedings and actions are described in Note 20, "LEGAL PROCEEDINGS," to the Company's Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC and the CSA on February 23, 2022. Except as described below, there have been no material updates or developments with respect to any such proceedings or actions during the six months ended June 30, 2022.

On a quarterly basis, the Company evaluates developments in legal proceedings, potential settlements and other matters that could increase or decrease the amount of the liability accrued. As of June 30, 2022, the Company's Consolidated Balance Sheets includes accrued current loss contingencies of \$1,536 million related to matters which are both probable and reasonably estimable. For all other matters, unless otherwise indicated, the Company cannot reasonably predict the outcome of these legal proceedings, nor can it estimate the amount of loss, or range of loss, if any, that may result from these proceedings. An adverse outcome in certain of these proceedings could have a material adverse effect on the Company's business, financial condition and results of operations, and could cause the market value of its common shares and/or debt securities to decline.

Governmental and Regulatory Inquiries

As referenced above, during the three months ended June 30, 2022, there have been no material updates or developments with respect to certain other proceedings or actions as described under "Governmental and Regulatory Inquiries" in Note 20, "LEGAL PROCEEDINGS," to the Company's Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC and the CSA on February 23, 2022. These matters include:

In August 2019, the Company received a subpoena from the U.S. Attorney's Office for the District of Massachusetts, requesting materials including documents concerning the sales, marketing, coverage and reimbursement of Arestin[®], including related support services, and other matters.

The Company is cooperating with this investigation. The Company cannot predict the outcome or the duration of this investigation or any other legal proceedings or any enforcement actions or other remedies that may be imposed on the Company arising out of this investigation.

Securities and RICO Class Actions and Related Matters

U.S. Securities Litigation - Opt-Out Litigation

On December 16, 2019, the Company announced that it had agreed to settle, subject to final court approval, the consolidated securities class action filed in the U.S. District Court for the District of New Jersey (In re Valeant Pharmaceuticals International, Inc. Securities Litigation, Case No. 15-cv-07658). On January 31, 2021, the District Court issued an order granting final approval of this settlement. On February 4, 2021, Timber Hill LLC ("Timber Hill") filed a notice of appeal of the Court's final approval order, which overruled its objections to the allocation of settlement proceeds as between common stock and options. On March 1, 2021, Cathy Lochridge filed a notice of appeal of the Court's final approval order, which overruled her objections as to the attorneys' fees awarded to class counsel. On October 14, 2021, Timber Hill dismissed its appeal of the final approval order. On December 20, 2021, the Third Circuit denied Lochridge's appeal. On January 3, 2022, Lochridge filed a petition for rehearing of the appeal en banc. On May 12, 2022, the Third Circuit denied Lochridge's petition for rehearing en banc. The deadline for Lochridge to file a petition for a writ of certiorari with the U.S. Supreme Court is August 10, 2022.

In October 2015, four putative securities class actions were filed in the U.S. District Court for the District of New Jersey against the Company and certain current or former officers and directors. The allegations related to, among other things, allegedly false and misleading statements and/or failures to disclose information about the Company's business and prospects, including relating to drug pricing, the Company's use of specialty pharmacies, and the Company's relationship with Philidor Rx Services, LLC ("Philidor"). On May 31, 2016, the court entered an order consolidating the four actions under the caption In re Valeant Pharmaceuticals International, Inc. Securities Litigation, Case No. 15-cv-07658. On December 16, 2019, the Company, the current or former officers and directors, ValueAct, and the underwriters announced that they agreed to resolve the securities action for \$1,210 million, subject to final court approval. This settlement received final approval from the court on January 31, 2021 and will resolve and discharge 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. The settlement remains subject to appeal of the final court approval (as such appeal is further described above). In order to qualify for a settlement payment all persons and entities that purchased or otherwise acquired the Company securities during the class period must have submitted a proof of claim and release form by May 6, 2020. The settlement payments have been paid into an escrow account in accordance with the payment schedule outlined in the settlement agreement. These payments, less certain settlement expenses and attorneys' fees, will remain in escrow until resolution of the appeal of the final court approval of the settlement agreement. The opt-out litigations discussed below remain ongoing. As of June 30, 2022, Restricted cash and other settlement deposits includes an aggregate \$1,210 million of: (i) payments in the escrow fund and (ii) certain disbursements for settlement expenses and attorney's fees. Disbursements for attorney's fees remain refundable until resolution of the appeal of the final court approval of the settlement agreement.

On June 6, 2018, a putative class action was filed in the U.S. District Court for the District of New Jersey against the Company and certain current or former officers and directors. This action, captioned Timber Hill LLC, v. Valeant Pharmaceuticals International, Inc., et al., (Case No. 18-cv-10246), asserts securities fraud claims under Sections 10(b) and 20(a) of the Exchange Act on behalf of a putative class of persons who purchased call options or sold put options on the Company's common stock during the period January 4, 2013 through August 11, 2016. On June 11, 2018, this action was consolidated with In re Valeant Pharmaceuticals International, Inc. Securities Litigation, (Case No. 15-cv-07658). On January 14, 2019, the defendants filed a motion to dismiss the Timber Hill complaint. Briefing on that motion was completed on February 13, 2019. On August 15, 2019, the Court denied the motion to dismiss the Timber Hill action, holding that this complaint was a legal nullity as a result of the June 11, 2018 consolidation order.

In addition to the consolidated putative class action, thirty-seven groups of individual investors in the Company's stock and debt securities have chosen to opt out of the consolidated putative class action and filed securities actions in the U.S. District Court for the District of New Jersey against the Company and certain current or former officers and directors. These actions were captioned previously in the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed on February 23, 2022. Sixteen of the thirty-seven opt-out actions have been dismissed; and the total number of remaining opt-out actions pending in the District of New Jersey is twenty-one actions.

These individual shareholder actions assert claims under Sections 10(b), and 20(a) of the Exchange Act. Certain of these individual actions assert additional claims, including claims under Section 18 of the Exchange Act, Sections 11, 12(a)(2), and 15 of the Securities Act, common law fraud, negligent misrepresentation, and claims under the New Jersey Racketeer Influenced and Corrupt Organizations Act. These claims are based on alleged purchases of Company stock, options, and/or debt at various times between January 3, 2013 and August 10, 2016. The allegations in the complaints are similar to those made by plaintiffs in the putative class action. Motions to dismiss were filed in many of these individual actions and the Court has dismissed state law claims including New Jersey Racketeer Influenced and Corrupt Organizations Act, common law fraud, and negligent misrepresentation claims in certain cases. On January 7, 2019, the Court entered a stipulation of voluntary dismissal in the Senzar Healthcare Master Fund LP v. Valeant Pharmaceuticals International, Inc. (Case No. 18-cv-02286) opt-out action, closing the case. On September 10, 2019, the Court granted defendants' motion to dismiss all claims in the Bahaa Aly v. Valeant Pharmaceuticals International, Inc. ("Aly") (Case No. 18-cv-17393) opt-out action. On October 9, 2019, the Aly Plaintiffs filed a notice of appeal to the United States Court of Appeals for the Third Circuit. On June 16, 2021, the Court of Appeals granted plaintiffs' appeal in the Aly action. This action has been remanded to the District Court. On June 19, 2020, the Court entered stipulations of voluntary dismissal in the Catalyst, Mississippi, Connecticut, and Delaware actions. On July 13, 2020, the Court entered a stipulation of voluntary dismissal in the NYCERS action. On December 30, 2020, the Court entered a stipulation of voluntary dismissal in the BlueMountain action. On February 18, 2021, and March 10, 2021, the Court entered stipulations of voluntary dismissal in the T. Rowe, BloombergSen, Principal Funds, Pentwater, Lord Abbett, Equity Trustees, and UC Regents actions. On April 30, 2021, the Court entered a stipulation of voluntary dismissal in the Florida SBA action. On July 20, 2021, the Court entered a stipulation of voluntary dismissal in the Janus action.

Discovery in the opt-out actions has concluded. Motions for summary judgment were filed on August 1, 2022 but have not yet been fully briefed. Trial dates have not been set in any of the opt-out actions.

The Company disputes the claims against it in the remaining individual opt-out complaints and intends to defend itself vigorously.

Canadian Securities Litigation

In 2015, six putative class actions were filed and served against the Company and certain current or former officers and directors in Canada in the provinces of British Columbia, Ontario and Quebec. The Company is also aware of two additional putative class actions that were filed with the applicable court but which have not been served on the Company and the factual allegations made in these actions are substantially similar to those outlined herein. These actions were captioned previously in the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed on February 23, 2022.

The actions generally allege violations of Canadian provincial securities legislation on behalf of putative classes of persons who purchased or otherwise acquired securities of the Company for periods commencing as early as January 1, 2013 and ending as late as November 16, 2015. The alleged violations relate to the same matters described in the U.S. Securities Litigation description above.

Each of these putative class actions, other than the Catucci action in the Quebec Superior Court, was discontinued. In the Catucci action, on August 29, 2017, the judge granted the plaintiffs leave to proceed with their claims under the Quebec Securities Act and authorized the class proceeding. On October 26, 2017, the plaintiffs issued their Judicial Application Originating Class Proceedings.

After a hearing on November 11, 2019, the court approved a settlement in the Catucci action between the class members and the Company's auditors and the action was dismissed as against them.

On August 4, 2020, the Company entered into a settlement agreement with the plaintiffs in Catucci, on behalf of the class, pursuant to which it agreed to resolve the Catucci action for the amount of CAD 94,000,000 plus payment of an additional amount to cover notice and settlement administration costs and disbursements. As part of the settlement, the Company and the other defendants admitted no liability as to the claims against it and deny all allegations of wrongdoing. Court approval of the settlement was granted after a hearing on November 16, 2020. The Catucci action has now been dismissed against the Company, its current and former directors and officers, its underwriters and its insurers.

In addition to the class proceedings described above, on April 12, 2018, the Company was served with an application for leave filed in the Quebec Superior Court of Justice to pursue an action under the Quebec Securities Act against the Company and certain current or former officers and directors. This proceeding is captioned BlackRock Asset Management Canada Limited et al. v. Valeant, et al. (Court File No. 500-11-054155-185). The allegations in the proceeding are similar to those made by plaintiffs in the Catucci class action. On June 18, 2018, the same BlackRock entities filed an originating application (Court File No. 500-17-103749-183) against the same defendants asserting claims under the Quebec Civil Code in respect of the same alleged misrepresentations.

The Company is aware that certain other members of the Catucci class exercised their opt-out rights prior to the June 19, 2018 deadline. On February 15, 2019, one of the entities which exercised its opt-out rights, the California State Teachers' Retirement System ("CalSTRS"), served the Company with an application in the Quebec Superior Court of Justice for leave to pursue an action under the Quebec Securities Act against the Company, certain current or former officers and directors of the Company and its auditor. That proceeding is captioned California State Teachers' Retirement System v. Bausch Health Companies Inc. et al. (Court File No. 500-11-055722-181). The allegations in the proceeding are similar to those made by the plaintiffs in the Catucci class action and in the BlackRock opt-out proceedings. On that same date, CalSTRS also served the Company with proceedings (Court File No. 500-17-106044-186) against the same defendants asserting claims under the Quebec Civil Code in respect of the same alleged misrepresentations.

On February 3, 2020, the Quebec Superior Court granted the applications of CalSTRS and BlackRock for leave to pursue their respective actions asserting claims under the Quebec Securities Act. On June 16, 2020, the Quebec Court of Appeal granted the defendants leave to appeal that decision. The appeal was heard on September 29, 2021 and, by judgment dated October 29, 2021, the appeals were dismissed.

On October 8 and 9, 2020, respectively, CalSTRS amended its proceedings to, among other things, include a new alleged misrepresentation concerning the accounting treatment of "price appreciation credits" in respect of Glumetza[®] during the period covered by the claims. A hearing was held on February 17, 2021 with respect to whether CalSTRS would be permitted to file the proposed amended proceedings. On June 9, 2021, the Quebec Superior Court granted the Company's application to strike the new allegations from its Quebec Securities Act claim, but permitted the amendments to its claim under the Quebec Civil Code. On December 8, 2021, CalSTRS delivered its amended pleadings.

On March 17, 2021, four additional opt-outs from the Catucci class issued a Statement of Claim in the Ontario Superior Court of Justice. That proceeding is captioned The Bank of Korea et al. v. Valeant Pharmaceuticals International Inc. et al. (Court File No. 21-006589666-0000). In addition, these plaintiffs also served and filed a motion for leave to pursue claims under the Ontario Securities Act. The allegations in this proceeding are similar to those made by the plaintiffs in the Catucci class action and the plaintiffs in the opt-out actions described above.

The Company believes that it has viable defenses in each of these actions. In each case, the Company intends to defend itself vigorously.

Other Securities and RICO Class Actions and Related Matters

As referenced above, during the three months ended June 30, 2022, there have been no material updates or developments with respect to certain other proceedings or actions as described under "Securities and RICO Class Actions and Related Matters" in Note 20, "LEGAL PROCEEDINGS," to the Company's Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC and the CSA on February 23, 2022. Such matters include:

RICO Class Actions

Between May 27, 2016 and September 16, 2016, three actions were filed in the U.S. District Court for the District of New Jersey against the Company and various third-parties (these actions were subsequently consolidated), alleging claims under the federal Racketeer Influenced Corrupt Organizations Act ("RICO") on behalf of a putative class of certain third-party payors that paid claims submitted by Philidor for certain Company-branded drugs between January 2, 2013 and November 9, 2015. The consolidated complaint alleges, among other things, that the defendants committed predicate acts of mail and wire fraud by submitting or causing to be submitted prescription reimbursement requests that misstated or omitted facts regarding: (1) the identity and licensing status of the dispensing pharmacy; (2) the resubmission of previously denied claims; (3) patient co-pay waivers; (4) the availability of generic alternatives; and (5) the insured's consent to renew the prescription. The complaint further alleges that these acts constitute a pattern of racketeering or a racketeering conspiracy in violation of the RICO statute and caused plaintiffs and the putative class unspecified damages, which may be trebled under the RICO statute. On August 4, 2021, the Company executed a stipulation of settlement for this action and, on August 17, 2021, the Court preliminarily approved the settlement. On December 6, 2021 the Special Master overseeing this litigation issued a report and recommendation recommending final approval of the settlement, and on February 22, 2022 the settlement was approved by the district court. The time to appeal the district court's final approval order expired on March 24, 2022, and the settlement has resolved and discharged all claims against the Company in this action.

Insurance Coverage Lawsuit

On December 7, 2017, the Company filed a lawsuit against its insurance companies that issued insurance policies covering claims made against the Company, its subsidiaries, and its directors and officers during two distinct policy periods, (i) 2013-14 and (ii) 2015-16. The lawsuit is currently pending in the United States District Court for the District of New Jersey (Valeant Pharmaceuticals International, Inc., et al. v. AIG Insurance Company of Canada, et al.; Case No. 3:18-CV-00493).

In the lawsuit, the Company seeks coverage for: (i) the costs of defending and resolving claims brought by former shareholders and debtholders of Allergan, Inc. in *In re Allergan, Inc. Proxy Violation Securities Litigation* and *Timber Hill LLC*, individually and on behalf of all others similarly situated v. *Pershing Square Capital Management, L.P., et al.* (the “Allergan Securities Litigation”) (under the 2013-2014 coverage period) and (ii) costs incurred and to be incurred in connection with the securities class actions and opt-out cases described in this section and the SEC Investigation and certain of the other investigations described under “Complete or Inactive Matters” in Note 20, “LEGAL PROCEEDINGS,” to the Company’s Consolidated Financial Statements included in the Company’s 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 under “Governmental and Regulatory Inquiries” and “Complete or Inactive Matters” in Note 21, “LEGAL PROCEEDINGS,” to the Company’s Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC and the CSA on February 19, 2020 (under the 2015-2016 coverage period).

On July 20, 2021, the Company entered into settlement agreements with the insurers in the 2015-2016 coverage period in which the Company agreed to resolve its claims for insurance coverage in connection with the U.S. Securities Litigation and the Canadian Securities Litigation and related opt-out litigation and related investigations matters described above. On that same day, the Company entered into settlement agreements with two of its insurers in the 2013-2014 coverage period in which the Company agreed to resolve its claims against those two insurers only for insurance coverage in connection with the Allergan Securities Litigation. As a result of all of the settlement agreements entered into with the insurers on July 20, 2021, the Company has received an aggregate sum of \$213 million. The Company’s insurance claims with respect to the Allergan Securities Litigation against the remaining insurers in the 2013-2014 coverage period remain pending.

Hound Partners Lawsuit

In October 2018, Hound Partners Offshore Fund, LP, Hound Partners Long Master, LP, and Hound Partners Concentrated Master, LP, filed a lawsuit against the Company in the Superior Court of New Jersey Law Division/Mercer County that asserts claims for common law fraud, negligent misrepresentation, and violations of the New Jersey Racketeer Influenced and Corrupt Organizations Act. The Company disputes the claims and intends to vigorously defend this matter.

Antitrust

Glumetza Antitrust Litigation

Between August 2019 and July 2020, eight (8) putative antitrust class actions and four (4) non-class complaints naming the Company, Salix Pharmaceuticals, Ltd., Salix Pharmaceuticals, Inc., and Santarus, Inc. (for purposes of this subsection, collectively, the “Company”), among other defendants, were filed or transferred to the Northern District of California. Three (3) of the class actions were filed by plaintiffs seeking to represent a class of direct purchasers. The purported classes of direct purchasers filed a consolidated first amended complaint and a motion for class certification in April 2020. The court certified a direct purchaser class in August 2020. The putative class action complaints filed by end payer purchasers have all been voluntarily dismissed. Three (3) of the non-class complaints were filed by direct purchasers. The fourth non-class complaint, asserting claims based on both direct and indirect purchases, was filed by an insurer plaintiff in July 2020 and subsequently amended in September 2020. In December 2020, the court denied the Company’s motion to dismiss as to the insurer plaintiff’s direct claims but dismissed the insurer plaintiff’s indirect claims. On February 2, 2021, the insurer plaintiff’s motion for leave to amend its complaint was denied.

These actions were consolidated and coordinated in *In re Glumetza Antitrust Litigation*, Case No. 3:19-cv-05822-WHA (the “*In re Glumetza Antitrust Litigation*”). The lawsuits alleged that a 2012 settlement of a patent litigation regarding Glumetza[®] delayed generic entry in exchange for an agreement not to launch an authorized generic of Glumetza[®] or grant any other company a license to do so. The complaints alleged that the settlement agreement resulted in higher prices for Glumetza[®] and its generic equivalent both prior to and after generic entry. Both the class and non-class plaintiffs sought damages under federal antitrust laws for claims based on direct purchases.

On February 8, 2021, the insurer plaintiff filed an action asserting its indirect (state law) claims in the Superior Court of Alameda County, California against the Company and others (the “State Court Action”) (discussed in further detail below, *see Glumetza State-Law Insurer Litigations*). Defendants’ demurrer in the State Court Action was heard on September 22, 2021.

On July 26, 2021, the Company reached an agreement in principle and, thereafter, on September 14, 2021, executed a final settlement agreement to resolve the class plaintiffs’ claims for \$300 million, subject to court approval. On August 1, 2021, the Company also reached an agreement in principle to resolve the non-class direct purchaser plaintiffs’ claims, described above, for additional consideration. A final settlement agreement with the non-class direct purchaser plaintiffs was executed on August 6, 2021. As part of the settlements, the Company admitted no liability as to the claims against it and denied all allegations of wrongdoing. On September 20, 2021, the insurer plaintiff voluntarily dismissed its claims in the consolidated

federal action. By stipulation, the insurer plaintiff has asserted its direct opt-out claims in the State Court Action, resulting in the consolidation of all of its opt-out claims in the State Court Action.

On September 22, 2021, the court granted preliminary approval of the class settlement agreement and vacated the October 2021 trial date and all other pre-trial deadlines in the consolidated actions. On February 3, 2022, the court granted final approval of the class settlement and ordered dismissal of the class plaintiffs' claims. The deadline to appeal the final approval of the class settlement has now passed, and the settlements have resolved and discharged all asserted class and direct purchaser non-class claims against the Company in the *In re Glumetza Antitrust Litigation*.

Generic Pricing Antitrust Litigation

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

Additionally, Bausch Health Companies Inc. and certain U.S. and Canadian subsidiaries (for the purposes of this paragraph, collectively the "Company") have been named as defendants in a proposed class proceeding entitled *Kathryn Eaton v. Teva Canada Limited, et al.* in the Federal Court in Toronto, Ontario, Canada (Court File No. T-607-20). The plaintiff seeks to certify a proposed class action on behalf of persons in Canada who purchased generic drugs in the private sector, alleging that the Company and other defendants violated the Competition Act by conspiring to allocate the market, fix prices, and maintain the supply of generic drugs, and seeking damages under federal law. The proposed class action contains similar allegations to the *In re: Generic Pharmaceuticals Pricing Antitrust Litigation* pending in the United States Court for the Eastern District of Pennsylvania. The Company disputes the claims against it and intends to defend itself vigorously.

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

Glumetza State-Law Insurer Litigations

On February 8, 2021, the insurer plaintiff from the federal *In re Glumetza Antitrust Litigation*, Case No. 3:19-cv-05822-WHA (N.D. Cal.) (the "*In re Glumetza Antitrust Litigation*") (discussed in further detail above) filed an action asserting its indirect (state law) claims in the Superior Court of Alameda County, California against the Company and others (the "State Court Action"). The State Court Action alleges that a 2012 settlement of a patent litigation regarding Glumetza[®] delayed generic entry in exchange for an agreement not to launch an authorized generic of Glumetza[®] or grant any other company a license to do so. The State Court Action alleges that the settlement agreement resulted in higher prices for Glumetza[®] and its generic equivalent both prior to and after generic entry. On September 20, 2021, the parties stipulated that the insurer plaintiff's direct opt-out claims from *In re Glumetza Antitrust Litigation*, discussed above, were deemed asserted in the State Court Action.

Defendants' demurrer in the State Court Action was heard on September 22, 2021. On November 29, 2021, the court denied the motion in part and granted it in part as to certain state law claims, with leave to amend. The insurer plaintiff did not amend the complaint. Defendants' answers were filed on February 3, 2022.

On April 5, 2022, Health Care Service Corporation filed an action with similar substantive allegations and similar indirect (state law) claims in the Superior Court of Alameda County, California against the Company and others. Defendants' answers were filed on June 17, 2022.

The Company disputes the claims and intends to vigorously defend these matters.

Intellectual Property

Patent Litigation/Paragraph IV Matters

From time to time, the Company (and/or certain of its affiliates) is also party to certain patent infringement proceedings in the United States and Canada, including as arising from claims filed by the Company (or that the Company anticipates filing within the required time periods) in connection with Notices of Paragraph IV Certification (in the United States) and Notices of Allegation (in Canada) received from third-party generic manufacturers respecting their pending applications for generic versions of certain products sold by or on behalf of the Company, including Xifaxan[®] 550mg, Bryhali[®], Duobrii[®], Trulance[®], Lumify[®], Relistor[®] Injection, Arazlo[®] and Nuessa[®] in the United States and Jublia[®] in Canada, or other similar suits.

Xifaxan[®] Paragraph IV Proceedings

On February 17, 2020, the Company and Alfasigma S.p.A. (“Alfasigma”) received a Notice of Paragraph IV Certification from Norwich Pharmaceuticals Inc. (“Norwich”), in which Norwich asserted that the U.S. patents listed in the FDA’s Orange Book for the Company’s Xifaxan[®] tablets, 550 mg, are either invalid, unenforceable and/or will not be infringed by the commercial manufacture, use or sale of Norwich’s generic rifaximin tablets, 550 mg, for which an Abbreviated New Drug Application (“ANDA”) has been filed by Norwich. The Company, through its subsidiaries Salix Pharmaceuticals, Inc. and Bausch Health Ireland Limited, holds the New Drug Application for Xifaxan[®] and owns or exclusively licenses (from Alfasigma) these patents. On March 26, 2020, certain of the Company’s subsidiaries and Alfasigma filed suit against Norwich in the U.S. District Court for the District of Delaware (Case No. 20-cv-00430) pursuant to the Hatch-Waxman Act, alleging infringement by Norwich of one or more claims of the Xifaxan[®] Patents, thereby triggering a 30-month stay of the approval of Norwich’s ANDA for rifaximin tablets, 550 mg. Xifaxan[®] 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. Trial in this matter was held in March 2022. The court issued an Oral Order on July 28, 2022 indicating that the court will find certain U.S. Patents protecting the use of Xifaxan[®] (rifaximin) 550 mg tablets for the reduction in risk of hepatic encephalopathy (“HE”) recurrence valid and infringed and U.S. Patents protecting the composition, and use of Xifaxan[®] for treating inflammatory bowel syndrome with diarrhea (“IBS-D”) invalid (the “Norwich Legal Decision”). The Company remains confident in the strength of the Xifaxan[®] patents and intends to appeal the court’s decision and vigorously defend its intellectual property.

Duobrii[®] Paragraph IV Proceedings

On July 23, 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 Duobrii[®] (halobetasol propionate and tazarotene) 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 below, regarding Padagis’ ANDA for generic Bryhali[®] (halobetasol propionate) lotion. The court scheduled a trial to begin on October 4, 2022.

In June 2022, the Company received a Notice of Paragraph IV Certification from Taro Pharmaceuticals Inc. (“Taro”), in which Taro asserted that certain U.S. patents, each of which is listed in the FDA’s Orange Book for Duobrii[®] (halobetasol propionate and tazarotene) lotion, are either invalid, unenforceable and/or will not be infringed by the commercial manufacture, use, sale, offer for sale, or importation of Taro’s generic lotion, for which an ANDA has been filed by Taro. On July 21, 2022, the Company filed suit against Taro pursuant to the Hatch-Waxman Act, alleging infringement by Taro of one or more claims of the Duobrii[®] Patents and triggering a 30-month stay of the approval of the Taro ANDA.

The Company remains confident in the strength of the Duobrii[®] patents and intends to vigorously defend its intellectual property.

Bryhali[®] Paragraph IV Proceedings

On March 20, 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 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 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 above, regarding Padagis’ ANDA for generic Duobrii[®] (halobetasol propionate and tazarotene) lotion. The court scheduled a trial to

begin on October 4, 2022. The Company remains confident in the strength of the Bryhali[®] patents and intends to vigorously pursue this matter and defend its intellectual property.

Trulance[®] Paragraph IV Proceedings

In April 2021, the Company commenced litigation against MSN Laboratories Private Ltd. (“MSN”) and Mylan Pharmaceuticals Inc., (“Mylan”) alleging patent infringement by MSN’s and Mylan’s filing of their ANDA for generic Trulance[®] (plecanatide) 3mg tablets. This suit had been filed following receipt of a Notice of Paragraph IV Certification from each of MSN and Mylan, in which they had each asserted that the U.S. patents listed in the FDA’s Orange Book for the Company’s Trulance[®] tablets, 3 mg, were either invalid, unenforceable and/or would not be infringed by the commercial manufacture, use or sale of their respective generic plecanatide tablets, 3 mg. The filing of these suits triggered a 30-month stay of the approval of the MSN and Mylan ANDAs for plecanatide tablets. The Company remains confident in the strength of the Trulance[®] patents and intends to vigorously pursue this matter and defend its intellectual property.

PreserVision[®] AREDS Patent Litigation

PreserVision[®] AREDS and PreserVision[®] AREDS 2 are over the counter eye vitamin formulas for those with moderate-to-advanced age-related degeneration (“AMD”). The PreserVision[®] U.S. formulation patent expired in March 2021, but a patent covering methods of using the formulation remains in force into 2026. Bausch + Lomb Incorporated (“B&L Inc.”) 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. Twelve of these proceedings were subsequently settled; two resulted in a default. One defendant filed a declaratory judgment action after B&L Inc. 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 two ongoing actions: (1) Bausch & Lomb Inc. & PF Consumer Healthcare 1 LLC v. ZeaVision LLC, C.A. No. 6:20-cv-06452-CJS (W.D.N.Y.); and (2) Bausch & Lomb Inc. & PF Consumer Healthcare 1 LLC v. SBH Holdings LLC, C.A. No. 20-cv-01463-VAC-CJB (D. Del.). Bausch + Lomb remains confident in the strength of these patents and B&L Inc. intends to continue to vigorously pursue these matters and defend its intellectual property.

Patent Litigation against Certain OcuVite and PreserVision

On June 22, 2021, ZeaVision, LLC (“ZeaVision”) filed a complaint for patent infringement against certain of the OcuVite[®] and PreserVision[®] products in the Eastern District of Missouri (Case No. 4:21-cv-00739-RWS). On June 29, 2021, ZeaVision amended its complaint to assert a second patent against certain of the OcuVite[®] and PreserVision[®] products. On November 16, 2021, ZeaVision filed an additional complaint for patent infringement to assert a third patent against certain of the PreserVision[®] products (Case No. 4:21-cv-01352-RWS). On March 1, 2022, the cases were consolidated. On March 10, 2022, the court granted Bausch + Lomb’s motion to stay all proceedings pending inter partes review. On July 1, 2022, ZeaVision filed a motion to partially lift the stay to allow Case No. 4:21-cv-01352-RWS to proceed, and Bausch + Lomb opposed the motion. The Company disputes the claims and intends to vigorously defend this matter.

Lumify[®] Paragraph IV Proceedings

On August 16, 2021, B&L Inc. received a Notice of Paragraph IV Certification from Slayback Pharma LLC (“Slayback”), in which Slayback asserted that certain U.S. patents, each of which is listed in the FDA’s Orange Book for Lumify[®] (brimonidine tartrate solution) drops (the “Lumify Patents”), are either invalid, unenforceable and/or will not be infringed by the commercial manufacture, use or sale of Slayback’s generic drops, for which an ANDA has been filed by Slayback. B&L Inc., through its affiliate Bausch + Lomb Ireland Limited, exclusively licenses the Lumify Patents from Eye Therapies, LLC (“Eye Therapies”). On September 10, 2021, B&L Inc., Bausch + Lomb Ireland Limited and Eye Therapies filed suit against Slayback pursuant to the Hatch-Waxman Act, alleging infringement by Slayback of one or more claims of the Lumify Patents, thereby triggering a 30-month stay of the approval of the Slayback ANDA.

On January 20, 2022, B&L Inc. received a Notice of Paragraph IV Certification from Lupin Ltd. (“Lupin”), in which Lupin asserted that certain U.S. patents, each of which is listed in the FDA’s Orange Book for Lumify[®] (brimonidine tartrate solution) drops (the “Lumify Patents”), are either invalid, unenforceable and/or will not be infringed by the commercial manufacture, use or sale of Lupin’s generic brimonidine tartrate solution, for which its ANDA No. 216716 has been filed by Lupin. On February 2, 2022, B&L Inc., Bausch + Lomb Ireland Limited and Eye Therapies filed suit against Lupin pursuant to the Hatch-Waxman Act, alleging patent infringement by Lupin of one or more claims of the Lumify Patents, thereby triggering a 30-month stay of the approval of the Lupin ANDA.

B&L Inc. remains confident in the strength of the Lumify[®] related patents and B&L Inc. intends to vigorously defend its intellectual property.

Parties Review Proceedings at the U.S. Patent and Trademark Office

In addition, patents covering the Company's branded pharmaceutical products may be challenged in proceedings other than court proceedings, including inter partes review ("IPR") at the U.S. Patent & Trademark Office. The proceedings operate under different standards from district court proceedings, and are often completed within 18 months of institution. IPR challenges have been brought against patents covering the Company's branded pharmaceutical products.

Following Acrux DDS's IPR petition, the U.S. Patent and Trial Appeal Board ("PTAB"), in May 2017, instituted inter partes review for an Orange Book-listed patent covering Jublia[®] (U.S. Patent No. 7,214,506 (the "506 Patent")) and, on June 6, 2018, issued a written determination invalidating such patent. An appeal of this decision was filed on August 7, 2018. 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[®] is covered by sixteen 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 four separate defendants. All cases in U.S. regarding Jublia[®] have been settled. In Canada, two lawsuits remain pending against Apotex Inc.

Mylan has filed IPR petitions for certain U.S. patents listed in the FDA Orange Book for Trulance[®] (plecanatide). On March 21, 2022, Mylan filed a petition for IPR of U.S. Patent No. 7,041,786. On June 10, 2022, Mylan filed petitions for IPR of U.S. Patent Nos. 9,610,321, 9,616,097, 9,919,024, and 9,925,231. The Company remains confident in the strength of these patents and intends to vigorously defend its intellectual property.

Product Liability

Shower to Shower[®] Products Liability Litigation

Since 2016, the Company has been named in a number of product liability lawsuits involving the Shower to Shower[®] body powder product acquired in September 2012 from Johnson & Johnson; due to dismissals, twenty-nine (29) of such product liability suits currently remain pending. In three (3) cases pending in the Atlantic County, New Jersey Multi-County Litigation, agreed stipulations of dismissal have been entered by the Court, thus dismissing the Company from those cases. Potential liability (including its attorneys' fees and costs) arising out of these remaining suits is subject to full indemnification obligations of Johnson & Johnson owed to the Company and its affiliates, and legal fees and costs will be paid by Johnson & Johnson. Twenty-eight (28) of these lawsuits filed by individual plaintiffs allege that the use of Shower to Shower[®] caused the plaintiffs to develop ovarian cancer, mesothelioma or breast cancer. The allegations in these cases include failure to warn, design defect, manufacturing defect, negligence, gross negligence, breach of express and implied warranties, civil conspiracy concert in action, negligent misrepresentation, wrongful death, loss of consortium and/or punitive damages. The damages sought include compensatory damages, including medical expenses, lost wages or earning capacity, loss of consortium and/or compensation for pain and suffering, mental anguish anxiety and discomfort, physical impairment and loss of enjoyment of life. Plaintiffs also seek pre- and post-judgment interest, exemplary and punitive damages, and attorneys' fees. Additionally, two proposed class actions have been filed in Canada against the Company and various Johnson & Johnson entities (one in the Supreme Court of British Columbia and one in the Superior Court of Quebec), on behalf of persons who have purchased or used Johnson & Johnson's Baby Powder or Shower to Shower[®]. The class actions allege the use of the product increases certain health risks (British Columbia) or negligence in failing to properly test, failing to warn of health risks, and failing to remove the products from the market in a timely manner (Quebec). The plaintiffs in these actions are seeking awards of general, special, compensatory and punitive damages. On November 17, 2020, the British Columbia court issued a judgment declining to certify a class as to the Company or Shower to Shower[®], and at this time no appeal of that judgment has been filed. On December 16, 2021, the plaintiff in the British Columbia class action filed a Second Amended Notice of Civil Claim and Application for Certification, removing the Company as a defendant; as a result, the British Columbia class action is concluded as to the Company.

Johnson & Johnson, through one or more subsidiaries, has purported to have completed a Texas divisional merger with respect to any talc liabilities at Johnson & Johnson Consumer, Inc. ("JJCI"). LTL Management, LLC ("LTL"), the resulting entity of the divisional merger, assumed JJCI's talc liabilities and thereafter filed for Chapter 11 bankruptcy protection in the United States Bankruptcy Court for the Western District of North Carolina. Pursuant to court orders entered in November 2021, the case was transferred to the United States District Court for the District of New Jersey (the "Bankruptcy Court"), and substantially all cases related to Johnson & Johnson's talc liability were stayed for a period of sixty (60) days pursuant to a preliminary injunction. Notwithstanding the divisional merger and LTL's bankruptcy case, the Company and its affiliates continue to have indemnification claims and rights against Johnson & Johnson and LTL pursuant to the terms of the indemnification agreement entered into between JJCI and its affiliates and the Company and its affiliates, which indemnification agreement remains in effect. As a result, it is the Company's current expectation that it will not incur any material impairments with respect to its indemnification claims as a result of the divisional merger or the bankruptcy. In

December 2021, certain talc claimants filed motions to dismiss the bankruptcy case. Shortly thereafter, LTL filed a motion in the Bankruptcy Court to extend the 60-day preliminary injunction. On February 25, 2022, the Bankruptcy Court entered orders denying the motions to dismiss and extending the preliminary injunction staying substantially all cases subject to the indemnification agreement related to Johnson & Johnson's talc liability through at least June 29, 2022. The order denying the motions to dismiss and the order extending the preliminary injunction are subject to appeal and the bankruptcy court certified their appeals directly to the United States Court of Appeals for the Third Circuit. On May 11, 2022, the Third Circuit granted authorization for the parties to proceed with their direct appeals and on June 24, 2022, set an expedited briefing schedule to conclude on September 6, 2022. Further, pursuant to a court order dated March 18, 2022, the Bankruptcy Court directed certain talc claimants and LTL to mediate the issues related to the case in the hopes of achieving a global resolution. The Bankruptcy Court has also ordered separate mediation with respect to certain consumer protection claims against LTL by various state attorneys general. On May 4, 2022, the Bankruptcy Court extended LTL's exclusive period to file a chapter 11 plan until September 9, 2022, which the talc claimants have challenged by filing a motion to terminate the exclusivity period and requesting a hearing on such motion for September 14, 2022. On July 26, 2022, the Bankruptcy Court held a hearing to consider alternative paths to case resolution, and on July 28, 2022, authorized an abbreviated estimation process designed to determine the extent of the debtor's aggregate liability. Additionally, the Bankruptcy Court identified its proposed independent expert who will issue a report forecasting and estimating the volume and value of claims. Thereafter, the Bankruptcy Court will direct the parties to reconvene for mediation. On July 28, 2022, the Bankruptcy Court also ruled that it would leave in place the stay and injunction enjoining talc product liability cases from proceeding until at least the completion of the estimation process. Following the Bankruptcy Court's July 28 ruling, on August 2, 2022, LTL filed a motion to extend its exclusivity period until 30 days after the issuance of the independent expert's report, with a hearing on such motion requested for August 23, 2022. To the extent that any cases proceed during the pendency of the bankruptcy case, it is the Company's expectation that Johnson & Johnson, in accordance with the indemnification agreement, will continue to vigorously defend the Company in each of the remaining actions.

General Civil Actions

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

On March 24, 2022, the Company and Bausch + Lomb were named in a declaratory judgment action in the Superior Court of New Jersey, Somerset County, Chancery Division, brought by certain individual investors in the Company's common shares and debt securities who are also maintaining individual securities fraud claims against the Company and certain current or former officers and directors as part of the U.S. Securities Litigation. This newly filed action seeks a declaratory judgment that the transfer of the Company assets to Bausch + Lomb would constitute a voidable transfer under New Jersey's Uniform Voidable Transactions Act and that Bausch + Lomb would become liable for damages awarded against the Company in the individual opt-out actions. The declaratory judgment action alleges that a transfer of assets from the Company to Bausch + Lomb would leave the Company with inadequate financial resources to satisfy these plaintiffs' alleged securities fraud damages in the underlying individual opt-out actions. None of the plaintiffs in this declaratory judgment action have obtained a judgment against the Company in the underlying individual opt-out actions and the Company disputes the claims against it in those underlying actions. The underlying individual opt-out actions assert claims under Sections 10(b) and 20(a) of the Exchange Act, and certain actions assert claims under Section 18 of the Exchange Act. The allegations in those underlying individual opt out actions are made against the Company and several of its former officers and directors only and relate to, among other things, allegedly false and misleading statements made during the 2013-2016 time period by the Company and/or failures to disclose information about the Company's business and prospects including relating to drug pricing and the use of specialty pharmacies. On March 31, 2022, the Company and Bausch + Lomb removed the action to the U.S. District Court for the District of New Jersey. As a result, the New Jersey Superior Court action is closed and the case is now pending in the District of New Jersey (Case No. 22-cv-01823). On April 29, 2022, Plaintiffs filed a motion to remand. That motion is fully briefed and pending as of June 30, 2022. Other proceedings are in abeyance pending resolution of Plaintiffs' remand motion. Both the Company and Bausch + Lomb dispute the claims in this declaratory judgment action and intend to vigorously defend this matter.

California Proposition 65 Related Matter

On June 19, 2019, plaintiffs filed a proposed class action in California state court against Bausch Health US and Johnson & Johnson (Gutierrez, et al. v. Johnson & Johnson, et al., Case No. 37-2019-00025810-CU-NP-CTL), asserting claims for purported violations of the California Consumer Legal Remedies Act, False Advertising Law and Unfair Competition Law in connection with their sale of talcum powder products that the plaintiffs allege violated Proposition 65 and/or the California Safe Cosmetics Act. This lawsuit was served on Bausch Health US in June 2019 and was subsequently removed to the United States District Court for the Southern District of California, where it is currently pending. Plaintiffs seek damages, disgorgement of profits, injunctive relief, and reimbursement/restitution. Bausch Health US filed a motion to dismiss Plaintiffs' claims, which was granted in April 2020 without prejudice. In May 2020, Plaintiffs filed an amended complaint and in June 2020, filed a motion for leave to amend the complaint further, which was granted. In August 2020, Plaintiffs filed

the Fifth Amended Complaint. On January 22, 2021, the Court granted the motion to dismiss with prejudice. On February 19, 2021, Plaintiffs filed a Notice of Appeal with the Ninth Circuit Court of Appeals. On July 1, 2021, Appellants (Plaintiffs) filed their opening brief; Appellees' response briefs were filed on October 8, 2021. This matter was stayed by the Ninth Circuit on December 7, 2021, due to the preliminary injunction entered by the Bankruptcy Court in the LTL bankruptcy proceeding. This stay included Appellants' reply brief deadline, which was previously due to be filed on or before December 2, 2021. On March 9, 2022, the Ninth Circuit issued an order extending the stay through July 29, 2022. On July 29, 2022, Johnson & Johnson filed a status report in the Gutierrez appeal, outlining the developments since the last status report and the imposition of the current stay. Johnson & Johnson noted that following a July 26, 2022, hearing, the Bankruptcy Court left the preliminary injunction in place, and accordingly, asked the Ninth Circuit if Johnson & Johnson could have until December 19, 2022, to provide the next status report while the stay remains in place in this action. They also indicated they will inform the court if the status of the bankruptcy stay changes.

The Company and Bausch Health US dispute the claims against them and intend to defend this lawsuit vigorously.

New Mexico Attorney General Consumer Protection Action

The Company and Bausch Health US were named in an action brought by State of New Mexico ex rel. Hector H. Balderas, Attorney General of New Mexico, in the County of Santa Fe New Mexico First Judicial District Court (New Mexico ex rel. Balderas v. Johnson & Johnson, et al., Civil Action No. D-101-CV-2020-00013, filed on January 2, 2020), alleging consumer protection claims against Johnson & Johnson and Johnson & Johnson Consumer, Inc., the Company and Bausch Health US related to Shower to Shower[®] and its alleged causal link to mesothelioma and other cancers. In April 2020, Bausch Health US filed a motion to dismiss, which in September 2020, the Court granted in part as to the New Mexico Medicaid Fraud Act and New Mexico Fraud Against Taxpayers Act claims and denied as to all other claims. The State of New Mexico brings claims against all defendants under the New Mexico Unfair Practices Act and other common law and equitable causes of action, alleging defendants engaged in wrongful marketing, sale and promotion of talcum powder products. The lawsuit seeks to recover the cost of the talcum powder products as well as the cost of treating asbestos-related cancers allegedly caused by those products. Bausch Health US filed its answer on November 16, 2020. On December 30, 2020 Johnson & Johnson filed a Motion for Partial Judgment on the Pleadings and on January 4, 2021, Bausch Health US filed a joinder to that motion, which was denied on March 8, 2021. Trial is scheduled to begin on March 6, 2023.

On July 14, 2022, LTL filed an adversary proceeding in the Bankruptcy Court (Case No. 21-30589, Adv. Pro. No. 22-01231) against the State of New Mexico ex rel. Hector H. Balderas, Attorney General, and a motion seeking an injunction barring the State of New Mexico from continuing to prosecute the action while the bankruptcy case is pending. On July 20, 2022, the Bankruptcy Court entered a consent order pursuant to which, among other things, a hearing on the injunction is scheduled for August 23, 2022, and the action is stayed pending further order on the injunction motion. The one exception is that the parties in the New Mexico case may continue to litigate the scheduling order extension in that case which has been scheduled for hearing August 24, 2022.

The Company and Bausch Health US dispute the claims against them and intend to defend this lawsuit vigorously.

Other General Civil Actions

As referenced above, during the three months ended June 30, 2022, there have been no material updates or developments with respect to certain proceedings or actions as described under "General Civil Actions" in Note 20, "LEGAL PROCEEDINGS," to the Company's Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC and the CSA on February 24, 2021. These matters include:

Doctors Allergy Formula Lawsuit

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

Litigation with Former Salix CEO

On January 28, 2019, former Salix Ltd. CEO and director Carolyn Logan filed a lawsuit in the Delaware Court of Chancery, asserting claims for breach of contract and declaratory relief. On November 19, 2021, Logan amended her complaint to add a claim for breach of the implied covenant of good faith and fair dealing. The lawsuit arises out of the contractual termination

of approximately \$30 million in unvested equity awards following the determination by the Salix Ltd. Board of Directors that Logan intentionally engaged in wrongdoing that resulted, or would reasonably be expected to result, in material harm to Salix Ltd., or to the business or reputation of Salix Ltd. Logan seeks the restoration of the unvested equity awards and a declaration regarding certain rights related to indemnification. On June 20, 2019, the Court entered an order staying the claim for declaratory relief pending the final resolution of the breach of contract claim. Trial is scheduled to commence on April 10, 2023.

The Company disputes the claims against it in each of these matters and intends to vigorously defend the matters.

19. SEGMENT INFORMATION

Reportable Segments

In connection with the Company's previously announced plan to separate its Solta business into an independent publicly traded entity from the remainder of Bausch Health Companies Inc., the Company had begun managing its operations in a manner which was consistent with the organizational structure of the two separate entities as proposed by the Solta IPO. As a result, during the first quarter of 2022, 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 2022, the Company operates in the following reportable segments: (i) Salix, (ii) International (formerly International Rx), (iii) Diversified Products, (iv) Solta Medical and (v) Bausch + Lomb. The new segment structure does not impact the Company's reporting units but realigns the two reporting units of the former Ortho Dermatologics segment whereby its medical dermatology reporting unit (Ortho Dermatologics) is now part of the current Diversified Products segment and the Solta reporting unit is now the sole reporting unit of the new Solta Medical segment. Prior period presentation of segment revenues and segment profits has been recast to conform to the current segment reporting structure.

On June 16, 2022, the Company announced it was suspending plans for the Solta IPO; however, the Company is continuing to manage and operate the business in its current reportable segment structure. See Note 2, "SIGNIFICANT ACCOUNTING POLICIES" for additional information.

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

- **The Salix segment** consists of sales in the U.S. of GI products. Sales of the Xifaxan[®] product line represented 81% and 80% of the Salix segment's revenues for the three and six months ended June 30, 2022, respectively.
- **The International 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 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, (iii) Ortho Dermatologics (dermatological) products and (iv) dentistry products.
- **The Solta Medical segment** consists of global sales of Solta aesthetic medical devices.
- **The Bausch + Lomb segment** consists of global sales of Bausch + Lomb Vision Care, Surgical and Ophthalmic Pharmaceuticals products.

Segment profit is based on operating income after the elimination of intercompany transactions, including between Bausch + Lomb and other segments. Certain costs, such as Amortization of intangible assets, Asset impairments, Goodwill impairments, 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.

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

Segment Revenues and Profits

Segment revenues and profits were as follows:

<i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues:				
Salix	\$ 501	\$ 516	\$ 965	\$ 988
International	233	313	477	619
Diversified Products	235	264	484	560
Solta Medical	57	73	129	145
Bausch + Lomb	941	934	1,830	1,815
	<u>\$ 1,967</u>	<u>\$ 2,100</u>	<u>\$ 3,885</u>	<u>\$ 4,127</u>
Segment profits:				
Salix	\$ 354	\$ 370	\$ 676	\$ 697
International	66	103	157	212
Diversified Products	141	162	299	362
Solta Medical	20	39	55	80
Bausch + Lomb	208	213	414	452
	789	887	1,601	1,803
Corporate	(202)	(199)	(396)	(380)
Amortization of intangible assets	(302)	(360)	(612)	(717)
Goodwill impairments	(83)	—	(83)	(469)
Asset impairments, including loss on assets held for sale	(6)	(47)	(14)	(195)
Restructuring, integration, separation and IPO costs	(35)	(9)	(48)	(21)
Other income (expense), net	—	(542)	(2)	(512)
Operating income (loss)	161	(270)	446	(491)
Interest income	3	2	5	4
Interest expense	(410)	(364)	(772)	(732)
Gain (loss) on extinguishment of debt	113	(45)	113	(50)
Foreign exchange and other	4	7	(3)	8
Loss before income taxes	<u>\$ (129)</u>	<u>\$ (670)</u>	<u>\$ (211)</u>	<u>\$ (1,261)</u>

Revenues by Segment and Product Category

Revenues by segment and product category were as follows:

<i>(in millions)</i>	Salix	International	Diversified Products	Solta Medical	Bausch + Lomb	Total
Three Months Ended June 30, 2022						
Pharmaceuticals	\$ 501	\$ 69	\$ 197	\$ —	\$ 117	\$ 884
Devices	—	—	—	57	392	449
OTC	—	35	1	—	364	400
Branded and Other Generics	—	122	31	—	61	214
Other revenues	—	7	6	—	7	20
	<u>\$ 501</u>	<u>\$ 233</u>	<u>\$ 235</u>	<u>\$ 57</u>	<u>\$ 941</u>	<u>\$ 1,967</u>
Three Months Ended June 30, 2021						
Pharmaceuticals	\$ 514	\$ 67	\$ 223	\$ —	\$ 138	\$ 942
Devices	—	—	—	73	397	470
OTC	—	32	2	—	325	359
Branded and Other Generics	—	206	31	—	68	305
Other revenues	2	8	8	—	6	24
	<u>\$ 516</u>	<u>\$ 313</u>	<u>\$ 264</u>	<u>\$ 73</u>	<u>\$ 934</u>	<u>\$ 2,100</u>
Six Months Ended June 30, 2022						
Pharmaceuticals	\$ 965	\$ 134	\$ 402	\$ —	\$ 227	\$ 1,728
Devices	—	—	—	129	778	907
OTC	—	73	3	—	699	775
Branded and Other Generics	—	255	67	—	113	435
Other revenues	—	15	12	—	13	40
	<u>\$ 965</u>	<u>\$ 477</u>	<u>\$ 484</u>	<u>\$ 129</u>	<u>\$ 1,830</u>	<u>\$ 3,885</u>
Six Months Ended June 30, 2021						
Pharmaceuticals	\$ 984	\$ 126	\$ 465	\$ —	\$ 259	\$ 1,834
Devices	—	—	—	145	779	924
OTC	—	57	4	—	645	706
Branded and Other Generics	—	418	78	—	119	615
Other revenues	4	18	13	—	13	48
	<u>\$ 988</u>	<u>\$ 619</u>	<u>\$ 560</u>	<u>\$ 145</u>	<u>\$ 1,815</u>	<u>\$ 4,127</u>

The top ten products for the six months ended June 30, 2022 and 2021 represented 48% and 43% of total revenues for the six months ended June 30, 2022 and 2021, respectively.

Geographic Information

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

<i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
U.S. and Puerto Rico	\$ 1,190	\$ 1,216	\$ 2,305	\$ 2,378
China	74	119	177	229
Canada	88	87	166	163
Poland	63	71	139	133
Mexico	69	56	130	125
France	58	56	115	110
Japan	50	55	101	115
Germany	35	28	80	70
United Kingdom	29	27	57	52
Russia	38	33	63	64
Spain	23	23	44	42
Italy	23	21	43	38
South Korea	20	20	39	40
Other	207	288	426	568
	<u>\$ 1,967</u>	<u>\$ 2,100</u>	<u>\$ 3,885</u>	<u>\$ 4,127</u>

Certain reclassifications have been made and are reflected in the table above.

Major Customers

Customers that accounted for 10% or more of total revenues were as follows:

	Six Months Ended June 30,	
	2022	2021
AmerisourceBergen Corporation	16%	17%
McKesson Corporation (including McKesson Specialty)	13%	16%
Cardinal Health, Inc.	11%	12%

20. SUBSEQUENT EVENT

Cross-Currency Swaps

During July 2022, the Company entered into cross-currency swaps, with aggregate notional amounts of \$1,000 million, to mitigate fluctuation in the value of a portion of its euro-denominated net investment in its Consolidated Financial Statements from adverse movements in exchange rates. The euro-denominated net investment being hedged is the Company's investment in certain Bausch + Lomb euro-denominated subsidiaries.

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 August 9, 2022 and should be read in conjunction with the unaudited interim Consolidated Financial Statements and the related notes (the "Financial Statements") included elsewhere in this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022 (this "Form 10-Q"). The matters discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" contain certain forward-looking statements within the meaning of Section 27A of The Securities Act of 1933, as amended, 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 Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations..

Our accompanying unaudited interim Consolidated Financial Statements as of June 30, 2022 and for the three and six months ended June 30, 2022 and 2021 have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the rules and regulations of the United States Securities and Exchange Commission (the "SEC") for interim financial statements, and should be read in conjunction with our Consolidated Financial Statements for the year ended December 31, 2021, which were included in our Annual Report on Form 10-K filed on February 23, 2022. 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. Certain defined terms used herein have the meaning ascribed to them in the Financial Statements.

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 gastroenterology ("GI") and dermatology, and eye health, 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.

Our portfolio of products falls into five operating and reportable segments: (i) Salix, (ii) International (formerly International Rx), (iii) Diversified Products, (iv) Solta Medical and (v) Bausch + Lomb. These segments are discussed in detail in Note 19, "SEGMENT INFORMATION" to our unaudited Consolidated Financial Statements. The following is a brief description of the Company's segments:

- **The Salix segment** consists of sales in the U.S. of GI products. Sales of the Xifaxan[®] product line represented 81% and 80% of the Salix segment's revenues for the three and six months ended June 30, 2022, respectively.
- **The International 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 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, (iii) Ortho Dermatologics (dermatological) products and (iv) dentistry products.
- **The Solta Medical segment** consists of global sales of Solta aesthetic medical devices.
- **The Bausch + Lomb segment** consists of global sales of Bausch + Lomb Vision Care, Surgical and Ophthalmic Pharmaceuticals products.

During the first quarter of 2022, the Company changed its segment structure. The new segment structure resulted in a change to the Company's former Ortho Dermatologics segment whereby its medical dermatology business (Ortho Dermatologics) is now managed by the Chief Operating Decision Maker ("CODM") as part of the Diversified Products segment and the Solta Medical business is now managed by the CODM as its own operating and reportable segment. Prior period presentation of segment revenues and segment profits has been recast to conform to the current reporting structure.

Our Focus on Value

In 2016, we 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. As discussed below, under the multi-year plan, we have taken actions that among other things included: (i) divesting non-core assets, (ii) making strategic investments in our core businesses and (iii) making measurable progress in improving our capital structure. These measures gave us operating flexibility and put us in a strong position to unlock the additional value to be found in our specific businesses. We believe that these and other actions we have taken to transform our Company, have helped to focus our operations, and improve our capital structure. These positive actions also presented us with an opportunity to unlock potential value across our portfolio of assets by separating our pharmaceutical and eye health businesses. Although management believes the B+L Separation (as defined below) will bring out additional value, there can be no assurance that it will be successful in doing so.

Separation of the Bausch + Lomb Eye Health Business

On August 6, 2020, we announced our plan to separate our eye health business consisting of our Bausch + Lomb Global Vision Care (formerly Vision Care/Consumer Health), Global Surgical and Global Ophthalmic Pharmaceuticals businesses into an independent publicly traded entity, Bausch + Lomb from the remainder of Bausch Health Companies Inc. (the “B+L Separation”). In January 2022, we completed the internal organizational design and structure of the new eye health entity. The registration statement related to the B+L IPO was declared effective on May 5, 2022, and Bausch + Lomb’s common stock began trading on the New York Stock Exchange and the Toronto Stock Exchange, in each case under the ticker symbol “BLCO” on May 6, 2022. Prior to the effectiveness of the registration statement, Bausch + Lomb was an indirect wholly-owned subsidiary of the Company.

On May 10, 2022, a wholly owned subsidiary of the Company (the “Selling Shareholder”) sold 35,000,000 common shares of Bausch + Lomb, at an offering price of \$18.00 per share, pursuant to the B+L IPO. In addition, the Selling Shareholder granted the underwriters an option for a period of 30 days from the date of the B+L IPO to purchase up to an additional 5,250,000 common shares to cover over-allotments at the IPO offering price less underwriting commissions. On May 31, 2022, the underwriters partially exercised the over-allotment option granted by the Selling Shareholder and, on June 1, 2022, the Selling Shareholder sold an additional 4,550,357 common shares of Bausch + Lomb at an offering price of \$18.00 per share (less applicable underwriting discount). The remainder of the over-allotment option granted to the underwriters expired.

Upon the closing of the B+L IPO and after giving effect to the partial exercise of the over-allotment option, the Company directly or indirectly holds 310,449,643 Bausch + Lomb common shares, which represents approximately 88.7% of Bausch + Lomb’s outstanding common shares. The aggregate net proceeds from the B+L IPO and the partial exercise of the over-allotment option by the underwriters, after deducting underwriting commissions were approximately \$675 million. The Company remains committed to completing the B+L Separation as soon as is practical and believes the B+L Separation makes strategic sense. The completion of the B+L Separation is subject to the expiry of customary lockups related to the B+L IPO, the achievement of targeted debt leverage ratios and the receipt of applicable shareholder and other necessary approvals. The Company continues to evaluate the factors and considerations related to completing the B+L Separation and the effect of the Norwich Legal Decision (see “Xifaxan® Paragraph IV Proceedings” of Note 18, “LEGAL PROCEEDINGS” to our unaudited interim Consolidated Financial Statements) on the B+L Separation.

The B+L Separation will establish two separate, independent companies:

- **Bausch + Lomb** - a fully integrated, “pure play” eye health company built on the iconic Bausch + Lomb brand and long history of innovation; and
- **Bausch Pharma** - a diversified pharmaceutical company with leading positions in gastroenterology, hepatology, dermatology, neurology and international pharmaceuticals, and aesthetic medical devices. The remaining pharmaceutical entity will comprise a diversified portfolio of our leading durable brands across the Salix, International, dentistry, neurology, medical dermatology and generics, and aesthetic medical devices businesses.

We believe the B+L Separation will result in two highly attractive but dissimilar businesses. As independent 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, the B+L Separation will allow us and the market to compare the operating results of each entity with other “pure play” peer companies. Although management believes the B+L Separation will bring out additional value, there can be no assurance that it will be successful in doing so.

At the time of our announcement of the B+L Separation, 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 maximizing value across our portfolio of assets and, so, it is a primary objective of our plan of separation.

As discussed in further detail below, the proceeds from the B+L IPO, along with those from the offering of the February 2027 Secured Notes, the B+L Debt Financing and the 2027 Term Loans (each as defined below), along with cash on hand, were used to repay and refinance a portion of our existing debt. In addition, we intend to use the proceeds from any potential future offers of Bausch + Lomb common shares to further repay, to the extent possible, a portion of our existing debt, thereby improving our capitalization and leverage. We believe the B+L Separation, if consummated, provides us with an attractive opportunity for liquidity to support the appropriate capitalization and leverage of the Bausch + Lomb entity and the remainder of Bausch Health Companies Inc., which we refer to as “Bausch Pharma” and which will assume a new name upon completion of the B+L Separation. However, management will also continue to explore additional alternatives in order to properly capitalize the two entities.

We have previously stated that all options for achieving the appropriate capitalization and leverage for these entities post-separation were being considered. Management remains focused on the capitalizations of the post-separation entities and has considered and continues to consider alternative means of achieving this, including dispositions from our existing 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 Pharmaceutical Company S.A.E. (“Amoun”) on July 26, 2021 and, as discussed below, use the net proceeds to repay certain debt obligations.

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 the B+L Separation, 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 the B+L Separation and determination of the pro forma capitalization of each of the two entities post separation. The failure to satisfy all of the required conditions could delay the completion of the B+L Separation for a significant period of time or prevent it from occurring at all. 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. As a result, there can be no assurance as to the timing of the completion of the B+L Separation or its structure or 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 the B+L Separation, may be material.

Solta Medical

On June 16, 2022, the Company announced it was suspending its previously announced plans to pursue an IPO of our Solta aesthetic medical device business (“Solta Medical”) (the “Solta IPO”). By the end of 2021, we had substantially completed the internal objectives necessary to facilitate the Solta IPO, however, we believe that the interests of the Company and its stakeholders, including shareholders and creditors, are best served in the near-term by focusing on driving Solta’s revenue, profitability and cash flow while also achieving key operational and regulatory milestones, and as such, Solta will remain as part of Bausch Health and continue to contribute to the Company’s performance, including the deleveraging of the Company’s balance sheet. The Company will revisit alternative paths for Solta in the future.

See Item 1A. “Risk Factors — Risk Relating to the B+L Separation and the Solta IPO” of our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC and the CSA on February 23, 2022, for additional risks relating to the B+L Separation and the formerly planned Solta IPO.

Setting Up Our Company to Unlock Value

To position ourselves to unlock the value we see in our individual businesses, we have sought to right-size our portfolio of assets and provide financial flexibility. The Company has focused on the following growth drivers, that remain a focus of our growth strategies today:

- on May 10, 2022 in connection with the B+L IPO, the Company completed a series of transactions in which among other things: (i) Bausch + Lomb entered into a new credit facility, (ii) the Company repaid certain amounts outstanding under its existing term B loans, (iii) the Company refinanced the remaining amounts outstanding under its then existing credit facilities and (iv) the Company discharged the indenture governing its 6.125% Senior Unsecured Notes (as defined and described in the table in Note 10, “FINANCING ARRANGEMENTS,” to our

unaudited Consolidated Financial Statements) due 2025 (the “April 2025 Unsecured Notes” and the related indenture the “April 2025 Unsecured Notes Indenture”). We believe these transactions bring us one step closer to meeting our commitment to properly capitalize the two entities post-separation while improving our overall capitalization and leverage. These actions are discussed in more detail below in “— Liquidity and Capital Resources — Liquidity and Debt — Long-term Debt”;

- 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 as discussed below, 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 \$10,600 million in long-term 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 June 30, 2022, using the proceeds from the divestiture of non-core assets, proceeds from the B+L IPO, cash on hand, and cash from operations, including from a focus on working capital management; 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, significantly reducing related possible disruptions and other uncertainties to our operations.

We believe that these and other actions we have taken to transform our Company, have helped focus our operations, unlocked value across our product portfolios, improved our capital structure and mitigated certain risks associated with legacy litigation matters. We believe that these measures, along with our continued commitment to improving people’s lives through our health products, help position us to unlock potential value across our portfolio of assets by separating our eye health and pharmaceutical businesses. Although management believes the B+L Separation will unlock additional value, there can be no assurance that it will be successful in doing so.

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 segment (previously included within the former Bausch + Lomb/International segment). Revenues associated with Amoun were \$137 million for the six months ended June 30, 2021 and \$157 million for the period of January 1, 2021 through July 26, 2021. 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” (each as defined below), using the proceeds from the Amoun Sale and cash on hand.

We will continue to consider further dispositions of various assets in line with this strategy. While we anticipate that any future divestiture activities will be on non-core assets, we will consider dispositions in core areas that we believe represent attractive opportunities for the Company. See Note 4, “LICENSING AGREEMENTS AND DIVESTITURE” to our unaudited interim Consolidated Financial Statements for additional information.

Focus on Core Businesses

In line with this focus on our core businesses we have: (i) directed capital allocation to drive growth within these 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 our core businesses globally through: (i) R&D investment, (ii) strategic licensing agreements and (iii) strategic investments in our infrastructure. The outcome of this process allows us to better drive value in our product portfolio and generate operational efficiencies.

R&D Investment

We 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, 2021, approximately 1,300 dedicated R&D and quality assurance employees in 25 R&D facilities were involved in our R&D efforts internally.

As of June 30, 2022, we have approximately 160 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.

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. A Phase 3 study has commenced (RED-C) with patients actively enrolling for the prevention of the first episode of Overt Hepatic Encephalopathy.
- Rifaximin - Rifaximin recently received orphan drug designation for sickle cell disease. A phase 2 study with novel dosage formulation is currently enrolling patients for the treatment of sickle cell disease.
- Rifaximin - Development of a fit for purpose Patient Reported Outcomes tool for small intestinal bacterial overgrowth, or “SIBO”, is continuing in 2022.
- 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. Based on recent FDA comments dated February 10, 2022, the program is being assessed and related timelines reviewed.
- 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% - In June 2020, we launched this acne product containing lower concentration of tazarotene in a lotion form to help reduce irritation while maintaining efficacy.
- Internal Development Project (“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 has completed enrollment in July 2022. We anticipate filing a New Drug Application (“NDA”) in the fourth quarter of 2022.

Solta Medical

- 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.

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 in China, New Zealand, Japan, South Korea, Europe, Singapore and Malaysia, where it will be branded as Bausch + Lomb Ultra® ONE DAY, and in the second quarter of 2021, we launched SiHy Daily in South Korea and Singapore as Bausch + Lomb Ultra® ONE DAY.

- LUMIFY® (brimonidine tartrate ophthalmic solution, 0.025%) - An OTC eye drop developed as an ocular redness reliever. We launched this product in the U.S. in May 2018 and received Canadian approval in May 2022. Currently, we have several new line formulations under development. The first Phase 3 study in support of these line extensions has initiated. Additional studies are expected to commence in the second half of 2022.
- Biotrue® ONEday for Astigmatism - A daily disposable contact lens for astigmatic patients. The Biotrue® ONEday contact lens incorporates Surface Active Technology™ to provide a dehydration barrier. The Biotrue® ONEday for Astigmatism also includes evolved peri-ballast geometry to deliver stability and comfort for the astigmatic patient. We launched this product in December 2016 and launched an extended power range and further extended power ranges in each of the years 2017 through 2020. Biotrue® ONEday for Astigmatism has also received regulatory approval in China.
- New Ophthalmic Viscosurgical Device (“OVD”) product - A formulation to protect corneal endothelium during phacoemulsification process during a cataract surgery and to help chamber maintenance and lubrication during IOL delivery. A clinical study report was completed for the cohesive OVD product (StableVisc™) during the second quarter of 2022. FDA approval is expected in the fourth quarter of 2022 and launch is expected in the first quarter of 2023. In addition, in March 2021, we received Premarket Approval from the FDA for Clearvisc™ dispersive OVD, which we launched in the U.S. in June 2021.
- Bausch + Lomb is expanding its portfolio of premium IOLs built on the enVista® platform with Monofocal Plus, EDOF and Trifocal optical designs for presbyopia correction. Bausch + Lomb expects that they will be commercialized together with a new preloaded inserter with two options: non-Toric, as well as Toric for astigmatism patients. Bausch + Lomb anticipates launching Monofocal Plus, Trifocal and EDOF optical designs for presbyopia in 2023, 2024 and 2025/2026, respectively.
- 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 of this product.
- Renu® Advanced Multi-Purpose Solution (“MPS”) - Contains a triple disinfectant system that kills 99.9% of germs tested, and has a dual surfactant system that provides up to 20 hours of moisture. Renu® Advanced MPS is FDA cleared with indications for use to condition, clean, remove protein, disinfect, rinse and store soft contact lenses including those composed of silicone hydrogels. Prior to 2022, Renu® Advanced MPS was launched in India, Mexico, Korea, Turkey and Greece and gained regulatory approvals in Indonesia, Malaysia, Singapore, the European Union, Belarus and China. In 2022, Renu® Advanced MPS was launched in Taiwan, Czech Republic, Israel, Poland and Slovakia. We anticipate launches in China, Taiwan, Argentina and the Latin America region during 2022 and launches in additional regions in 2023 and 2024.
- Zen™ Multifocal Scleral Lens for presbyopia - In January 2019, we launched this product in the U.S. exclusively available with Zenlens™ and Zen™ RC scleral lenses and will allow eye care professionals to fit presbyopic patients with regular and irregular corneas and those with ocular surface disease, such as dry eye. The Zen™ Multifocal Scleral Lens incorporates decentered optics, enabling the near power to be positioned over the visual axis.
- Tangible® Hydra-PEG® - A high-water polymer coating that is bonded to the surface of a contact lens and designed to address contact lens discomfort and dry eye. We launched this product in the U.S. 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.

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. 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 first quarter of 2023. If approved by the FDA, we believe this investigational product could potentially change the treatment paradigm for the reduction of myopia progression in children. 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 dry eye diseases ("DED") associated with Meibomian gland dysfunction ("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. The NDA was filed in June 2022, and if approved, Bausch + Lomb anticipates launching in the U.S. in 2023. If approved by the FDA, we believe the addition of this investigational treatment for DED will help build upon Bausch + Lomb's 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 launched Xipere[®] in the U.S. in the first quarter of 2022.

In April 2019, we entered into 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, both of which support our Bausch + Lomb business.

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

To address the expected global demand for our Bausch + Lomb ULTRA[®] range of contact lenses, in December 2017, we completed a multi-year, \$220 million strategic upgrade to our Rochester facility. The upgrade increased production capacity in support of our Bausch + Lomb Ultra[®] and SiHy Daily AQUALOX[™] product lines and better supports the

production of other well-established contact lenses, such as our PureVision[®], PureVision[®]2 (SVS, Toric, and Multifocal), SofLens[®] 38 and SilSoft[®].

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

To further help us meet the anticipated demand of our contact lenses, in 2020, we initiated an expansion of 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 200,000 square feet, which will provide distribution capabilities for medical devices, primarily contact lens products, and be the main point of distribution for these products in the U.S. This expansion program is expected to be completed in the second half of 2022.

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

We believe the investments in our Waterford, Rochester and Lynchburg facilities 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

In connection with the B+L Separation, we have emphasized that it is important that the post-separation entities be well capitalized, with appropriate leverage and 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 entities 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.

Debt Repayments and Other Financing Transactions

In 2016, our executive team committed to improving our Company's capital structure and, since that time, we have been executing and continue to execute on that commitment. As a result of a series of debt repayments and transactions since making that commitment, the Company positioned itself to execute on the B+L IPO, while at the same time progressing toward providing the appropriate capitalization and leverage of these businesses to effect the B+L Separation.

During 2022, we continue to effectively manage our capital structure by: (i) executing on our plan for the B+L Separation, including the B+L IPO which completed its initial closing on May 10, 2022, (ii) reducing our debt through repayments, (iii) extending the maturities of debt through refinancing and (iv) focusing on our credit ratings. During the six months ended June 30, 2022, we have reduced the aggregate principal amount of our debt obligations by approximately \$800 million as follows:

2022 Notes Issuance and Credit Agreement Refinancing - In 2022, we continued to take actions in support of our commitment to improve our liquidity and reduce our leverage. These actions included:

- On February 10, 2022, the Company issued \$1,000 million aggregate principal amount of 6.125% Senior Secured Notes due February 2027 (the "February 2027 Secured Notes").
- On May 10, 2022:
 - As previously discussed, the Company completed the initial closing of the B+L IPO. The aggregate net proceeds from the B+L IPO and the partial exercise of the over-allotment option by the underwriters, after deducting underwriting commissions were approximately \$675 million.
 - The Company entered into the 2022 Amended Credit Agreement as discussed in further detail below, under "— Liquidity and Capital Resources — Liquidity and Debt — Long-term Debt". The 2022 Amended Credit Agreement consists of new term loans of \$2,500 million and a revolving credit facility of \$975 million.
 - Bausch + Lomb entered into the B+L Credit Agreement as defined and discussed in further detail below under "— Liquidity and Capital Resources — Liquidity and Debt — Long-term Debt". The B+L Credit Agreement

provides for a five-year term loan facility in an initial principal amount of \$2,500 million and also provides for a five-year revolving credit facility of \$500 million.

The net proceeds from these transactions, along with cash on hand, allowed us to: (i) repay certain amounts outstanding under our then existing June 2025 Term Loan Facility and November 2025 Term Loan Facility, (ii) replace our existing revolving credit facility which was to have matured in 2023, with revolving credit facilities that mature in 2027, (iii) redeem in full all of our outstanding April 2025 Unsecured Notes and (iv) replace our then remaining amounts outstanding under our June 2025 Term Loan Facility and November 2025 Term Loan Facility with term loan facilities that expire in 2027.

Early Extinguishment of Debt - During June 2022, through a series of transactions we repurchased and retired, outstanding senior unsecured notes with an aggregate par value of \$481 million in the open market for approximately \$300 million using: (i) the net proceeds from the partial exercise of the over-allotment option in the B+L IPO by the underwriters, after deducting underwriting commissions, (ii) amounts available under our revolving credit facility and (iii) cash on hand. The senior unsecured notes retired had maturities of January 2028 through February 2031 and had a weighted average interest rate of approximately 5.35%. As a result of these transactions, we recognized a gain on the extinguishment of debt of approximately \$176 million, net of write-offs of debt premiums, discounts and deferred issuance costs, representing the differences between the amounts paid to retire the senior unsecured notes and their carrying value.

The repayment of the (i) June 2025 Term Loan B Facility, (ii) November 2025 Term Loan B Facility, (iii) 2023 Revolving Credit Facility and (iv) redemption of April 2025 Senior Unsecured notes were accounted for as an extinguishment of debt and the Company incurred a loss on extinguishment of debt of \$63 million representing the difference between the amount paid to settle the extinguished debt and the extinguished debt's carrying value. As a result of these transactions and the open market repurchases, the Company realized a net gain on early extinguishment of \$113 million.

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 \$10,600 million of long-term debt during the period January 1, 2016 through June 30, 2022 using the net cash proceeds from divestitures of non-core assets, the B+L IPO, cash on hand, cash from operations, including from our focus on working capital management.

We believe these transactions bring us closer to meeting our commitment to properly capitalize the two entities post-separation while improving our overall capitalization and leverage.

See Note 10, "FINANCING ARRANGEMENTS" to our unaudited interim Consolidated Financial Statements and "Liquidity and Capital Resources: Long-term Debt" below 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."

Continue to Manage our Capital Structure

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 and prepare us for post-separation. 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.

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 - Our Patient Access and Pricing Committee 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. Since its inception in 2016, the Patient Access and Pricing Committee has limited the average annual price increase for our branded prescription pharmaceutical products to single digits. Future pricing changes and programs could affect the average realized pricing for our products and may have a significant impact on our revenues and profits.

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. 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. The purpose of the Bausch Health Patient Assistance Program is to provide eligible unemployed patients in the U.S., who meet stated qualifications and 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 products. 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.

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 have 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 well positioned to reach more patients in need of IBS-D treatment.

Our sales force has been successful in delivering consistent growth in demand for our GI products, demonstrated by our growth in Salix revenues of 32% when comparing 2021 to 2017. We continue to seek ways to bring out further value through leveraging our existing sales force including the following opportunities:

Trulance® Acquisition - In March 2019, we completed the acquisition of certain assets of Synergy Pharmaceuticals Inc. (“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. 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 \$47 million and \$49 million for the six months ended June 30, 2022 and 2021, respectively.

Licensing Arrangement - 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 approval is obtained from 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 line increased approximately 11%, 2% and 22% in 2021, 2020 and 2019, respectively. For the six months ended June 30, 2022 and 2021, Xifaxan[®] product revenues were \$775 million and \$768 million respectively, an increase of \$7 million or 1%. 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.

Investment in Our Solta Aesthetic Medical Device Business - Next generation Thermage FLX[®], a fourth-generation non-invasive treatment option using a radio frequency platform designed to optimize key functional characteristics and improve patient outcomes, has been on sale since 2017 in the U.S., Hong Kong, Japan, Korea, Taiwan, Philippines, Singapore, Indonesia, Malaysia, China, Thailand, Vietnam, Australia and various parts of Europe as part of our Solta aesthetic medical devices portfolio. We plan to continue to expand into other regions, paced by country-specific regulatory registrations. Next generation Thermage FLX[®] revenues were \$154 million and \$142 million for the years 2021 and 2020, respectively. 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 system in the U.S. is expected to serve as a foundation for future launches in Asia and Europe.

Reposition the Ortho Dermatologics Business to Generate Additional Value - Our Ortho Dermatologics business continues to work towards improving the treatment options for medical dermatology patients needing topical acne and psoriasis products. We continue to explore 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 medical dermatology pipeline products.

In support of the complete dermatology portfolio, we continue to take 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) making key investments in our core medical device and dermatological products portfolios, (iii) 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, (iv) refocusing our operational and promotional resources and (v) improving patient access to our Ortho Dermatologics products through our cash-pay prescription program previously discussed. In addition, we made significant investments to build out our psoriasis and acne portfolios as follows:

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 the U.S. 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 the U.S. in January 2018). As previously discussed, we also have a unique acne project in our pipeline (IDP-126) that, if approved by the FDA, we believe will further innovate and advance the treatment of acne.

Invest in our Bausch + Lomb Business - 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 to extend our market share through new launches and effective pricing.

For instance, there is an increasing rate of myopia, and importantly, myopia is 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, Canada and South Korea and Singapore), 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: (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 FDA in October 2021 and launched in the first quarter of 2022, 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 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 in February 2021 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 and in South Korea and Singapore in the second quarter of 2021, 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.

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” at the end of Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations for additional information.

Russia-Ukraine War

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

Our revenues attributable to Russia for the six months ended June 30, 2022 and 2021 were \$63 million and \$64 million, respectively. Our revenues attributable to Ukraine for the six months ended June 30, 2022 and 2021 were \$3 million and \$5 million, respectively. Our revenues attributable to Belarus for the six months ended June 30, 2022 and 2021 were \$4 million in each period. As the geopolitical situation in Eastern Europe continues to intensify, political events and sanctions are continually changing, and we continue to assess the impact that the Russia-Ukraine war has had and will have on our businesses. These impacts may include but are not limited to: (i) interruptions or stoppage of production, (ii) damage or loss of inventories, (iii) supply-chain and product distribution disruptions in Eastern Europe, (iv) volatility in commodity prices

and currencies, (v) disruption in banking systems and capital markets, (vi) reductions in sales and earnings of business in affected areas, (vii) increased costs and (viii) cyberattacks.

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

Impacts of COVID-19 Pandemic

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

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

The outbreak of the omicron variant in China in 2022 has resulted in government enforced lockdowns and other social restrictions, which impacted our ability to conduct business as usual in certain regions in China, particularly Shanghai. The lockdowns in China have impacted the demand for certain products, particularly our consumer, vision care and Solta products, as shelter in place orders limit the demand and need for the use of contact lenses and related products as well as for aesthetic medical treatments. Our revenues in China for the six months ended June 30, 2022 and 2021 were \$177 million and \$229 million, respectively, a decrease of \$52 million and, in part, reflects the impact of the surge of the omicron variant in China. Additionally, government enforced lockdowns have caused certain businesses to suspend operations, creating distribution and other logistic issues for the distribution of our products and the sourcing for a limited number of raw materials. Through the date of this filing, we have dealt with these issues in China with only a minimal impact on our manufacturing and distribution processes. However, as the impacts of global reaction to the COVID-19 pandemic remains a fluid situation, we continue to monitor the impacts on our businesses of the COVID-19 virus and variant and subvariant strains thereof in order to timely address new issues if and when they arise.

For a further discussion of these and other COVID-19 related risks, see Item 1A. “Risk Factors — Risk Relating to COVID-19” of our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC and the CSA on February 23, 2022.

U.S. Tax Reform

In April 2021, U.S. President Joseph Biden proposed changes to the U.S. tax system. Since that date, both houses of Congress have released their own proposals for changes to the U.S. tax system, which differ in a number of respects from the

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

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

Global Minimum Corporate Tax Rate

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

Health Care Reform

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

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

For 2021 and 2020, we incurred costs of \$13 million and \$21 million, respectively, related to the annual fee assessed on prescription drug manufacturers and importers that sell branded prescription drugs to specified U.S. government programs (e.g., Medicare and Medicaid). For 2021 and 2020, we also incurred costs of \$94 million and \$131 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").

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 failure of the Senate's multiple attempts to repeal various combinations of ACA provisions and the change in the U.S. Presidential administration. There is no assurance that any replacement or administrative modifications of the ACA will not adversely affect our business and financial results, particularly if the replacing legislation reduces incentives for employer-

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

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

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

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

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 reporting relating to certain value-based purchasing arrangements (which took effect on January 1, 2022) and the price reporting treatment of manufacturer-sponsored patient benefit programs (which take effect on January 1, 2023).

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

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

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

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.

2021 LOE Branded Products - Branded products that began facing generic competition in the U.S. during 2021 included Lotemax[®] Gel, Bepreve[®], Clindagel[®] 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.

2022 through 2026 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 2022 through 2026. These products and year of expected LOE include, but are not limited to, Noritate[®] (2022), Targretin[®] Gel (2022), Xerese[®] (2022) and certain other products that are subject to settlement agreements which could impact their exclusivity during the years 2022 through 2026. In aggregate, these products accounted for 2% of our total revenues in 2021. These dates may change based on, among other things, successful challenge to our patents, settlement of existing or future patent litigation and at-risk generic launches. We believe the entry into the market of generic competition generally would have an adverse impact on the volume and/or pricing of the affected products, however we are unable to predict the magnitude or timing of this impact.

In addition, for a number of our products (including Xifaxan[®] 200mg and 550mg, Bryhali[®], Duobrii[®], Trulance[®], Lumify[®] and Relistor[®] Injection in the U.S. and Jublia[®] in Canada), 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 tazarotene) lotion. A trial in the consolidated action has been scheduled for October 4, 2022. 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 tazarotene) 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. A trial in the consolidated action has been scheduled for October 4, 2022. We remain confident in the strength of the Duobrii[®] patents and will vigorously defend our intellectual property.

Duobrii® Lotion (Taro) - In June 2022, the Company received a Notice of Paragraph IV Certification from Taro Pharmaceuticals Inc. (“Taro”), in which Taro asserted that certain U.S. patents, each of which is listed in the FDA’s Orange Book for Duobrii® (halobetasol propionate and tazarotene) lotion, are either invalid, unenforceable and/or will not be infringed by the commercial manufacture, use, sale, offer for sale, or importation of Taro’s generic lotion, for which an ANDA has been filed by Taro. On July 21, 2022, the Company filed suit against Taro pursuant to the Hatch-Waxman Act, alleging infringement by Taro of one or more claims of the Duobrii® Patents and triggering a 30-month stay of the approval of the Taro ANDA. 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. (“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: (i) market a royalty-free generic version of Xifaxan® tablets, 550 mg, should it receive approval from the FDA on its ANDA, or (ii) 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. Trial in this matter was held in March 2022. The court issued an Oral Order on July 28, 2022 indicating that the court will find certain U.S. Patents protecting the use of Xifaxan® (rifaximin) 550 mg tablets for the reduction in risk of hepatic encephalopathy (“HE”) recurrence valid and infringed and U.S. Patents protecting the composition, and use of Xifaxan® for treating inflammatory bowel syndrome with diarrhea (“IBS-D”) invalid. The Company remains confident in the strength of the Xifaxan® patents and intends to appeal the court’s judgment and vigorously 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.

Relistor[®] Injection Patent Litigation (Gland) - On February 22, 2022, the Company commenced litigation against Gland Pharma Limited (“Gland”) alleging patent infringement by Gland’s filing of its ANDA No. 216836, referencing Relistor[®] (methynaltrexone bromide injection, vials) and its ANDA No. 216965, referencing Relistor[®] (methynaltrexone bromide injection, pre-filled syringes). This suit had been filed following receipt of two Notices of Paragraph IV Certification from Gland, in which it had asserted that the U.S. patents listed in the FDA’s Orange Book for the Company’s Relistor[®] methynaltrexone bromide injection, were either invalid, unenforceable and/or would not be infringed by the commercial manufacture, use or sale of its generic methynaltrexone bromide injection. The filing of this suit triggered a 30-month stay of the approval of the Gland ANDA for its methynaltrexone bromide injection. The Company remains confident in the strength of the Relistor[®] patents and will continue to vigorously pursue this matter and defend its intellectual property.

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) - On August 16, 2021, the Company received a Notice of Paragraph IV Certification from Slayback Pharma LLC (“Slayback”), in which Slayback asserted that certain U.S. patents, each of which is listed in the FDA’s Orange Book for Lumify[®] (brimonidine tartrate solution) drops (the “Lumify Patents”), are either invalid, unenforceable and/or will not be infringed by the commercial manufacture, use or sale of Slayback’s generic drops, for which an ANDA has been filed by Slayback. The Company, through its affiliate Bausch + Lomb Ireland Limited, exclusively licenses the Lumify Patents from Eye Therapies, LLC (“Eye Therapies”). On September 10, 2021, B&L Inc., Bausch + Lomb Ireland Limited and Eye Therapies filed suit against Slayback pursuant to the Hatch-Waxman Act, alleging infringement by Slayback of one or more claims of the Lumify Patents, thereby triggering a 30-month stay of the approval of the Slayback ANDA. The Company remains confident in the strength of the Lumify[®] Patents and intends to vigorously defend its intellectual property.

Lumify[®] Ophthalmic Solution Patent Litigation (Lupin) - On January 20, 2022, B&L Inc. received a Notice of Paragraph IV Certification from Lupin Ltd. (“Lupin”), in which Lupin asserted that certain of the Lumify Patents are either invalid, unenforceable and/or will not be infringed by the commercial manufacture, use or sale of Lupin’s generic brimonidine tartrate solution, for which its ANDA No. 216716 has been filed by Lupin. On February 2, 2022, B&L Inc., Bausch + Lomb Ireland Limited and Eye Therapies filed suit against Lupin pursuant to the Hatch-Waxman Act, alleging patent infringement by Lupin of one or more claims of the Lumify[®] Patents, thereby triggering a 30-month stay of the approval of the Lupin ANDA. As noted above, the Company remains confident in the strength of the Lumify[®] Patents and intends to vigorously 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 six months ended June 30, 2022 and 2021 were approximately \$7 million and \$5 million, respectively, and for the years 2021, 2020 and 2019 were approximately \$10 million, \$15 million and \$20 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 six months ended June 30, 2022 and 2021 were approximately \$54 million and \$50 million, respectively, and for the years 2021, 2020 and 2019 were approximately \$100 million, \$111 million and \$110 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. regarding Jublia[®] have been settled. In Canada, two lawsuits remain pending against Apotex, Inc.

PreserVision[®] Patent Litigation - PreserVision[®] AREDS and PreserVision[®] AREDS 2 are over the counter eye vitamin formulas for those with moderate-to-advanced age-related degeneration ("AMD"). The PreserVision[®] U.S. formulation patent expired in March 2021, but a patent covering methods of using the formulation remains in force into 2026. 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. Twelve 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 two ongoing matters. The Company remains confident in the strength of these patents and will continue to vigorously pursue these matters and defend its intellectual property.

See Note 18, "LEGAL PROCEEDINGS" to our unaudited interim Consolidated Financial Statements elsewhere in this Form 10-Q, as well as Note 20, "LEGAL PROCEEDINGS" of our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC and the CSA on February 23, 2022 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, 2021, filed with the SEC and the CSA on February 23, 2022, 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 six months ended June 30, 2022 and 2021:

<i>(in millions, except per share data)</i>	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Change	2022	2021	Change
Revenues	\$ 1,967	\$ 2,100	\$ (133)	\$ 3,885	\$ 4,127	\$ (242)
Operating income (loss)	\$ 161	\$ (270)	\$ 431	\$ 446	\$ (491)	\$ 937
Loss before income taxes	\$ (129)	\$ (670)	\$ 541	\$ (211)	\$ (1,261)	\$ 1,050
Net loss attributable to Bausch Health Companies Inc.	\$ (145)	\$ (595)	\$ 450	\$ (214)	\$ (1,205)	\$ 991
Basic and diluted loss per share attributable to Bausch Health Companies Inc.	\$ (0.40)	\$ (1.66)	\$ 1.26	\$ (0.59)	\$ (3.37)	\$ 2.78

Financial Performance

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

Revenues for the three months ended June 30, 2022 and 2021 was \$1,967 million and \$2,100 million, respectively, a decrease of \$133 million, or 6%. The decrease was primarily due to: (i) the impact of our divestiture of Amoun on July 26, 2021, (ii) a decrease in net volumes in our Diversified Products, Salix and Solta segments, offset by an increase in net volumes in our Bausch + Lomb segment and (iii) the unfavorable impact of foreign currencies, primarily in Europe and Asia. These decreases were partially offset by an increase in net realized pricing, primarily in our Bausch + Lomb segment.

Operating income for the three months ended June 30, 2022 was \$161 million as compared to an operating loss of \$270 million for the three months ended June 30, 2021, an increase in our operating results of \$431 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 \$95 million primarily due to: (i) the decrease in revenues as previously discussed and (ii) higher manufacturing variances, primarily as a result of inflationary pressures related to certain manufacturing costs;
- a decrease in selling, general and administrative (“SG&A”) of \$9 million primarily attributable to: (i) the impact of our divestiture of Amoun on July 26, 2021 and (ii) the favorable impact of foreign currencies partially offset by: (i) higher selling, advertising and promotion expenses, (ii) higher compensation expense and (iii) an increase in separation-related and IPO-related costs;
- an increase in R&D of \$12 million primarily attributable to lower R&D spend in 2021, as certain R&D activities and clinical trials which were suspended in response to the COVID-19 pandemic in 2020 and did not normalize until later in 2021;
- an increase in Goodwill impairments of \$83 million. During the three months ended June 30, 2022, we recognized an \$83 million impairment to the goodwill of the Ortho Dermatologics reporting unit primarily driven by an increase in the discount rate due to changes in market conditions;
- a decrease in Amortization of intangible assets of \$58 million primarily attributable to fully amortized intangible assets no longer being amortized in 2022;
- a decrease in Asset impairments, including loss on assets held for sale of \$41 million primarily attributable to an adjustment to the loss on assets held for sale in connection with the Amoun Sale during 2021;
- an increase in Restructuring, integration, separation and IPO costs of \$26 million primarily attributable to an increase in Separation costs and IPO costs associated with the B+L Separation, the B+L IPO completed on May 10, 2022 and the Solta IPO which was suspended in June 2022; and
- a favorable change in Other expense, net of \$542 million, primarily attributable to higher adjustments related to the settlements of certain litigation matters during the three months ended June 30, 2021.

Operating income for the three months ended June 30, 2022 was \$161 million as compared to an operating loss of \$270 million for the three months ended June 30, 2021 and included non-cash charges for Depreciation and amortization of intangible assets of \$347 million and \$404 million, Goodwill impairments of \$83 million and \$0, Asset impairments, including loss on assets held for sale, of \$6 million and \$47 million and Share-based compensation of \$26 million and \$31 million, respectively.

Loss before income taxes for the three months ended June 30, 2022 and 2021 was \$129 million and \$670 million, respectively, a decrease of \$541 million. The decrease in our Loss before income taxes is primarily attributable to: (i) the increase in our operating results of \$431 million, as previously discussed and (ii) the favorable change in Gain (loss) on extinguishment of debt of \$158 million, partially offset by an increase in Interest expense of \$46 million.

Net loss attributable to Bausch Health Companies Inc. for the three months ended June 30, 2022 and 2021 was \$145 million and \$595 million, respectively, an increase in our results of \$450 million. The increase in our results was primarily due to the decrease in our Loss before income taxes of \$541 million, as previously discussed, partially offset by an unfavorable change in income taxes of \$87 million.

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

Revenues for the six months ended June 30, 2022 and 2021 was \$3,885 million and \$4,127 million, respectively, a decrease of \$242 million, or 6%. The decrease was primarily due to: (i) the impact of our divestiture of Amoun on July 26, 2021, (ii) the unfavorable impact of foreign currencies and (iii) a decrease in net volumes primarily attributable to our Diversified Products, Salix and Solta segments partially offset by an increase in volumes in our Bausch + Lomb segment. These decreases were partially offset by an increase in net realized pricing, primarily in our Salix and International segments.

Operating income for the six months ended June 30, 2022 was \$446 million and operating loss for the six months ended June 30, 2021 was \$491 million, an increase in our operating results of \$937 million and reflects, among other factors:

- a decrease in contribution of \$179 million primarily due to: (i) the decrease in revenues as previously discussed and (ii) higher manufacturing variances, primarily as a result of inflationary pressures related to certain manufacturing costs;
- an increase in SG&A of \$7 million primarily attributable to: (i) higher advertising and promotion expenses, (ii) higher compensation expense and (iii) an increase in separation-related and IPO-related costs partially offset by: (i) the impact of our divestiture of Amoun on July 26, 2021 and (ii) the favorable impact of foreign currencies;
- an increase in R&D of \$27 million primarily attributable to lower R&D spend in 2021, as certain R&D activities and clinical trials which were suspended in response to the COVID-19 pandemic in 2020 and did not normalize until later in 2021;
- a decrease in Amortization of intangible assets of \$105 million primarily attributable to fully amortized intangible assets no longer being amortized in 2022;
- a decrease in Goodwill impairments of \$386 million. Goodwill impairments associated with our Ortho Dermatologics reporting unit were \$83 million and \$469 million for the six months ended June 30, 2022 and 2021, respectively;
- a decrease in Asset impairments, including loss on assets held for sale of \$181 million, primarily attributable to an adjustment to the loss on assets held for sale in connection with the Amoun Sale during 2021;
- an increase in Restructuring, integration, separation and IPO costs of \$27 million primarily attributable to an increase in Separation costs and IPO costs associated with the B+L Separation, the B+L IPO completed on May 10, 2022 and the Solta IPO which was suspended in June 2022; and
- a favorable change in Other expense, net of \$510 million primarily attributable to higher adjustments related to the settlements of certain litigation matters during the six months ended June 30, 2021.

Operating income for the six months ended June 30, 2022 was \$446 million and operating loss for the six months ended June 30, 2021 was \$491 million, and included non-cash charges for Depreciation and amortization of intangible assets of \$699 million and \$807 million, Asset impairments, including loss on assets held for sale of \$14 million and \$195 million, Goodwill impairments of \$83 million and \$469 million and Share-based compensation of \$58 million and \$62 million, respectively.

Loss before income taxes for the six months ended June 30, 2022 and 2021 was \$211 million and \$1,261 million, respectively, a decrease of \$1,050 million. The decrease in our Loss before income taxes is primarily attributable to: (i) the increase in our operating results of \$937 million, as previously discussed, and (ii) the favorable change in Gain (loss) on

extinguishment of debt of \$163 million partially offset by: (i) an increase in Interest expense of \$40 million and (ii) the unfavorable net change in Foreign exchange and other of \$11 million.

Net loss attributable to Bausch Health Companies Inc. for the six months ended June 30, 2022 and 2021 was \$214 million and \$1,205 million, respectively, an increase in our results of \$991 million. The increase in our results was primarily due to the decrease in our Loss before income taxes of \$1,050 million, as previously discussed, partially offset by a decrease in Benefit from income taxes of \$55 million.

RESULTS OF OPERATIONS

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

<i>(in millions)</i>	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Change	2022	2021	Change
Revenues						
Product sales	\$ 1,947	\$ 2,076	\$ (129)	\$ 3,845	\$ 4,079	\$ (234)
Other revenues	20	24	(4)	40	48	(8)
	<u>1,967</u>	<u>2,100</u>	<u>(133)</u>	<u>3,885</u>	<u>4,127</u>	<u>(242)</u>
Expenses						
Cost of goods sold (excluding amortization and impairments of intangible assets)	570	604	(34)	1,113	1,168	(55)
Cost of other revenues	7	8	(1)	15	18	(3)
Selling, general and administrative	676	685	(9)	1,298	1,291	7
Research and development	127	115	12	254	227	27
Amortization of intangible assets	302	360	(58)	612	717	(105)
Goodwill impairments	83	—	83	83	469	(386)
Asset impairments, including loss on assets held for sale	6	47	(41)	14	195	(181)
Restructuring, integration, separation and IPO costs	35	9	26	48	21	27
Other expense, net	—	542	(542)	2	512	(510)
	<u>1,806</u>	<u>2,370</u>	<u>(564)</u>	<u>3,439</u>	<u>4,618</u>	<u>(1,179)</u>
Operating income (loss)	161	(270)	431	446	(491)	937
Interest income	3	2	1	5	4	1
Interest expense	(410)	(364)	(46)	(772)	(732)	(40)
Gain (loss) on extinguishment of debt	113	(45)	158	113	(50)	163
Foreign exchange and other	4	7	(3)	(3)	8	(11)
Loss before income taxes	(129)	(670)	541	(211)	(1,261)	1,050
(Provision for) benefit from income taxes	(10)	77	(87)	6	61	(55)
Net loss	(139)	(593)	454	(205)	(1,200)	995
Net income attributable to noncontrolling interest	(6)	(2)	(4)	(9)	(5)	(4)
Net loss attributable to Bausch Health Companies Inc.	<u>\$ (145)</u>	<u>\$ (595)</u>	<u>\$ 450</u>	<u>\$ (214)</u>	<u>\$ (1,205)</u>	<u>\$ 991</u>

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

Revenues

The Company's revenues are primarily generated from product sales, principally in the therapeutic areas of GI, dermatology, and eye health, 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 medical 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 \$1,967 million and \$2,100 million for the three months ended June 30, 2022 and 2021, respectively, a decrease of \$133 million, or 6%. The decrease was due to: (i) the impact of divestitures and discontinuations of \$74 million, primarily attributable to our divestiture of Amoun on July 26, 2021, (ii) the unfavorable impact of foreign currencies of \$61 million, primarily in Europe and Asia and (iii) a decrease in volumes of \$17 million primarily due to decreases in our Salix, Diversified Products and Solta segments offset by increases in volumes in our Bausch + Lomb segment. These decreases were partially offset by an increase in net realized pricing of \$19 million, primarily in our Bausch + Lomb segment.

The changes in our segment revenues and segment profits for the three months ended June 30, 2022, are discussed in further detail in the respective subsequent 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 June 30, 2022 and 2021 were as follows:

<i>(in millions)</i>	Three Months Ended June 30,			
	2022		2021	
	Amount	Pct.	Amount	Pct.
Gross product sales	\$ 3,401	100.0 %	\$ 3,489	100.0 %
Provisions to reduce gross product sales to net product sales				
Discounts and allowances	144	4.2 %	159	4.6 %
Returns	41	1.2 %	43	1.2 %
Rebates	655	19.3 %	625	17.9 %
Chargebacks	557	16.4 %	531	15.2 %
Distribution fees	57	1.7 %	55	1.6 %
Total provisions	1,454	42.8 %	1,413	40.5 %
Net product sales	1,947	57.2 %	2,076	59.5 %
Other revenues	20		24	
Revenues	\$ 1,967		\$ 2,100	

Cash discounts and allowances, returns, rebates, chargebacks and distribution fees as a percentage of gross product sales were 42.8% and 40.5% for the three months ended June 30, 2022 and 2021, respectively, an increase of 2.3 percentage points and includes:

- discounts and allowances as a percentage of gross product sales were lower primarily driven by lower gross product sales and lower discount rates for certain generic products, such as Tobramycin / Dexamethasone, Glumetza® AG and Apriso® AG partially offset by: (i) higher gross sales for Xifaxan® AG and (ii) the impact of higher gross product sales and discount rates for other generics, such as Trimethoprim and Uceris® AG;
- returns as a percentage of gross product sales were unchanged. 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. The year over year comparison is also favorably impacted by the recall of certain Bausch + Lomb consumer products as a result of a quality issue at a third-party supplier during the three months ended June 30, 2021, as discussed below. These factors driving our lower return experience were partially offset by charges in our International segment of approximately \$11 million during the three months ended June 30, 2022, to reflect a change in estimated future returns in one market, driven by lower estimated demand following the easing of local COVID lockdown restrictions and a change of distributors;

- rebates as a percentage of gross product sales were higher primarily due to an increase in gross product sales and higher rebate rates for certain branded products, such as Xifaxan[®], Jublia[®], Aplenzin[®] and Arazlo[®], partially offset by lower gross product sales and lower rebate rates for certain branded products, such as Wellbutrin[®], Retin-A Microsphere.06, Bepreve[®] and Duobrii[®] and lower sales of our generic product Glumetza[®] AG;
- chargebacks as a percentage of gross product sales were higher primarily due to higher chargeback rates for certain branded products, such as Glumetza[®] SLX and Xifaxan[®] and certain generic products such as Ofloxacin, Nifediac and Uceris[®] AG partially offset by lower gross product sales and lower chargeback rates for certain generic products, such as Glumetza[®] AG and for certain branded products such as Mysoline[®] and Atavin[®]; and
- distribution service fees as a percentage of gross product sales were higher primarily due to higher gross product sales and changes in the year over year customer mix for Xifaxan[®]. There were no price appreciation credits for the three months ended June 30, 2022 and 2021.

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 \$570 million and \$604 million for the three months ended June 30, 2022 and 2021, respectively, a decrease of \$34 million, or 6%. The decrease was primarily driven by: (i) the impact of the divestiture of Amoun on July 26, 2021, (ii) the decrease in volumes previously discussed and (iii) the favorable impact of foreign currencies. These decreases were partially offset by higher manufacturing variances, primarily as a result of inflationary pressures related to certain manufacturing costs, partially offset by the impact of manufacturing variances incurred in 2021 related to a quality issue at a third-party supplier, as discussed below.

In 2021, B&L Inc. was notified by a third-party supplier of sterilization services for its lens care solution bottles and caps at its Milan, Italy facility, of inconsistencies in the sterilization data versus certificates of conformance previously submitted to B&L Inc. by that supplier. Based on B&L Inc.'s internal Health and Safety Analysis, it was determined that this issue did not affect the safety or performance of any of its products and was 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, B&L Inc. has contained and/or recalled down to the consumer level the limited number of affected lots of products resulting in \$7 million of manufacturing variances and \$6 million of returns during the three months ended June 30, 2021. Further, although B&L Inc.'s Greenville, South Carolina facility increased production to support some of the demand in the near term, due to the limited availability of qualified materials, production at the Milan facility could not keep up with demand which negatively impacted our sales for the affected products in this region during the three months ended June 30, 2021. At this time, B&L Inc. has removed this supplier from its Approved Supplier List and qualified another sterilization supplier, who, along with an existing secondary supplier, will provide bottle sterilization, thereby allowing the Milan facility to return to full production capacity.

Cost of goods sold as a percentage of product sales revenue were 29.3% and 29.1% for the three months ended June 30, 2022 and 2021, respectively, an increase of 0.2 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. The Company has also incurred Separation-related and IPO-related costs which are incremental costs indirectly related to the B+L Separation and the suspended Solta IPO and will continue to incur incremental costs indirectly related with the B+L Separation. 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 \$676 million and \$685 million for the three months ended June 30, 2022 and 2021, respectively, a decrease of \$9 million, or 1%. The decrease was primarily attributable to: (i) the impact of our divestiture of Amoun on July 26, 2021, (ii) lower compensation expense and (iii) the favorable impact of foreign currencies partially offset by: (i) higher selling, advertising and promotion expenses and (ii) an increase in separation-related and IPO-related costs.

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 \$127 million and \$115 million for the three months ended June 30, 2022 and 2021, respectively, an increase of \$12 million, or 10%. R&D expenses as a percentage of Product sales were approximately 7% and 6% for the three months ended June 30, 2022 and 2021, respectively. The increase was primarily attributable to: (i) lower R&D spend in 2021, as certain R&D activities and clinical trials which were suspended in response to the COVID-19 pandemic in 2020 and did not normalize until later in 2021, as discussed below, and (ii) higher spend on certain Solta and Salix projects.

In 2020, due to the COVID-19 pandemic, certain of our R&D activities were limited and others, including new patient enrollments in clinical trials, were temporarily paused, as most trial sites were not able to accept new patients due to government-mandated shutdowns. During our third quarter of 2020, many of these trial sites began to reopen. During 2021, the pace of new patient enrollments and the increase these activities and related R&D spend gradually increased until they approached a normalized spend rate toward the end of 2021. 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 COVID-19 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 \$302 million and \$360 million for the three months ended June 30, 2022 and 2021, respectively, a decrease of \$58 million. The decrease was primarily attributable to fully amortized intangible assets no longer being amortized in 2022.

Intangible assets, net includes finite-lived intangible assets related to our Xifaxan[®] branded products. The aggregate carrying value of our Xifaxan[®] intangible assets is approximately \$2,963 million as of June 30, 2022, and have remaining useful lives of 66 months. Amortization expense related to these intangible assets is approximately \$539 million annually. While we intend to appeal the Norwich Legal Decision (see "Xifaxan[®] Paragraph IV Proceedings" of Note 18, "LEGAL PROCEEDINGS" to our unaudited interim Consolidated Financial Statements), it is possible that this and other potential future developments:

- may adversely impact the estimated future cash flows of our Xifaxan[®] brands, which could result in an impairment of the value of these intangible assets in one or more future periods. Any such impairment could be material to the Company's results of operations in the period in which it occurs; and
- may result in shortened useful lives of the Xifaxan[®] intangible assets, which would increase amortization expense in future periods.

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

Goodwill Impairments

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

Goodwill impairments were \$83 million and \$0 for the three months ended June 30, 2022 and 2021, respectively, an increase of \$83 million.

The Company continues to monitor the market conditions impacting the Ortho Dermatologics reporting unit. During the three months ended June 30, 2022, increases in interest rates and, to a lesser extent, higher than expected inflation in the U.S. and other macroeconomic factors impacted key assumptions used to value the Ortho Dermatologics reporting unit at

March 31, 2022 (the last time goodwill of the Ortho Dermatologics reporting unit was tested). Given the limited headroom of the Ortho Dermatologics reporting unit as calculated on March 31, 2022, the Company believed that these facts and circumstances suggest the fair value of the Ortho Dermatologics reporting unit could be less than its carrying amount, and therefore a quantitative fair value test was performed for the reporting unit.

During the three months ended June 30, 2022, the quantitative fair value test utilized the Company's most recent cash flow projections as revised in the second quarter of 2022 which reflect current market conditions and current trends in business performance. Our latest discounted cash flow model for the Ortho Dermatologics reporting unit includes a range of potential outcomes for, among other matters, macroeconomic factors such as higher than expected inflation for many commodities, volatility in many of the equity markets and pressures on market interest rates. The quantitative fair value test utilized a long-term growth rate of 1% and a discount rate of 10%. The discount rate has increased 1% since the assessment performed at March 31, 2022, as a result of changes in current macroeconomic conditions, including an increase in the risk free rate during the three months ended June 30, 2022. Based on the quantitative fair value test, the carrying value of the Ortho Dermatologics reporting unit exceeded its fair value at June 30, 2022, and we recognized a goodwill impairment of \$83 million.

Approximately 80% of our Salix segment revenues is derived from our Xifaxan[®] product line. While we intend to appeal the Norwich Legal Decision (see "Xifaxan[®] Paragraph IV Proceedings" of Note 18, "LEGAL PROCEEDINGS" to our unaudited interim Consolidated Financial Statements), it is possible that this and other potential future developments may adversely impact the estimated fair value of the Salix segment, in one or more future periods. Any such impairment could be material to the Company's results of operations in the period in which it occurs.

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

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 \$6 million and \$47 million for the three months ended June 30, 2022 and 2021, respectively, a decrease of \$41 million. Asset impairments, including loss on assets held for sale for the three months ended June 30, 2022 of \$6 million was primarily related to changes in forecasted revenues and production costs of a neurology product. Asset impairments, including loss on assets held for sale for the three months ended June 30, 2021 of \$47 million include: (i) impairments of \$25 million due to decreases in forecasted sales of a certain product line in our Diversified Products segment, (ii) an adjustment of \$20 million to the loss of assets held for sale in connection with the Amoun Sale and (iii) impairments of \$2 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 for further details related to our intangible assets.

Restructuring, Integration, Separation and IPO Costs

Restructuring, integration separation and IPO costs were \$35 million and \$9 million for the three months ended June 30, 2022 and 2021, respectively, an increase of \$26 million.

Restructuring and Integration Costs

The Company evaluates opportunities to improve its operating results and implement 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 \$22 million and \$3 million for the three months ended June 30, 2022 and 2021, 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 expects to continue to incur costs associated with activities to effectuate the B+L Separation. The Company also incurred costs associated with activities to effectuate the Solta IPO, which was suspended in June 2022. These B+L Separation and Solta IPO activities include: (i) separating the Bausch + Lomb and Solta Medical businesses from the remainder of the Company, (ii) completing the B+L IPO and preparing for the suspended Solta IPO and (iii) completing the actions necessary for Bausch + Lomb to become an independent publicly traded entity. Separation and IPO costs are incremental costs directly related to the ongoing B+L Separation and the suspended 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 \$13 million and \$6 million for the three months ended June 30, 2022 and 2021, respectively. The extent and timing of future charges of these costs to complete the B+L Separation 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 expense, net

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

<i>(in millions)</i>	Three Months Ended June 30,	
	2022	2021
Litigation and other matters	\$ 8	\$ 532
Acquisition-related contingent consideration	(5)	9
Gain on sale of assets, net	(3)	—
Acquired in-process research and development costs	1	1
Other, Net	(1)	—
	<u>\$ —</u>	<u>\$ 542</u>

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 during 2021. In November 2021, we entered into a transaction to unwind our cross-currency swaps. In July 2022, we entered into new cross-currency swaps with aggregate notional amounts of \$1,000 million.

Interest expense was \$410 million and \$364 million, and included non-cash amortization and write-offs of debt premiums, discounts and deferred issuance costs of \$50 million and \$12 million, for the three months ended June 30, 2022 and 2021, respectively. Interest expense for the three months ended June 30, 2022 increased \$46 million, or 13%, as compared to the three months ended June 30, 2021, primarily attributable to the higher interest rates partially offset by the impact of lower outstanding debt balances. The weighted average stated rate of interest as of June 30, 2022 and 2021 was 6.34% and 5.85%, respectively.

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

Gain (Loss) on Extinguishment of Debt

Gain (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. The gain on extinguishment of debt was \$113 million for the three months ended June 30, 2022 as compared to a loss on extinguishment of debt of \$45 million for the three months ended June 30, 2021.

The gain on extinguishment of debt for the three months ended June 30, 2022 includes \$176 million of gains associated with the early retirement of senior unsecured notes as discussed below, partially offset by \$63 million of losses associated with the refinancing and modification to certain debt obligations completed in connection with the B+L IPO, as discussed in further detail below, under “— Liquidity and Capital Resources — Liquidity and Debt” and represents the differences between the amounts paid to settle the extinguished debt and its carrying value.

During June 2022, through a series of transactions we repurchased and retired, outstanding senior unsecured notes with an aggregate par value of \$481 million in the open market for approximately \$300 million using: (i) the net proceeds from the partial exercise of the over-allotment option in the B+L IPO by the underwriters, after deducting underwriting commissions, (ii) amounts available under our revolving credit facility and (iii) cash on hand. The senior unsecured notes retired had maturities of January 2028 through February 2031 and had a weighted average interest rate of approximately 5.35%. As a result of these transactions, we recognized a gain on the extinguishment of debt of approximately \$176 million, net of write-offs of debt premiums, discounts and deferred issuance costs, representing the differences between the amounts paid to retire the senior unsecured notes and their carrying value.

The loss on extinguishment of debt of \$45 million for the three months ended June 30, 2021 is primarily associated with refinancing transactions during the three months ended June 30, 2021 and represents the differences between the amounts paid to settle the extinguished debt and its carrying value.

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 \$4 million and \$7 million for the three months ended June 30, 2022 and 2021, respectively, an unfavorable net change of \$3 million.

Income Taxes

Provision for income taxes was \$10 million for the three months ended June 30, 2022 and compares to a benefit for income taxes of \$77 million for the three months ended June 30, 2021, an unfavorable change of \$87 million.

Our effective income tax rate for the three months ended June 30, 2022 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) adjustments for book to income tax return provisions, (b) a tax deduction for stock compensation and (c) changes in uncertain tax positions.

Our effective income tax rate for the three months ended June 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) potential and recognized withholding taxes on intercompany dividends, (b) adjustments for book to income tax return provisions, (c) tax deduction for stock compensation and (d) 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

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

- ***The Salix segment*** consists of sales in the U.S. of GI products. Sales of the Xifaxan[®] product line represented 81% and 80% of the Salix segment’s revenues for the three and six months ended June 30, 2022, respectively.
- ***The International 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 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, (iii) Ortho Dermatologics (dermatological) products and (iv) dentistry products.
- ***The Solta Medical segment*** consists of global sales of Solta aesthetic medical devices.

- **The Bausch + Lomb segment** consists of global sales of Bausch + Lomb Vision Care, Surgical and Ophthalmic Pharmaceuticals products.

Segment profit is based on operating income after the elimination of intercompany transactions, including between Bausch + Lomb and other segments. Certain costs, such as Amortization of intangible assets, Asset impairments, Goodwill impairments, 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 Loss before income taxes.

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

<i>(in millions)</i>	Three Months Ended June 30,					
	2022		2021		Change	
	Amount	Pct.	Amount	Pct.	Amount	Pct.
Segment Revenues						
Salix	\$ 501	25 %	\$ 516	25 %	\$ (15)	(3)%
International	233	12 %	313	15 %	(80)	(26)%
Diversified Products	235	12 %	264	13 %	(29)	(11)%
Solta Medical	57	3 %	73	3 %	(16)	(22)%
Bausch + Lomb	941	48 %	934	44 %	7	1 %
Total revenues	<u>\$ 1,967</u>	<u>100 %</u>	<u>\$ 2,100</u>	<u>100 %</u>	<u>\$ (133)</u>	<u>(6)%</u>
Segment Profits / Segment Profit Margins						
Salix	\$ 354	71 %	\$ 370	72 %	\$ (16)	(4)%
International	66	28 %	103	33 %	(37)	(36)%
Diversified Products	141	60 %	162	61 %	(21)	(13)%
Solta Medical	20	35 %	39	53 %	(19)	(49)%
Bausch + Lomb	208	22 %	213	23 %	(5)	(2)%
Total segment profits	<u>\$ 789</u>	<u>40 %</u>	<u>\$ 887</u>	<u>42 %</u>	<u>\$ (98)</u>	<u>(11)%</u>

Organic Revenues and Organic Growth Rates (non-GAAP)

Organic revenue and organic revenue change are non-GAAP measures. Non-GAAP measures are not standardized measures under the financial reporting framework used to prepare the Company’s financial statements and might not be comparable to similar financial measures disclosed by other issuers.

Organic revenue and change in organic revenue (non-GAAP), are defined as GAAP Revenue and changes in GAAP revenue (the most directly comparable GAAP financial measures), respectively, adjusted for changes in foreign currency exchange rates (if applicable) and excluding the impact of recent acquisitions, divestitures and discontinuations, as defined further below. 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 changes (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 providing these measures is useful to investors as they provide a supplemental period-to-period comparison.

The adjustments to GAAP Revenue and changes in GAAP revenue to determine Organic Revenue (non-GAAP) and changes in Organic Revenue (non-GAAP) are 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 June 30, 2022.

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 June 30, 2022 and 2021 by segment.

<i>(in millions)</i>	Three Months Ended June 30, 2022			Three Months Ended June 30, 2021			Change in Organic Revenue (Non-GAAP)	
	Revenue as Reported	Changes in Exchange Rates	Organic Revenue (Non-GAAP)	Revenue as Reported	Divestitures and Discontinuations	Organic Revenue (Non-GAAP)	Amount	Pct.
Salix	\$ 501	\$ —	\$ 501	\$ 516	\$ —	\$ 516	\$ (15)	(3)%
International	233	15	248	313	(71)	242	6	2 %
Diversified Products	235	—	235	264	—	264	(29)	(11)%
Solta Medical	57	—	57	73	—	73	(16)	(22)%
Bausch + Lomb	941	46	987	934	(3)	931	56	6 %
Total	<u>\$ 1,967</u>	<u>\$ 61</u>	<u>\$ 2,028</u>	<u>\$ 2,100</u>	<u>\$ (74)</u>	<u>\$ 2,026</u>	<u>\$ 2</u>	<u>— %</u>

Salix Segment:

Salix Segment Revenue

The Salix segment includes our Xifaxan[®] product line. Revenues from our Xifaxan[®] product line accounted for approximately 81% and 78% of the Salix segment revenues for the three months ended June 30, 2022 and 2021, respectively. No other single product group represents 10% or more of the Salix segment product sales. Salix segment revenue for the three months ended June 30, 2022 and 2021 was \$501 million and \$516 million, respectively, a decrease of \$15 million, or 3%. The decrease is primarily driven by a decrease in volumes of \$20 million primarily attributable to: (i) unfavorable inventory balancing of Xifaxan[®] by our wholesalers and (ii) the impact of generic competition as certain products, such as Apriso[®], lost exclusivity, partially offset by an increase in net realized pricing of \$5 million, primarily driven by Xifaxan[®].

Salix Segment Profit

The Salix segment profit for the three months ended June 30, 2022 and 2021 was \$354 million and \$370 million, respectively, a decrease of \$16 million, or 4%. The decrease was primarily driven by: (i) a decrease in contribution primarily attributable to the net decrease in revenues, as previously discussed, and (ii) higher advertising and promotion expenses primarily associated with Xifaxan[®] partially offset by a decrease in litigation costs and an increase in R&D.

International Segment:

International Segment Revenue

The International segment has a diversified product line with no single product group representing 10% or more of its product sales. The International segment revenue was \$233 million and \$313 million for the three months ended June 30, 2022 and 2021, respectively, a decrease of \$80 million, or 26%. The decrease was primarily attributable to: (i) the impact of divestitures and discontinuations of \$71 million, primarily attributable to our divestiture of Amoun on July 26, 2021 and (ii) the unfavorable impact of foreign currencies of \$15 million, primarily in Europe. These decreases were partially offset by an increase in volumes of \$1 million, which included charges of \$11 million representing a change in estimated future returns in one market, driven by lower estimated demand following the easing of local COVID-19 lockdown restrictions as well as a change of distributors, and an increase in net realized pricing of \$7 million.

International Segment Profit

The International segment profit for the three months ended June 30, 2022 and 2021 was \$66 million and \$103 million, respectively, a decrease of \$37 million, or 36%. The decrease was primarily attributable to: (i) our divestiture of Amoun on July 26, 2021 and (ii) lower contribution primarily attributable to the unfavorable impact of foreign currencies and by higher manufacturing variances, primarily as a result of inflationary pressures related to certain manufacturing costs. These decreases were partially offset by lower selling expenses.

Diversified Products Segment:

Diversified Products Segment Revenue

The Diversified Products segment revenue for the three months ended June 30, 2022 and 2021 was \$235 million and \$264 million, respectively, a decrease of \$29 million, or 11%. The decrease was primarily driven by: (i) a decrease in volume of \$17 million and (ii) a decrease in net realized pricing of \$12 million, primarily in our Neurology and Other business and Ortho Dermatologies business. The decrease in volume was primarily attributable to our Neurology and Other business primarily due to: (i) unfavorable inventory balancing of our Wellbutrin[®] product by our wholesalers and (ii) lower demand for Ativan[®] and Mysoline[®].

Diversified Products Segment Profit

The Diversified Products segment profit for the three months ended June 30, 2022 and 2021 was \$141 million and \$162 million, respectively, a decrease of \$21 million, or 13%. The decrease was primarily driven by the decrease in contribution primarily attributable to the net decrease in revenues, as previously discussed, partially offset by lower general and administrative expenses, primarily due to lower litigation costs.

Solta Medical Segment:

Solta Medical Segment Revenue

The Solta Medical segment includes the Thermage[®] product line, which accounted for approximately 71% of the Solta segment revenues for the three months ended June 30, 2022. No other single product group represents 10% or more of the Solta segment revenues. The Solta Medical segment revenue for the three months ended June 30, 2022 and 2021 was \$57 million and \$73 million, respectively, a decrease of \$16 million, or 22%. The decrease was primarily attributable to a decrease in volume of \$20 million, primarily driven by the impact of the COVID-19 pandemic in China, partially offset by an increase in net realized pricing of \$4 million.

Solta Medical Segment Profit

The Solta Medical segment profit for the three months ended June 30, 2022 and 2021 was \$20 million and \$39 million, respectively, a decrease of \$19 million, or 49%. The decrease was primarily driven by: (i) the decrease in contribution primarily driven by the decrease in revenues, as previously discussed, and (ii) an increase in R&D.

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

Bausch + Lomb Segment Profit

The Bausch + Lomb segment profit for the three months ended June 30, 2022 and 2021 was \$208 million and \$213 million, respectively, a decrease of \$5 million, or 2%. The decrease was primarily driven by: (i) higher SG&A expenses within U.S. Consumer and Surgical, (ii) the unfavorable impact of foreign currencies and (iii) higher manufacturing variances, primarily as a result of inflationary pressures related to certain manufacturing costs, partially offset by the impact of manufacturing variances incurred in 2021 related to a quality issue at a third-party supplier, as previously discussed. These decreases were partially offset by the increase in revenues, as previously discussed.

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

Revenues

Our revenue was \$3,885 million and \$4,127 million for the six months ended June 30, 2022 and 2021, respectively, a decrease of \$242 million, or 6%. The decrease was due to: (i) the impact of divestitures and discontinuations of \$146 million, primarily attributable to our divestiture of Amoun on July 26, 2021, (ii) a decrease in volumes of \$73 million primarily in our Diversified, Salix and Solta segments partially offset by an increase in volumes in our Bausch + Lomb segment and (iii) the unfavorable impact of foreign currencies of \$102 million primarily in Europe and Asia. These decreases were partially offset by an increase in net realized pricing of \$79 million.

The changes in our segment revenues and segment profits for the six months ended June 30, 2022, are discussed in further detail in the respective subsequent 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 six months ended June 30, 2022 and 2021 were as follows:

<i>(in millions)</i>	Six Months Ended June 30,			
	2022		2021	
	Amount	Pct.	Amount	Pct.
Gross product sales	\$ 6,555	100.0 %	\$ 6,792	100.0 %
Provisions to reduce gross product sales to net product sales				
Discounts and allowances	278	4.2 %	306	4.5 %
Returns	60	0.9 %	77	1.1 %
Rebates	1,236	18.9 %	1,227	18.1 %
Chargebacks	1,028	15.7 %	993	14.6 %
Distribution fees	108	1.6 %	110	1.6 %
Total provisions	2,710	41.3 %	2,713	39.9 %
Net product sales	3,845	58.7 %	4,079	60.1 %
Other revenues	40		48	
Revenues	<u>\$ 3,885</u>		<u>\$ 4,127</u>	

Cash discounts and allowances, returns, rebates, chargebacks and distribution fees as a percentage of gross product sales were 41.3% and 39.9% for the six months ended June 30, 2022 and 2021, respectively, an increase of 1.4 percentage points and includes:

- discounts and allowances as a percentage of gross product sales were lower primarily due to lower gross product sales for certain generic products, such as Timoptic® AG, Apriso® AG, Glumetza® AG and Migranal® AG;
- returns as a percentage of gross product sales were lower primarily due to: (i) the result of the Company’s improving return experience and (ii) the favorable year over year impact due to the recall of certain Bausch + Lomb consumer products as a result of a quality issue at a third-party supplier during the three months ended June 30, 2021, as previously discussed. 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. These factors driving our lower return experience were partially offset by charges in our International segment of approximately \$11 million during the six months ended June 30, 2022, to reflect a change in estimated future returns in one market, driven by lower estimated demand following the easing of local COVID-19 lockdown restrictions and a change of distributors;
- rebates as a percentage of gross product sales were higher primarily due the impact of an increase in gross product sales of certain branded products with higher rebate rates, such as Jublia®, Aplenzin®, Arazlo® and Prolensa®, partially offset by lower gross product sales and lower rebate rates for certain branded products such as Wellbutrin®, Retin-A® Microsphere .06% and Retin-A® Microsphere .08%, and the generic product Glumetza® AG;

- chargebacks as a percentage of gross product sales were higher primarily due to higher chargeback rates for certain products such as Glumetza[®] SLX, Ofloxacin and Xifaxan[®], partially offset by lower chargeback rates and gross product sales for certain generic products such as Glumetza[®] AG and Targretin[®] AG and certain branded products such as Mysoline[®] and Ativan[®]; and
- distribution service fees as a percentage of gross product sales were unchanged. Price appreciation credits are offset against the distribution service fees when due to wholesalers. Price appreciation credits were \$0 and \$1 million for the six months ended June 30, 2022 and 2021, respectively.

Expenses

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

Cost of goods sold was \$1,113 million and \$1,168 million for the six months ended June 30, 2022 and 2021, respectively, a decrease of \$55 million, or 5%. The decrease was primarily driven by: (i) the impact of the divestiture of Amoun on July 26, 2021, (ii) the net decrease in volumes, as previously discussed, and (iii) the favorable impact of foreign currencies. These decreases were partially offset by higher manufacturing variances, primarily as a result of inflationary pressures related to certain manufacturing costs, partially offset by the impact of manufacturing variances incurred in 2021 related to a quality issue at a third-party supplier, as previously discussed.

Cost of goods sold as a percentage of product sales revenue was 28.9% and 28.6% for the six months ended June 30, 2022 and 2021, respectively, an increase of 0.3 percentage points. Costs of goods sold as a percentage of Product sales revenue was unfavorably impacted by higher manufacturing variances as previously discussed, partially offset by the increase in net realized pricing, as previously discussed.

Selling, General and Administrative Expenses

SG&A expenses were \$1,298 million and \$1,291 million for the six months ended June 30, 2022 and 2021, respectively, an increase of \$7 million, or 1%. The decrease was primarily attributable to: (i) higher selling, advertising and promotion expenses and (ii) an increase in separation-related and IPO-related costs partially offset by: (i) the impact of our divestiture of Amoun on July 26, 2021 and (ii) the favorable impact of foreign currencies.

Research and Development

R&D expenses were \$254 million and \$227 million for the six months ended June 30, 2022 and 2021, respectively, an increase of \$27 million, or 12%. R&D expenses as a percentage of Product sales were approximately 7% and 6% for the six months ended June 30, 2022 and 2021, respectively. The increase was primarily due to: (i) the result of lower R&D spend in early 2021 as certain R&D activities and clinical trials which were suspended in response to the COVID-19 pandemic in 2020 and did not normalize until later in 2021, as previously discussed, and (ii) higher spend on certain Bausch + Lomb and Salix projects

Amortization of Intangible Assets

Amortization of intangible assets was \$612 million and \$717 million for the six months ended June 30, 2022 and 2021, respectively, a decrease of \$105 million, or 15%. The decrease was primarily attributable to fully amortized intangible assets no longer being amortized in 2022.

Intangible assets, net includes finite-lived intangible assets related to our Xifaxan[®] branded products. The aggregate carrying value of our Xifaxan[®] intangible assets is approximately \$2,963 million as of June 30, 2022, and have remaining useful lives of 66 months. Amortization expense related to these intangible assets is approximately \$539 million annually. While we intend to appeal the Norwich Legal Decision (see “*Xifaxan[®] Paragraph IV Proceedings*” of Note 18, “LEGAL PROCEEDINGS” to our unaudited interim Consolidated Financial Statements), it is possible that this and other potential future developments:

- may adversely impact the estimated future cash flows of our Xifaxan[®] brands, which could result in an impairment of the value of these intangible assets in one or more future periods. Any such impairment could be material to the Company’s results of operations in the period in which it occurs; and
- may result in shortened useful lives of the Xifaxan[®] intangible assets, which would increase amortization expense in future periods.

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

Goodwill Impairments

Goodwill impairments were \$83 million for the six months ended June 2022, related to our Ortho Dermatologics unit as previously discussed, and for the six months ended June 30, 2021 were \$469 million.

As previously discussed, the Company believed that increases in interest rates and other macroeconomic factors during the three months ended June 30, 2022, impacted key assumptions used to value the Ortho Dermatologics reporting unit at March 31, 2022 (the last time goodwill of the Ortho Dermatologics reporting unit was tested) and therefore the Company performed a quantitative fair value test for the reporting unit.

During the three months ended June 30, 2022, the quantitative fair value test utilized the Company’s most recent cash flow projections as revised in the second quarter of 2022 which reflect current market conditions and current trends in business performance. Our latest discounted cash flow model for the Ortho Dermatologics reporting unit includes a range of potential outcomes for, among other matters, macroeconomic factors such as higher than expected inflation for many commodities, volatility in many of the equity markets and pressures on market interest rates. The quantitative fair value test utilized a long-term growth rate of 1% and a discount rate of 10%. The discount rate has increased 1% since the assessment performed at March 31, 2022, as a result of changes in current macroeconomic conditions, including an increase in the risk free rate during the three months ended June 30, 2022. Based on the quantitative fair value test, the carrying value of the Ortho Dermatologics reporting unit exceeded its fair value at June 30, 2022, and we recognized a goodwill impairment of \$83 million.

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 had 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 was 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.

Approximately 80% of our Salix segment revenues is derived from our Xifaxan[®] product line. While we intend to appeal the Norwich Legal Decision (see “*Xifaxan[®] Paragraph IV Proceedings*” of Note 18, “LEGAL PROCEEDINGS” to our unaudited interim Consolidated Financial Statements), it is possible that this and other potential future developments may adversely impact the estimated fair value of the Salix segment, in one or more future periods. Any such impairment could be material to the Company’s results of operations in the period in which it occurs.

See Note 8, “INTANGIBLE ASSETS AND GOODWILL” to our unaudited interim Consolidated Financial Statements for further details related to our goodwill.

Asset Impairments, Including Loss on Assets Held for Sale

Asset impairments, including loss on assets held for sale were \$14 million and \$195 million for the six months ended June 30, 2022 and 2021, respectively, a decrease of \$181 million. Asset impairments, including loss on assets held for sale for the six months ended June 30, 2022 includes: (i) impairments of \$10 million, in aggregate, due to decreases in forecasted sales of certain product lines and (ii) impairments of \$4 million, in aggregate, related to the discontinuance of certain product lines. Asset impairments, including loss on assets held for sale for the six months ended June 30, 2021 include: (i) impairments of \$96 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 \$11 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 for further details related to our intangible assets.

Restructuring, Integration, Separation and IPO Costs

Restructuring, integration, separation and IPO costs were \$48 million and \$21 million for the six months ended June 30, 2022 and 2021, respectively, an increase of \$27 million.

Restructuring and Integration Costs

Restructuring and integration costs were \$25 million and \$6 million for the six months ended June 30, 2022 and 2021, respectively, an increase of \$19 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 \$23 million and \$15 million for the six months ended June 30, 2022 and 2021, respectively. The extent and timing of future charges of these costs to complete the B+L Separation 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 Expense, Net

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

<i>(in millions)</i>	Six Months Ended June 30,	
	2022	2021
Litigation and other matters	\$ 7	\$ 532
Acquisition-related contingent consideration	(2)	—
Gain on sale of assets, net	(3)	(23)
Acquired in-process research and development costs	1	3
Other, Net	\$ (1)	\$ —
	<u>\$ 2</u>	<u>\$ 512</u>

Non-Operating Income and Expense

Interest Expense

Interest expense was \$772 million and \$732 million and included non-cash amortization and write-offs of debt premiums, discounts and deferred issuance costs of \$64 million and \$25 million for the six months ended June 30, 2022 and 2021, respectively. Interest expense increased \$40 million, or 5%, primarily due to higher interest rates partially offset by lower outstanding principal balances. The weighted average stated rate of interest as of June 30, 2022 and 2021 was 6.34% and 5.85%, respectively.

Gain (Loss) on Extinguishment of Debt

The gain on extinguishment of debt was \$113 million for the six months ended June 30, 2022 as compared to a loss on extinguishment of debt of \$50 million for the six months ended June 30, 2021.

The gain on extinguishment of debt for the six months ended June 30, 2022 includes \$176 million of gains associated with the early retirement of senior unsecured notes as previously discussed, partially offset by \$63 million of losses associated with the refinancing and modification to certain debt obligations completed in connection with the B+L IPO, as discussed in further detail below, under “— Liquidity and Capital Resources — Liquidity and Debt” and represents the differences between the amounts paid to settle the extinguished debt and its carrying value.

The loss on extinguishment of debt of \$50 million for the six months ended June 30, 2021 is primarily associated with refinancing transactions during the six months ended June 30, 2021 and represents the differences between the amounts paid to settle the extinguished debt and its carrying value.

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 loss of \$3 million and a gain of \$8 million for the six months ended June 30, 2022 and 2021, respectively, an unfavorable net change of \$11 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 \$6 million and \$61 million for the six months ended June 30, 2022 and 2021, respectively, an unfavorable change of \$55 million. Our effective income tax rate for the six months ended June 30, 2022 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 six months ended June 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) 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 six months ended June 30, 2022 and 2021. The following table also presents segment profits, segment profits as a percentage of segment revenues and the year-over-year changes in segment profits for the six months ended June 30, 2022 and 2021.

<i>(in millions)</i>	Six Months Ended June 30,					
	2022		2021		Change	
	Amount	Pct.	Amount	Pct.	Amount	Pct.
Segment Revenues						
Salix	\$ 965	25 %	\$ 988	24 %	\$ (23)	(2)%
International	477	12 %	619	14 %	(142)	(23)%
Diversified Products	484	13 %	560	14 %	(76)	(14)%
Solta Medical	129	3 %	145	4 %	(16)	(11)%
Bausch + Lomb	1,830	47 %	\$ 1,815	44 %	15	1%
Total revenues	<u>\$ 3,885</u>	<u>100 %</u>	<u>\$ 4,127</u>	<u>100 %</u>	<u>\$ (242)</u>	<u>(6)%</u>
Segment Profits / Segment Profit Margins						
Salix	\$ 676	70 %	\$ 697	71 %	\$ (21)	(3)%
International	157	33 %	212	34 %	(55)	(26)%
Diversified Products	299	62 %	362	65 %	(63)	(17)%
Solta Medical	55	43 %	80	55 %	(25)	(31)%
Bausch + Lomb	414	23 %	452	25 %	(38)	(8)%
Total segment profits	<u>\$ 1,601</u>	<u>41 %</u>	<u>\$ 1,803</u>	<u>44 %</u>	<u>\$ (202)</u>	<u>(11)%</u>

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

<i>(in millions)</i>	Six Months Ended June 30, 2022			Six Months Ended June 30, 2021			Change in Organic Revenue (Non-GAAP)	
	Revenue as Reported	Changes in Exchange Rates	Organic Revenue (Non-GAAP)	Revenue as Reported	Divestitures and Discontinuations	Organic Revenue (Non-GAAP)	Amount	Pct.
	Salix	\$ 965	\$ —	\$ 965	\$ 988	\$ —	\$ 988	\$ (23)
International	477	27	504	619	(140)	479	25	5 %
Diversified Products	484	—	484	560	—	560	(76)	(14)%
Solta Medical	129	—	129	145	—	145	(16)	(11)%
Bausch + Lomb	1,830	75	1,905	1,815	(6)	1,809	96	5 %
Total	<u>\$ 3,885</u>	<u>\$ 102</u>	<u>\$ 3,987</u>	<u>\$ 4,127</u>	<u>\$ (146)</u>	<u>\$ 3,981</u>	<u>\$ 6</u>	<u>— %</u>

Salix Segment:

Salix Segment Revenue

The Salix segment includes the Xifaxan[®] product line. Revenues from our Xifaxan[®] product line accounted for approximately 80% and 78% of the Salix segment revenues for the six months ended June 30, 2022 and 2021, respectively. No other single product group represents 10% or more of the Salix segment product sales. The Salix segment revenue for the six months ended June 30, 2022 and 2021 was \$965 million and \$988 million, respectively, a decrease of \$23 million, or 2%. The decrease was primarily attributable to decreases in volume of \$72 million, primarily attributable to: (i) unfavorable inventory balancing of Xifaxan[®] by our wholesalers and (ii) the impact of generic competition as certain products, such as Apriso[®], lost exclusivity, partially offset by an increase in net realized pricing of \$49 million, primarily attributable to our Xifaxan[®] product line.

Salix Segment Profit

The Salix segment profit for the six months ended June 30, 2022 and 2021 was \$676 million and \$697 million, respectively, a decrease of \$21 million, or 3%. The decrease was primarily driven by: (i) a decrease in contribution primarily attributable to the net decrease in revenues, as previously discussed, and (ii) higher selling, advertising and promotion expenses primarily associated with Xifaxan[®], partially offset by lower litigation costs.

International Segment:

International Segment Revenue

The International segment has a diversified product line with no single product group representing 10% or more of its product sales. The International segment revenue was \$477 million and \$619 million for the six months ended June 30, 2022 and 2021, respectively, a decrease of \$142 million, or 23%. The decrease was primarily attributable to: (i) the impact of divestitures and discontinuations of \$140 million, primarily attributable to our divestiture of Amoun on July 26, 2021 and (ii) the unfavorable impact of foreign currencies of \$27 million, primarily in Canada and Europe. This decrease was partially offset by: (i) an increase in net realized pricing of \$16 million and (ii) an increase in volumes of \$9 million. The increase in volumes is primarily attributable to Europe and was partially offset by charges for approximately \$11 million of returns in connection with a change in certain distribution agreements representing a change in estimated future returns in one market, driven by lower estimated demand following the easing of local COVID-19 lockdown restrictions as well as a change of distributors.

International Segment Profit

The International segment profit for the six months ended June 30, 2022 and 2021 was \$157 million and \$212 million, respectively, a decrease of \$55 million, or 26%. The decrease was primarily driven by the decrease in contribution primarily attributable to the impact of the divestiture of Amoun on July 26, 2021 partially offset by the increases net realized pricing, as previously discussed.

Diversified Products Segment:

Diversified Products Segment Revenue

The Diversified Products segment revenue for the six months ended June 30, 2022 and 2021 was \$484 million and \$560 million, respectively, a decrease of \$76 million, or 14%. The decrease was primarily driven by: (i) a decrease in net realized pricing of \$3 million and (ii) a decrease in volume of \$73 million. The decrease in volume was primarily attributable to our Neurology and Other business, including: (i) decreases in Ativan[®], Mysoline[®] and Pepcid[®] attributable to the favorable impact of mail order programs in 2021 not recurring in 2022, (ii) a decrease in Wellbutrin[®] attributable to a decrease in demand and the unfavorable impacts of inventory rebalancing by our distributors and (iii) the impacts of more generic competitors.

Diversified Products Segment Profit

The Diversified Products segment profit for the six months ended June 30, 2022 and 2021 was \$299 million and \$362 million, respectively, a decrease of \$63 million, or 17% and was primarily driven by the decrease in revenues, as previously discussed.

Solta Medical Segment:

Solta Medical Segment Revenue

The Solta Medical segment includes the Thermage[®] product line, which accounted for approximately 74% of the Solta segment revenues for the six months ended June 30, 2022. No other single product group represents 10% or more of the Solta segment revenues. The Solta Medical segment revenue for the six months ended June 30, 2022 and 2021 was \$129 million and \$145 million, respectively, a decrease of \$16 million, or 11%. The decrease was primarily attributable to a decrease in volume of \$25 million, primarily driven by the impact of the COVID-19 pandemic in China partially offset by an increase in net realized pricing of \$9 million.

Solta Medical Segment Profit

The Solta Medical segment profit for the six months ended June 30, 2022 and 2021 was \$55 million and \$80 million, respectively, a decrease of \$25 million, or 31%. The decrease was primarily driven by the decrease in revenues as discussed above.

Bausch + Lomb Segment:

Bausch + Lomb Segment Revenue

The Bausch + Lomb segment revenue was \$1,830 million and \$1,815 million for the six months ended June 30, 2022 and 2021, respectively, an increase of \$15 million, or 1%. The increase was primarily attributable to: (i) an increase in volumes across all of our Bausch + Lomb businesses of \$88 million and net realized pricing of \$8 million. The increase in volumes was primarily driven by: (i) our Vision Care business, primarily attributable to: (a) increased demand for certain consumer eye health products including Lumify[®], Biotrue[®] and PreserVision[®] and (b) the impact of a quality issue in 2021 related to a third-party supplier of sterilization services for certain lens care solution bottles and caps, as previously discussed, and (ii) increased demand of consumables and intraocular lenses within our Surgical business, partially offset by a decrease in volume in our international contact lens business, primarily driven by the impact of the COVID-19 pandemic in China. These increases were partially offset by: (i) the unfavorable impact of foreign currencies across all Bausch + Lomb's international businesses of \$75 million, primarily in Europe and Asia and (ii) the impact of divestitures and discontinuations of \$6 million, related to the discontinuation of certain products.

Bausch + Lomb Segment Profit

The Bausch + Lomb segment profit for the six months ended June 30, 2022 and 2021 was \$414 million and \$452 million, respectively, a decrease of \$38 million, or 8%. The decrease was primarily driven by: (i) higher SG&A expenses within U.S. Consumer and Surgical, (ii) the unfavorable impact of foreign currencies and (iii) higher manufacturing variances, primarily as a result of inflationary pressures related to certain manufacturing costs, partially offset by the impact of manufacturing variances incurred in 2021 related to a quality issue at a third-party supplier, as previously discussed. These decreases were partially offset by the increase in revenues, as previously discussed.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

<i>(in millions)</i>	Six Months Ended June 30,		
	2022	2021	Change
Net loss	\$ (205)	\$ (1,200)	\$ 995
Adjustments to reconcile net loss to net cash provided by operating activities	370	1,867	(1,497)
Cash provided by operating activities before changes in operating assets and liabilities	165	667	(502)
Changes in operating assets and liabilities	(105)	171	(276)
Net cash provided by operating activities	60	838	(778)
Net cash used in investing activities	(114)	(99)	(15)
Net cash used in financing activities	(162)	(631)	469
Effect of exchange rate on cash and cash equivalents and other	(24)	(6)	(18)
Net increase in cash, cash equivalents, restricted cash and other settlement deposits	(240)	102	(342)
Cash, cash equivalents, restricted cash and other settlement deposits, beginning of period	2,119	1,816	303
Cash, cash equivalents, restricted cash and other settlement deposits, end of period	<u>\$ 1,879</u>	<u>\$ 1,918</u>	<u>\$ (39)</u>

Operating Activities

Net cash provided by operating activities was \$60 million for the six months ended June 30, 2022, as compared to \$838 million for the six months ended June 30, 2021, a decrease of \$778 million. The decrease was attributable to: (i) the decrease in Cash provided by operating activities before changes in operating assets and liabilities and (ii) Changes in operating assets and liabilities.

Cash provided by operating activities before changes in operating assets and liabilities was \$165 million and \$667 million for the six months ended June 30, 2022 and 2021, respectively, a decrease of \$502 million. The decrease is primarily attributable to payments of accrued legal settlements related to the Glumetza Antitrust Litigation and a RICO class action matter during 2022 and an increase in payments for Separation costs, Separation-related costs, IPO costs and IPO-related costs in 2022 as compared to 2021.

Changes in operating assets and liabilities resulted in a net decrease in cash of \$105 million for the six months ended June 30, 2022, as compared to a net increase of \$171 million for the six months ended June 30, 2021, respectively, a decrease of \$276 million. During the six months ended June 30, 2022, Changes in operating assets and liabilities was positively impacted by: (i) an increase in inventories of \$138 million and (ii) the timing of other payments in the ordinary course of business of \$74 million, partially offset by the collection of trade receivables of \$107 million. During the six months ended June 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 \$254 million and (ii) an increase in accrued interest due to timing of payments of \$12 million and was partially offset by: (i) an increase in trade receivables of \$48 million and (ii) an increase in inventories of \$47 million.

Investing Activities

Net cash used in investing activities was \$114 million for the six months ended June 30, 2022 and was primarily driven by Purchases of property, plant and equipment of \$98 million.

Net cash used in investing activities was \$99 million for the six months ended June 30, 2021 and was primarily driven by Purchases of property, plant and equipment of \$128 million partially offset by: (i) Proceeds from sale of assets and businesses, net of costs to sell of \$25 million and (ii) Interest settlements from cross-currency swaps of \$11 million.

Financing Activities

Net cash used in financing activities was \$162 million for the six months ended June 30, 2022 and was primarily driven by: (i) the issuance of long-term debt, net of discounts, of \$6,320 million related to the February 2027 Secured Notes, 2027 Term Loan B Facility, draws on the 2027 Revolving Credit Facility and the B+L Term Loan Facility and (ii) net proceeds from the B+L IPO of \$675 million, partially offset by the repayment of long-term debt of \$7,083 million related to: (i) the repayment of the outstanding balance under our 2023 Revolving Credit Facility, (ii) the repayment of the outstanding balance of our 6.125% Senior Unsecured Notes, (iii) the repayment of the outstanding balances under our 2025 Term Loan B Facilities and (iv) the repurchase and retirement of certain outstanding Senior Secured Notes in the open market with an aggregate par value of \$481 million for approximately \$300 million.

Net cash used in financing activities was \$631 million for the six months ended June 30, 2021 and was primarily driven by the repayments of debt of \$2,100 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 \$500 million of Senior Secured and Senior Unsecured Notes using cash on hand and cash from operations. Issuance of long-term debt, net of discounts of \$1,579 million primarily includes the proceeds of \$1,583 million from the issuance of \$1,600 million in principal amount of 4.875% Senior Secured Notes due June 2028.

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.

Cash, cash equivalents and restricted cash and other settlements as presented in the Consolidated Balance Sheet as of June 30, 2022 includes \$446 million of cash, cash equivalents and restricted cash held by legal entities of Bausch + Lomb of which approximately \$92 million was due to be distributed to other legal entities owned by the Company in connection with the B+L Separation. Cash otherwise held by Bausch + Lomb legal entities and any future cash from the operations, investing and financing activities of Bausch + Lomb, is expected to be retained by Bausch + Lomb entities and are generally not available to support the operations, investing and financing activities of other legal entities, including Bausch + Lomb's parent company unless paid as a dividend which would be determined by the Board of Directors of Bausch + Lomb and paid pro rata to Bausch + Lomb's shareholders.

Long-term Debt

Long-term debt, net of unamortized premiums, discounts and issuance costs was \$21,814 million and \$22,654 million as of June 30, 2022 and December 31, 2021, respectively. Aggregate contractual principal amounts due under our debt obligations were \$22,056 million and \$22,870 million as of June 30, 2022 and December 31, 2021, respectively, a decrease of \$814 million. The decrease is attributable to the debt repayments as previously discussed under, under “— Liquidity and Capital Resources — Cash Flows — Financing Activities” during the six months ended June 30, 2022.

Senior Secured Credit Facilities

Senior Secured Credit Facilities under the 2018 Restated Credit Agreement

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 “2018 Restated Credit Agreement”) with a syndicate of financial institutions and investors as lenders. Prior to the 2022 Amended Credit Agreement (as defined below), the 2018 Restated Credit Agreement provided for a revolving credit facility of \$1,225 million, maturing 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.

Senior Secured Credit Facilities under the 2022 Amended Credit Agreement

On May 10, 2022, the Company and certain of its subsidiaries as guarantors entered into a Second Amendment (the “Second Amendment”) to the Fourth Amended and Restated Credit and Guaranty Agreement (as amended by the Second Amendment, the “2022 Amended Credit Agreement”). The 2022 Amended Credit Agreement provides for a new term loan facility with an aggregate principal amount of \$2,500 million (the “2027 Term Loan B Facility”) maturing on February 1, 2027 and a new revolving credit facility of \$975 million (the “2027 Revolving Credit Facility”) that will mature on the earlier of February 1, 2027 and the date that is 91 calendar days prior to the scheduled maturity of indebtedness for borrowed money of the Company and BHA in an aggregate principal amount in excess of \$1,000 million. Borrowings under the 2027 Revolving Credit Facility can be made in U.S. dollars, Canadian dollars or Euros. After giving effect to the Second Amendment, the 2023 Revolving Credit Facility, June 2025 Term Loan B Facility and November 2025 Term Loan B Facility were refinanced (such refinancing, the “Credit Agreement Refinancing”), along with certain of the Company’s existing senior notes, using net proceeds from the borrowings under the 2027 Term Loan B Facility, the B+L IPO and the B+L Debt Financing (as defined below) and available cash on hand. As of June 30, 2022, the Company had drawn \$425 million on the 2027 Revolving Credit Facility.

Borrowings under the 2027 Term Loan B Facility bear interest at a rate per annum equal to, at the Company’s option, either: (a) a forward-looking term rate determined by reference to the financing rate for borrowing U.S. dollars overnight collateralized by U.S. Treasury securities (“term SOFR rate”) for the interest period relevant to such borrowing or (b) a base rate determined by reference to the highest of: (i) the prime rate (as defined in the 2022 Amended Credit Agreement), (ii) the federal funds effective rate plus 1/2 of 1.00% and (iii) the term SOFR rate for a period of one month plus 1.00% (or if such rate shall not be ascertainable, 1.50%) (provided, however, that the term SOFR rate with respect to the 2027 Term Loan B Facility shall at no time be less than 0.50% per annum), in each case, plus an applicable margin. Borrowings under the 2027 Revolving Credit Facility in: (i) U.S. dollars bear interest at a rate per annum equal to, at the Company’s option, either: (a) the term SOFR rate (provided, however, that the term SOFR rate with respect to the 2027 Revolving Credit Facility shall at no time be less than 0.00% per annum) or (b) a base rate determined by reference to the highest of: (x) the prime rate (as defined in the 2022 Amended Credit Agreement), (y) the federal funds effective rate plus 1/2 of 1.00% or (z) the term SOFR rate for a period of one month plus 1.00%, (ii) Canadian dollars bear interest at a rate per annum equal to, at the Company’s option, either: (a) 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) or (b) a prime rate determined by reference to the higher of: (x) 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 (y) the one month BA rate calculated daily plus 1.00% (provided, however, that the prime rate shall at no time be less than 0.00% per annum) and (iii) euros bear interest at a rate per annum equal to a term benchmark rate determined by reference to the cost of funds for euro deposits (“EURIBOR”) for the interest period relevant to such borrowing (provided, however, that such rate, shall at no time be less than 0.00% per annum in each case, plus an applicable margin). Term SOFR rate loans are subject to a credit spread adjustment ranging from 0.10%-0.25%.

The applicable interest rate margin for borrowings under the 2027 Term Loan B Facility is 5.25% for term SOFR rate loans and 4.25% for U.S. dollar base rate loans. The applicable interest rate margin for borrowings under the 2027 Revolving Credit Facility ranges from 4.75% to 5.25% for term SOFR rate loans, BA rate loans and EURIBOR loans and 3.75% to 4.25% for U.S. dollar base rate loans and Canadian prime rate loans.

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 2027 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 term SOFR rate borrowings under the 2027 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.

Subject to certain exceptions and customary baskets set forth in the 2022 Amended 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 thresholds), (ii) 100% of the net cash proceeds from the incurrence of debt (other than permitted debt as described in the 2022 Amended Credit Agreement), (iii) 50% of Excess Cash Flow (as defined in the 2022 Amended Credit Agreement) subject to decrease based on leverage ratios and subject to a threshold amount and (iv) 100% of net cash proceeds from asset sales (subject to reinvestment rights, and net proceeds thresholds). These mandatory prepayments may be used to satisfy future amortization.

The amortization rate for the 2027 Term Loan B Facility is 5.00% per annum, or \$125 million, payable in quarterly installments beginning on September 30, 2022. The Company may direct that prepayments be applied to such amortization payments in order of maturity. As of June 30, 2022, the remaining mandatory quarterly amortization payments for the 2027 Term Loan B Facility were \$563 million through December 2026.

The 2022 Amended Credit Agreement permits the incurrence of incremental credit facility borrowings up to the greater of \$1,000 million and 40% of Consolidated Adjusted EBITDA (non-GAAP) (as defined in the 2022 Amended Credit Agreement), subject to customary terms and conditions, as well as the incurrence of additional incremental credit facility borrowings subject to, in the case of secured debt, a secured leverage ratio of not greater than 3.50:1.00, and, in the case of unsecured debt, either 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.

The 2022 Amended Credit Agreement provides that Bausch + Lomb shall initially be a “restricted” subsidiary subject to the terms of the 2022 Amended Credit Agreement covenants, but does not require Bausch + Lomb to guarantee the obligations under the 2022 Amended Credit Agreement. The 2022 Amended Credit Agreement permits the Company to designate Bausch + Lomb as an “unrestricted” subsidiary under the 2022 Amended Credit Agreement and no longer subject to the terms of the covenants thereunder provided that no event of default is continuing or will result from such designation and the total leverage ratio of Remainco (as defined in the 2022 Amended Credit Agreement) will not be greater than 7.60:1.00 on a pro forma basis. The Credit Agreement Refinancing contains provisions designed to facilitate the B+L Separation.

Senior Secured Credit Facilities under the B+L Credit Agreement

On May 10, 2022, Bausch + Lomb entered into a credit agreement (the “B+L Credit Agreement”, and the credit facilities thereunder, the “B+L Credit Facilities”) providing for term loans of \$2,500 million with a five-year term to maturity (the “B+L Term Facility”) and a five-year revolving credit facility of \$500 million (the “B+L Revolving Credit Facility” and such financing, the “B+L Debt Financing”). The B+L Credit Facilities are secured by substantially all of the assets of Bausch + Lomb and its material, wholly-owned Canadian, U.S., Dutch and Irish subsidiaries, subject to certain exceptions. The term loans are denominated in U.S. dollars, and borrowings under the revolving credit facility will be made available in U.S. dollars, euros, pounds sterling and Canadian dollars. As of June 30, 2022, the B+L Revolving Credit Facility remains undrawn.

Borrowings under the B+L Revolving Credit Facility in: (i) U.S. dollars bear interest at a rate per annum equal to, at Bausch + Lomb’s option, either: (a) the term SOFR rate for the interest period relevant to such borrowing or (b) a base rate, determined by reference to the highest of: (i) the prime rate (as defined in the B+L Credit Agreement), (ii) the federal funds effective rate plus 1/2 of 1.00% and (iii) the term SOFR rate for a period of one month plus 1.00% (or if such rate shall not be ascertainable, 1.00%) (provided, however, that the term SOFR rate with respect to the B+L Revolving Credit Facility shall at no time be less than 0.00% per annum), (ii) Canadian dollars bear interest at a rate per annum equal to, at Bausch + Lomb’s option, either: (a) 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) or (b) prime rate determined by reference to the higher of: (x) 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 (y) the one month BA rate calculated

daily plus 1.00% (provided, however, that the prime rate shall at no time be less than 0.00% per annum), (iii) euros bear interest at a rate per annum equal to EURIBOR for the interest period relevant to such borrowing (provided, however, that such rate shall at no time be less than 0.00% per annum) and (iv) pounds sterling bear interest at a rate per annum equal to the effective overnight interest rate for unsecured transaction in the Sterling Overnight Index Average (“SONIA”) (provided, however, that such rate, shall at no time be no less than 0.00% per annum, in each case, plus an applicable margin. Term SOFR rate loans are subject to a credit spread adjustment of 0.10% and sterling loans are subject to a credit spread adjustment of 0.0326%.

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

Borrowings under the B+L Term Facility bear interest at a rate per annum equal to, at Bausch + Lomb’s option, either (i) the term SOFR rate for the interest period relevant to such borrowing (provided, however, that the term SOFR rate with respect to the B+L Term Facility shall at no time be less than 0.50% per annum), plus an applicable margin of 3.25% or (ii) a base rate determined by reference to the highest of (x) the prime rate (as defined in the B+L Credit Agreement), (y) the federal funds effective rate plus 1/2 of 1.00% and (z) the term SOFR rate for a period of one month plus 1.00% (or if such rate shall not be ascertainable, 2.25% (provided, however, that the base rate with respect to the B+L Term Facility shall at no time be less than 0.50% per annum), plus an applicable margin of 2.25%. Term SOFR rate loans are subject to a credit spread adjustment of 0.10%.

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

The amortization rate for the B+L Term Facility is 1.00% per annum, or \$25 million, payable in quarterly installments beginning on September 30, 2022. Bausch + Lomb may direct that prepayments be applied to such amortization payments in order of maturity. As of June 30, 2022, the remaining mandatory quarterly amortization payments for the B+L Term Facility were \$119 million through March 2027.

Senior Secured Notes

The Senior Secured Notes are guaranteed by each of the Company’s subsidiaries that is a guarantor under the 2022 Amended 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 2022 Amended 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 June 30, 2022 and December 31, 2021 was \$4,850 million and \$3,850 million, respectively, an increase of \$1,000 million representing the issuance of February 2027 Secured Notes.

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 2022 Amended Credit Agreement. 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 2022 Amended Credit Agreement. Future subsidiaries of the Company and BHA, if any, may be required to guarantee the Senior Unsecured Notes. In connection with the closing of the B+L IPO, the discharge of the April 2025 Unsecured Notes Indenture and the related release under the 2022 Amended Credit Agreement described above, the guarantees and related security provided by Bausch + Lomb and its subsidiaries in respect of the existing senior notes of the Company and BHA were released. On a non-consolidated basis, the non-guarantor subsidiaries (which, for the avoidance of doubt, does not give effect to the release of the guarantees in connection with closing of the B+L IPO) had total assets of \$6,343 million and total liabilities of \$7,106 million as of June 30, 2022, and revenues of \$755 million and operating income of \$50 million for the six months ended June 30, 2022.

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 June 30, 2022 and December 31, 2021 was \$11,769 million and \$14,900 million, respectively, a decrease of \$3,131 million, attributable to: (i) the redemption in full of the April 2025 Senior Unsecured Notes and (ii) the repurchase and retirement of certain outstanding Senior Secured Notes in the open market with an aggregate par value of approximately \$481 million for \$300 million.

Availability Under Revolving Credit Facilities

As of the date of this filing, August 9, 2022, there were \$550 million of outstanding borrowings, \$40 million of issued and outstanding letters of credit and approximately \$385 million of remaining availability under the 2027 Revolving Credit Facility.

As of the date of this filing, August 9, 2022, the B+L Revolving Credit Facility remains undrawn and has availability of approximately \$500 million. Absent the making of a dividend, which would be determined by the Board of Directors of Bausch + Lomb and paid pro rata to Bausch + Lomb's shareholders, proceeds from the B+L Revolving Credit Facility are not available to fund the operations, investing and financing activities of Bausch Health.

Covenant Compliance

Any inability to comply with the covenants under the terms of our 2022 Amended Credit Agreement, B+L 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 2022 Amended Credit Agreement and B+L 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.

As of June 30, 2022, the Company was in compliance with its financial maintenance covenant related to its outstanding debt. The Company, based on its current forecast, 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 seek 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 including secondary offerings of the common shares of Bausch + Lomb, as deemed appropriate, to provide additional coverage in complying with the financial maintenance covenant and meeting its debt service obligations.

Weighted Average Interest Rate

The weighted average stated rate of interest of the Company's outstanding debt as of June 30, 2022 and December 31, 2021 was 6.34% and 5.88%, respectively.

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

Focus on Capitalization of the Post-separation Entities

In connection with the B+L Separation, we have 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 it is a primary objective of our plan of separation.

Credit Ratings

As of August 9, 2022, the credit ratings and outlook from Moody's, Standard & Poor's ("S&P's") and Fitch for certain outstanding obligations of the Company were as follows:

Rating Agency	Bausch Health Companies Inc.				Bausch + Lomb Corporation		
	Corporate Rating	Senior Secured Rating	Senior Unsecured Rating	Outlook	Corporate Rating	Senior Secured Rating	Outlook
Moody's	Caa1	B2	Caa2	Negative		B1	Negative
Standard & Poor's	CCC+	B	CCC	Negative	CCC+	CCC+	Developing
Fitch	B-	BB-	B-	Negative	B+	BB+	Rating Watch Evolving

Bausch Health Companies Inc. - On May 10, 2022, in connection with the B+L IPO and related Credit Agreement Refinancing, Moody's assigned our senior secured notes a Ba3 rating, consistent with the Ba3 rating assigned to the \$2,500 million of term B loans and the \$975 million revolving credit facility and to the newly issued February 2027 Secured Notes.

On May 31, 2022, S&P's downgraded all of its credit ratings 1-notch and affirmed its negative outlook.

On July 29, 2022, Moody's lowered its credit ratings two notches to: a corporate rating of Caa1, a senior secured rating of B2 and a senior unsecured rating of Caa2. On August 1, 2022, S&P's lowered its credit ratings two notches to: a corporate rating to CCC+, a senior secured rating of B and a senior unsecured rating of CCC. On August 3, 2022, Fitch lowered its credit ratings one notch to: a corporate rating of B-, a senior secured rating of BB- and a senior unsecured rating of B-. These downgrades were a result of the Norwich Legal Decision (see "*Xifaxan*[®] Paragraph IV Proceedings" of Note 18, "LEGAL PROCEEDINGS" to our unaudited interim Consolidated Financial Statements).

Bausch + Lomb Corporation - Bausch + Lomb is a restricted subsidiary under the 2022 Amended Credit Agreement and related indentures and will remain a restricted subsidiary until Bausch Health designates Bausch + Lomb as "unrestricted", which is expected to occur at or prior to the distribution anticipated under the proposed B+L Separation. We expect Bausch + Lomb's credit ratings could be capped to that of the Company, until we designate Bausch + Lomb as "unrestricted".

In August 2022, S&P lowered its credit ratings for Bausch + Lomb two notches to: a corporate rating of CCC+ and a senior secured rating of CCC+. Moody's lowered its senior secured rating for Bausch + Lomb two notches to B1. Fitch lowered its corporate rating for Bausch + Lomb one notch to B+ and maintained its senior secured rating for Bausch + Lomb of BB+. These downgrades were made simultaneously with the downgrades to the credit ratings of Bausch Health, Bausch + Lomb's parent company.

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 2022 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 regularly consider licensing and acquisition opportunities within our core therapeutic areas, some of which could be sizable.

In addition to our working capital requirements, as of June 30, 2022, we expect our primary cash requirements during the remainder of 2022 to include:

- *Debt repayments*—Based on our debt portfolio as of August 3, 2022, we anticipate making mandatory amortization payments of approximately \$75 million and interest payments of approximately \$730 million during the period July 1, 2022 through December 31, 2022. As discussed below, we have and in the future may also elect to make additional principal payments under certain circumstances. Further, in the ordinary course of business, we may borrow and repay additional amounts under our credit facilities using cash on hand, cash from operations and cash provided from the sale of common stock and additional debt financings in connection with the B+L Separation;
- *IT Infrastructure Investment*—We expect to make payments of approximately \$20 million for licensing, maintenance and capitalizable costs associated with our IT infrastructure improvement projects during the remainder of 2022;
- *Capital expenditures*—We expect to make payments of approximately \$180 million for property, plant and equipment during the remainder of 2022;
- *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 2022;
- *Restructuring and integration payments*—We expect to make payments of \$20 million during the remainder of 2022 for employee separation costs and lease termination obligations associated with restructuring and integration actions we have taken through June 30, 2022;
- *Benefit obligations*—We expect to make aggregate payments under our pension and postretirement obligations of \$6 million during the remainder of 2022; and
- *Litigation Payments*—In the ordinary course of business, the Company is involved in litigation, claims, government inquiries, investigations, charges and proceedings. As of June 30, 2022, the Company's Consolidated Balance Sheet includes accrued current loss contingencies of \$1,536 million related to matters which are both probable and reasonably estimable, of which \$1,210 million is expected to be payable during the period July 1, 2022 through December 31, 2022; however, a reliable estimate of the period in which the remaining loss contingencies will be payable, if ever, cannot be made.

U.S. Securities Litigation for \$1,210 million - The amounts which can be expected to be payable during the period July 1, 2022 through December 31, 2022 include inter alia the 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 them 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 June 30, 2022, Restricted cash and other settlement deposits includes \$1,210 million of payments into an escrow fund under the terms of a settlement agreement regarding the U.S. Securities Litigation.

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

Future Costs of B+L Separation

The Company has incurred costs associated with activities to complete the B+L Separation and the suspended, Solta IPO, and will continue to incur costs associated with the B+L separation. These activities include the costs of: (i) separating Bausch + Lomb and the Solta Medical businesses from the remainder of the Company and (ii) registering Bausch + Lomb as an independent publicly traded entity. 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 Bausch + Lomb. 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. 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 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, “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 June 30, 2022, the Company had unrecognized tax benefits totaling \$840 million, of which, \$14 million is expected to be realized during the remainder of 2022, however a reliable estimate of the period in which the remaining uncertain tax positions will be payable, if ever, cannot be made.

Future Repurchases of Debt

The Company regularly evaluates market conditions, its liquidity profile, and various financing alternatives for opportunities to enhance its capital structure. If opportunities are favorable, we may, from time to time, purchase outstanding debt for cash in open market purchases or privately negotiated transactions. Such repurchases or exchanges, if any, will depend on prevailing market conditions, future liquidity requirements, contractual restrictions and other factors.

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, 2021, filed with the SEC and the CSA on February 23, 2022.

OUTSTANDING SHARE DATA

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

At August 4, 2022, we had 361,728,490 issued and outstanding common shares. In addition, as of August 4, 2022, we had outstanding 10,932,203 stock options and 5,824,121 time-based restricted share units that each represent the right of a holder to receive one of the Company’s common shares, and 1,518,449 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 1,129,202 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, 2021, filed with the SEC and the CSA on February 23, 2022, and determined that there were no significant changes in our critical accounting policies and estimates during the six months ended June 30, 2022, except for: (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 and (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.

NEW ACCOUNTING STANDARDS

None.

FORWARD-LOOKING STATEMENTS

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

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

These forward-looking statements relate to, among other things: our business strategy, business plans and prospects and forecasts and changes thereto; product pipeline, prospective products and product approvals, expected launches of new products, product development and future performance and results of current and anticipated products; anticipated revenues for our products; expected research and development (“R&D”) and marketing spend; our expected primary cash and working capital requirements for 2022 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 Fourth Amended and Restated Credit and Guaranty Agreement dated as of June 1, 2018 (the “Restated Credit Agreement”), as amended by the First Incremental Amendment to the Restated Credit Agreement, dated as of November 27, 2018 (the “2018 Restated Credit Agreement”) and the Second Amendment (the “Second Amendment”) to the 2018 Restated Credit Agreement, dated as of May 10, 2022 (as so amended, and as may be further amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, the “2022 Amended Credit Agreement”), and senior notes indentures; the ability of our subsidiary, Bausch + Lomb Corporation (“Bausch + Lomb”), to comply with the financial and other covenants contained in its Credit and Guaranty Agreement (the “B+L Credit Agreement”, and the credit facilities thereunder, the “B+L Credit Facilities”), dated as of May 10, 2022; 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 anticipated impact from the ongoing conflict between Russia and Ukraine; and the Company’s plan to separate its eye health business, including the structure and timing of completing such separation transaction.

Forward-looking statements can generally be identified by the use of words such as “believe”, “anticipate”, “expect”, “intend”, “estimate”, “plan”, “continue”, “will”, “may”, “could”, “would”, “should”, “target”, “potential”, “opportunity”, “designed”, “create”, “predict”, “project”, “forecast”, “seek”, “strive”, “ongoing”, “decrease” or “increase” and variations or other similar expressions. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances are forward-looking statements. These forward-looking statements may not be appropriate for other purposes. 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 and subvariants), COVID-19 vaccine immunization rates, the emergence of variant and subvariant strains of COVID-19, the resurgence of the COVID-19 virus and variant and subvariant strains thereof (including, but not limited to, the recent resurgence of COVID-19 cases) and any resulting reinstatement of lockdowns and other restrictions, 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, costs (which may increase) and revenue and margins (both of which may decrease);
- the challenges the Company faces as a result of the closing of the initial public offering (“IPO”) of Bausch + Lomb (the “B+L IPO”), including the transitional services being provided by and to Bausch + Lomb, any potential, actual or perceived conflict of interest of some of our directors and officers because of their equity ownership in Bausch + Lomb and/or because they also serve as directors or officers of Bausch + Lomb and our ability to timely consolidate the financial results of the Bausch + Lomb business;
- with respect to the Company's proposed plan to spinoff Bausch + Lomb, the risks and uncertainties include, but are not limited to, the expected benefits and costs of the spinoff, the expected timing of completion of the spinoff and its terms (including the Company's expectation that the spinoff will be completed following the expiry of customary lock-ups related to the B+L IPO and achievement of targeted debt leverage ratios, subject to receipt of applicable shareholder and other necessary approvals), the Company's ability to complete the spinoff considering the various conditions to the completion of the spinoff (some of which are outside the Company's control, including conditions related to regulatory matters and applicable shareholder and stock exchange approvals), that market or other conditions are no longer favorable to completing the spinoff, that the previously announced planned IPO of the Company's aesthetics medical device business, Global Solta (the “Solta IPO”) has been suspended, that the Norwich Legal Decision (see “Xifaxan[®] Paragraph IV Proceedings” of Note 18, “LEGAL PROCEEDINGS” to our unaudited interim Consolidated Financial Statements) may affect the timing of, or our ability to complete the B+L Separation, that applicable shareholder, stock exchange, regulatory or other approvals is not obtained on the terms or timelines anticipated or at all, business disruption during the pendency of, or following, the spinoff, 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 the Canada Revenue Agency and/or the Internal Revenue Service will be sought or obtained), the ability of the Company and the separated entity to satisfy the conditions required to maintain the tax-free status of the spinoff (some of which are beyond their control), other potential tax or other liabilities that may arise as a result of the spinoff, the potential dissynergy costs resulting from the spinoff, the impact of the spinoff on relationships with customers, suppliers, employees and other business counterparties, general economic conditions, conditions in the markets the Company is engaged in, behavior of customers, suppliers and competitors, technological developments, as well as legal and regulatory rules affecting the Company's business. In particular, the Company can offer no assurance that any spinoff will occur at all, or that any such transaction will occur on the timelines anticipated by the Company;
- ongoing litigation and potential additional litigation, claims, challenges and/or regulatory investigations challenging or otherwise relating to the B+L IPO and the spinoff and the costs, expenses, use of resources, diversion of management time and efforts, liability and damages that may result therefrom;
- 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 Rx Services, LLC (“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 petition for rehearing of its appeal of the Court's final approval order) and certain opt-out actions in Canada relating to the recently settled class action in Canada), certain pending lawsuits 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 historic practice of limiting the average annual price increase for our branded prescription pharmaceutical products to single digits, or any future pricing actions we may take in 2022 or beyond 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 U.S. Food and Drug Administration (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 senior notes indentures, the 2027 Revolving Credit Facility (as defined below), the 2022 Amended Credit Agreement, the B+L Credit Agreement and other current or future credit and/or debt agreements, including the ability of Bausch + Lomb to comply with its covenants and obligations under the B+L Credit Agreement, 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 2027 Revolving Credit Facility, Bausch + Lomb’s ability to draw down under the revolving credit facility under the B+L Credit Agreement and restrictions on our ability to make certain investments and other restricted payments;
- any default under the terms of our senior notes indentures or the 2022 Amended Credit Agreement (and other current or future credit and/or debt agreements) 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 2022 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 the 2022 Amended Credit Agreement, senior notes indentures and/or the B+L Credit Agreement (and other current or future credit and/or debt agreements) 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 directors, 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 2022 Amended Credit Agreement, the B+L Credit Agreement, our 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; the impact of obtaining or maintaining such reimbursement on the price and sales of our products; and the launch and implementation of any new pharma-care or dental-care program or related spending by the Canadian federal government;
- 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 availability of low effective tax rates for the business profits of certain of our subsidiaries;
- the implementation of the Organisation for Economic Co-operation and Development Inclusive Framework on Base Erosion and Profit Shifting, including the global minimum corporate tax rate, by the countries in which we operate;
- the outcome of any audits by taxation authorities, which outcomes may differ from the estimates and assumptions that we may use in determining our consolidated tax provisions and accruals;
- 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, including rates of inflation, and credit markets and foreign currency exchange uncertainty and volatility in certain of the countries in which we do business;
- the trade conflict between the U.S. and China;
- the impact of the ongoing conflict between Russia and Ukraine and the export controls, sanctions and other restrictive actions that have been or may be imposed by the U.S., Canada and other countries against governmental and other entities in Russia, Belarus and parts of Ukraine;
- the impact of the United States-Mexico-Canada Agreement (“USMCA”) and any potential changes to other trade agreements;

- our ability to obtain, maintain and license sufficient intellectual property rights over our products and enforce and defend against challenges to such intellectual property (such as in connection with the filing by Norwich Pharmaceuticals Inc. (“Norwich”) of its Abbreviated New Drug Application (“ANDA”) for Xifaxan® (rifaximin) 550 mg tablets and the Company’s related lawsuit filed against Norwich in connection therewith) and the impact of the Norwich matter on, among other things, our business results, financial results, and the proposed separation of B+L;
- our ability to successfully appeal the decision of the U.S. District Court for the District of Delaware in the Company’s lawsuit against Norwich in connection with Norwich’s ANDA and challenge Norwich’s ability to achieve a modified ANDA that avoids an injunction [expected to be issued] by the District Court and omits the Xifaxan® hepatic encephalopathy (“HE”) indication and HE safety data;
- the fact that a substantial amount of our revenues are derived from the Xifaxan® product line, and that we may be materially impacted by the entry of a generic rifaximin product earlier than January 2028;
- 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 Walgreen Co., 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 current administration;
- illegal distribution or sale of counterfeit versions of our products;
- any plans for the Company's aesthetic medical business;
- 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, 2021, filed on February 23, 2022, risks under Item 1A. “Risk Factors” of Part II of this Form 10-Q and risks detailed from time to time in our other filings with the U.S. Securities and Exchange Commission (“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, 2021, filed on February 23, 2022, under Item 1A. “Risk Factors”, under Item 1A. “Risk Factors” of Part II of this Form 10-Q and in the Company’s other filings with the SEC and the CSA. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. These forward-looking statements speak only as of the date made. We undertake no obligation to update or revise any of these forward-looking statements to reflect events or circumstances after the date of this Form 10-Q or to reflect actual outcomes, except as required by law. We caution that, as it is not possible to predict or identify all relevant factors that may impact forward-looking statements, the foregoing list of important factors that may affect future results is not exhaustive and should not be considered a complete statement of all potential risks and uncertainties.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Other than as indicated below under “— Interest Rate Risk” and “— Inflation 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, 2021, filed with the SEC and the CSA on February 23, 2022.

Interest Rate Risk

As of June 30, 2022, we had \$16,631 million and \$5,425 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 June 30, 2022 was \$11,266 million. If interest rates were to increase by 100 basis-points, the fair value of our issued fixed rate debt would decrease by approximately \$428 million. If interest rates were to decrease by 100 basis-points, the fair value of our issued fixed rate debt would increase by approximately \$451 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 \$54 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 June 30, 2022. Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of June 30, 2022.

Changes in Internal Control Over Financial Reporting

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For information concerning legal proceedings, reference is made to Note 18, “LEGAL PROCEEDINGS” of notes to the unaudited interim Consolidated Financial Statements included elsewhere in this Form 10-Q.

Item 1A. Risk Factors

Except as set forth below, there have been no material changes to the risk factors as disclosed in Item 1A. “Risk Factors” included in our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC and the CSA on February 23, 2022. The following additional and amended and restated risk factors set forth additional and/or amended risks affecting the Company from those originally presented in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021:

As a result of the current conflict between Russia and Ukraine, including the recent invasion of Ukraine by Russia, the current and any future responses by the global community to such conflict and any counter responses by the Russian government or other entities or individuals, and the potential expansion of the conflict to other countries, we have begun to experience and may continue to experience an adverse impact on our business and operations in this region, as well as on our business and operations generally, which could have a material adverse effect on our business, financial condition, cash flows and results of operations and could cause the market value of our common shares to decline.

On February 24, 2022, Russia launched a military invasion of Ukraine. The ongoing military conflict between Ukraine and Russia has provoked strong reactions from the United States, the UK, the EU, Canada and various other countries around the world, including the imposition of export controls and broad financial and economic sanctions against Russia, Belarus and specific areas of Ukraine. Additional sanctions or other measures may be imposed by the global community, and counteractive measures may be taken by the Russian government, other entities in Russia or governments or other entities outside of Russia.

For the full year ended December 31, 2021 and the six months ended June 30, 2022, we derived approximately 2% of our revenues from sales of our products in Russia, less than 1% of our revenues from sales of our products in Ukraine, and less than 1% of our revenues from sales of our products in Belarus. As of the date of this filing, the conflict between Ukraine and Russia has begun to impact our business in the region, and we are continuously monitoring developments to assess any potential future impact that may arise. Given the nature of our products, we do not believe that the current sanctions and other measures imposed by the United States and other countries preclude us from conducting business in the region. However, we anticipate that the ongoing conflict in this region and the sanctions and other actions by the global community in response may continue to hinder our ability to conduct business with customers and vendors in this region. For example, we have experienced and may in the future experience disruption and delays in the supply of our products to our customers in Russia, Belarus and Ukraine. We have experienced and may in the future also experience decreased demand for our products in these countries as a result of the conflict and invasion. In addition, we may experience difficulties in collecting receivables from such customers. If we are hampered in our ability to conduct business with new or existing customers and vendors in this region, our business, and operations, including our revenues, profitability and cash flows, could be adversely impacted. Furthermore, if the sanctions and other retaliatory measures imposed by the global community change, we may be required to cease or suspend our operations in the region or, should the conflict worsen, we may voluntarily elect to do so. We cannot provide assurance that current sanctions or potential future changes in these sanctions or other measures will not have a material impact on our operations in Russia, Belarus and Ukraine. The disruption to, or suspension of, our business and operations in Russia, Belarus and Ukraine would adversely impact our business, financial condition, cash flows and results of operations in this region which may, in turn, materially adversely impact our overall business, financial condition, cash flows and results of operations, which impact could be material, and could cause the market value of our common shares to decline. Finally, we are also subject to risks if exchange controls were to be imposed that would limit the repatriation of profits from our operations in Russia. While we do not rely on profits or dividends from our Russian operations to fund our debt repayment or other business activities generally, as our operations from Russia primarily involve the sale of products purchased from our affiliates located outside of Russia, any exchange controls that would limit the purchase of or payment for products or goods from outside of Russia may have an adverse impact on our operations in Russia or the way we conduct business in Russia.

While the precise effects of the ongoing military conflict and sanctions on the Russian and global economies remain uncertain, they have already resulted in significant volatility in financial markets and depreciation of the Russian ruble and the Ukrainian hryvnia against the U.S. dollar, as well as in an increase in energy and commodity prices globally. Should the conflict continue or escalate, there may be various economic and security consequences including, but not limited to, supply shortages of different kinds, further increases in prices of commodities, including piped gas, oil and agricultural goods, reduced consumer purchasing power, significant disruptions in logistics infrastructure, telecommunications services and risks relating to the unavailability of information technology systems and infrastructure. The resulting impacts to the global

economy, financial markets, inflation, interest rates and unemployment, among others, could adversely impact economic and financial conditions, and may disrupt the global economy's ongoing recovery following the COVID-19 pandemic. Other potential consequences include, but are not limited to, growth in the number of popular uprisings in the region, increased political discontent, especially in the regions most affected by the conflict or economic sanctions, increase in cyberterrorism activities and attacks, displacement of persons to regions close to the areas of conflict and an increase in the number of refugees fleeing across Europe, among other unforeseen social and humanitarian effects.

In addition, as a result of the ongoing conflict between Russia and Ukraine, we may experience other risks, difficulties and challenges in the way we conduct our business and operations generally. For example, there may be an increased risk of cybersecurity attacks due to the current conflict between Russia and Ukraine, including cyber security attacks perpetrated by Russia or others at its direction in response to economic sanctions and other actions taken against Russia as a result of its invasion of Ukraine. Any increase in such attacks on us or our third-party providers or other systems could adversely affect our network systems or other operations. In order to address the risks associated with cybersecurity attacks from the region (including state-sponsored cybersecurity attacks), we have taken action to consolidate network traffic from Russia and Belarus through a single point, which is designed to allow us to more closely inspect that traffic. In addition, if required, this consolidation provides a single point to quickly and efficiently disconnect the region from our corporate network. At this time, to the best of our knowledge, we do not believe we have experienced any cyberattacks that are related to the conflict between Russia and Ukraine. Although we have taken steps to enhance our protections against such attacks, we may not be able to address these cybersecurity threats proactively or implement adequate preventative measures and there can be no assurance that we will promptly detect and address any such disruption or security breach, if at all. In addition, as a result of the risk of collectability of receivables from our customers in Russia, Belarus and Ukraine, we may be required to adjust our accounting practices relating to revenue recognition in this region, with the result that we may not be able to recognize revenue from these customers until collected. We may also suffer reputational harm as a result of our continued operations in Russia, which may adversely impact our sales and other businesses in other countries. Finally, we have one global clinical trial involving Russia, Ukraine and Belarus with patients enrolled. We continue to support the existing patients, but have no plans to enroll new patients at this time. Plans for any additional trials involving Russia, Ukraine and Belarus have been postponed.

A protracted conflict between Ukraine and Russia, any escalation of that conflict, and the financial and economic sanctions and import and/or export controls imposed on Russia by the U.S., the UK, the EU, Canada and others, and the above-mentioned adverse effect on our operations (both in this region and generally) and on the wider global economy and market conditions could, in turn, have a material adverse impact on our business, financial condition, cash flows and results of operations and could cause the market value of our common shares and/or debt securities to decline.

The B+L Separation, including the Distribution, is subject to challenge and could be subject to further challenges in the future, any of which could delay or prevent the consummation of such transactions or cause them to occur on worse terms than we currently expect.

The B+L Separation, including a distribution of all or a portion of our remaining equity interest in Bausch + Lomb to our shareholders, is subject to challenge, which could delay or prevent the consummation of such transactions or cause them to occur on worse terms than we currently expect. For example, in March 2022, the Company and Bausch + Lomb were named in a declaratory judgment action in the Superior Court of New Jersey, Somerset County, Chancery Division (which was subsequently removed to the U.S. District Court for the District of New Jersey), brought by certain individual investors in the Company's common shares and debt securities who are also maintaining individual securities fraud claims against the Company and certain of its current or former officers and directors. This newly filed action seeks a declaratory judgment that the transfer of assets from the Company to Bausch + Lomb would constitute a voidable transfer under New Jersey's Uniform Voidable Transactions Act and that Bausch + Lomb would become liable for damages awarded against the Company in the individual opt-out actions. In addition, the Company could, in the future, face additional legal proceedings and investigations and inquiries by governmental agencies relating to these or similar matters. For more information regarding legal proceedings, see Note 18, "LEGAL PROCEEDINGS" to our unaudited interim Consolidated Financial Statements elsewhere in this Form 10-Q.

We are unable to predict the outcome of any such proceedings, investigations and inquiries, but we may incur significant costs and diversion of management attention as a result of these matters, regardless of the outcome. Some or all of these proceedings, investigations and inquiries may lead to damages, settlement payments, fines, penalties, consent orders or other administrative sanctions against us. Furthermore, publicity surrounding these proceedings, investigations and inquiries or any enforcement action as a result thereof, even if ultimately resolved favorably for us could result in additional investigations and legal proceedings. As a result, these proceedings, investigations and inquiries could have a material adverse effect on our reputation, business, financial condition, cash flows and results of operations and could cause the market value of our common shares and/or debt securities to decline.

We recently announced that we are suspending our plan to pursue an IPO of our Solta medical device aesthetics business. Accordingly, the Solta IPO will not be completed in accordance with the previously-anticipated timeline, and may not be completed at all, and if resumed will involve significant time, expense, and distraction, any of which could disrupt or have a material adverse effect on our business, financial condition, cash flows and results of operations and could cause the market value of our common shares and/or debt securities to decline.

On August 3, 2021, we announced that we intended to pursue an IPO of Solta Medical. The proposed Solta IPO would establish Solta Medical as a separate publicly traded company that consists of our medical aesthetics business, subject to regulatory approvals and certain conditions, including final approval by our Board of Directors and compliance with (including completion of all necessary filings required by) U.S. securities laws and stock exchange rules. On June 16, 2022, as a result of challenging market conditions and other factors, we announced that we were suspending our plans for the Solta IPO, and that we will revisit alternative paths for Solta in the future. Such suspension could delay the completion of the Solta IPO for a significant period of time or prevent it from occurring at all.

Our decision to suspend our plans for the Solta IPO could cause us not to realize some or all of the expected benefits, or realize them on a different timeline than expected. No assurance can be given as to whether and when the Solta IPO will occur or whether the Solta IPO, if pursued, will achieve the benefits we expect. As a result, there can be no assurance as to the timing of the completion of the Solta IPO or its terms. Any changes with respect to the timing of the Solta IPO or the terms and conditions on which the Solta IPO occurs could also delay the B+L Separation or cause the B+L Separation to occur on terms or conditions that are different or less favorable than expected.

If we determine to proceed with the Solta IPO, unanticipated developments, including disruptions to business and commerce induced by the COVID-19 pandemic, unfavorable market conditions, possible delays in obtaining any necessary stock exchange, regulatory or other approvals or the failure to obtain any such approvals, negotiating challenges, the uncertainty of the financial markets, changes in the laws and regulations (both in the U.S. and in other jurisdictions, including China), reactions of customers and other parties, industry or economic conditions outside of the Company's control, and other challenges in executing the Solta IPO, could further delay or prevent the completion of the Solta IPO, or cause the Solta IPO to occur on terms or conditions that are different or less favorable than expected.

Even if the Solta IPO is completed, we may not be able to achieve the full strategic and financial benefits expected to result from the Solta IPO. The Solta IPO is expected to unlock value by creating an independent business and distinct investment identity with enhanced strategic and management focus that allows more efficient allocation of resources and capital. In addition, proceeds from the Solta IPO are expected to facilitate further reductions in the aggregate amount of our outstanding indebtedness. We may not achieve these and other anticipated benefits for a variety of reasons, including, among others: (i) following the Solta IPO, Solta may prove to be less valuable on an independent basis than we anticipate, including because it is more susceptible to economic downturns and other adverse events than if it were still a part of the Company and because its business will be less diversified than the Company's business prior to the Solta IPO and (ii) other actions required to separate the respective businesses could disrupt our operations.

If we determine to proceed with the Solta IPO, executing the Solta IPO will require significant resources, time and attention from our senior management and employees, which senior management and employees are already expending significant resources, time and attention on the B+L Separation. The Solta IPO could cause further distractions and further divert attention and resources away from other projects and the day-to-day operation of our business. Both we and Solta may also experience increased difficulties in attracting, retaining, and motivating management and employees during the pendency of the Solta IPO and following its completion. For more information on these and other related risks, see Item 1A. "Risk Factors—Employment-related Risks" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021. The Solta IPO, whether or not completed, may also have an adverse impact on our relationships with our customers, suppliers and other business counterparties. The price of our common shares could also fluctuate significantly in response to developments or market speculation related to the proposed Solta IPO. The Solta IPO, if completed, may also have the effect of exacerbating other risk factors disclosed in this Quarterly Report and in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

We have already incurred expenses in connection with the Solta IPO, and if we determine to proceed with the Solta IPO we expect that the process of completing the Solta IPO will be time-consuming and involve significant additional costs and expenses, which may not yield a discernible benefit if the Solta IPO is not completed or is not completed on the timeline or terms anticipated. In addition, regardless of whether the Solta IPO is completed, we have been and will be required to pay certain costs and expenses incurred in connection therewith, such as legal, accounting, and other professional and advisory fees. Furthermore, the Solta IPO, if completed, is expected to result in dyssynergy costs, which may be greater than we anticipate and/or may be significant. In addition, we could be subject to legal proceedings or other claims challenging the Solta IPO, which could result in substantial costs and liability and also divert management's attention and resources, any of which could harm our business.

Any of the above factors could cause the Solta IPO (or the failure to consummate the Solta IPO) to have a material adverse effect on our business, financial condition, cash flows and results of operations and could cause the market value of our common shares and/or debt securities to decline.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no sales of equity securities by the Company during the three months ended June 30, 2022.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

- [10.1](#) [Amendment to Master Separation Agreement by and between Bausch Health Companies Inc. and Bausch + Lomb Corporation, dated as of April 28, 2022, originally filed as Exhibit 99.2 to the Company's Current Report on Form 8-K filed on April 28, 2022, which is incorporated by reference herein.](#)
- [10.2](#) [Amendment to Tax Matters Agreement by and between Bausch Health Companies Inc. and Bausch + Lomb Corporation, dated as of April 28, 2022, originally filed as Exhibit 99.3 to the Company's Current Report on Form 8-K filed on April 28, 2022, which is incorporated by reference herein.](#)
- [10.3](#) [Arrangement Agreement by and between Bausch Health Companies Inc. and Bausch + Lomb Corporation and the other parties thereto, dated as of April 28, 2022, originally filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed on April 28, 2022, which is incorporated by reference herein.†#](#)
- [10.4](#) [Second Amendment, dated as of May 10, 2022, among Bausch Health Companies Inc., Bausch Health Americas, Inc., certain other subsidiaries of the Company as subsidiary guarantors, each of the financial institutions named therein as lenders and issuing banks and Barclays Bank PLC, as Administrative Agent, originally filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 10, 2022, which is incorporated by reference herein.](#)
- [10.5](#) [Credit Agreement, dated as of May 10, 2022, among Bausch + Lomb Corporation, certain subsidiaries of the Company as subsidiary guarantors, each of the financial institutions named therein as lenders and issuing banks, Citibank, N.A., as Revolving Facility Administrative Agent and Goldman Sachs Bank USA, as Term Facility Administrative Agent, originally filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 10, 2022, which is incorporated by reference herein.](#)
- [10.6](#) [Bausch Health Companies Inc. Further Amended and Restated 2014 Omnibus Incentive Plan, effective as of June 21, 2022, originally filed as Exhibit B to the Company's definitive proxy statement \(File No. 001-14956\) filed on May 2, 2022, which is incorporated by reference herein. ††](#)
- [10.7*](#) [Employment Agreement, dated as of October 20, 2021, by and between Bausch Health Companies Inc. and Tom Vadaketh. ††](#)
- [10.8*](#) [Employment Agreement, dated as of December 3, 2021, by and between Bausch Health Companies Inc. and Seana Carson. ††](#)
- [10.9*](#) [Employment Agreement, dated as of May 28, 2020, by and between Bausch Health Companies Inc. and Robert Spurr. ††](#)
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- 101.DEF* Inline XBRL Taxonomy Extension Definition Linkbase Document
- 104* Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

† Certain exhibits and schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The registrant hereby undertakes to furnish supplementally a copy of any omitted exhibit or schedule upon request by the Securities and Exchange Commission.

Portions of this exhibit have been omitted because they are both (i) not material and (ii) would likely cause competitive harm to Bausch Health Companies Inc. if publicly disclosed.

†† Management contract or compensatory plan arrangement.

SIGNATURES

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

Bausch Health Companies Inc.
(Registrant)

Date: August 9, 2022

/s/ THOMAS J. APPIO

Thomas J. Appio
Chief Executive Officer
(Principal Executive Officer)

Date: August 9, 2022

/s/ TOM VADAKETH

Tom Vadaketh
Executive Vice President,
Chief Financial Officer
(Principal Financial Officer)

INDEX TO EXHIBITS

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† Management contract or compensatory plan or arrangement.

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BAUSCH HEALTH COMPANIES INC.
EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the “Agreement”) is hereby entered into as of October 20, 2021, by and between Bausch Health Companies Inc., a British Columbia corporation (“Bausch Health” or the “Company”), and Tom Vadaketh, an individual (the “Executive”) (hereinafter collectively referred to as “the parties”). Where the context requires, references to the Company shall include the Company’s subsidiaries and affiliates and any successors in interest thereto, which shall include Bausch Pharma at the time of the separation of the Bausch + Lomb business.

RECITALS

WHEREAS, the Board of Directors of the Company (the “Board”) has determined that it is in the best interests of Bausch Health and its stockholders to separate the eyecare business (such business, “Bausch + Lomb”) into an independent publicly traded entity from the remainder of Bausch Health by providing for an initial public offering of Bausch + Lomb’s stock (the “IPO”) and subsequently separating the Bausch + Lomb business from the Company (such date, the “Separation Date”); and

WHEREAS, in connection with the IPO, the Company desires to employ Executive on the terms set forth in this Agreement, for the period provided below, and Executive desires to accept such employment with the Company, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the respective agreements of the parties contained herein, it is agreed as follows:

1. Commencement Date; Term. The term (the “Employment Term”) of Executive’s employment under this Agreement shall be for the period commencing on January 3, 2022 (the “Initial Commencement Date”) and ending on the third (3rd) anniversary of the Initial Commencement Date. Thereafter, the Employment Term shall extend automatically for consecutive periods of one year unless either party provides notice of non-renewal not less than ninety (90) days prior to the end of the Employment Term as then in effect.

2. Employment. During the Employment Term:

- (a) Executive shall be employed as the Chief Financial Officer of the pharmaceutical business of the Company (the “Pharma Business”) as of the Initial Commencement Date, at which time Executive shall report directly to the Chief Executive Officer of the Pharma Business. Contingent and effective upon the closing of the IPO, Executive shall be employed as the Chief Financial Officer of the Company (the “Bausch Pharma Commencement Date”), at which time Executive shall report directly to the Chief Executive Officer. Executive shall perform the duties, undertake the responsibilities and exercise the authority customarily performed, undertaken and exercised by persons situated in similar executive capacities.
- (b) Excluding periods of vacation and sick leave to which Executive is entitled and other service outside of the Company contemplated in this Section 2(b), Executive shall devote his full professional time and attention to the business and affairs of the Company to discharge the responsibilities of Executive hereunder. Prior to joining or agreeing to serve on corporate, civil or charitable boards or committees, Executive shall obtain approval of the Chief Executive Officer. Executive may manage personal and family investments, participate in industry organizations and deliver lectures at educational institutions, so long as such activities do not interfere with the performance of Executive’s responsibilities hereunder. It is understood that, during Executive’s employment by the Company, Executive shall not engage in any activities that constitute a conflict of interest with the interests of the Company or its direct and indirect subsidiaries, as outlined in the Company’s conflict of interest policies for employees and executives in effect from time to time.

- (c) Executive shall be subject to and shall abide by each of the personnel policies applicable to senior executives and which have been made generally available to Company executives, including any policy restricting pledging and hedging investments in Company equity by Company executives, any policy the Company adopts regarding the recovery of incentive compensation (sometimes referred to as “clawback”) and any additional clawback provisions as required by law and applicable listing rules. This Section 2(c) shall survive the termination of the Employment Term.
- (d) Subject to Sections 7, 8 and 9 hereof, Executive’s employment with the Company is “at will,” such that each of Executive or the Company has the option to terminate Executive’s employment at any time, with or without advance notice, and with or without Cause or with or without Good Reason. This Agreement does not constitute an express or implied agreement of continuing or long-term employment. The at-will nature of Executive’s employment can be altered only by a written agreement specifying the altered status of Executive’s employment. Such written agreement must be signed by both Executive and the Chief Executive Officer of the Company.

3. Annual Compensation.

- (a) Base Salary. Effective on the Initial Commencement Date, during the Employment Term, Executive shall be paid an annual base salary of \$600,000 (“Base Salary”). The Base Salary shall be payable in accordance with the Company’s regular payroll practices as then in effect. During the Employment Term, the Base Salary will be reviewed annually and is subject to adjustment at the discretion of the Chief Executive Officer of the Company and the Talent and Compensation Committee of the Board (the “Committee”).
- (b) Performance Bonus. Effective on the Initial Commencement Date, Executive will be eligible to participate in the Company’s annual incentive cash bonus program applicable to similarly situated senior executives in accordance with its terms as in effect from time to time and the terms of this Agreement, for each fiscal year of the Company ending during the Employment Term, Executive shall be eligible to receive a target annual cash bonus of 60% of Base Salary (such target bonus, as may hereafter be increased, the “Target Bonus”) with the opportunity to receive a maximum annual cash bonus of 200% of the Target Bonus; provided that, for fiscal year 2021, Executive’s annual bonus shall be pro-rated for the number of days Executive is actively employed by the Company during such fiscal year. Annual bonuses, if any, will be payable in the Company’s discretion and in accordance with the Company’s customary practices applicable to bonuses paid to similarly situated executives of the Company.

4. Additional Compensation.

- (a) One-Time Sign-On Bonus. Effective as of the Initial Commencement Date, Executive will be eligible to receive a one-time sign-on bonus of \$500,000 (the “Sign-On Bonus”), less any required tax withholdings, payable within thirty (30) days following the Initial Commencement Date. If Executive voluntarily resigns without Good Reason (as such term is defined in Section 7(e) of this Agreement), or is terminated for “Cause” (as such term is defined in Section 7(c) of this Agreement), at any time within the first two (2) years of the Initial Commencement Date, Executive will be required to promptly repay the amount of the Sign-On Bonus received by Executive following the payment of all applicable withholdings and payment of taxes.
- (b) One-Time Initial Equity Award. Effective as of the Initial Commencement Date, Executive will receive a grant under the Bausch Health Companies Inc. Amended and Restated 2014 Omnibus Incentive Plan (as amended and restated from time to time, the “Plan”) of (i) a number of stock options with a target grant-date fair value of approximately \$1,500,000 and (ii) a number of restricted stock units (the “RSUs”) with a grant-date fair value of approximately \$1,500,000 (such stock options and RSUs, the “Initial Award”). The stock

options and RSUs will be subject to the terms and conditions of the Plan and applicable award agreement to be provided to Executive.

- (c) Existing Awards. On and following the closing of the IPO, the outstanding and unvested portion of the Initial Award held by Executive, if any, shall remain outstanding in accordance with, and subject to the terms of the Plan and the applicable award agreement thereunder and shall remain an equity award in respect of Bausch Health's successor stock (Bausch Pharma) on and following the Separation.
- (d) Ongoing Grants. Executive will be eligible for consideration for future equity grants during the Employment Term in the sole discretion of the Committee.

5. Share Ownership Commitment. Executive agrees to comply with any share ownership requirements adopted by the Company applicable to Executive, which shall be on the same terms as similarly situated executives of the Company.

6. Other Benefits. During the Employment Term:

- (a) Employee Benefits. Executive shall be entitled to participate in the employee benefit plans, practices and programs maintained by the Company, and made available to employees of the Company generally, including, without limitation, all pension, retirement, profit sharing, savings, medical, hospitalization, disability, dental, life or travel accident insurance benefit plans in accordance with the terms of the plans as in effect from time to time. Executive's participation in such plans, practices and programs shall be on the same basis and terms as are applicable to such employees.
- (b) Business Expenses. Upon submission of proper invoices in accordance with, and subject to, the Company's normal policies and procedures, Executive shall be entitled to receive prompt reimbursement of all reasonable out-of-pocket business, entertainment and travel expenses incurred by him in connection with the performance of his duties hereunder.
- (c) Vacation and Sick Leave. Executive shall be entitled, without loss of pay, to absent himself voluntarily from the performance of Executive's employment under this Agreement, pursuant to the following:
 - (1) Executive shall be entitled to annual vacation in accordance with and subject to the policies as periodically established for similarly situated executives of the Company; and
 - (2) Executive shall be entitled to sick leave (without loss of pay) in accordance with the Company's policies as in effect from time to time.

7. Termination. Executive's employment with the Company hereunder may be terminated under the circumstances set forth below; provided, however, that notwithstanding anything contained herein to the contrary, to the extent required by Section 409A ("Section 409A") of the Internal Revenue Code of 1986, as amended (the "Code"), Executive shall not be considered to have terminated employment with the Company for purposes of this Agreement until he would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A.

- (a) Death. Executive's employment shall be terminated as of the date of Executive's death and Executive's beneficiaries shall be entitled to the benefits provided in Section 9(b) hereof.
- (b) Disability. The Company may terminate Executive's employment, on written notice to Executive after having established Executive's Disability and while Executive remains Disabled, and Executive shall be entitled to the benefits provided in Section 9(b) hereof.

For purposes of this Agreement, “Disability” shall have the meaning assigned to such term in the Plan.

- (c) Cause. The Company may terminate Executive’s employment for Cause effective as of the date of the Notice of Termination (as defined in Section 8 hereof) and Executive shall be entitled to the benefits provided in Section 9(a) hereof. “Cause” shall mean, for purposes of this Agreement: (1) conviction of any felony (other than one related to a vehicular offense) or other criminal act involving fraud; (2) willful misconduct that results in a material economic detriment to the Company; (3) material violation of Company policies and directives, which is not cured after written notice and an opportunity for cure; (4) continued refusal by Executive to perform his duties after written notice identifying the deficiencies and an opportunity for cure; and (5) a material violation by Executive of any of the covenants to the Company, including those set forth in Sections 12, 13, 15 and 16 hereof. No action or inaction shall be deemed willful if (x) not demonstrably willful and (y) taken, or not taken, by Executive in good faith and with the understanding that such action, or inaction, was not adverse to the best interests of the Company. References in this paragraph to the Company shall also include direct and indirect subsidiaries of the Company, and materiality shall be measured based on the action or inaction and the impact upon the Company taken as a whole. Without limiting the other rights of the Company under this Section 7, the Company may suspend Executive, without pay, upon Executive’s indictment for the commission of a felony as described under clause (1) above. Such suspension may remain effective until such time as the indictment is either dismissed or a verdict of not guilty has been entered. If such indictment does not result in a conviction, as soon as practicable following such dismissal or verdict, the Company will pay Executive the base salary and target bonus amount that Executive would have received for the period during which Executive was suspended without pay (with interest from the date such amounts would otherwise have been paid at the short-term applicable federal rate, compounded semi-annually, as determined under Section 1274 of the Code for the month in which payment would have been made but for the delay) and Executive will receive vesting credit for purposes of Executive’s outstanding equity awards.
- (d) Without Cause. The Company may terminate Executive’s employment without Cause. The Company shall deliver to Executive a Notice of Termination (as defined in Section 8 hereof) not less than thirty (30) days prior to the termination of Executive’s employment without Cause and the Company shall have the option of terminating Executive’s duties and responsibilities prior to the expiration of such thirty-day notice period, and Executive shall be entitled to the benefits provided in Section 9(c) hereof.
- (e) Good Reason. Executive may terminate his employment for Good Reason (as defined below) by delivering to the Company a Notice of Termination not less than thirty (30) days prior to the termination of Executive’s employment for Good Reason and no more than one hundred fifty (150) days following the initial existence of the event or condition constituting Good Reason. The Company shall have the option of terminating Executive’s duties and responsibilities prior to the expiration of such thirty (30) day notice period, and Executive shall be entitled to the benefits provided in Section 9(c) hereof. For purposes of this Agreement, “Good Reason” shall mean the occurrence of any of the events or conditions described in clauses (1) through (4) below during the Employment Term, without Executive’s prior written consent, which are not cured by the Company (if susceptible to cure by the Company) within thirty (30) days after the Company has received written notice from Executive within ninety (90) days of the initial existence of the event or condition constituting Good Reason specifying the particular events or conditions which constitute Good Reason and the specific cure requested by Executive.
- (1) Diminution of Responsibility. (A) Any material reduction in Executive’s duties or responsibilities as (i) Chief Financial Officer of the Pharma Business between the Initial Commencement Date and the Bausch Pharma Commencement Date or (ii) Chief Financial Officer of the Company following the Bausch Pharma Commencement Date, in each case as in effect immediately prior thereto (other

than a reduction where Executive is provided with other duties or responsibilities substantially comparable to Executive's overall duties and responsibilities prior to such reduction) or (B) removal of Executive from the position of (i) Chief Financial Officer of the Pharma Business between the Initial Commencement Date and the Bausch Pharma Commencement Date or (ii) Chief Financial Officer of the Company following the Bausch Pharma Commencement Date (or, following a Change in Control or a corporate restructuring, removal from the position of Chief Financial Officer of the ultimate parent company of the resulting entity), except, in each of (A) and (B), in connection with (1) the termination of Executive's employment for Disability, Cause, as a result of Executive's death or by Executive other than for Good Reason, or (2) for the avoidance of doubt, the changes in the Executive's position and reporting relationship contemplated by Section 2(a);

- (2) Compensation Reduction. Any reduction in Executive's Base Salary or Target Bonus opportunity which is not comparable to reductions in the base salary or target bonus opportunity of other similarly situated executives of the Company;
 - (3) Relocation. Any relocation of Executive's primary place of business that results in an increase of Executive's one-way commute by fifty (50) miles or more; provided that the Company's request that Executive travel from time to time on behalf of the Company shall not constitute Good Reason; or
 - (4) Company Breach. Any other material breach by the Company of any material provision of this Agreement, including, but not limited to, the failure of the Company to consummate the closing of the IPO by the first anniversary of the Initial Commencement Date as contemplated by this Agreement.
- (a) Without Good Reason. Executive may voluntarily terminate his employment without Good Reason by delivering to the Company a Notice of Termination not less than thirty (30) days prior to the termination of Executive's employment and the Company shall have the option of terminating Executive's duties and responsibilities prior to the expiration of such thirty (30) day notice period, and Executive shall be entitled to the benefits provided in Section 9(a) hereof through the last day of such notice period.
 - (b) Notice of Non-Renewal. Executive's employment shall terminate upon expiration of the Employment Term as then in effect following timely provision by either party of notice of non-renewal in accordance with Section 1 hereof, and Executive shall be entitled to the benefits provided in Section 9(d) hereof.

8. Notice of Termination. Any purported termination by the Company or by Executive shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which indicates a termination date (the "Termination Date"), the specific termination provision in this Agreement relied upon and sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination of Executive's employment hereunder shall be effective without such Notice of Termination (unless waived by the party entitled to receive such notice).

9. Compensation Upon Termination. Upon termination of Executive's employment during the Employment Term, Executive shall be entitled to the following benefits; provided, however, that any such benefits to which Executive is hereunder entitled shall be offset by those benefits that Executive receives, if any, under applicable law or otherwise:

- (a) Termination by the Company for Cause or by Executive Without Good Reason. If Executive's employment is terminated by the Company for Cause or by Executive without Good Reason, the Company shall pay Executive all amounts earned or accrued hereunder through the Termination Date, including:

- (1) reimbursement for reasonable and necessary expenses incurred by Executive on behalf of the Company for the period ending on the Termination Date;
 - (2) any previous compensation which Executive has previously deferred (including any interest earned or credited thereon), in accordance with the terms and conditions of the applicable deferred compensation plans or arrangements then in effect;
 - (3) equity and incentive awards, to the extent previously vested, shall be paid or delivered to Executive in accordance with the terms of such awards; and
 - (4) any amount or benefit as provided under any benefit plan or program (the foregoing items in clauses (1) through (4) being collectively referred to as the "Accrued Compensation").
- (b) Termination by the Company for Disability or Death. If Executive's employment is terminated by the Company for Disability or by reason of Executive's death, then, subject to Section 17(e) hereof, Executive shall be entitled to the benefits provided in this Section 9(b).
- (1) The Company shall pay Executive (or his beneficiaries, as applicable) the Accrued Compensation;
 - (2) The Company shall pay to Executive (or his beneficiaries, as applicable) within sixty (60) days following the Termination Date, any bonus earned but unpaid in respect of any fiscal year preceding the Termination Date; and
 - (3) The Company shall pay to Executive a bonus or incentive award in respect of the fiscal year in which Executive's Termination Date occurs in an amount equal to the product of (A) Executive's Target Bonus and (B) a fraction (x) the numerator of which is the number of days in such fiscal year through the Termination Date and (y) the denominator of which is 365. Any bonus or incentive award payable to Executive under this clause (3) shall be paid in a lump sum payment by March 15 of the year following the fiscal year in which Executive's Termination Date occurs
 - (4) Each unvested equity award held by Executive at the time of termination shall be governed by the terms of the applicable award agreement.
- (c) Termination by the Company Without Cause or by Executive for Good Reason. If Executive's employment by the Company shall be terminated by the Company without Cause or by Executive for Good Reason, then, subject to Section 17(e) hereof, Executive shall be entitled to the benefits provided in this Section 9(c).
- (1) The Company shall pay to Executive any Accrued Compensation;
 - (2) The Company shall pay to Executive any bonus earned but unpaid in respect of any fiscal year preceding the Termination Date within sixty (60) days following the Termination Date;
 - (3) The Company shall pay to Executive a bonus or incentive award in respect of the fiscal year in which Executive's Termination Date occurs in an amount equal to the product of (A) the lesser of (x) the bonus or incentive award that Executive would have been entitled to receive based on actual achievement against the stated performance objectives and (y) Executive's Target Bonus and (B) a fraction (x) the numerator of which is the number of days in such fiscal year through the Termination Date and (y) the denominator of which is 365 (provided that if such termination occurs in contemplation of a Change in Control (as defined in the Plan) or within twelve months following a Change in Control, then in the forgoing calculation, the amount under (A) above shall be equal to Executive's Target Bonus). Any bonus or incentive award payable to Executive under this clause (3)

shall be paid in a lump sum payment by March 15 of the year following the fiscal year in which Executive's Termination Date occurs;

- (4) The Company shall pay Executive as severance pay, in lieu of any further compensation for the periods subsequent to the Termination Date, an amount in cash, which amount shall be payable in a lump sum payment within sixty (60) days following such termination (subject to Section 10 hereof), equal to one (1) times (or, if the Termination Date occurs either (x) on or before December 31, 2023, one and a half (1-1/2) times) or (y) in contemplation of a Change in Control or within twelve months following a Change in Control, two (2) times) the sum of Executive's Base Salary and Target Bonus, in each case, as in effect immediately prior to termination and without regard to any reduction thereto which constitutes Good Reason;
 - (5) Each unvested equity award held by Executive at the time of termination shall be governed by the terms of the applicable award agreement; and
 - (6) The Company shall provide Executive with continued coverage through the first anniversary of Executive's Termination Date under any health, medical, dental or vision program or policy in which Executive (and his dependents, as applicable) participated in as of the time of the Termination Date on terms no less favorable to Executive and his dependents than those applicable to actively employed similarly situated executives of the Company; provided, however, that Executive shall be solely responsible for any taxes incurred in respect of such coverage; and provided, further, that the Company may modify the continuation coverage contemplated by this Section 9(c)(6) (including by providing a lump-sum cash payment equal to the value for Executive of the continuation coverage provided herein) to the extent reasonably necessary to avoid the imposition of any excise taxes on the Company for failure to comply with the nondiscrimination requirements of the Patient Protection and Affordable Care Act of 2010, as amended, and/or the Health Care and Education Reconciliation Act of 2010, as amended (to the extent applicable).
- (d) Expiration of Employment Term Upon Notice of Non-Renewal. If Executive's employment terminates upon expiration of the Employment Term as in effect following timely provision of a notice of non-renewal in accordance with Section 1 hereof, then, subject to Section 17(e) hereof:
- (1) If such notice is submitted by Executive, then Executive shall be entitled to the benefits provided in Section 9(a) hereof.
 - (2) If such notice is submitted by the Company, then Executive shall be entitled to the benefits provided in Section 9(c) hereof.
- (e) Executive shall not be required to mitigate the amount of any payment provided for under this Section 9 by seeking other employment or otherwise and no such payment shall be offset or reduced by the amount of any compensation or benefits provided to Executive in any subsequent employment.

10. Section 409A. The parties intend for the payments and benefits under this Agreement to be exempt from Section 409A or, if not so exempt, to be paid or provided in a manner which complies with the requirements of such section, and intend that this Agreement shall be construed and administered in accordance with such intention. If any payments or benefits due to Executive hereunder would cause the application of an accelerated or additional tax under Section 409A, such payments or benefits shall be restructured in a mutually agreed upon manner that to the extent possible preserves the economic benefit and original intent thereof but does not cause such an accelerated or additional tax. For purposes of the limitations on nonqualified deferred compensation under Section 409A, each payment of compensation under this Agreement shall be treated as a separate payment of compensation. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following Executive's separation from service shall instead be paid on the first business

day after the date that is six months following Executive's Termination Date (or death, if earlier). Notwithstanding anything to the contrary in this Agreement, all (A) reimbursements and (B) in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A, including, where applicable, the requirement that (x) the amount of expenses eligible for reimbursement, or in kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in kind benefits to be provided, in any other calendar year; (y) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred; and (z) the right to reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit.

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

12. Records and Confidential Data.

- (a) Executive acknowledges that in connection with the performance of his duties during the Employment Term, the Company will make available to Executive, or Executive will have access to, certain Confidential Information (as defined below) of the Company and its affiliates. Executive acknowledges and agrees that any and all Confidential Information disclosed to, or learned or obtained by, Executive during the course of his employment by the Company or otherwise, whether developed by Executive alone or in conjunction with others or otherwise, shall be and is the sole and exclusive property of the Company or the affiliate of the Company, as applicable, that is Executive's employer (the "Employer"). No license or other right to any Confidential Information is granted to Executive under this Agreement. To the extent that Executive acquires any right, title or interest in or to any Confidential Information, Executive hereby irrevocably assigns, transfers, conveys and delivers to the Employer all such right, title and interest in and to such Confidential Information.
- (b) Subject to Section 11 hereof, the Confidential Information will be kept confidential by Executive, will not be used in any manner which is detrimental to the Company, will not be used other than in connection with Executive's discharge of his duties hereunder, and will be safeguarded by Executive from unauthorized disclosure. Executive acknowledges and agrees that the confidentiality restrictions set forth herein shall apply to any and all Confidential Information disclosed to, or learned or obtained by, Executive, whether before, on or after the date hereof. For the avoidance of doubt, nothing in this Section 12(b) shall prevent Executive from complying with a valid legal requirement (whether by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) to disclose any Confidential Information; provided that, subject to Section 12(e), Executive shall first give notice to the Employer and reasonably cooperate with the Employer to obtain a protective order or other measures preserving the confidential treatment of such Confidential Information and requiring that the information or documents so disclosed be used only for the purposes for which the order was issued or is otherwise required by applicable law. For the avoidance of doubt, nothing in this Section 12(b) shall prevent Executive from exercising any legally protected whistleblower rights (including under Rule 21F under the Securities Exchange Act of 1934, as amended) as set forth in Section 11.
- (c) Following the termination of Executive's employment hereunder or upon the Company's request, and subject to Section 11 hereof, as soon as possible after the Company's written request, Executive will return to the Company all written Confidential Information which has been provided to Executive and Executive will return or destroy all copies of any analyses, compilations, studies or other documents prepared by Executive or for Executive's use containing or reflecting any Confidential Information. Within five (5)

business days of the receipt of such request by Executive, he shall, upon written request of the Company, deliver to each of the Company a document certifying that such written Confidential Information has been returned or destroyed in accordance with this Section 12(c).

- (d) For the purposes of this Agreement, “Confidential Information” shall mean any and all non-public, proprietary or other confidential information of the Company or its affiliates disclosed to Executive, to which Executive has access, or of which Executive otherwise becomes aware, in each case whether in oral, written, graphic or machine readable form, including, without limitation, (A) know-how, trade secrets, inventions, discoveries, concepts, information, works, materials, processes, methods, data, software, programs, apparatus, designs and the like, and any other intellectual property the value of which is contingent upon maintaining the confidentiality thereof, (B) information regarding the business of the Company or its affiliates, including its products, services, budgets, contracts, reports, investigations, experiments, research, work in progress, drawings, designs, plans, proposals, codes, marketing and sales programs, client lists, client mailing lists, supplier lists, financial projections, cost summaries, pricing formulae, marketing studies relating to prospective business opportunities, and all other concepts, ideas, materials, or information prepared or performed for or by the Company or its affiliates, (C) information regarding the skills and compensation of the employees, contractors, and any other service providers of the Company or its affiliates, (D) the existence of any business discussions, negotiations, or agreements between the Company or its affiliates and any third party, (E) all documents and other work product generated by you which contain, comment upon, or relate in any way to any information disclosed by the Company or its affiliates, (F) all third-party information held in confidence by the Company or its affiliates, and (G) the terms and conditions of this Agreement. For purposes of this Agreement, the Confidential Information shall not include, and Executive’s obligation shall not extend to (A) information which is generally available to the public and (B) information obtained by Executive other than pursuant to or in connection with Executive’s employment.
- (e) Pursuant to Section 7 of the Defend Trade Secrets Act of 2016 (which added 18 U.S.C. § 1833(b)), the Company and Executive acknowledge and agree that Executive shall not have criminal or civil liability under any federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition and without limiting the preceding sentence, if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive’s attorney and may use the trade secret information in the court proceeding, if Executive (X) files any document containing the trade secret under seal and (Y) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement or otherwise is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such Section.
- (f) In connection with Executive’s employment with the Company, Executive will not use any confidential or proprietary information Executive may have obtained in connection with employment with any prior employer.
- (g) Executive’s obligations under this Section 12 shall survive the termination of the Employment Term.

13. Covenant Not to Solicit and Not to Compete; Non-Disparagement.

- (a) Covenants Not to Solicit or to Interfere. To protect the Confidential Information, Company Intellectual Property (as defined below) and other trade secrets of the Company and its affiliates, Executive agrees, during the Employment Term and for a period of

twelve (12) months after Executive's cessation of employment with the Company (the "Restricted Period"), not to solicit, hire or participate in or assist in any way in the solicitation or hire of any employees of the Company or any of its subsidiaries (or any person who was an employee of the Company or any of its subsidiaries during the six-month period preceding such action). For purposes of this covenant, "solicit" or "solicitation" means directly or indirectly influencing or attempting to influence employees of the Company or any of its subsidiaries to become employed with any other person, partnership, firm, corporation or other entity.

In addition, to protect the Confidential Information, Company Intellectual Property and other trade secrets of the Company and its affiliates, Executive agrees, during the Employment Term and the Restricted Period, not to (x) solicit any client or customer to receive services or to purchase any good or services in competition with those provided by the Company or any of its subsidiaries or (y) interfere or attempt to interfere in any material respect with the relationship between the Company or any of its subsidiaries on one hand and any client, customer, supplier, investor, financing source or capital market intermediary on the other hand. For purposes of this covenant, "solicit" or "solicitation" means directly or indirectly influencing or attempting to influence clients or customers of the Company or any of its affiliates to accept the services or goods of any other person, partnership, firm, corporation or other entity in competition with those provided by the Company or any of its affiliates.

Executive agrees that the covenants contained in this Section 13(a) are reasonable and desirable to protect the Confidential Information and Company Intellectual Property of the Company and its affiliates; provided that solicitation through general advertising or the provision of references shall not constitute a breach of such obligations.

- (b) Covenant Not to Compete. To protect the Confidential Information, Company Intellectual Property and other trade secrets of the Company, the Company and its affiliates, Executive agrees (i) during the period beginning on the Initial Commencement Date and ending on the date that is 12 months after the Separation Date (but in no event later than the last day of the Restricted Period) (the "First Period"), not to engage in Prohibited Activities (as defined below) in any country in which the Company or any of its affiliates and, following the Separation Date, Bausch & Lomb, conducts business, or plans to conduct business, and (ii) following the expiration of the First Period, during the Employment Term and the Restricted Period (the "Second Period"), not to engage in Prohibited Activities in any country in which the Company or any of its affiliates conducts business, or plans to conduct business. For the purposes of this Agreement, the term "Prohibited Activities" means directly or indirectly engaging as an owner, employee, partner, member, consultant or agent of any entity that derives more than 10% of its consolidated revenue from the development, manufacturing, marketing and/or distribution (directly or indirectly) of (x) during the First Period, branded or generic prescription or non-prescription pharmaceuticals or medical devices for treatments in the fields of neurology, dermatology, gastroenterology, ophthalmology or dentistry (y) during the Second Period, branded or generic prescription or non-prescription pharmaceuticals or medical devices for treatment in the same fields as clause (x), other than ophthalmology; provided that Prohibited Activities shall not mean Executive's investment in securities of a publicly-traded company equal to less than five (5%) percent of such company's outstanding voting securities; and provided, further, that, for the avoidance of doubt, Executive complies with the obligations set forth in Sections 12, 13(a) and 13(c) hereof. Executive agrees that the covenants contained in this Section 13(b) are reasonable and desirable to protect the Confidential Information and Company Intellectual Property of the Company and its affiliates.
- (c) Non-Disparagement. Executive agrees not to make written or oral statements about the Company, its subsidiaries or affiliates, or its directors, executive officers or non-executive officer employees that are negative or disparaging, except as provided in Section 11 hereof. The Company shall instruct its directors and executive officers to not make written or oral

statements about Executive that are negative or disparaging. Notwithstanding the foregoing, nothing in this Agreement or otherwise shall preclude Executive, the Company, its subsidiaries and affiliates, and the Company's directors and executive officers from communicating or testifying truthfully to the extent required by law to any federal, state, provincial or local governmental agency or in response to a subpoena to testify issued by a court of competent jurisdiction.

- (d) It is the intent and desire of Executive and the Company that the restrictive provisions of this Section 13 be enforced to the fullest extent permissible under the laws and public policies as applied in each jurisdiction in which enforcement is sought. If any particular provision of this Section 13 shall be determined to be invalid or unenforceable, such covenant shall be amended, without any action on the part of either party hereto, to delete there from the portion so determined to be invalid or unenforceable, such deletion to apply only with respect to the operation of such covenant in the particular jurisdiction in which such adjudication is made.
- (e) Executive's obligations under this Section 13 shall survive the termination of the Employment Term.

14. Remedies for Breach of Obligations under Sections 12 or 13 hereof. Executive acknowledges that the Company will suffer irreparable injury, not readily susceptible of valuation in monetary damages, if Executive breaches his obligations under Sections 12 or 13 hereof. Accordingly, Executive agrees that the Company will be entitled, in addition to any other available remedies, to obtain injunctive relief against any breach or prospective breach by Executive of his obligations under Sections 12 or 13 hereof. Executive agrees that process in any or all of those actions or proceedings may be served by overnight courier, addressed to the last address provided by Executive to the Company, or in any other manner authorized by law (including personal service). This Section 14 shall survive the termination of the Employment Term.

15. Cooperation.

- (a) Following Executive's termination of employment for any reason, subject to Section 11 hereof, Executive agrees to make himself reasonably available to cooperate with the Company and its affiliates in matters that materially concern: (i) requests for information about the services Executive provided to the Company and its affiliates during his employment with the Company and its affiliates, (ii) the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company and its affiliates which relate to events or occurrences that transpired while Executive was employed the Company and its affiliates and as to which Executive has, or would reasonably be expected to have, personal experience, knowledge or information or (iii) any investigation or review by any federal, state or local regulatory, quasi-regulatory or self-governing authority (including, without limitation, the US Department of Justice, the US Federal Trade Commission or the SEC) as any such investigation or review relates to events or occurrences that transpired while Executive was employed by the Company and its affiliates. Executive's cooperation shall include: (A) making himself reasonably available to meet and speak with officers or employees of the Company, the Company's counsel or any third-parties at the request of the Company at times and locations to be determined by the Company reasonably and in good faith, taking into account the Company's business and personal needs (the "Company Cooperation") and (B) giving accurate and truthful information at any interviews and accurate and truthful testimony in any legal proceedings or actions (the "Witness Cooperation"). Nothing in this Section 15(a) shall be construed to limit in any way any rights Executive may have at applicable law not to provide testimony with regard to specific matters. Unless required by law or legal process, Executive will not knowingly or intentionally furnish information to or cooperate with any non-governmental entity (other than the Company) in connection with any potential or pending proceeding or legal action involving matters arising during Executive's employment with the Company and its affiliates. In addition, at the request of the Company, Executive shall be required to

complete a directors' and officers' questionnaire to facilitate the Company's preparation and filing of its proxy statement and periodic reports with the SEC.

- (b) Executive shall not be entitled to any payments in addition to those otherwise set forth in this Agreement in respect of any Company Cooperation or Witness Cooperation, regardless of when provided. The Company will reimburse Executive for any reasonable, out-of-pocket travel, hotel and meal expenses incurred in connection with Executive's performance of obligations pursuant to this Section 15 for which Executive has obtained prior approval from the Company.
- (c) Nothing in this Agreement or any other agreement by and between the Parties is intended to or shall preclude or in any way limit or restrict Executive from providing accurate and truthful testimony or information to any governmental agency.
- (d) This Section 15 shall survive the termination of the Employment Term.

16. Inventions and Intellectual Property.

- (a) Definitions. As used in this Agreement:
 - (1) "Intellectual Property" means all patents, invention disclosures, invention registrations, trademarks, service marks, trade names, trade dress, logos, domain names, copyrights, mask works, trade secrets, know-how and all other intellectual property and proprietary rights recognized by any applicable law of any jurisdiction, and all registrations and applications for registration of, and all goodwill associated with, the foregoing.
 - (2) "Inventions" means all inventions, discoveries, concepts, information, works, materials, processes, methods, data, software, programs, apparatus, designs and the like.
- (b) Disclosure. Executive will disclose promptly in writing to the Company any and all Inventions and Intellectual Property, in each case that Executive conceives, develops, creates or reduces to practice, either alone or jointly with others, during the period of Executive's employment that (1) are conceived, created or developed using any equipment, supplies, facilities, trade secrets, know-how or other Confidential Information of the Company or any of its affiliates, (2) result from any work performed by Executive for the Company or any of its affiliates and/or (3) otherwise relate to the Company's or any of its affiliates' business or actual or demonstrably anticipated research or development (collectively, "Company Intellectual Property").
- (c) Ownership and Assignment. Executive acknowledges and agrees that the Company will have exclusive title and ownership rights in and to all Company Intellectual Property. To the extent that exclusive title and/or ownership rights may not originally vest in the Company as contemplated herein, Executive hereby irrevocably assigns, transfers, conveys and delivers to the Company all right, title and interest in and to all Company Intellectual Property. Executive acknowledges and agrees that, with respect to any Company Intellectual Property that may qualify as a Work Made For Hire as defined in 17 U.S.C. § 101 or other applicable law, such Company Intellectual Property is and will be deemed a Work Made for Hire and the Company will have the sole and exclusive right to the copyright (or, in the event that any such Company Intellectual Property does not qualify as a Work Made for Hire, the copyright and all other rights thereto are automatically assigned to the Company as above).
- (d) Prior Inventions. Set forth in Exhibit A (Prior Inventions) attached hereto is a complete list of all Inventions that Executive has, alone or jointly with others, conceived, developed created or reduced to practice prior to the commencement of Executive's employment with the Company, that are Executive's property, and that the Company acknowledges and

agrees are excluded from the scope of this Agreement (collectively, “Prior Inventions”). If disclosure of any such Prior Invention would cause Executive to violate any prior confidentiality agreement, Executive understands that he is not to list such Prior Inventions in Exhibit A but is only to disclose where indicated a cursory name for each such Prior Invention, a listing of each person or entity to whom it belongs, and the fact that full disclosure as to such Prior Inventions has not been made for that reason (it being understood that, if no Invention or disclosure is provided in Exhibit A, Executive hereby represents and warrants that there are no Prior Inventions). If, in the course of Executive’s employment with the Company, Executive incorporates any Prior Invention into any Company product, process or machine or otherwise uses any Prior Invention, Executive hereby grants to the Company and its affiliates a worldwide, non-exclusive, irrevocable, perpetual, fully paid-up and royalty-free license (with rights to sublicense through multiple tiers of sublicensees) to use, reproduce, modify, make derivative works of, publicly perform, publicly display, make, have made, sell, offer for sale, import and otherwise exploit such Prior Invention for any purpose.

- (e) Non-Assignable Inventions. If Executive is an employee whose principal work location is in California, Illinois, Kansas, Minnesota or Washington State, the provisions regarding Executive’s assignment of Company Intellectual Property to the Company in Section 16(c) hereof do not apply to certain Inventions (“Non-Assignable Inventions”) as specified in the statutory code of the applicable state. Executive acknowledges having received and reviewed notification regarding such Non-Assignable Inventions pursuant to such states’ codes.
- (f) Waiver of Moral Rights. To the extent that Executive may do so under applicable law, Executive hereby irrevocably waives and agrees never to assert any Moral Rights that Executive may have in or with respect to any Company Intellectual Property, even after termination of any work on behalf of the Company or its affiliates. As used in this Agreement, “Moral Rights” means any rights to claim authorship of a work, to object to or prevent the modification or destruction of a work, or to withdraw from circulation or control the publication or distribution of a work, and any similar right, existing under any applicable law of any jurisdiction, regardless of whether or not such right is denominated or generally referred to as a “moral right.”
- (g) Further Assurances. Executive shall give the Company and its affiliates all reasonable assistance and execute all documents necessary to assist with enabling the Company and its affiliates to prosecute, perfect, register, record, enforce and defend any of their rights in any Company Intellectual Property and Confidential Information.
- (h) This Section 16 shall survive the termination of the Employment Term.

17. Miscellaneous.

- (a) Successors and Assigns.
 - (1) This Agreement shall be binding upon and shall inure to the benefit of the Company, its successors and permitted assigns. The Company may not assign or delegate any rights or obligations hereunder except to a successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, as applicable. Except for purposes of determining the occurrence of a Change in Control, the term “the Company” as used herein shall mean a corporation or other entity acquiring all or substantially all the assets and business of the Company, as the case may be, (including this Agreement) whether by operation of law or otherwise.
 - (2) Neither this Agreement nor any right or interest hereunder shall be assignable or transferable by Executive, Executive’s beneficiaries or legal representatives, except by will or by the, laws of descent and distribution.

- (3) This Agreement shall inure to the benefit of and be enforceable by Executive's legal personal representatives.
- (b) Notice. For the purposes of this Agreement, notices and all other communications provided for in the Agreement (including the Notice of Termination) shall be in writing and shall be deemed to have been duly given when personally delivered or sent by overnight courier, addressed to the respective addresses last given by each party to each other party; provided that all notices to the Company shall be directed to the attention of the General Counsel of the Company. All notices and communications shall be deemed to have been received on the date of delivery thereof or on the third business day after the mailing thereof, except that notice of change of address shall be effective only upon receipt.
- (c) Indemnity Agreement. The Company agrees to indemnify and hold Executive harmless to the fullest extent permitted by applicable law for actions taken as a director or officer of the Company, as in effect at the time of the subject act or omission. In connection therewith, Executive shall be entitled to the protection of any insurance policies which the Company elects to maintain generally for the benefit of the Company's directors and officers, against all costs, charges and expenses whatsoever incurred or sustained by Executive in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a director, officer or employee of the Company. This provision shall survive any termination of the Employment Term.
- (d) Withholding. The Company shall be entitled to withhold the amount, if any, of all taxes of any applicable jurisdiction required to be withheld by an employer with respect to any amount paid to Executive hereunder. The Company, in its sole and absolute discretion, shall make all determinations as to whether it is obligated to withhold any taxes hereunder and the amount hereof.
- (e) Release of Claims. The termination benefits described in Sections 9(b), 9(c) and 9(d)(2) hereof shall be conditioned on Executive delivering to the Company, and failing to revoke, a signed release of claims acceptable to the Company within twenty-one (21) days following Executive's Termination Date; provided, however, that Executive shall not be required to release any rights Executive may have to be indemnified by the Company under Section 15(c) hereof. Notwithstanding any provision of this Agreement to the contrary, in no event shall the timing of Executive's execution of the release, directly or indirectly, result in Executive designating the calendar year of payment, and, to the extent required by Section 409A, if a payment that is subject to execution of the release could be made in more than one taxable year, payment shall be made in the later taxable year. Where applicable, references to Executive in this Section 17(e) shall refer to Executive's representative or estate.
- (f) Modification. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by the other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreement or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by any party which are not expressly set forth in this Agreement.
- (g) Arbitration. If any legally actionable dispute arises under this Agreement or otherwise which cannot be resolved by mutual discussion between the parties, then the Company and Executive each agree to resolve that dispute by binding arbitration before an arbitrator experienced in employment law. Said arbitration will be conducted in accordance with the rules applicable to employment disputes of the Judicial Arbitration and Mediation Services ("JAMS") and the law applicable to the claim. The parties shall have 30 calendar days after notice of such arbitration has been given to attempt to agree

on the selection of an arbitrator from JAMS. In the event the parties are unable to agree in such time, JAMS will provide a list of five (5) available arbitrators and an arbitrator will be selected from such five-member panel provided by JAMS by the parties alternately striking out one name of a potential arbitrator until only one name remains. The party entitled to strike an arbitrator first shall be selected by a toss of a coin. The parties agree that this agreement to arbitrate includes any such disputes that the Company may have against Executive, or Executive may have against the Company and/or its related entities and/or employees, arising out of or relating to this Agreement, or Executive's employment or Executive's termination, including any claims of discrimination or harassment in violation of applicable law and any other aspect of Executive's compensation, employment, or Executive's termination. The parties further agree that arbitration as provided for in this Section 17(g) is the exclusive and binding remedy for any such dispute and will be used instead of any court action, which is hereby expressly waived, except for any request by any party for temporary, preliminary or permanent injunctive relief pending arbitration in accordance with applicable law or for breaches by either party of such party's obligations under Sections 12, 13, 15 or 16 hereof, as applicable, or an administrative claim with an administrative agency. The parties agree that the arbitration provided herein shall be conducted in or around Morristown, New Jersey, unless otherwise mutually agreed. The Company shall pay the cost of any arbitration brought pursuant to this paragraph, excluding, however, the cost of representation of Executive unless such cost is awarded in accordance with law or otherwise awarded by the arbitrators. Except as otherwise provided above, the arbitrator may award legal fees to the prevailing party in his sole discretion, provided that the percentage of fees so awarded shall not exceed 1% of the net worth of the paying party (i.e., the Company or Executive). Subject to Section 11 hereof, except as may be required by law, neither party nor an arbitrator may disclose the existence, content or results of any arbitration hereunder without the prior written consent of both parties.

- (h) Effect of Other Law. Anything herein to the contrary notwithstanding, the terms of this Agreement shall be modified to the extent required to meet the provisions of the Sarbanes-Oxley Act of 2002, Section 409A, the Dodd-Frank Wall Street Reform and Consumer Protection Act or other federal law applicable to the employment arrangements between Executive and the Company. Any delay in providing benefits or payments or any failure to provide a benefit or payment shall not in and of itself constitute a breach of this Agreement; provided, however, that the Company shall provide economically equivalent payments or benefits to Executive to the extent permitted by law. Any request or requirement that Executive repay compensation that is required under the first sentence shall not in and of itself constitute a breach of this Agreement.
- (i) Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New Jersey applicable to contracts executed in and to be performed entirely within such State, without giving effect to the conflict of law principles thereof.
- (j) No Conflicts. As a condition to the effectiveness of this Agreement, Executive represents and warrants to the Company that he is not a party to or otherwise bound by any agreement or arrangement (including, without limitation, any license, covenant, or commitment of any nature), or subject to any judgment, decree, or order of any court or administrative agency, that would conflict with or will be in conflict with or in any way preclude, limit or inhibit Executive's ability to execute this Agreement or to carry out his duties and responsibilities hereunder. In the event that the Company determines that Executive's duties hereunder may conflict with an agreement or arrangement to which Executive is bound, Executive shall be required to cease engaging in any such activities, duties or responsibilities (including providing supervisory services over certain subsets of the Company's business operations) and the Company will take steps to restrict Executive's access to, and participation in, any such activities. Any actions taken by the Company under this Section 17(j) to restrict or limit Executive's access to information or

provision of services shall not constitute Good Reason for purposes of Section 7(e) hereof.

- (k) Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

18. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto and supersedes all prior agreements, if any, understandings and arrangements, oral or written, between the parties hereto with respect to the subject matter hereof, including, without limitation, any term sheets or other similar presentations.

19. Counterparts. This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same Agreement. Signatures transmitted via facsimile or PDF will be deemed the equivalent of originals.

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IN WITNESS WHEREOF, the parties have executed this Employment Agreement as of the day and year first above written, to be effective as of the Initial Commencement Date.

BAUSCH HEALTH COMPANIES INC.

By: /s/ Joseph C. Papa

Name: Joseph C. Papa
Title: Chairman of the Board and Chief Executive Officer

EXECUTIVE

By: /s/ Tom Vadaketh

Name: Tom Vadaketh

EXHIBIT A
PRIOR INVENTIONS

1. The following is a complete list of all Prior Inventions (as provided in Section 16(d) of the attached Employment Agreement):

2. Due to a prior confidentiality agreement, Executive cannot complete the disclosure under Section 1 above with respect to the Prior Inventions generally listed below, the duty of confidentiality with respect to which Executive owes to the following party(ies):

Prior Invention

Party(ies)

Relationship

BAUSCH HEALTH COMPANIES INC.
EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the “Agreement”) is hereby entered into as of December 3, 2021, by and between Bausch Health Companies Inc., a company incorporated in the Province of British Columbia, Canada (together with any successor thereto, “Bausch Health” or the “Company”), and Seana Carson, an individual (the “Executive”) (hereinafter collectively referred to as “the parties”). Where the context requires, references to the Company shall include the Company’s subsidiaries and affiliates and any successors in interest thereto, which shall include Bausch Pharma at the time of the separation of the Bausch + Lomb business.

RECITALS

WHEREAS, the Board of Directors of the Company (the “Board”) has determined that it is in the best interests of Bausch Health and its stockholders to separate the global eye health business (such business, “Bausch + Lomb”) from the remainder of Bausch Health by providing for an initial public offering of Bausch + Lomb’s stock (the “IPO”) and subsequently separating the Bausch + Lomb business from the Company (such date, the “Separation Date”);

WHEREAS, in connection with the IPO, the Company desires to employ Executive on the terms set forth in this Agreement, for the period provided below, and Executive desires to accept such employment with the Company, subject to the terms and conditions set forth herein;

WHEREAS, the Company and the Executive entered into a letter agreement dated as of November 2, 2020 setting forth certain payments payable to the Executive (the “Separation Bonus Letter”); and

WHEREAS, the Company and the Executive desire that the Separation Bonus Letter shall remain in full force in effect with its terms and shall not be amended by this Agreement.

NOW, THEREFORE, in consideration of the respective agreements of the parties contained herein, it is agreed as follows:

1. Commencement Date; Term. The term (the “Employment Term”) of Executive’s employment under this Agreement shall be for the period commencing on December 1, 2021 (the “Initial Commencement Date”) and shall continue until it is terminated as provided herein.
2. Employment. During the Employment Term:
 - (a) Contingent and effective upon the closing of the IPO (the “Bausch Pharma Commencement Date”), Executive shall be employed as the General Counsel of the Company, at which time Executive shall report directly to the Chief Executive Officer of the Company. Executive shall perform the duties, undertake the responsibilities and exercise the authority customarily performed, undertaken and exercised by persons situated in similar executive capacities.
 - (b) Excluding periods of vacation and sick leave to which Executive is entitled and other service outside of the Company contemplated in this Section 2(b), Executive shall devote her full professional time and attention to the business and affairs of the Company to discharge the responsibilities of Executive hereunder. Prior to joining or agreeing to serve on corporate, civil or charitable boards or committees, Executive shall obtain approval of the Chief Executive Officer. Executive may manage personal and family investments, participate in industry organizations and deliver lectures at educational institutions, so long as such activities do not interfere with the performance of Executive’s responsibilities hereunder. It is understood that, during Executive’s employment by the Company, Executive shall not engage in any activities that constitute a conflict of interest with the interests of the Company or its direct and indirect subsidiaries, as outlined in the

Company's conflict of interest policies for employees and executives in effect from time to time.

- (c) Executive shall be subject to and shall abide by each of the personnel policies applicable to senior executives, including any policy restricting pledging and hedging investments in Company equity by Company executives, any policy the Company adopts regarding the recovery of incentive compensation (sometimes referred to as "clawback") and any additional clawback provisions as required by law and applicable listing rules. This Section 2(c) shall survive the termination of the Employment Term.

3. Annual Compensation.

- (d) Base Salary. Effective on the Initial Commencement Date, during the Employment Term, Executive shall be paid an annual base salary of 665,000 CAD ("Base Salary"). The Base Salary shall be payable in accordance with the Company's regular payroll practices as then in effect. During the Employment Term, the Base Salary will be reviewed annually and is subject to adjustment at the discretion of the Chief Executive Officer of the Company and the Talent and Compensation Committee of the Board (the "Committee").
- (e) Performance Bonus. For the 2021 performance year, Executive will continue to be eligible to participate in Bausch Health's annual incentive cash bonus program, in accordance with, and subject to the terms and conditions of, such plan. Effective as of the 2022 performance year, subject to the terms of the Company's annual incentive cash bonus program as in effect from time to time and the provisions hereof, for each fiscal year of the Company ending during the Employment Term, Executive shall be eligible to receive a target annual cash bonus of 60% of Base Salary (such target bonus, as may hereafter be increased, the "Target Bonus") with the opportunity to receive a maximum annual cash bonus of 200% of the Target Bonus. Annual bonuses, if any, will be payable in the Company's discretion and in accordance with the Company's customary practices applicable to bonuses paid to similarly situated executives of the Company.

4. Additional Compensation.

- (f) One-Time Initial Equity Award. As soon as administratively practicable following the Initial Commencement Date, and at such time when the Company is not restricted from making equity grants pursuant to applicable securities laws, Executive will receive a grant under the Bausch Health Companies Inc. Amended and Restated 2014 Omnibus Incentive Plan (as amended and restated from time to time, the "Plan") of a number of restricted stock units (the "RSUs") with a grant-date fair value of approximately \$250,000 (such RSUs, the "Initial Award"). The RSUs will be subject to the terms and conditions of the Plan and applicable award agreement to be provided to Executive and subject to continued employment with the Company through the applicable grant date.
- (g) Ongoing Grants. Executive will be eligible for consideration for future equity grants during the Employment Term in the sole discretion of the Committee.

5. Share Ownership Commitment. Executive agrees to comply with any share ownership requirements adopted by the Company applicable to Executive, which shall be on the same terms as similarly situated executives of the Company.

6. Other Benefits. During the Employment Term:

- (h) Employee Benefits. Executive shall be entitled to participate in the employee benefit plans, practices and programs maintained by the Company, and made available to employees of the Company generally, including, without limitation, all pension, retirement, profit sharing, savings, medical, hospitalization, disability, dental, life or travel accident insurance benefit plans in accordance with the terms of the plans as in effect from time to

time. Executive's participation in such plans, practices and programs shall be on the same basis and terms as are applicable to such employees.

- (i) Business Expenses. Upon submission of proper invoices in accordance with, and subject to, the Company's normal policies and procedures, Executive shall be entitled to receive prompt reimbursement of all reasonable out-of-pocket business, entertainment and travel expenses incurred by her in connection with the performance of her duties hereunder.
- (j) Vacation and Sick Leave. Executive shall be entitled, without loss of pay, to absent herself voluntarily from the performance of Executive's employment under this Agreement, pursuant to the following:
 - (1) Executive shall be entitled to annual vacation in accordance with and subject to the policies as periodically established for similarly situated executives of the Company; and
 - (2) Executive shall be entitled to sick leave (without loss of pay) in accordance with the Company's policies as in effect from time to time.

7. Termination. Executive's employment with the Company hereunder may be terminated under the circumstances set forth below; provided, however, that notwithstanding anything contained herein to the contrary, to the extent required by Section 409A ("Section 409A") of the Internal Revenue Code of 1986, as amended (the "Code"), Executive shall not be considered to have terminated employment with the Company for purposes of this Agreement until she would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A.

- (a) Death. Executive's employment shall be terminated as of the date of Executive's death and Executive's beneficiaries shall be entitled to the benefits provided in Section 9(c) hereof.
- (b) Disability. The Company may terminate Executive's employment, on written notice to Executive after having established Executive's Disability and while Executive remains Disabled, and Executive shall be entitled to the benefits provided in Section 9(c) hereof. For purposes of this Agreement, "Disability" shall have the meaning assigned to such term in the Plan.
- (c) Cause. The Company may terminate Executive's employment for Cause effective as of the date of the Notice of Termination (as defined in Section 8 hereof) and Executive shall be entitled to the benefits provided in Section 9(a) hereof. "Cause" shall mean, for purposes of this Agreement: (1) conviction of any indictable offence (other than one related to a vehicular offense) or other criminal act involving fraud; (2) willful misconduct that results in a material economic detriment to the Company; (3) material violation of Company policies and directives, which is not cured after written notice and an opportunity for cure; (4) continued refusal by Executive to perform her duties after written notice identifying the deficiencies and an opportunity for cure; and (5) a material violation by Executive of any of the covenants to the Company, including those set forth in Sections 12, 13, 15 and 16 hereof. No action or inaction shall be deemed willful if (x) not demonstrably willful and (y) taken, or not taken, by Executive in good faith and with the understanding that such action, or inaction, was not adverse to the best interests of the Company. References in this paragraph to the Company shall also include direct and indirect subsidiaries of the Company, and materiality shall be measured based on the action or inaction and the impact upon the Company taken as a whole. Without limiting the other rights of the Company under this Section 7, the Company may suspend Executive, without pay, upon Executive being charged for an offence as described under clause (1) above. Such suspension may remain effective until such time as the indictment is either dismissed or a verdict of not guilty has been entered. If such indictment does not result in a conviction, as soon as practicable following such dismissal or verdict, the Company will pay Executive the base salary and target bonus amount that Executive would have received for the period during

which Executive was suspended without pay (with interest from the date such amounts would otherwise have been paid at the short-term applicable federal rate, compounded semi-annually, as determined under Section 1274 of the Code for the month in which payment would have been made but for the delay) and Executive will receive vesting credit for purposes of Executive's outstanding equity awards.

- (d) Without Cause. The Company may terminate Executive's employment without Cause. The Company shall deliver to Executive a Notice of Termination (as defined in Section 8 hereof) not less than thirty (30) days prior to the termination of Executive's employment without Cause and the Company shall have the option of terminating Executive's duties and responsibilities prior to the expiration of such thirty-day notice period, and Executive shall be entitled to the benefits provided in Section 9(d) hereof.
- (e) Good Reason. Executive may terminate her employment for Good Reason (as defined below) by delivering to the Company a Notice of Termination not less than thirty (30) days prior to the termination of Executive's employment for Good Reason and no more than one hundred fifty (150) days following the initial existence of the event or condition constituting Good Reason. The Company shall have the option of terminating Executive's duties and responsibilities prior to the expiration of such thirty (30) day notice period, and Executive shall be entitled to the benefits provided in Section 9(d) hereof. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the events or conditions described in clauses (1) through (4) below during the Employment Term, without Executive's prior written consent, which are not cured by the Company (if susceptible to cure by the Company) within thirty (30) days after the Company has received written notice from Executive within ninety (90) days of the initial existence of the event or condition constituting Good Reason specifying the particular events or conditions which constitute Good Reason and the specific cure requested by Executive.
 - (1) Diminution of Responsibility. (A) Any material reduction in Executive's duties or responsibilities as General Counsel of the Company following the Bausch Pharma Commencement Date, in each case as in effect immediately prior thereto (other than a reduction where Executive is provided with other duties or responsibilities substantially comparable to Executive's overall duties and responsibilities prior to such reduction) or (B) removal of Executive from the position of General Counsel of the Company following the Bausch Pharma Commencement Date (or, following a Change in Control or a corporate restructuring, removal from the position of General Counsel of the ultimate parent company of the resulting entity), except, in each of (A) and (B), in connection with (1) the termination of Executive's employment for Disability, Cause, as a result of Executive's death or by Executive other than for Good Reason, or (2) for the avoidance of doubt, the changes in the Executive's position and reporting relationship contemplated by Section 2(a);
 - (2) Compensation Reduction. Any reduction in Executive's Base Salary or Target Bonus opportunity which is not comparable to reductions in the base salary or target bonus opportunity of other similarly situated executives of the Company;
 - (3) Relocation. Any relocation of Executive's primary place of business that results in an increase of Executive's one-way commute by fifty (50) miles or more; provided that Executive's relocation, if any, in connection with Executive's commencement of employment as General Counsel of the Company shall not constitute Good Reason; and provided further that the Company's request that Executive travel from time to time on behalf of the Company shall not constitute Good Reason; or
 - (4) Company Breach. Any other material breach by the Company of any material provision of this Agreement as contemplated by this Agreement.
- (f) Without Good Reason. Executive may voluntarily terminate her employment without Good Reason by delivering to the Company a Notice of Termination not less than thirty

(30) days prior to the termination of Executive's employment and the Company shall have the option of terminating Executive's duties and responsibilities prior to the expiration of such thirty (30) day notice period, and Executive shall be entitled to the benefits provided in Section 9(b) hereof through the last day of such notice period.

8. Notice of Termination. Any purported termination by the Company or by Executive shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which indicates a termination date (the "Termination Date"), the specific termination provision in this Agreement relied upon and sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination of Executive's employment hereunder shall be effective without such Notice of Termination (unless waived by the party entitled to receive such notice).

9. Compensation Upon Termination. Upon termination of Executive's employment during the Employment Term, Executive shall be entitled to the following benefits; provided, however, that any such benefits to which Executive is hereunder entitled shall be offset by those benefits that Executive receives, if any, under applicable law (including, without limitation, under the applicable employment standards legislation, including the *Employment Standards Act 2000*, as may be amended or replaced (all such legislation, the "ESA") or otherwise:

- (a) Termination by the Company for Cause. If Executive's employment is terminated by the Company for Cause, the Company shall provide Executive with only:
 - (1) Executive's applicable minimum entitlements under the ESA in respect of the termination of Executive's employment (including, without limitation, all ESA requirements in respect of notice, termination and severance pay, wages, benefits and vacation pay);
 - (2) reimbursement for reasonable and necessary expenses incurred by Executive on behalf of the Company for the period ending on the Termination Date;
 - (3) any previous compensation which Executive has previously deferred (including any interest earned or credited thereon), in accordance with the terms and conditions of the applicable deferred compensation plans or arrangements then in effect;
 - (4) equity and incentive awards, whether vested or unvested, shall be immediately terminate in accordance with the terms of such awards; and
 - (5) benefits continuation for only the minimum period required by the ESA.
- (b) Termination by Executive Without Good Reason. If Executive's employment is terminated by Executive without Good Reason, the Company shall pay Executive all amounts earned or accrued hereunder through the Termination Date, including:
 - (1) reimbursement for reasonable and necessary expenses incurred by Executive on behalf of the Company for the period ending on the Termination Date;
 - (2) any previous compensation which Executive has previously deferred (including any interest earned or credited thereon), in accordance with the terms and conditions of the applicable deferred compensation plans or arrangements then in effect;
 - (3) equity and incentive awards, to the extent previously vested, shall be paid or delivered to Executive in accordance with the terms of such awards; and
 - (4) any amount or benefit as provided under any benefit plan or program (the foregoing items in clauses (1) through (4) being collectively referred to as the "Accrued Compensation").

- (c) Termination by the Company for Disability or Death. If Executive's employment is terminated by the Company for Disability or by reason of Executive's death, then, subject to Section 17(e) hereof, Executive shall be entitled to the benefits provided in this Section 9(c).
- (1) The Company shall pay Executive (or her beneficiaries, as applicable) the Accrued Compensation;
 - (2) The Company shall pay to Executive (or her beneficiaries, as applicable) within sixty (60) days following the Termination Date, any bonus earned but unpaid in respect of any fiscal year preceding the Termination Date;
 - (3) Each unvested equity award held by Executive at the time of termination shall be governed by the terms of the applicable award agreement; and
 - (4) In the case of termination of Executive's employment due to Disability, Executive's applicable minimum entitlements under the ESA in respect of the termination of Executive's employment (including, without limitation, all ESA requirements in respect of notice, termination and severance pay, wages, benefits and vacation pay). In such circumstances, benefits continuation for only the minimum period required by the ESA.
- (d) Termination by the Company Without Cause or by Executive for Good Reason. If Executive's employment by the Company shall be terminated by the Company without Cause or by Executive for Good Reason, then, subject to Section 17(e) hereof, Executive shall be entitled to the benefits provided in this Section 9(d).
- (1) The Company shall pay to Executive any Accrued Compensation;
 - (2) The Company shall pay to Executive any bonus earned but unpaid in respect of any fiscal year preceding the Termination Date within sixty (60) days following the Termination Date;
 - (3) The Company shall pay to Executive a bonus or incentive award in respect of the fiscal year in which Executive's Termination Date occurs in an amount equal to the product of (A) the lesser of (x) the bonus or incentive award that Executive would have been entitled to receive based on actual achievement against the stated performance objectives and (y) Executive's Target Bonus and (B) a fraction (x) the numerator of which is the number of days in such fiscal year through the Termination Date and (y) the denominator of which is 365 (provided that if such termination occurs in contemplation of a Change in Control (as defined in the Plan) or within twelve months following a Change in Control, then in the forgoing calculation, the amount under (A) above shall be equal to Executive's Target Bonus). Any bonus or incentive award payable to Executive under this clause (3) shall be paid in a lump sum payment by March 15 of the year following the fiscal year in which Executive's Termination Date occurs;
 - (4) The Company shall pay Executive as severance pay, in lieu of any further compensation for the periods subsequent to the Termination Date, an amount in cash, which amount shall be payable in a lump sum payment within sixty (60) days following such termination (subject to Section 10 hereof), equal to one (1) times (or, if the Termination Date occurs either (x) on or before December 31, 2023, one and a half (1-1/2) times) or (y) in contemplation of a Change in Control or within twelve months following a Change in Control, two (2) times) the sum of Executive's Base Salary and Target Bonus, in each case, as in effect immediately prior to termination and without regard to any reduction thereto which constitutes Good Reason;

- (5) Each unvested equity award held by Executive at the time of termination shall be governed by the terms of the applicable award agreement; and
- (6) The Company shall provide Executive with continued coverage through the first anniversary of Executive's Termination Date under any health, medical, dental or vision program or policy in which Executive (and her dependents, as applicable) participated in as of the time of the Termination Date on terms no less favorable to Executive and her dependents than those applicable to actively employed similarly situated executives of the Company; provided, however, that Executive shall be solely responsible for any taxes incurred in respect of such coverage.
- (e) Executive shall not be required to mitigate the amount of any payment provided for under this Section 9 by seeking other employment or otherwise and no such payment shall be offset or reduced by the amount of any compensation or benefits provided to Executive in any subsequent employment.
- (f) The termination arrangements set out in this Section 9 fully satisfy the Company's and all affiliates' obligations to Executive in respect of the termination of Executive's employment and Executive will not be entitled to further notice of termination, severance pay, incentive compensation, damages or other compensatory payments under common law or contract;
- (g) Notwithstanding the foregoing, the parties agree that, if Executive's entitlements upon termination of her employment pursuant to applicable law would result in the executive Executive's entitlements upon termination of her employment being greater than her entitlements determined pursuant to Section 9, then applicable law shall apply and Executive shall not receive the payments or benefits set forth under Section 9.

10. Section 409A. The parties intend for the payments and benefits under this Agreement to be exempt from Section 409A or, if not so exempt, to be paid or provided in a manner which complies with the requirements of such section, and intend that this Agreement shall be construed and administered in accordance with such intention. If any payments or benefits due to Executive hereunder would cause the application of an accelerated or additional tax under Section 409A, such payments or benefits shall be restructured in a mutually agreed upon manner that to the extent possible preserves the economic benefit and original intent thereof but does not cause such an accelerated or additional tax. For purposes of the limitations on nonqualified deferred compensation under Section 409A, each payment of compensation under this Agreement shall be treated as a separate payment of compensation. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following Executive's separation from service shall instead be paid on the first business day after the date that is six months following Executive's Termination Date (or death, if earlier). Notwithstanding anything to the contrary in this Agreement, all (A) reimbursements and (B) in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A, including, where applicable, the requirement that (x) the amount of expenses eligible for reimbursement, or in kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in kind benefits to be provided, in any other calendar year; (y) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred; and (z) the right to reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit.

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

12. Records and Confidential Data.

- (a) Executive acknowledges that in connection with the performance of her duties during the Employment Term, the Company will make available to Executive, or Executive will have access to, certain Confidential Information (as defined below) of the Company and its affiliates. Executive acknowledges and agrees that any and all Confidential Information disclosed to, or learned or obtained by, Executive during the course of her employment by the Company or otherwise, whether developed by Executive alone or in conjunction with others or otherwise, shall be and is the sole and exclusive property of the Company or the affiliate of the Company, as applicable, that is Executive's employer (the "Employer"). No license or other right to any Confidential Information is granted to Executive under this Agreement. To the extent that Executive acquires any right, title or interest in or to any Confidential Information, Executive hereby irrevocably assigns, transfers, conveys and delivers to the Employer all such right, title and interest in and to such Confidential Information.
- (b) Subject to Section 11 hereof, the Confidential Information will be kept confidential by Executive, will not be used in any manner which is detrimental to the Company or any of its subsidiaries or affiliates (the "Company Group"), will not be used other than in connection with Executive's discharge of her duties hereunder, and will be safeguarded by Executive from unauthorized disclosure. Executive acknowledges and agrees that the confidentiality restrictions set forth herein shall apply to any and all Confidential Information disclosed to, or learned or obtained by, Executive, whether before, on or after the date hereof. For the avoidance of doubt, nothing in this Section 12(b) shall prevent Executive from complying with a valid legal requirement (whether by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) to disclose any Confidential Information; provided that, subject to Section 12(e), Executive shall first give notice to the Employer and reasonably cooperate with the Employer to obtain a protective order or other measures preserving the confidential treatment of such Confidential Information and requiring that the information or documents so disclosed be used only for the purposes for which the order was issued or is otherwise required by applicable law. For the avoidance of doubt, nothing in this Section 12(b) shall prevent Executive from exercising any legally protected whistleblower rights (including under Rule 21F under the Securities Exchange Act of 1934, as amended and pursuant to the Ontario Securities Act) as set forth in Section 11.
- (c) Following the termination of Executive's employment hereunder or upon the applicable member of the Company Group's request, and subject to Section 11 hereof, as soon as possible after such written request, Executive will return to the applicable member of the Company Group all written Confidential Information which has been provided to Executive and Executive will return or destroy all copies of any analyses, compilations, studies or other documents prepared by Executive or for Executive's use containing or reflecting any Confidential Information. Within five (5) business days of the receipt of such request by Executive, she shall, upon written request of the applicable member of the Company Group, deliver to such Company Group member a document certifying that such written Confidential Information has been returned or destroyed in accordance with this Section 12(c).
- (d) For the purposes of this Agreement, "Confidential Information" shall mean any and all non-public, proprietary or other confidential information of the Company Group disclosed to Executive, to which Executive has access, or of which Executive otherwise becomes aware, in each case whether in oral, written, graphic or machine readable form, including, without limitation, (A) know-how, trade secrets, inventions, discoveries, concepts, information, works, materials, processes, methods, data, software, programs, apparatus, designs and the like, and any other intellectual property the value of which is contingent upon maintaining the confidentiality thereof, (B) information regarding the business of the

Company Group, including its products, services, budgets, contracts, reports, investigations, experiments, research, work in progress, drawings, designs, plans, proposals, codes, marketing and sales programs, client lists, client mailing lists, supplier lists, financial projections, cost summaries, pricing formulae, marketing studies relating to prospective business opportunities, and all other concepts, ideas, materials, or information prepared or performed for or by any member of the Company Group, (C) information regarding the skills and compensation of the employees, contractors, and any other service providers of the Company Group, (D) the existence of any business discussions, negotiations, or agreements between any member of the Company Group and any third party, (E) all documents and other work product generated by you which contain, comment upon, or relate in any way to any information disclosed by any member of the Company Group, (F) all third-party information held in confidence by the Company Group, and (G) the terms and conditions of this Agreement. For purposes of this Agreement, the Confidential Information shall not include, and Executive's obligation shall not extend to (A) information which is generally available to the public and (B) information obtained by Executive other than pursuant to or in connection with Executive's employment.

- (e) Pursuant to Section 7 of the Defend Trade Secrets Act of 2016 (which added 18 U.S.C. § 1833(b)), the Company Group and Executive acknowledge and agree that Executive shall not have criminal or civil liability under any federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition and without limiting the preceding sentence, if Executive files a lawsuit for retaliation by any member of the Company Group for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney and may use the trade secret information in the court proceeding, if Executive (X) files any document containing the trade secret under seal and (Y) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement or otherwise is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such Section.
- (f) In connection with Executive's employment with the Company, Executive will not use any confidential or proprietary information Executive may have obtained in connection with employment with any prior employer.
- (g) Executive's obligations under this Section 12 shall survive the termination of the Employment Term.

13. Covenant Not to Solicit and Not to Compete; Non-Disparagement.

- (f) Covenants Not to Solicit or to Interfere. To protect the Confidential Information, Company Intellectual Property (as defined below) and other trade secrets of the Company Group, Executive agrees, during the Employment Term and for a period of twelve (12) months after Executive's cessation of employment with the Company (the "Restricted Period"), not to solicit, hire or participate in or assist in any way in the solicitation or hire of any person who is, to Executive's knowledge, an employee of any member of the Company Group (or any person who was, to Executive's knowledge, an employee of any member of the Company Group during the six-month period preceding such action). For purposes of this covenant, "solicit" or "solicitation" means directly or indirectly contacting an individual for the purpose of influencing or attempting to influence employees of the Company Group to become employed with any other person, partnership, firm, corporation or other entity.

In addition, to protect the Confidential Information, Company Intellectual Property and other trade secrets of the Company and its affiliates, Executive agrees, during the Employment Term and the Restricted Period, not to (x) solicit any client or customer to

receive services or to purchase any good or services in competition with those provided by any member of the Company Group or (y) interfere or attempt to interfere in any material respect with the relationship between any member of the Company Group on one hand and any client, customer, supplier, investor, financing source or capital market intermediary on the other hand. For purposes of this covenant, “solicit” or “solicitation” means directly or indirectly contacting clients or customers for the purpose of influencing or attempting to influence clients or customers of the Company Group to accept the services or goods of any other person, partnership, firm, corporation or other entity in competition with those provided by any member of the Company Group; and references to “clients” and “customers” means those clients and customers, respectively, that Executive had direct and personal contact with in the course of performing her duties to the Company.

Executive agrees that the covenants contained in this Section 13(a) are reasonable and desirable to protect the Confidential Information and Company Intellectual Property of the Company and its affiliates; provided that solicitation through general advertising or the provision of references shall not constitute a breach of such obligations.

- (g) Covenant Not to Compete. To protect the Confidential Information, Company Intellectual Property and other trade secrets of the Company, the Company and its affiliates, Executive agrees (i) during the period beginning on the Initial Commencement Date and ending on the date that is 12 months after the Separation Date (but in no event later than the last day of the Restricted Period) (the “First Period”), not to engage in Prohibited Activities (as defined below) in any country in which the Company or any of its affiliates and, following the Separation Date, Bausch & Lomb, conducts business, or, to Executive’s knowledge, plans to conduct business, and (ii) following the expiration of the First Period, during the Employment Term and the Restricted Period (the “Second Period”), not to engage in Prohibited Activities in any country in which the Company or any of its affiliates conducts business, or, to Executive’s knowledge, plans to conduct business. For the purposes of this Agreement, the term “Prohibited Activities” means directly or indirectly engaging as an owner, employee, partner, member, consultant or agent of any entity that derives more than 10% of its consolidated revenue from the development, manufacturing, marketing and/or distribution (directly or indirectly) of (x) during the First Period, branded or generic prescription or non-prescription pharmaceuticals or medical devices for treatments in the fields of neurology, dermatology, gastroenterology, ophthalmology or dentistry (including, for the avoidance of doubt, the global eye health business and the global aesthetics medical device business) (y) during the Second Period, branded or generic prescription or non-prescription pharmaceuticals or medical devices for treatment in the same fields as clause (x), other than ophthalmology (each, a “Competitive Business”); provided that Prohibited Activities shall not mean Executive’s investment in securities of a publicly-traded company equal to less than five (5%) percent of such company’s outstanding voting securities; and provided, further, that, for the avoidance of doubt, Executive complies with the obligations set forth in Sections 12, 13(a) and 13(c) hereof. Executive agrees that the covenants contained in this Section 13(b) are reasonable and desirable to protect the Confidential Information and Company Intellectual Property of the Company and its affiliates. Executive shall not be in breach of this covenant by being employed or engaged to provide services to a Competitive Business if such employment or engagement is not in a same or similar capacity. For purposes of this covenant, “same or similar capacity” means (i) employment or engagement in the same or similar capacity or function in which Executive worked for the Company Group at any time during the previous 12 months, which, for the avoidance of doubt, shall include any role or position as a senior executive (including in a non-legal capacity or function) of a Competitive Business, regardless of whether such role or position differs from Executive’s position hereunder; and/or (ii) employment or engagement in any other capacity where Executive’s knowledge of confidential information of the Company Group could provide a competitive advantage to any Competitive Business. For the purposes of this Section 13(b) only, the parties agree that Executive’s position shall be deemed to be equivalent to Chief Legal Officer.

- (h) Non-Disparagement. Executive agrees not to make written or oral statements about the Company Group, or any of their directors, executive officers or non-executive officer employees that are negative or disparaging, except as provided in Section 11 hereof. The Company shall instruct its directors and executive officers to not make written or oral statements about Executive that are negative or disparaging. Notwithstanding the foregoing, nothing in this Agreement or otherwise shall preclude Executive, the Company, its subsidiaries and affiliates, and the Company's directors and executive officers from communicating or testifying truthfully to the extent required by law to any federal, state, provincial or local governmental agency or in response to a subpoena to testify issued by a court of competent jurisdiction.
- (i) It is the intent and desire of Executive and the Company that the restrictive provisions of this Section 13 be enforced to the fullest extent permissible under the laws and public policies as applied in each jurisdiction in which enforcement is sought. If any particular provision of this Section 13 shall be determined to be invalid or unenforceable, such covenant shall be amended, without any action on the part of either party hereto, to delete there from the portion so determined to be invalid or unenforceable, such deletion to apply only with respect to the operation of such covenant in the particular jurisdiction in which such adjudication is made.
- (j) Executive's obligations under this Section 13 shall survive the termination of the Employment Term.

14. Remedies for Breach of Obligations under Sections 12 or 13 hereof. Executive acknowledges that the Company Group will suffer irreparable injury, not readily susceptible of valuation in monetary damages, if Executive breaches her obligations under Sections 12 or 13 hereof. Accordingly, Executive agrees that the applicable member of the Company Group will be entitled, in addition to any other available remedies, to obtain injunctive relief against any breach or prospective breach by Executive of her obligations under Sections 12 or 13 hereof. Executive agrees that process in any or all of those actions or proceedings may be served by overnight courier, addressed to the last address provided by Executive to the Company, or in any other manner authorized by law (including personal service). This Section 14 shall survive the termination of the Employment Term.

15. Cooperation.

- (h) Following Executive's termination of employment for any reason, subject to Section 11 hereof, Executive agrees to make herself reasonably available to cooperate with the Company and its affiliates in matters that materially concern: (i) requests for information about the services Executive provided to the Company and its affiliates during her employment with the Company and its affiliates, (ii) the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company and its affiliates which relate to events or occurrences that transpired while Executive was employed the Company and its affiliates and as to which Executive has, or would reasonably be expected to have, personal experience, knowledge or information or (iii) any investigation or review by any federal, provincial, state or local regulatory, quasi-regulatory or self-governing authority (including, without limitation, the US Department of Justice, the US Federal Trade Commission or the SEC or other securities commission) as any such investigation or review relates to events or occurrences that transpired while Executive was employed by the Company and its affiliates. Executive's cooperation shall include: (A) making herself reasonably available to meet and speak with officers or employees of the Company, the Company's counsel or any third-parties at the request of the Company at times and locations to be determined by the Company reasonably and in good faith, taking into account the Company's business and personal needs (the "Company Cooperation") and (B) giving accurate and truthful information at any interviews and accurate and truthful testimony in any legal proceedings or actions (the "Witness Cooperation"). Nothing in this Section 15(a) shall be construed to limit in any way any rights Executive may have at applicable law not to provide testimony

with regard to specific matters. Unless required by law or legal process, Executive will not knowingly or intentionally furnish information to or cooperate with any non-governmental entity (other than the Company) in connection with any potential or pending proceeding or legal action involving matters arising during Executive's employment with the Company and its affiliates. In addition, at the request of the Company, Executive shall be required to complete a directors' and officers' questionnaire to facilitate the Company's preparation and filing of its proxy statement and periodic reports with the SEC.

- (i) Executive shall not be entitled to any payments in addition to those otherwise set forth in this Agreement in respect of any Company Cooperation or Witness Cooperation, regardless of when provided. The Company will reimburse Executive for any reasonable, out-of-pocket travel, hotel and meal expenses incurred in connection with Executive's performance of obligations pursuant to this Section 15 for which Executive has obtained prior approval from the Company.
- (j) Nothing in this Agreement or any other agreement by and between the Parties is intended to or shall preclude or in any way limit or restrict Executive from providing accurate and truthful testimony or information to any governmental agency.
- (k) This Section 15 shall survive the termination of the Employment Term.

16. Inventions and Intellectual Property.

- (a) Definitions. As used in this Agreement:
 - (1) "Intellectual Property" means all patents, invention disclosures, invention registrations, trademarks, service marks, trade names, trade dress, logos, domain names, copyrights, mask works, trade secrets, know-how and all other intellectual property and proprietary rights recognized by any applicable law of any jurisdiction, and all registrations and applications for registration of, and all goodwill associated with, the foregoing.
 - (2) "Inventions" means all inventions, discoveries, concepts, information, works, materials, processes, methods, data, software, programs, apparatus, designs and the like.
- (b) Disclosure. Executive will disclose promptly in writing to the Company any and all Inventions and Intellectual Property, in each case that Executive conceives, develops, creates or reduces to practice, either alone or jointly with others, during the period of Executive's employment that (1) are conceived, created or developed using any equipment, supplies, facilities, trade secrets, know-how or other Confidential Information of the Company or any of its affiliates, (2) result from any work performed by Executive for the Company or any of its affiliates and/or (3) otherwise relate to the Company's or any of its affiliates' business or actual or demonstrably anticipated research or development (collectively, "Company Intellectual Property").
- (c) Ownership and Assignment. Executive acknowledges and agrees that the Company will have exclusive title and ownership rights in and to all Company Intellectual Property. To the extent that exclusive title and/or ownership rights may not originally vest in the Company as contemplated herein, Executive hereby irrevocably assigns, transfers, conveys and delivers to the Company all right, title and interest in and to all Company Intellectual Property. Executive acknowledges and agrees that, with respect to any Company Intellectual Property that may qualify as a Work Made For Hire as defined in 17 U.S.C. § 101 or other applicable law, such Company Intellectual Property is and will be deemed a Work Made for Hire and the Company will have the sole and exclusive right to the copyright (or, in the event that any such Company Intellectual Property does not qualify as a Work Made for Hire, the copyright and all other rights thereto are automatically assigned to the Company as above).

- (d) Prior Inventions. Set forth in Exhibit A (Prior Inventions) attached hereto is a complete list of all Inventions that Executive has, alone or jointly with others, conceived, developed created or reduced to practice prior to the commencement of Executive's employment with the Company, that are Executive's property, and that the Company acknowledges and agrees are excluded from the scope of this Agreement (collectively, "Prior Inventions"). If disclosure of any such Prior Invention would cause Executive to violate any prior confidentiality agreement, Executive understands that she is not to list such Prior Inventions in Exhibit A but is only to disclose where indicated a cursory name for each such Prior Invention, a listing of each person or entity to whom it belongs, and the fact that full disclosure as to such Prior Inventions has not been made for that reason (it being understood that, if no Invention or disclosure is provided in Exhibit A, Executive hereby represents and warrants that there are no Prior Inventions). If, in the course of Executive's employment with the Company, Executive incorporates any Prior Invention into any Company product, process or machine or otherwise uses any Prior Invention, Executive hereby grants to the Company and its affiliates a worldwide, non-exclusive, irrevocable, perpetual, fully paid-up and royalty-free license (with rights to sublicense through multiple tiers of sublicensees) to use, reproduce, modify, make derivative works of, publicly perform, publicly display, make, have made, sell, offer for sale, import and otherwise exploit such Prior Invention for any purpose.
- (e) Non-Assignable Inventions. If Executive is an employee whose principal work location is in California, Illinois, Kansas, Minnesota or Washington State, the provisions regarding Executive's assignment of Company Intellectual Property to the Company in Section 16(c) hereof do not apply to certain Inventions ("Non-Assignable Inventions") as specified in the statutory code of the applicable state. Executive acknowledges having received and reviewed notification regarding such Non-Assignable Inventions pursuant to such states' codes.
- (f) Waiver of Moral Rights. To the extent that Executive may do so under applicable law, Executive hereby irrevocably waives and agrees never to assert any Moral Rights that Executive may have in or with respect to any Company Intellectual Property, even after termination of any work on behalf of the Company or its affiliates. As used in this Agreement, "Moral Rights" means any rights to claim authorship of a work, to object to or prevent the modification or destruction of a work, or to withdraw from circulation or control the publication or distribution of a work, and any similar right, existing under any applicable law of any jurisdiction, regardless of whether or not such right is denominated or generally referred to as a "moral right."
- (g) Further Assurances. Executive shall give the Company and its affiliates all reasonable assistance and execute all documents necessary to assist with enabling the Company and its affiliates to prosecute, perfect, register, record, enforce and defend any of their rights in any Company Intellectual Property and Confidential Information.
- (h) This Section 16 shall survive the termination of the Employment Term.

17. Miscellaneous.

- (a) Successors and Assigns.
 - (1) This Agreement shall be binding upon and shall inure to the benefit of the Company, its successors and permitted assigns. The Company may not assign or delegate any rights or obligations hereunder except to a successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, as applicable. Except for purposes of determining the occurrence of a Change in Control, the term "the Company" as used herein shall mean a corporation or other entity acquiring all or substantially all the assets and business of the Company, as the case may be, (including this Agreement) whether by operation of law or otherwise.

- (2) Neither this Agreement nor any right or interest hereunder shall be assignable or transferable by Executive, Executive's beneficiaries or legal representatives, except by will or by the, laws of descent and distribution.
- (3) This Agreement shall inure to the benefit of and be enforceable by Executive's legal personal representatives.
- (b) Notice. For the purposes of this Agreement, notices and all other communications provided for in the Agreement (including the Notice of Termination) shall be in writing and shall be deemed to have been duly given when personally delivered or sent by overnight courier, addressed to the respective addresses last given by each party to each other party; provided that all notices to the Company shall be directed to the attention of the General Counsel of the Company. All notices and communications shall be deemed to have been received on the date of delivery thereof or on the third business day after the mailing thereof, except that notice of change of address shall be effective only upon receipt.
- (c) Indemnity Agreement. The Company agrees to indemnify and hold Executive harmless to the fullest extent permitted by applicable law for actions taken as a director or officer of the Company, as in effect at the time of the subject act or omission. In connection therewith, Executive shall be entitled to the protection of any insurance policies which the Company elects to maintain generally for the benefit of the Company's directors and officers, against all costs, charges and expenses whatsoever incurred or sustained by Executive in connection with any action, suit or proceeding to which she may be made a party by reason of her being or having been a director, officer or employee of the Company. This provision shall survive any termination of the Employment Term.
- (d) Withholding. The Company shall be entitled to withhold the amount, if any, of all taxes of any applicable jurisdiction required to be withheld by an employer with respect to any amount paid to Executive hereunder. The Company, in its sole and absolute discretion, shall make all determinations as to whether it is obligated to withhold any taxes hereunder and the amount hereof.
- (e) Release of Claims. The termination benefits described in Section 9, which exceed Executive's minimum applicable entitlements pursuant to the ESA shall be conditioned on Executive delivering to the Company a signed release of claims acceptable to the Company within seven (7) days following Executive's Termination Date; provided, however, that Executive shall not be required to release any rights Executive may have to be indemnified by the Company under Section 15(c) hereof. Notwithstanding any provision of this Agreement to the contrary, in no event shall the timing of Executive's execution of the release, directly or indirectly, result in Executive designating the calendar year of payment, and, to the extent required by Section 409A, if a payment that is subject to execution of the release could be made in more than one taxable year, payment shall be made in the later taxable year. Where applicable, references to Executive in this Section 17(e) shall refer to Executive's representative or estate.
- (f) Modification. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by the other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreement or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by any party which are not expressly set forth in this Agreement.
- (g) Arbitration. If any legally actionable dispute arises under this Agreement or otherwise which cannot be resolved by mutual discussion between the parties, then the Company and Executive each agree to resolve that dispute by binding arbitration before an arbitrator experienced in employment law. Said arbitration will be conducted in accordance with the

rules applicable to employment disputes of the Judicial Arbitration and Mediation Services (“JAMS”) and the law applicable to the claim. The parties shall have 30 calendar days after notice of such arbitration has been given to attempt to agree on the selection of an arbitrator from JAMS. In the event the parties are unable to agree in such time, JAMS will provide a list of five (5) available arbitrators and an arbitrator will be selected from such five member panel provided by JAMS by the parties alternately striking out one name of a potential arbitrator until only one name remains. The party entitled to strike an arbitrator first shall be selected by a toss of a coin. The parties agree that this agreement to arbitrate includes any such disputes that the Company may have against Executive, or Executive may have against the Company and/or its related entities and/or employees, arising out of or relating to this Agreement, or Executive’s employment or Executive’s termination, including any claims of discrimination or harassment in violation of applicable law and any other aspect of Executive’s compensation, employment, or Executive’s termination. The parties further agree that arbitration as provided for in this Section 17(g) is the exclusive and binding remedy for any such dispute and will be used instead of any court action, which is hereby expressly waived, except for any request by any party for temporary, preliminary or permanent injunctive relief pending arbitration in accordance with applicable law or for breaches by either party of such party’s obligations under Sections 12, 13, 15 or 16 hereof, as applicable, or an administrative claim with an administrative agency; and (ii) any dispute where the subject matter of such dispute is not capable of being the subject of arbitration under applicable law. Without limiting the generality of the forgoing clause (ii), nothing in this section prevents you from making a report to or filing a claim, application or charge with the applicable governmental or administrative agency or tribunal, including, as applicable, the applicable Ministry of Labour, human rights commission or tribunal, and labour relations board (collectively, “Administrative Agencies”) if the terms of applicable legislation entitles Executive to do so and precludes exclusive pre-dispute recourse to arbitration. For the avoidance of any doubt, Administrative Agencies do not include provincial or federal courts. This section also does not prevent Administrative Agencies from adjudicating claims and awarding remedies based on those claims, even if the claims would otherwise be covered by this section. The Company will not retaliate against Executive for filing a claim with an administrative agency or for exercising rights in respect of any matter before any Administrative Agency. The parties agree that the arbitration provided herein shall be conducted in or around Toronto, Ontario, unless otherwise mutually agreed. The Company shall pay the cost of any arbitration brought pursuant to this paragraph, excluding, however, the cost of representation of Executive unless such cost is awarded in accordance with law or otherwise awarded by the arbitrators. Except as otherwise provided above, the arbitrator may award legal fees to the prevailing party in her sole discretion, provided that the percentage of fees so awarded shall not exceed 1% of the net worth of the paying party (i.e., the Company or Executive). Subject to Section 11 hereof, except as may be required by law, neither party nor an arbitrator may disclose the existence, content or results of any arbitration hereunder without the prior written consent of both parties.

- (h) Effect of Other Law. Anything herein to the contrary notwithstanding, the terms of this Agreement shall be modified to the extent required to meet the provisions of the Sarbanes-Oxley Act of 2002, Section 409A, the Dodd-Frank Wall Street Reform and Consumer Protection Act or other federal law applicable to the employment arrangements between Executive and the Company. Any delay in providing benefits or payments or any failure to provide a benefit or payment shall not in and of itself constitute a breach of this Agreement; provided, however, that the Company shall provide economically equivalent payments or benefits to Executive to the extent permitted by law. Any request or requirement that Executive repay compensation that is required under the first sentence shall not in and of itself constitute a breach of this Agreement.
- (i) Interpretation & ESA Failsafe. It is the intention of Executive and the Company to comply with the ESA. Accordingly, this Agreement shall: (i) not be interpreted as in any way waiving or contracting out of the ESA; and (ii) be interpreted to achieve compliance with the ESA. This Agreement contains Executive and the Company’s mutual understanding and there shall be no presumption of strict interpretation against either party. It is

understood and agreed that all provisions of this Agreement are subject to all applicable minimum requirements under the ESA. In the event that the ESA provides for superior entitlements upon termination of employment or otherwise (“Statutory Entitlements”) than provided for under this Agreement, the Company shall provide Executive with her Statutory Entitlements in substitution for her rights under this Agreement.

- (j) Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (k) No Conflicts. As a condition to the effectiveness of this Agreement, Executive represents and warrants to the Company that she is not a party to or otherwise bound by any agreement or arrangement (including, without limitation, any license, covenant, or commitment of any nature), or subject to any judgment, decree, or order of any court or administrative agency, that would conflict with or will be in conflict with or in any way preclude, limit or inhibit Executive’s ability to execute this Agreement or to carry out her duties and responsibilities hereunder. In the event that the Company determines that Executive’s duties hereunder may conflict with an agreement or arrangement to which Executive is bound, Executive shall be required to cease engaging in any such activities, duties or responsibilities (including providing supervisory services over certain subsets of the Company’s business operations) and the Company will take steps to restrict Executive’s access to, and participation in, any such activities. Any actions taken by the Company under this Section 17(j) to restrict or limit Executive’s access to information or provision of services shall not constitute Good Reason for purposes of Section 7(e) hereof.
- (l) Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

18. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto and supersedes all prior agreements, if any, understandings and arrangements, oral or written, between the parties hereto with respect to the subject matter hereof, including, without limitation, any term sheets or other similar presentations.

19. Counterparts. This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same Agreement. Signatures transmitted via facsimile or PDF will be deemed the equivalent of originals.

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IN WITNESS WHEREOF, the parties have executed this Employment Agreement as of the day and year first above written, to be effective as of the Initial Commencement Date.

BAUSCH HEALTH COMPANIES INC.

By: /s/ Joseph C. Papa

Name: Joseph C. Papa
Title: Chairman of the Board and Chief Executive Officer

EXECUTIVE

By: /s/ Seana Carson _____

Name: Seana Carson

EXHIBIT A
PRIOR INVENTIONS

1. The following is a complete list of all Prior Inventions (as provided in Section 16(d) of the attached Employment Agreement):

2. Due to a prior confidentiality agreement, Executive cannot complete the disclosure under Section 1 above with respect to the Prior Inventions generally listed below, the duty of confidentiality with respect to which Executive owes to the following party(ies):

Prior Invention

Party(ies)

Relationship

BAUSCH HEALTH COMPANIES INC.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the “Agreement”) is hereby entered into as of May 28, 2020 (the “Effective Date”), retroactive to May 27, 2020, by and between Bausch Health Companies Inc., a Canadian corporation (the “Company”), and Robert Spurr, an individual (the “Executive”) (hereinafter collectively referred to as “the parties”). Where the context requires, references to the Company shall include the Company’s subsidiaries and affiliates.

RECITALS

WHEREAS, the Company desires to employ Executive for the period provided in this Agreement, and Executive desires to accept such employment with the Company, subject to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the respective agreements of the parties contained herein, it is agreed as follows:

1. Commencement Date; Term; Effect on Other Agreements. The employment term (the “Employment Term”) of Executive’s employment under this Agreement shall be for the period commencing on May 27, 2020 (the “Commencement Date”) and ending on the third (3rd) anniversary of the Commencement Date. Thereafter, the Employment Term shall extend automatically for consecutive periods of one year unless either party provides notice of non-renewal not less than ninety (90) days prior to the end of the Employment Term as then in effect.

2. Employment. During the Employment Term:

- (a) Executive shall be employed as President, Salix of the Company. Executive shall report directly to the Chief Executive Officer of the Company. Executive shall perform the duties, undertake the responsibilities and exercise the authority customarily performed, undertaken and exercised by persons situated in similar executive capacities.
- (b) Excluding periods of vacation and sick leave to which Executive is entitled and other service outside of the Company contemplated in this Section 2(b), Executive shall devote Executive’s full professional time and attention to the business and affairs of the Company to discharge the responsibilities of Executive hereunder. Prior to joining or agreeing to serve on corporate, civil or charitable boards or committees, Executive shall obtain approval of the Chief Executive Officer. Executive may manage personal and family investments, participate in industry organizations and deliver lectures at educational institutions, so long as such activities do not interfere with the performance of Executive’s responsibilities hereunder. It is understood that, during Executive’s employment by the Company, Executive shall not engage in any activities that constitute a conflict of interest with the interests of the Company or its direct and indirect subsidiaries, as outlined in the Company’s conflict of interest policies for employees and executives in effect from time to time.

- (c) Executive shall be subject to and shall abide by each of the personnel policies applicable to senior executives, including but not limited to any policy restricting pledging and hedging investments in Company equity by Company executives, any policy the Company adopts regarding the recovery of incentive compensation (sometimes referred to as “clawback”) and any additional clawback provisions as required by law and applicable listing rules. This Section 2(c) shall survive the termination of the Employment Term.
- (d) Subject to Sections 7, 8 and 9 hereof, Executive’s employment with the Company is “at will,” such that each of Executive or the Company has the option to terminate Executive’s employment at any time, with or without advance notice, and with or without Cause or with or without Good Reason. This Agreement does not constitute an express or implied agreement of continuing or long term employment. The at-will nature of Executive’s employment can be altered only by a written agreement specifying the altered status of Executive’s employment. Such written agreement must be signed by both Executive and the Chief Executive Officer of the Company.

3. Annual Compensation.

- (a) Base Salary. During the Employment Term, Executive shall be paid an annual base salary of \$600,000 (“Base Salary”). The Base Salary shall be payable in accordance with the Company’s regular payroll practices as then in effect. During the Employment Term, the Base Salary will be reviewed annually and is subject to adjustment at the discretion of the Talent and Compensation Committee of the Board (the “Committee”).
- (b) Performance Bonus.
 - (1) Subject to the terms of the Company’s annual incentive cash bonus program as in effect from time to time and the provisions hereof, for each fiscal year of the Company ending during the Employment Term (commencing with the 2020 fiscal year), Executive shall be eligible to receive a target annual cash bonus of 80% of Base Salary (such target bonus, as may hereafter be increased, the “Target Bonus”) with the opportunity to receive a maximum annual cash bonus of 200% of the Target Bonus. Annual bonuses, if any, will be payable in the Company’s discretion and in accordance with the Company’s customary practices applicable to bonuses paid to similarly situated executives of the Company.

4. Additional Compensation.

- (a) Ongoing Grants. Executive will be eligible for consideration for future equity grants during the Employment Term in the sole discretion of the Chief Executive Officer of the Company and the Committee.

5. Share Ownership Commitment. Executive agrees to comply with any share ownership requirements adopted by the Company applicable to Executive, which shall be on the same terms as similarly situated executives of the Company.

6. Other Benefits. During the Employment Term:

- (a) Employee Benefits. Executive shall be entitled to participate in all employee benefit plans, practices and programs maintained by the Company, and made available to employees generally (taking into account jurisdictional differences), including, without limitation, all pension, retirement, profit sharing, savings, medical, hospitalization, disability, dental, life or travel accident insurance benefit plans in accordance with the terms of the plans as in effect from time to time. Executive's participation in such plans, practices and programs shall be on the same basis and terms as are applicable to similarly situated executives of the Company.
- (b) Business Expenses. Upon submission of proper invoices in accordance with, and subject to, the Company's normal policies and procedures, Executive shall be entitled to receive prompt reimbursement of all reasonable out-of-pocket business, entertainment and travel expenses incurred by him in connection with the performance of Executive's duties hereunder.
- (c) Vacation and Sick Leave. Executive shall be entitled, without loss of pay, to absent himself voluntarily from the performance of Executive's employment under this Agreement, pursuant to the following:
 - (1) Executive shall be entitled to annual vacation in accordance with and subject to the policies as periodically established for similarly situated executives of the Company; and
 - (2) Executive shall be entitled to sick leave (without loss of pay) in accordance with the Company's policies as in effect from time to time.

7. Termination. Executive's employment with the Company hereunder may be terminated under the circumstances set forth below; provided, however, that notwithstanding anything contained herein to the contrary, to the extent required by Section 409A ("Section 409A") of the Internal Revenue Code of 1986, as amended (the "Code"), Executive shall not be considered to have terminated employment with the Company for purposes of this Agreement until he would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A.

- (a) Death. Executive's employment shall be terminated as of the date of Executive's death and Executive's beneficiaries shall be entitled to the benefits provided in Section 9(b) hereof.
- (b) Disability. The Company may terminate Executive's employment, on written notice to Executive after having established Executive's Disability and while Executive remains disabled, and Executive shall be entitled to the benefits provided in Section 9(b) hereof. For purposes of this Agreement, "Disability" shall have the meaning assigned to such term in the Plan.
- (c) Cause. The Company may terminate Executive's employment for Cause effective as of the date of the Notice of Termination (as defined in Section 8 hereof) and Executive shall be entitled to the benefits provided in Section 9(a) hereof. "Cause" shall mean, for purposes of this Agreement: (1) conviction of any felony (other than one related to a

vehicular offense) or other criminal act involving fraud; (2) willful misconduct that results in a material economic detriment to the Company; (3) material violation of Company policies and directives, which is not cured after written notice and an opportunity for cure; (4) continued refusal by Executive to perform Executive's duties after written notice identifying the deficiencies and an opportunity for cure; and (5) a material violation by Executive of any of the covenants to the Company set forth in Sections 12, 13, 15 and 16 hereof. No action or inaction shall be deemed willful if (x) not demonstrably willful and (y) taken, or not taken, by Executive in good faith and with the understanding that such action, or inaction, was not adverse to the best interests of the Company. References in this paragraph to the Company shall also include direct and indirect subsidiaries of the Company, and materiality shall be measured based on the action or inaction and the impact upon the Company taken as a whole. Without limiting the other rights of the Company under this Section 7, the Company may suspend Executive, without pay, upon Executive's indictment for the commission of a felony as described under clause (1) above. Such suspension may remain effective until such time as the indictment is either dismissed or a verdict of not guilty has been entered. If such indictment does not result in a conviction, as soon as practicable following such dismissal or verdict, the Company shall pay Executive the base salary and target bonus amount that Executive would have received for the period during which Executive was suspended without pay (with interest from the date such amounts would otherwise have been paid at the short-term applicable federal rate, compounded semi-annually, as determined under Section 1274 of the Code for the month in which payment would have been made but for the delay) and Executive will receive vesting credit for purposes of Executive's outstanding equity awards.

- (d) Without Cause. The Company may terminate Executive's employment without Cause. The Company shall deliver to Executive a Notice of Termination (as defined in Section 8 hereof) not less than thirty (30) days prior to the termination of Executive's employment without Cause and the Company shall have the option of terminating Executive's duties and responsibilities prior to the expiration of such thirty-day notice period, and Executive shall be entitled to the benefits provided in Section 9(c) hereof.
- (e) Good Reason. Executive may terminate Executive's employment for Good Reason (as defined below) by delivering to the Company a Notice of Termination not less than thirty (30) days prior to the termination of Executive's employment for Good Reason and no more than one hundred fifty (150) days following the initial existence of the event or condition constituting Good Reason. The Company shall have the option of terminating Executive's duties and responsibilities prior to the expiration of such thirty (30) day notice, and Executive shall be entitled to the benefits provided in Section 9(c) hereof. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the events or conditions described in clauses (1) through (4) below which are not cured by the Company (if susceptible to cure by the Company) within thirty (30) days after the Company has received written notice from Executive within ninety (90) days of the initial existence of the event or condition constituting Good Reason specifying the particular events or conditions

which constitute Good Reason and the specific cure requested by Executive.

- (1) Diminution of Responsibility. (A) Any material reduction in Executive's duties or responsibilities as President, Salix, as in effect immediately prior thereto (other than a reduction where Executive is provided with other duties or responsibilities substantially comparable to Executive's overall duties and responsibilities prior to such reduction) or (B) removal of Executive from the position of President, Salix of the Company, except, in each case, in connection with the termination of Executive's employment for Disability, Cause, as a result of Executive's death or by Executive other than for Good Reason;
 - (2) Compensation Reduction. Any reduction in Executive's Base Salary or Target Bonus opportunity which is not comparable to reductions in the base salary or target bonus opportunity of other similarly situated executives of the Company;
 - (3) Relocation. Any relocation of Executive's primary place of business that results in an increase of Executive's one-way commute by fifty (50) miles or more; provided that the Company's request that Executive travel from time to time on behalf of the Company shall not constitute Good Reason; or
 - (4) Company Breach. Any other material breach by the Company of any material provision of this Agreement.
- (f) Without Good Reason. Executive may voluntarily terminate Executive's employment without Good Reason by delivering to the Company a Notice of Termination not less than thirty (30) days prior to the termination of Executive's employment and the Company shall have the option of terminating Executive's duties and responsibilities prior to the expiration of such thirty (30) day notice period, and Executive shall be entitled to the benefits provided in Section 9(a) hereof through the last day of such notice period.
- (g) Notice of Non-Renewal. Executive's employment shall terminate upon expiration of the Employment Term as then in effect following timely provision by either party of notice of non-renewal in accordance with Section 1 hereof, and Executive shall be entitled to the benefits provided in Section 9(d) hereof.

8. Notice of Termination. Any purported termination by the Company or by Executive shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which indicates a date of termination (the "Termination Date"), the specific termination provision in this Agreement relied upon and sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination of Executive's employment hereunder shall be effective without such Notice of Termination (unless waived by the party entitled to receive such notice).

9. Compensation Upon Termination. Upon termination of Executive's employment during the Employment Term, Executive shall be entitled to the following benefits: provided, however, that any such benefits to which Executive is hereunder entitled shall be offset by those benefits that Executive receives, if any, under applicable law or otherwise:

- (a) Termination by the Company for Cause or by Executive Without Good Reason. If Executive's employment is terminated by the Company for Cause or by Executive without Good Reason, the Company shall pay Executive all amounts earned or accrued hereunder through the Termination Date, including:
 - (1) reimbursement for reasonable and necessary expenses incurred by Executive on behalf of the Company for the period ending on the Termination Date;
 - (2) any previous compensation which Executive has previously deferred (including any interest earned or credited thereon), in accordance with the terms and conditions of the applicable deferred compensation plans or arrangements then in effect;
 - (3) equity and incentive awards, to the extent previously vested, shall be paid or delivered to Executive in accordance with the terms of such awards; and
 - (4) any amount or benefit as provided under any benefit plan or program (the foregoing items in clauses (1) through (4) being collectively referred to as the "Accrued Compensation").
- (b) Termination by the Company for Disability or Death. If Executive's employment is terminated by the Company for Disability or by reason of Executive's death, then, subject to Section 17(e) hereof, Executive shall be entitled to the benefits provided in this Section 9(b).
 - (1) The Company shall pay Executive (or Executive's beneficiaries, as applicable) the Accrued Compensation;
 - (2) The Company shall pay to Executive (or Executive's beneficiaries, as applicable) within sixty (60) days following the Termination Date, any bonus earned but unpaid in respect of any fiscal year preceding the Termination Date; and
 - (3) Each unvested equity award held by Executive at the time of termination shall be governed by the terms of the applicable award agreement.
- (c) Termination by the Company Without Cause or by Executive for Good Reason. If Executive's employment by the Company shall be terminated by the Company without Cause or by Executive for Good Reason, then, subject to Section 17(e) hereof, Executive shall be entitled to the benefits provided in this Section 9(c).
 - (1) The Company shall pay to Executive any Accrued Compensation;

- (2) The Company shall pay to Executive any bonus earned but unpaid in respect of any fiscal year preceding the Termination Date within sixty (60) days following the Termination Date;
- (3) The Company shall pay to Executive a bonus or incentive award in respect of the fiscal year in which Executive's Termination Date occurs in an amount equal to the product of (A) the lesser of (x) the bonus or incentive award that Executive would have been entitled to receive based on actual achievement against the stated performance objectives and (y) Executive's Target Bonus and (B) a fraction (x) the numerator of which is the number of days in such fiscal year through the Termination Date and (y) the denominator of which is 365 (provided that if such termination occurs in contemplation of a Change in Control (as defined in the Plan) or within twelve months following a Change in Control, then in the forgoing calculation, the amount under (A) above shall be equal to Executive's Target Bonus). Any bonus or incentive award payable to Executive under this clause (3) shall be paid in a lump sum payment by March 15 of the year following the fiscal year in which Executive's Termination Date occurs;
- (4) The Company shall pay Executive as severance pay, in lieu of any further compensation (except as provided in this Section 9(c)) for the periods subsequent to the Termination Date, an amount in cash, which amount shall be payable in a lump sum payment within sixty (60) days following such termination (subject to Section 10 hereof), equal to one (1) times (or, if such termination occurs in contemplation of a Change in Control or within twelve months following a Change in Control, two (2) times) the sum of Executive's Base Salary and Target Bonus, in each case, as in effect immediately prior to termination and without regard to any reduction thereto which constitutes Good Reason;
- (5) Each unvested equity award held by Executive at the time of termination shall be governed by the terms of the applicable award agreement; and
- (6) The Company shall provide Executive with continued coverage through the first anniversary of the Termination Date under any health, medical, dental or vision program or policy in which Executive (and Executive's dependents, as applicable) participated in as of the time of the Termination Date on terms no less favorable to Executive and Executive's dependents than those applicable to actively employed senior executives of the Company; provided, however, that Executive shall be solely responsible for any taxes incurred in respect of such coverage; and provided, further, that the Company may modify the continuation coverage contemplated by this Section 9(c)(6) (including by providing a lump-sum cash payment equal to the value for Executive of the continuation coverage provided herein) to the extent reasonably necessary to avoid the imposition of any excise taxes on the Company for failure to comply with the nondiscrimination requirements of the Patient Protection and Affordable Care Act of

2010, as amended, and/or the Health Care and Education Reconciliation Act of 2010, as amended (to the extent applicable).

- (d) Expiration of Employment Term Upon Notice of Non-Renewal. If Executive's employment terminates upon expiration of the Employment Term as then in effect following timely provision by either party of notice of non-renewal in accordance with Section 1 hereof, then, subject to Section 17(e) hereof, Executive shall be entitled to the benefits provided in this Section 9(d).
- (1) The Company shall pay to Executive any Accrued Compensation; and
 - (2) Each unvested equity award held by Executive at the time of termination shall be governed by the terms of the applicable award agreement.
- (e) Executive shall not be required to mitigate the amount of any payment provided for under this Section 9 by seeking other employment or otherwise and no such payment shall be offset or reduced by the amount of any compensation or benefits provided to Executive in any subsequent employment.

10. Section 409A. The parties intend for the payments and benefits under this Agreement to be exempt from Section 409A or, if not so exempt, to be paid or provided in a manner which complies with the requirements of such section, and intend that this Agreement shall be construed and administered in accordance with such intention. If any payments or benefits due to Executive hereunder would cause the application of an accelerated or additional tax under Section 409A, such payments or benefits shall be restructured in a mutually agreed upon manner that to the extent possible preserves the economic benefit and original intent thereof but does not cause such an accelerated or additional tax. For purposes of the limitations on nonqualified deferred compensation under Section 409A, each payment of compensation under this Agreement shall be treated as a separate payment of compensation. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following Executive's separation from service shall instead be paid on the first business day after the date that is six months following Executive's Termination Date (or death, if earlier). Notwithstanding anything to the contrary in this Agreement, all (A) reimbursements and (B) in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A, including, where applicable, the requirement that (x) the amount of expenses eligible for reimbursement, or in kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in kind benefits to be provided, in any other calendar year; (y) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred; and (z) the right to reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit.

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

nothing in this Agreement or otherwise requires Executive to waive any monetary award or other payment that Executive might become entitled to from the SEC or any other Government Agency.

12. Records and Confidential Data.

- (a) Ownership; Recognition of Company's Rights. Executive acknowledges that in connection with the performance of Executive's duties during the Employment Term, the Company will make available to Executive, or Executive will have access to, certain Confidential Information (as defined below) of the Company and its affiliates. Executive acknowledges and agrees that any and all Confidential Information disclosed to, or learned or obtained by, Executive during the course of Executive's employment by the Company or any of its affiliates or otherwise, whether developed by Executive alone or in conjunction with others or otherwise, shall be and is the sole and exclusive property of the Company or the affiliate of the Company, as applicable, that is Executive's employer (the "Employer"). No license or other right to any Confidential Information is granted to Executive under this Agreement. To the extent that Executive acquires any right, title or interest in or to any Confidential Information, Executive hereby assigns, transfers, conveys and delivers to the Employer all such right, title and interest in and to such Confidential Information.
- (b) Restrictions. Executive (A) will keep all Confidential Information strictly confidential, (B) will not use Confidential Information in any manner which is detrimental to the Company or its affiliates, (C) will not use Confidential Information other than in connection with the discharge of Executive's duties to the Company and its affiliates, (D) will safeguard any and all Confidential Information from unauthorized disclosure, and (E) will not disclose, publish, use, transfer or otherwise disseminate any Confidential Information to any person or entity without the Employer's express prior written consent, except as may be necessary to perform Executive's duties as an employee of the Company or its affiliates for the benefit of the Company or its affiliates. Executive may, however, disclose Confidential Information to the extent it is in response to a valid order of a court or other governmental authority or to otherwise comply with applicable law; provided that, subject to Section 12(e), Executive shall first give notice to the Employer and reasonably cooperate with the Employer to obtain a protective order or other measures preserving the confidential treatment of such Confidential Information and requiring that the information or documents so disclosed be used only for the purposes for which the order was issued or is otherwise required by applicable law. For the avoidance of doubt, nothing in this Section 12(b) shall prevent Executive from exercising any legally protected whistleblower rights (including under Rule 21F under the Exchange Act) as set forth in Section 11.
- (c) Disposition of Confidential Information. Following the termination of Executive's employment or upon the Company's request, Executive will return to the Company all copies of any and all Confidential Information in Executive's custody, possession or control (including all copies of any analyses, compilations, studies or other documents prepared by Executive or for Executive's use containing or reflecting any Confidential Information). Alternatively, with the Company's prior written consent,

Executive may destroy such Confidential Information. Within five (5) business days of the termination of Executive's employment or such request by the Company, Executive shall deliver to the Company a document certifying that such written Confidential Information has been returned or destroyed in accordance with this Section 12(c).

- (d) Confidential Information. For the purposes of this Agreement, "Confidential Information" shall mean any and all non-public, proprietary or other confidential information of the Company or its affiliates disclosed to Executive, to which Executive has access, or of which Executive otherwise becomes aware, in each case whether in oral, written, graphic or machine readable form, including, without limitation, (A) know-how, trade secrets, inventions, discoveries, concepts, information, works, materials, processes, methods, data, software, programs, apparatus, designs and the like, and any other intellectual property the value of which is contingent upon maintaining the confidentiality thereof, (B) information regarding the business of the Company or its affiliates, including its products, services, budgets, contracts, reports, investigations, experiments, research, work in progress, drawings, designs, plans, proposals, codes, marketing and sales programs, client lists, client mailing lists, supplier lists, financial projections, cost summaries, pricing formulae, marketing studies relating to prospective business opportunities, and all other concepts, ideas, materials, or information prepared or performed for or by the Company or its affiliates, (C) information regarding the skills and compensation of the employees, contractors, and any other service providers of the Company or its affiliates, (D) the existence of any business discussions, negotiations, or agreements between the Company or its affiliates and any third party, (E) all documents and other work product generated by you which contain, comment upon, or relate in any way to any information disclosed by the Company or its affiliates, (F) all third-party information held in confidence by the Company or its affiliates, and (G) the terms and conditions of this Agreement. For purposes of this Agreement, the Confidential Information shall not include and Executive's obligation shall not extend to (A) information which is generally available to the public and (B) information obtained by Executive other than pursuant to or in connection with Executive's employment
- (e) Defend Trade Secrets Act. Pursuant to Section 7 of the Defend Trade Secrets Act of 2016 (which added 18 U.S.C. § 1833(b)), the Company and Executive acknowledge and agree that Executive shall not have criminal or civil liability under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition and without limiting the preceding sentence, if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney and may use the trade secret information in the court proceeding, if Executive (X) files any document containing the trade secret under seal and (Y) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement is intended to conflict

with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such Section.

- (f) Executive's obligations under this Section 12 shall survive the termination of the Employment Term.

13. Covenant Not to Solicit and Not to Compete; Non-Disparagement.

- (a) Covenants Not to Solicit or to Interfere. To protect the Confidential Information, Company Intellectual Property (as defined below) and other trade secrets of the Company and its affiliates, Executive agrees, during the Employment Term and for a period of twelve (12) months after Executive's cessation of employment with the Company (the "Restricted Period"), not to solicit, hire or participate in or assist in any way in the solicitation or hire of any employees of the Company or any of its subsidiaries (or any person who was an employee of the Company or any of its subsidiaries during the six-month period preceding such action). For purposes of this covenant, "solicit" or "solicitation" means directly or indirectly influencing or attempting to influence employees of the Company or any of its subsidiaries to become employed with any other person, partnership, firm, corporation or other entity.

In addition, to protect the Confidential Information, Company Intellectual Property and other trade secrets of the Company and its affiliates, Executive agrees, during the Employment Term and the Restricted Period, not to (x) solicit any client or customer to receive services or to purchase any good or services in competition with those provided by the Company or any of its subsidiaries or (y) interfere or attempt to interfere in any material respect with the relationship between the Company or any of its subsidiaries on one hand and any client, customer, supplier, investor, financing source or capital market intermediary on the other hand. For purposes of this covenant, "solicit" or "solicitation" means directly or indirectly influencing or attempting to influence clients or customers of the Company or any of its affiliates to accept the services or goods of any other person, partnership, firm, corporation or other entity in competition with those provided by the Company or any of its affiliates.

Executive agrees that the covenants contained in this Section 13(a) are reasonable and desirable to protect the Confidential Information and Company Intellectual Property of the Company and its affiliates; provided that solicitation through general advertising or the provision of references shall not constitute a breach of such obligations.

- (b) Covenant Not to Compete. To protect the Confidential Information, Company Intellectual Property and other trade secrets of the Company and its affiliates, Executive agrees, during the Employment Term and the Restricted Period, not to engage in Prohibited Activities (as defined below) in any country in which the Company or any of its affiliates conducts business, or plans to conduct business, during the Employment Term. For the purposes of this Agreement, the term "Prohibited Activities" means directly or indirectly engaging as an owner, employee, partner, member, consultant or agent of any entity that derives more than 10% of its consolidated revenue from the development, manufacturing, marketing and/or distribution (directly or indirectly) of branded or generic

prescription or non-prescription pharmaceuticals or medical devices for treatments in the fields of neurology, dermatology, gastroenterology, ophthalmology or dentistry; provided that Prohibited Activities shall not mean Executive's investment in securities of a publicly-traded company equal to less than five (5%) percent of such company's outstanding voting securities; and provided, further, that, for the avoidance of doubt, Executive complies with the obligations set forth in Sections 12, 13(a) and 13(c) hereof. Executive agrees that the covenants contained in this Section 13(b) are reasonable and desirable to protect the Confidential Information and Company Intellectual Property of the Company and its affiliates.

- (c) Non-Disparagement. Executive agrees not to make written or oral statements about the Company, its subsidiaries or affiliates, or its directors, executive officers or non-executive officer employees that are negative or disparaging, except as provided in Section 11 hereof. The Company shall instruct its directors and executive officers to not make written or oral statements about Executive that are negative or disparaging. Notwithstanding the foregoing, nothing in this Agreement or otherwise shall preclude Executive, the Company, its subsidiaries and affiliates, and the Company's directors and executive officers from communicating or testifying truthfully to the extent required by law to any federal, state, provincial or local governmental agency or in response to a subpoena to testify issued by a court of competent jurisdiction.
- (d) It is the intent and desire of Executive and the Company that the restrictive provisions of this Section 13 be enforced to the fullest extent permissible under the laws and public policies as applied in each jurisdiction in which enforcement is sought. If any particular provision of this Section 13 shall be determined to be invalid or unenforceable, such covenant shall be amended, without any action on the part of either party hereto, to delete there from the portion so determined to be invalid or unenforceable, such deletion to apply only with respect to the operation of such covenant in the particular jurisdiction in which such adjudication is made.
- (e) Executive's obligations under this Section 13 shall survive the termination of the Employment Term.

14. Remedies for Breach of Obligations under Sections 12 or 13 hereof. Executive acknowledges that the Company will suffer irreparable injury, not readily susceptible of valuation in monetary damages, if Executive breaches Executive's obligations under Sections 12 or 13 hereof. Accordingly, Executive agrees that the Company will be entitled, in addition to any other available remedies, to obtain injunctive relief against any breach or prospective breach by Executive of Executive's obligations under Sections 12 or 13 hereof. Executive agrees that process in any or all of those actions or proceedings may be served by registered mail, addressed to the last address provided by Executive to the Company, or in any other manner authorized by law. This Section 14 shall survive the termination of the Employment Term.

15. Cooperation.

- (a) Following Executive's termination of employment for any reason, except as provided in Section 11 hereof, Executive agrees to make himself reasonably available to cooperate with the Company and its affiliates in matters that materially concern: (i) requests for information about the

services Executive provided to the Company and its affiliates during Executive's employment with the Company and its affiliates, (ii) the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company and its affiliates which relate to events or occurrences that transpired while Executive was employed the Company and its affiliates and as to which Executive has, or would reasonably be expected to have, personal experience, knowledge or information or (iii) any investigation or review by any federal, state or local regulatory, quasi-regulatory or self-governing authority (including, without limitation, the US Department of Justice, the U.S. Federal Trade Commission or the SEC) as any such investigation or review relates to events or occurrences that transpired while Executive was employed by the Company and its affiliates. Executive's cooperation shall include: (A) making himself reasonably available to meet and speak with officers or employees of the Company, the Company's counsel or any third-parties at the request of the Company at times and locations to be determined by the Company reasonably and in good faith, taking into account the Company's business and Executive's business and personal needs (the "Company Cooperation") and (B) giving accurate and truthful information at any interviews and accurate and truthful testimony in any legal proceedings or actions (the "Witness Cooperation"). Nothing in this Section 15(a) shall be construed to limit in any way any rights Executive may have at applicable law not to provide testimony with regard to specific matters. Unless required by law or legal process, Executive will not knowingly or intentionally furnish information to or cooperate with any non-governmental entity (other than the Company) in connection with any potential or pending proceeding or legal action involving matters arising during Executive's employment with the Company and its affiliates, except as provided in Section 11. In addition, at the request of the Company, Executive shall be required to complete a directors' and officers' questionnaire to facilitate the Company's preparation and filing of its proxy statement and periodic reports with the SEC.

- (b) Executive shall not be entitled to any payments in addition to those otherwise set forth in this Agreement in respect of any Company Cooperation or Witness Cooperation, regardless of when provided. The Company will reimburse Executive for any reasonable, out-of-pocket travel, hotel and meal expenses incurred in connection with Executive's performance of obligations pursuant to this Section 15 for which Executive has obtained prior approval from the Company.
- (c) Nothing in this Agreement or any other agreement by and between the Parties is intended to or shall preclude or in any way limit or restrict Executive from providing accurate and truthful testimony or information to any governmental agency.
- (d) This Section 15 shall survive the termination of the Employment Term.

16. Disclosure and Ownership of Intellectual Property.

- (a) Company Intellectual Property. Executive acknowledges and agrees that any intellectual property, including, without limitation, works, materials, inventions, invention disclosures, invention registrations, patent rights, trademarks, service marks, trade names, trade dress, logos, domain names,

copyrights, design rights, mask works, software, apparatus, technology, data, trade secrets, know-how and all other intellectual property and proprietary rights recognized by any applicable law of any jurisdiction, that Executive creates, discovers, conceives, reduces to practice, develops or acquires during the course of Executive's employment, either alone or jointly with others, (A) using any equipment, supplies, facilities, trade secrets, know-how or other Confidential Information of the Company or any of its affiliates, (B) that results from any work performed for the Company or any of its affiliates and/or (B) that otherwise relates to the Company's or any of its affiliates' business or actual or demonstrably anticipated research or development (collectively, "Company Intellectual Property") is and shall remain the exclusive property of the Employer whether registered or otherwise exploited or not. In furtherance of the foregoing, Executive hereby assigns, transfers, conveys and delivers to the Employer Executive's entire right, title and interest in and to any and all such Company Intellectual Property.

- (b) Work Made for Hire. Executive acknowledges and agrees that, with respect to any Company Intellectual Property that may qualify as a Work Made For Hire as defined in 17 U.S.C. § 101 or other applicable law, such Company Intellectual Property is and will be deemed a Work Made for Hire and the Employer will have the sole and exclusive right to the copyright (or, in the event that any such Company Intellectual Property does not qualify as a Work Made for Hire, the copyright and all other rights thereto are hereby automatically assigned to the Employer as above).
- (c) Disclosure. Executive agrees to record all activities undertaken in the course of Executive's employment and to disclose promptly in writing to the Employer any and all Company Intellectual Property. Executive agrees that Executive will give the Company or any of its affiliates all reasonable assistance and execute all documents necessary to assist with enabling the Company or any of its affiliates to prosecute, perfect, register, record, enforce and defend any and all of their rights in and to any Company Intellectual Property and Confidential Information.
- (d) Non-Assignable Inventions. If Executive's principal work location is in California, Illinois, Kansas, Minnesota or Washington State, the provisions regarding Executive's assignment of Company Intellectual Property to the Employer in Sections 16(a) and 16(b) of this Agreement may not apply to certain inventions ("Non-Assignable Inventions") as specified in the statutory code of the applicable state. Executive acknowledges having received notification regarding such Non-Assignable Inventions pursuant to such states' codes.
- (e) Prior Intellectual Property. If, in the course of Executive's employment with the Employer, Executive uses any intellectual property that is solely or jointly owned by Executive or licensed to Executive, with the right to sub-license (collectively, "Prior Intellectual Property"), Executive hereby grants to the Company and its affiliates a worldwide, non-exclusive, irrevocable, perpetual, fully paid-up and royalty-free license (with rights to sublicense through multiple tiers of sublicensees) to use, reproduce, modify, make derivative works of, publicly perform, publicly display,

make, have made, sell, offer for sale, import and otherwise exploit such Prior Intellectual Property for any purpose.

- (f) Waiver of Moral Rights. To the extent Executive may do so under applicable law, Executive hereby waives and agrees never to assert any Moral Rights that Executive may have in or with respect to any Company Intellectual Property, even after termination of any work on behalf of the Company or its affiliates. As used in this Agreement, “Moral Rights” means any rights to claim authorship of a work, to object to or prevent the modification or destruction of a work, or to withdraw from circulation or control the publication or distribution of a work, and any similar right, existing under any applicable law of any jurisdiction, regardless of whether or not such right is denominated or generally referred to as a “moral right.”
- (g) This Section 16 shall survive the termination of the Employment Term.

17. Miscellaneous.

- (a) Successors and Assigns.
 - (1) This Agreement shall be binding upon and shall inure to the benefit of the Company, its successors and permitted assigns. The Company may not assign or delegate any rights or obligations hereunder except to a successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, as applicable. Except for purposes of determining the occurrence of a Change in Control, the term “the Company” as used herein shall mean a corporation or other entity acquiring all or substantially all the assets and business of the Company, as the case may be, (including this Agreement) whether by operation of law or otherwise.
 - (2) Neither this Agreement nor any right or interest hereunder shall be assignable or transferable by Executive, Executive’s beneficiaries or legal representatives, except by will or by the, laws of descent and distribution.
 - (3) This Agreement shall inure to the benefit of and be enforceable by Executive’s legal personal representatives.
- (b) Notice. For the purposes of this Agreement, notices and all other communications provided for in the Agreement (including the Notice of Termination) shall be in writing and shall be deemed to have been duly given when personally delivered or sent by Certified mail, return receipt requested, postage prepaid, addressed to the respective addresses last given by each party to each other party; provided that all notices to the Company shall be directed to the attention of the General Counsel of the Company. All notices and communications shall be deemed to have been received on the date of delivery thereof or on the third business day after the mailing thereof, except that notice of change of address shall be effective only upon receipt.

- (c) Indemnity Agreement. The Company agrees to indemnify and hold Executive harmless to the fullest extent permitted by applicable law for actions taken as a director or officer of the Company, as in effect at the time of the subject act or omission. In connection therewith, Executive shall be entitled to the protection of any insurance policies which the Company elects to maintain generally for the benefit of the Company's directors and officers, against all costs, charges and expenses whatsoever incurred or sustained by Executive in connection with any action, suit or proceeding to which he may be made a party by reason of Executive's being or having been a director, officer or employee of the Company. This provision shall survive any termination of the Employment Term.
- (d) Withholding. The Company shall be entitled to withhold the amount, if any, of all taxes of any applicable jurisdiction required to be withheld by an employer with respect to any amount paid to Executive hereunder. The Company, in its sole and absolute discretion, shall make all determinations as to whether it is obligated to withhold any taxes hereunder and the amount hereof.
- (e) Release of Claims. The termination benefits described in Sections 9(b), 9(c) and 9(d)(2) hereof shall be conditioned on Executive delivering to the Company, and failing to revoke, a signed release of claims acceptable to the Company within fifty-five (55) days following Executive's Termination Date; provided, however, that Executive shall not be required to release any rights Executive has to be indemnified by the Company under Section 15(c) hereof. Notwithstanding any provision of this Agreement to the contrary, in no event shall the timing of Executive's execution of the release, directly or indirectly, result in Executive designating the calendar year of payment, and, to the extent required by Section 409A, if a payment that is subject to execution of the release could be made in more than one taxable year, payment shall be made in the later taxable year. Where applicable, references to Executive in this Section 17(e) shall refer to Executive's representative or estate.
- (f) Modification. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by the other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreement or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by any party which are not expressly set forth in this Agreement.
- (g) Arbitration. If any legally actionable dispute arises under this Agreement or otherwise which cannot be resolved by mutual discussion between the parties, then the Company and Executive each agree to resolve that dispute by binding arbitration before an arbitrator experienced in employment law. Any arbitration hereunder shall be conducted in accordance with the Judicial Arbitration and Mediation Services ("JAMS") Employment Arbitration Rules in effect at the time of the arbitration (the "JAMS Rules") and the law applicable to the claim(s) asserted therein. The parties shall have fifteen (15) calendar days after JAMS issues a Commencement

Letter (as defined in the JAMS Rules) to attempt to agree on the selection of an arbitrator from the JAMS roster. In the event the parties are unable to agree in such time, JAMS will provide a list of five (5) qualified and available arbitrators, and an arbitrator will be selected from that list by the parties alternately striking out one name of a potential arbitrator until only one name remains. The party entitled to strike an arbitrator first shall be selected by a coin toss. The parties agree that this agreement to arbitrate includes any claims that the Company may have against Executive, or that Executive may have against the Company and/or its related entities and/or employees, arising out of or relating to this Agreement, Executive's employment, or Executive's termination, including but not limited to any claims of discrimination or harassment in violation of applicable law and any other aspect of Executive's compensation, employment, or termination. The parties further agree that arbitration as provided for in this Section 17(g) is the exclusive and binding remedy for any such dispute and will be used instead of any court action, and the parties hereby expressly waive any rights to litigate claims covered by this agreement to arbitrate in a court or other venue, except for (i) a request by any party for temporary, preliminary or permanent injunctive relief pending arbitration in accordance with applicable law; (ii) breaches by Executive of Executive's obligations under Sections 12, 13, 15 or 16 hereof; or (iii) an administrative claim with an administrative agency. The parties agree that the arbitrator shall have the authority to and shall determine all gateway issues related to any dispute submitted to arbitration hereunder, including but not limited to the jurisdiction of the arbitrator, the arbitrability of any dispute (including the scope, validity, or enforceability of this agreement to arbitrate), and the proper or permissible parties to any such arbitration. The parties further agree that the arbitrator shall be empowered to award damages and/or equitable relief, as appropriate. Any arbitration provided for herein shall be conducted in or around Morristown, New Jersey, unless otherwise mutually agreed. The Company shall pay the cost of any arbitration brought pursuant to this paragraph, excluding, however, the costs of Executive's representation in the arbitration (including but not limited to the fees and costs of Executive's attorneys, advisors, experts, and other service providers), unless such cost is awarded in accordance with law or otherwise awarded by the arbitrator. Except as otherwise provided above, the arbitrator may award legal fees to the prevailing party in the arbitrator's sole discretion; provided that the percentage of fees so awarded shall not exceed 1% of the net worth of the paying party (i.e., the Company or Executive). Judgment upon any resulting arbitration award may be entered in any federal or state court of competent jurisdiction. Neither a party nor the arbitrator may disclose the existence, content, or outcome of any arbitration hereunder without the prior written consent of all parties to the arbitration, except (1) as provided by Section 11 hereof; and (2) as may be required by law, including for purposes of entering judgment upon or enforcing the arbitrator's award.

- (h) Effect of Other Law. Anything herein to the contrary notwithstanding, the terms of this Agreement shall be modified to the extent required to meet the provisions of the Sarbanes-Oxley Act of 2002, Section 409A, the Dodd-Frank Wall Street Reform and Consumer Protection Act or other law applicable to the employment arrangements between Executive and the Company. Any delay in providing benefits or payments or any failure to provide a benefit or payment shall not in and of itself constitute a

breach of this Agreement; provided, however, that the Company shall provide economically equivalent payments or benefits to Executive to the extent permitted by law as soon as practicable after such benefits or payments are due. Any request or requirement that Executive repay compensation that is required under the first sentence of this Section 17(h), or pursuant to a Company policy that is applicable to other executive officers of the Company and that is designed to advance the legitimate corporate governance objectives of the Company, shall not in and of itself constitute a breach of this Agreement.

- (i) Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New Jersey applicable to contracts executed in and to be performed entirely within such State, without giving effect to the conflict of law principles thereof.
- (j) No Conflicts. As a condition to the effectiveness of this Agreement, Executive represents and warrants to the Company that he is not a party to or otherwise bound by any agreement or arrangement (including, without limitation, any license, covenant, or commitment of any nature), or subject to any judgment, decree, or order of any court or administrative agency, that would conflict with or will be in conflict with or in any way preclude, limit or inhibit Executive's ability to execute this Agreement or to carry out Executive's duties and responsibilities hereunder. In the event that the Company determines that Executive's duties hereunder may conflict with an agreement or arrangement to which Executive is bound, Executive shall be required to cease engaging in any such activities, duties or responsibilities (including providing supervisory services over certain subsets of the Company's business operations) and the Company will take steps to restrict Executive's access to, and participation in, any such activities. Any actions taken by the Company under this Section 17(j) to restrict or limit Executive's access to information or provision of services shall not constitute Good Reason for purposes of Section 7(e) hereof.
- (k) Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

18. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto and supersedes all prior agreements, if any, understandings and arrangements, oral or written, between the parties hereto with respect to the subject matter hereof, including without limitation any term sheets or other similar presentations.

19. Counterparts. This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same Agreement. Signatures transmitted via facsimile or PDF will be deemed the equivalent of originals.

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IN WITNESS WHEREOF, the parties have executed this Employment Agreement as of the day and year first above written, to be effective as of the Effective Date.

BAUSCH HEALTH COMPANIES INC.

By: /s/ Joseph C. Papa

Name: Joseph C. Papa
Title: Chairman of the Board and CEO

EXECUTIVE

By: /s/ Robert Spurr

Name: Robert Spurr

BAUSCH HEALTH COMPANIES INC.

AMENDMENT TO EMPLOYMENT AGREEMENT

This AMENDMENT TO EMPLOYMENT AGREEMENT (this "Amendment") is made as of September 1, 2021 by and between Bausch Health Companies Inc., a Canadian corporation (the "Company"), and Robert Spurr, an individual (the "Executive"). Where the context requires, references to the Company in the Agreement (as defined below) and this Amendment shall include the Company's subsidiaries and affiliates and any successors in interest thereto, which shall include Bausch Pharma at the time of the separation of the Bausch + Lomb business.

WHEREAS, the Company and the Executive entered into that certain Employment Agreement dated as of May 27, 2020 (the "Agreement") and wish to amend the Agreement through this Amendment, effective as of the date hereof. Capitalized terms used herein but not defined shall have the respective meanings ascribed to such terms in the Agreement;

WHEREAS, the Company and the Executive entered into a letter agreement dated as of November 2, 2020 setting forth certain payments and benefits payable to the Executive (the "Separation Bonus Letter");

WHEREAS, the Company and the Executive desire that the Separation Bonus Letter shall remain in full force in effect with its terms and shall not be amended by this Amendment;

WHEREAS, the Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its stockholders to separate the eyecare business (such business "Bausch + Lomb") into an independent publicly traded entity from the remainder of the Company by first providing for an initial public offering of Bausch + Lomb's stock (the "IPO") and subsequently separating the Bausch + Lomb business from the Company (such date, the "Separation Date");

WHEREAS, on August 3, 2021, the Company announced that, in connection with the separation of the Bausch + Lomb business, the Executive will be appointed to the position of U.S. President of the pharmaceutical business of the Company (the "Pharma Business"), effective September 1, 2021, and, contingent and effective upon the closing of the IPO, the Executive shall cease to serve as the U.S. President of the Pharma Business and will be appointed as the U.S. President of the Company.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, the Company and Executive hereby agree as follows:

1. AMENDMENTS

(a) *The first sentence of Section 1 of the Agreement is hereby deleted and replaced in its entirety with the following:*

Commencement Date; Term; Effect on Other Agreements. The employment term (the "Employment Term") of Executive's employment under this Agreement shall be for the period commencing on September 1, 2021 (the "Initial Commencement Date") and shall continue through the third (3rd) anniversary of the Initial Commencement Date.

(b) *The first sentence of Section 2(a) is hereby deleted and replaced in its entirety with the following:*

Executive shall be employed as U.S. President of the Pharma Business effective as of the Initial Commencement Date, at which time the Executive shall report directly to the Chief Executive Officer of the Pharma Business. Contingent and effective upon the closing of the IPO, Executive shall cease to serve as the U.S. President of the Pharma Business and will be appointed as the U.S. President of the Company (the “Bausch Pharma Commencement Date”), at which time the Executive shall report directly to the Chief Executive Officer of the Company.

(c) *The first sentence of Section 3(a) is hereby deleted and replaced in its entirety with the following:*

Annual Compensation.

(a) Base Salary. During the Employment Term, Executive shall be paid an annual base salary of \$700,000 (“Base Salary”).

(d) *A new Section 4(b) is hereby added.*

Additional Compensation.

(b) One-Time Promotion Award. Effective as of the Commencement Date, Executive will receive a grant under the Plan of (i) a number of restricted stock units with a grant-date fair value equal to \$250,000 and (ii) a number of stock options with a grant-date fair value equal to \$250,000.

(e) *Section 7(e)(1) is hereby deleted and replaced in its entirety with the following:*

(e) Good Reason. Executive may terminate his employment for Good Reason (as defined below) by delivering to the Company a Notice of Termination not less than thirty (30) days prior to the termination of Executive’s employment for Good Reason and no more than one hundred fifty (150) days following the initial existence of the event or condition constituting Good Reason. The Company shall have the option of terminating Executive’s duties and responsibilities prior to the expiration of such thirty (30) day notice period, and Executive shall be entitled to the benefits provided in Section 9(c) hereof. For purposes of this Agreement, “Good Reason” shall mean the occurrence of any of the events or conditions described in clauses (1) through (4) below during the Employment Term, without Executive’s prior written consent, which are not cured by the Company (if susceptible to cure by the Company) within thirty (30) days after the Company has received written notice from Executive within ninety (90) days of the initial existence of the event or condition constituting Good Reason specifying the particular events or conditions which constitute Good Reason and the specific cure requested by Executive.

(1) Diminution of Responsibility. (A) Any material reduction in Executive’s duties or responsibilities as (i) U.S. President of the Pharma Business between the Initial Commencement Date and the Bausch Pharma Commencement Date or (ii) U.S. President of the Company following the Bausch Pharma Commencement Date, in each case as in effect immediately prior thereto (other than a reduction where Executive is provided with other duties or responsibilities substantially comparable to Executive’s overall duties and responsibilities prior to such

reduction) or (B) removal of Executive from the position of (i) U.S. President of the Pharma Business between the Initial Commencement Date and the Bausch Pharma Commencement Date or (ii) U.S. President of the Company following the Bausch Pharma Commencement Date, except, in each of clauses (A) and (B), in connection with (1) the termination of Executive's employment for Disability, Cause, as a result of Executive's death or by Executive other than for Good Reason, or (2) for the avoidance of doubt, the changes in the Executive's position and reporting relationship contemplated by Section 2(a);

(f) Section 13(b) is hereby deleted and replaced in its entirety with the following:

(b) Covenant Not to Compete. To protect the Confidential Information, Company Intellectual Property and other trade secrets of the Company, the Company and its affiliates, Executive agrees (i) during the period beginning on the Initial Commencement Date and ending on the date that is 12 months after the Separation Date (the "First Period"), not to engage in Prohibited Activities (as defined below) in any country in which the Company or any of its affiliates and, following the Separation Date, Bausch & Lomb, conducts business, or plans to conduct business, and (ii) following the expiration of the First Period, during the Employment Term and the Restricted Period (the "Second Period"), Executive agrees not to engage in Prohibited Activities in any country in which the Company or any of its affiliates conducts business, or plans to conduct business. For the purposes of this Agreement, the term "Prohibited Activities" means directly or indirectly engaging as an owner, employee, partner, member, consultant or agent of any entity that derives more than 10% of its consolidated revenue from the development, manufacturing, marketing and/or distribution (directly or indirectly) of (x) during the First Period, branded or generic prescription or non-prescription pharmaceuticals or medical devices for treatments in the fields of neurology, dermatology, gastroenterology, ophthalmology or dentistry (y) during the Second Period, branded or generic prescription or non-prescription pharmaceuticals or medical devices for treatment in the same fields as clause (x), other than ophthalmology; provided that Prohibited Activities shall not mean Executive's investment in securities of a publicly-traded company equal to less than five (5%) percent of such company's outstanding voting securities; and provided, further, that, for the avoidance of doubt, Executive complies with the obligations set forth in Sections 12, 13(a) and 13(c) hereof. Executive agrees that the covenants contained in this Section 13(b) are reasonable and desirable to protect the Confidential Information and Company Intellectual Property of the Company and its affiliates.

2. EFFECTIVENESS OF AMENDMENT; COUNTERPARTS

This Amendment shall become effective on the date hereof. Except as amended by the terms of this Amendment, the Agreement shall remain in full force and effect in accordance with its terms. For the avoidance of doubt, the Separation Bonus Letter shall remain in full force and effect in accordance with its terms and shall not be amended by this amendment. This Amendment may be executed by electronic transmission (*i.e.*, facsimile or electronically transmitted portable document (PDF) or DocuSign or similar electronic signature) and in counterparts any one of which need not contain the signature of more than one Party, but all such counterparts taken together will constitute one and the same instrument.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment as of the date first written above.

THE COMPANY:

BAUSCH HEALTH COMPANIES INC.

By: /s/ Joseph C. Papa
Name: Joseph C. Papa
Title: Chairman of the Board and CEO

EXECUTIVE:

/s/ Robert Spurr
Robert Spurr

BAUSCH HEALTH COMPANIES INC.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the “Agreement”) is hereby entered into as of May 28, 2020 (the “Effective Date”), retroactive to May 27, 2020, by and between Bausch Health Companies Inc., a Canadian corporation (the “Company”), and Robert Spurr, an individual (the “Executive”) (hereinafter collectively referred to as “the parties”). Where the context requires, references to the Company shall include the Company’s subsidiaries and affiliates.

RECITALS

WHEREAS, the Company desires to employ Executive for the period provided in this Agreement, and Executive desires to accept such employment with the Company, subject to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the respective agreements of the parties contained herein, it is agreed as follows:

1. Commencement Date; Term; Effect on Other Agreements. The employment term (the “Employment Term”) of Executive’s employment under this Agreement shall be for the period commencing on May 27, 2020 (the “Commencement Date”) and ending on the third (3rd) anniversary of the Commencement Date. Thereafter, the Employment Term shall extend automatically for consecutive periods of one year unless either party provides notice of non-renewal not less than ninety (90) days prior to the end of the Employment Term as then in effect.

2. Employment. During the Employment Term:

- (a) Executive shall be employed as President, Salix of the Company. Executive shall report directly to the Chief Executive Officer of the Company. Executive shall perform the duties, undertake the responsibilities and exercise the authority customarily performed, undertaken and exercised by persons situated in similar executive capacities.
- (b) Excluding periods of vacation and sick leave to which Executive is entitled and other service outside of the Company contemplated in this Section 2(b), Executive shall devote Executive’s full professional time and attention to the business and affairs of the Company to discharge the responsibilities of Executive hereunder. Prior to joining or agreeing to serve on corporate, civil or charitable boards or committees, Executive shall obtain approval of the Chief Executive Officer. Executive may manage personal and family investments, participate in industry organizations and deliver lectures at educational institutions, so long as such activities do not interfere with the performance of Executive’s responsibilities hereunder. It is understood that, during Executive’s employment by the Company, Executive shall not engage in any activities that constitute a conflict of interest with the interests of the Company or its direct and indirect subsidiaries, as outlined in the Company’s conflict of interest policies for employees and executives in effect from time to time.

- (c) Executive shall be subject to and shall abide by each of the personnel policies applicable to senior executives, including but not limited to any policy restricting pledging and hedging investments in Company equity by Company executives, any policy the Company adopts regarding the recovery of incentive compensation (sometimes referred to as “clawback”) and any additional clawback provisions as required by law and applicable listing rules. This Section 2(c) shall survive the termination of the Employment Term.
- (d) Subject to Sections 7, 8 and 9 hereof, Executive’s employment with the Company is “at will,” such that each of Executive or the Company has the option to terminate Executive’s employment at any time, with or without advance notice, and with or without Cause or with or without Good Reason. This Agreement does not constitute an express or implied agreement of continuing or long term employment. The at-will nature of Executive’s employment can be altered only by a written agreement specifying the altered status of Executive’s employment. Such written agreement must be signed by both Executive and the Chief Executive Officer of the Company.

3. Annual Compensation.

- (a) Base Salary. During the Employment Term, Executive shall be paid an annual base salary of \$600,000 (“Base Salary”). The Base Salary shall be payable in accordance with the Company’s regular payroll practices as then in effect. During the Employment Term, the Base Salary will be reviewed annually and is subject to adjustment at the discretion of the Talent and Compensation Committee of the Board (the “Committee”).
- (b) Performance Bonus.
 - (1) Subject to the terms of the Company’s annual incentive cash bonus program as in effect from time to time and the provisions hereof, for each fiscal year of the Company ending during the Employment Term (commencing with the 2020 fiscal year), Executive shall be eligible to receive a target annual cash bonus of 80% of Base Salary (such target bonus, as may hereafter be increased, the “Target Bonus”) with the opportunity to receive a maximum annual cash bonus of 200% of the Target Bonus. Annual bonuses, if any, will be payable in the Company’s discretion and in accordance with the Company’s customary practices applicable to bonuses paid to similarly situated executives of the Company.

4. Additional Compensation.

- (a) Ongoing Grants. Executive will be eligible for consideration for future equity grants during the Employment Term in the sole discretion of the Chief Executive Officer of the Company and the Committee.

5. Share Ownership Commitment. Executive agrees to comply with any share ownership requirements adopted by the Company applicable to Executive, which shall be on the same terms as similarly situated executives of the Company.

6. Other Benefits. During the Employment Term:

- (a) Employee Benefits. Executive shall be entitled to participate in all employee benefit plans, practices and programs maintained by the Company, and made available to employees generally (taking into account jurisdictional differences), including, without limitation, all pension, retirement, profit sharing, savings, medical, hospitalization, disability, dental, life or travel accident insurance benefit plans in accordance with the terms of the plans as in effect from time to time. Executive's participation in such plans, practices and programs shall be on the same basis and terms as are applicable to similarly situated executives of the Company.
- (b) Business Expenses. Upon submission of proper invoices in accordance with, and subject to, the Company's normal policies and procedures, Executive shall be entitled to receive prompt reimbursement of all reasonable out-of-pocket business, entertainment and travel expenses incurred by him in connection with the performance of Executive's duties hereunder.
- (c) Vacation and Sick Leave. Executive shall be entitled, without loss of pay, to absent himself voluntarily from the performance of Executive's employment under this Agreement, pursuant to the following:
 - (1) Executive shall be entitled to annual vacation in accordance with and subject to the policies as periodically established for similarly situated executives of the Company; and
 - (2) Executive shall be entitled to sick leave (without loss of pay) in accordance with the Company's policies as in effect from time to time.

7. Termination. Executive's employment with the Company hereunder may be terminated under the circumstances set forth below; provided, however, that notwithstanding anything contained herein to the contrary, to the extent required by Section 409A ("Section 409A") of the Internal Revenue Code of 1986, as amended (the "Code"), Executive shall not be considered to have terminated employment with the Company for purposes of this Agreement until he would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A.

- (a) Death. Executive's employment shall be terminated as of the date of Executive's death and Executive's beneficiaries shall be entitled to the benefits provided in Section 9(b) hereof.
- (b) Disability. The Company may terminate Executive's employment, on written notice to Executive after having established Executive's Disability and while Executive remains disabled, and Executive shall be entitled to the benefits provided in Section 9(b) hereof. For purposes of this Agreement, "Disability" shall have the meaning assigned to such term in the Plan.
- (c) Cause. The Company may terminate Executive's employment for Cause effective as of the date of the Notice of Termination (as defined in Section 8 hereof) and Executive shall be entitled to the benefits provided in Section 9(a) hereof. "Cause" shall mean, for purposes of this Agreement: (1) conviction of any felony (other than one related to a

vehicular offense) or other criminal act involving fraud; (2) willful misconduct that results in a material economic detriment to the Company; (3) material violation of Company policies and directives, which is not cured after written notice and an opportunity for cure; (4) continued refusal by Executive to perform Executive's duties after written notice identifying the deficiencies and an opportunity for cure; and (5) a material violation by Executive of any of the covenants to the Company set forth in Sections 12, 13, 15 and 16 hereof. No action or inaction shall be deemed willful if (x) not demonstrably willful and (y) taken, or not taken, by Executive in good faith and with the understanding that such action, or inaction, was not adverse to the best interests of the Company. References in this paragraph to the Company shall also include direct and indirect subsidiaries of the Company, and materiality shall be measured based on the action or inaction and the impact upon the Company taken as a whole. Without limiting the other rights of the Company under this Section 7, the Company may suspend Executive, without pay, upon Executive's indictment for the commission of a felony as described under clause (1) above. Such suspension may remain effective until such time as the indictment is either dismissed or a verdict of not guilty has been entered. If such indictment does not result in a conviction, as soon as practicable following such dismissal or verdict, the Company shall pay Executive the base salary and target bonus amount that Executive would have received for the period during which Executive was suspended without pay (with interest from the date such amounts would otherwise have been paid at the short-term applicable federal rate, compounded semi-annually, as determined under Section 1274 of the Code for the month in which payment would have been made but for the delay) and Executive will receive vesting credit for purposes of Executive's outstanding equity awards.

- (d) Without Cause. The Company may terminate Executive's employment without Cause. The Company shall deliver to Executive a Notice of Termination (as defined in Section 8 hereof) not less than thirty (30) days prior to the termination of Executive's employment without Cause and the Company shall have the option of terminating Executive's duties and responsibilities prior to the expiration of such thirty-day notice period, and Executive shall be entitled to the benefits provided in Section 9(c) hereof.
- (e) Good Reason. Executive may terminate Executive's employment for Good Reason (as defined below) by delivering to the Company a Notice of Termination not less than thirty (30) days prior to the termination of Executive's employment for Good Reason and no more than one hundred fifty (150) days following the initial existence of the event or condition constituting Good Reason. The Company shall have the option of terminating Executive's duties and responsibilities prior to the expiration of such thirty (30) day notice, and Executive shall be entitled to the benefits provided in Section 9(c) hereof. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the events or conditions described in clauses (1) through (4) below which are not cured by the Company (if susceptible to cure by the Company) within thirty (30) days after the Company has received written notice from Executive within ninety (90) days of the initial existence of the event or condition constituting Good Reason specifying the particular events or conditions

which constitute Good Reason and the specific cure requested by Executive.

- (1) Diminution of Responsibility. (A) Any material reduction in Executive's duties or responsibilities as President, Salix, as in effect immediately prior thereto (other than a reduction where Executive is provided with other duties or responsibilities substantially comparable to Executive's overall duties and responsibilities prior to such reduction) or (B) removal of Executive from the position of President, Salix of the Company, except, in each case, in connection with the termination of Executive's employment for Disability, Cause, as a result of Executive's death or by Executive other than for Good Reason;
 - (2) Compensation Reduction. Any reduction in Executive's Base Salary or Target Bonus opportunity which is not comparable to reductions in the base salary or target bonus opportunity of other similarly situated executives of the Company;
 - (3) Relocation. Any relocation of Executive's primary place of business that results in an increase of Executive's one-way commute by fifty (50) miles or more; provided that the Company's request that Executive travel from time to time on behalf of the Company shall not constitute Good Reason; or
 - (4) Company Breach. Any other material breach by the Company of any material provision of this Agreement.
- (f) Without Good Reason. Executive may voluntarily terminate Executive's employment without Good Reason by delivering to the Company a Notice of Termination not less than thirty (30) days prior to the termination of Executive's employment and the Company shall have the option of terminating Executive's duties and responsibilities prior to the expiration of such thirty (30) day notice period, and Executive shall be entitled to the benefits provided in Section 9(a) hereof through the last day of such notice period.
- (g) Notice of Non-Renewal. Executive's employment shall terminate upon expiration of the Employment Term as then in effect following timely provision by either party of notice of non-renewal in accordance with Section 1 hereof, and Executive shall be entitled to the benefits provided in Section 9(d) hereof.

8. Notice of Termination. Any purported termination by the Company or by Executive shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which indicates a date of termination (the "Termination Date"), the specific termination provision in this Agreement relied upon and sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination of Executive's employment hereunder shall be effective without such Notice of Termination (unless waived by the party entitled to receive such notice).

9. Compensation Upon Termination. Upon termination of Executive's employment during the Employment Term, Executive shall be entitled to the following benefits: provided, however, that any such benefits to which Executive is hereunder entitled shall be offset by those benefits that Executive receives, if any, under applicable law or otherwise:

- (a) Termination by the Company for Cause or by Executive Without Good Reason. If Executive's employment is terminated by the Company for Cause or by Executive without Good Reason, the Company shall pay Executive all amounts earned or accrued hereunder through the Termination Date, including:
 - (1) reimbursement for reasonable and necessary expenses incurred by Executive on behalf of the Company for the period ending on the Termination Date;
 - (2) any previous compensation which Executive has previously deferred (including any interest earned or credited thereon), in accordance with the terms and conditions of the applicable deferred compensation plans or arrangements then in effect;
 - (3) equity and incentive awards, to the extent previously vested, shall be paid or delivered to Executive in accordance with the terms of such awards; and
 - (4) any amount or benefit as provided under any benefit plan or program (the foregoing items in clauses (1) through (4) being collectively referred to as the "Accrued Compensation").
- (b) Termination by the Company for Disability or Death. If Executive's employment is terminated by the Company for Disability or by reason of Executive's death, then, subject to Section 17(e) hereof, Executive shall be entitled to the benefits provided in this Section 9(b).
 - (1) The Company shall pay Executive (or Executive's beneficiaries, as applicable) the Accrued Compensation;
 - (2) The Company shall pay to Executive (or Executive's beneficiaries, as applicable) within sixty (60) days following the Termination Date, any bonus earned but unpaid in respect of any fiscal year preceding the Termination Date; and
 - (3) Each unvested equity award held by Executive at the time of termination shall be governed by the terms of the applicable award agreement.
- (c) Termination by the Company Without Cause or by Executive for Good Reason. If Executive's employment by the Company shall be terminated by the Company without Cause or by Executive for Good Reason, then, subject to Section 17(e) hereof, Executive shall be entitled to the benefits provided in this Section 9(c).
 - (1) The Company shall pay to Executive any Accrued Compensation;

- (2) The Company shall pay to Executive any bonus earned but unpaid in respect of any fiscal year preceding the Termination Date within sixty (60) days following the Termination Date;
- (3) The Company shall pay to Executive a bonus or incentive award in respect of the fiscal year in which Executive's Termination Date occurs in an amount equal to the product of (A) the lesser of (x) the bonus or incentive award that Executive would have been entitled to receive based on actual achievement against the stated performance objectives and (y) Executive's Target Bonus and (B) a fraction (x) the numerator of which is the number of days in such fiscal year through the Termination Date and (y) the denominator of which is 365 (provided that if such termination occurs in contemplation of a Change in Control (as defined in the Plan) or within twelve months following a Change in Control, then in the forgoing calculation, the amount under (A) above shall be equal to Executive's Target Bonus). Any bonus or incentive award payable to Executive under this clause (3) shall be paid in a lump sum payment by March 15 of the year following the fiscal year in which Executive's Termination Date occurs;
- (4) The Company shall pay Executive as severance pay, in lieu of any further compensation (except as provided in this Section 9(c)) for the periods subsequent to the Termination Date, an amount in cash, which amount shall be payable in a lump sum payment within sixty (60) days following such termination (subject to Section 10 hereof), equal to one (1) times (or, if such termination occurs in contemplation of a Change in Control or within twelve months following a Change in Control, two (2) times) the sum of Executive's Base Salary and Target Bonus, in each case, as in effect immediately prior to termination and without regard to any reduction thereto which constitutes Good Reason;
- (5) Each unvested equity award held by Executive at the time of termination shall be governed by the terms of the applicable award agreement; and
- (6) The Company shall provide Executive with continued coverage through the first anniversary of the Termination Date under any health, medical, dental or vision program or policy in which Executive (and Executive's dependents, as applicable) participated in as of the time of the Termination Date on terms no less favorable to Executive and Executive's dependents than those applicable to actively employed senior executives of the Company; provided, however, that Executive shall be solely responsible for any taxes incurred in respect of such coverage; and provided, further, that the Company may modify the continuation coverage contemplated by this Section 9(c)(6) (including by providing a lump-sum cash payment equal to the value for Executive of the continuation coverage provided herein) to the extent reasonably necessary to avoid the imposition of any excise taxes on the Company for failure to comply with the nondiscrimination requirements of the Patient Protection and Affordable Care Act of

2010, as amended, and/or the Health Care and Education Reconciliation Act of 2010, as amended (to the extent applicable).

- (d) Expiration of Employment Term Upon Notice of Non-Renewal. If Executive's employment terminates upon expiration of the Employment Term as then in effect following timely provision by either party of notice of non-renewal in accordance with Section 1 hereof, then, subject to Section 17(e) hereof, Executive shall be entitled to the benefits provided in this Section 9(d).
- (1) The Company shall pay to Executive any Accrued Compensation; and
 - (2) Each unvested equity award held by Executive at the time of termination shall be governed by the terms of the applicable award agreement.
- (e) Executive shall not be required to mitigate the amount of any payment provided for under this Section 9 by seeking other employment or otherwise and no such payment shall be offset or reduced by the amount of any compensation or benefits provided to Executive in any subsequent employment.

10. Section 409A. The parties intend for the payments and benefits under this Agreement to be exempt from Section 409A or, if not so exempt, to be paid or provided in a manner which complies with the requirements of such section, and intend that this Agreement shall be construed and administered in accordance with such intention. If any payments or benefits due to Executive hereunder would cause the application of an accelerated or additional tax under Section 409A, such payments or benefits shall be restructured in a mutually agreed upon manner that to the extent possible preserves the economic benefit and original intent thereof but does not cause such an accelerated or additional tax. For purposes of the limitations on nonqualified deferred compensation under Section 409A, each payment of compensation under this Agreement shall be treated as a separate payment of compensation. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following Executive's separation from service shall instead be paid on the first business day after the date that is six months following Executive's Termination Date (or death, if earlier). Notwithstanding anything to the contrary in this Agreement, all (A) reimbursements and (B) in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A, including, where applicable, the requirement that (x) the amount of expenses eligible for reimbursement, or in kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in kind benefits to be provided, in any other calendar year; (y) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred; and (z) the right to reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit.

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

nothing in this Agreement or otherwise requires Executive to waive any monetary award or other payment that Executive might become entitled to from the SEC or any other Government Agency.

12. Records and Confidential Data.

- (a) Ownership; Recognition of Company's Rights. Executive acknowledges that in connection with the performance of Executive's duties during the Employment Term, the Company will make available to Executive, or Executive will have access to, certain Confidential Information (as defined below) of the Company and its affiliates. Executive acknowledges and agrees that any and all Confidential Information disclosed to, or learned or obtained by, Executive during the course of Executive's employment by the Company or any of its affiliates or otherwise, whether developed by Executive alone or in conjunction with others or otherwise, shall be and is the sole and exclusive property of the Company or the affiliate of the Company, as applicable, that is Executive's employer (the "Employer"). No license or other right to any Confidential Information is granted to Executive under this Agreement. To the extent that Executive acquires any right, title or interest in or to any Confidential Information, Executive hereby assigns, transfers, conveys and delivers to the Employer all such right, title and interest in and to such Confidential Information.
- (b) Restrictions. Executive (A) will keep all Confidential Information strictly confidential, (B) will not use Confidential Information in any manner which is detrimental to the Company or its affiliates, (C) will not use Confidential Information other than in connection with the discharge of Executive's duties to the Company and its affiliates, (D) will safeguard any and all Confidential Information from unauthorized disclosure, and (E) will not disclose, publish, use, transfer or otherwise disseminate any Confidential Information to any person or entity without the Employer's express prior written consent, except as may be necessary to perform Executive's duties as an employee of the Company or its affiliates for the benefit of the Company or its affiliates. Executive may, however, disclose Confidential Information to the extent it is in response to a valid order of a court or other governmental authority or to otherwise comply with applicable law; provided that, subject to Section 12(e), Executive shall first give notice to the Employer and reasonably cooperate with the Employer to obtain a protective order or other measures preserving the confidential treatment of such Confidential Information and requiring that the information or documents so disclosed be used only for the purposes for which the order was issued or is otherwise required by applicable law. For the avoidance of doubt, nothing in this Section 12(b) shall prevent Executive from exercising any legally protected whistleblower rights (including under Rule 21F under the Exchange Act) as set forth in Section 11.
- (c) Disposition of Confidential Information. Following the termination of Executive's employment or upon the Company's request, Executive will return to the Company all copies of any and all Confidential Information in Executive's custody, possession or control (including all copies of any analyses, compilations, studies or other documents prepared by Executive or for Executive's use containing or reflecting any Confidential Information). Alternatively, with the Company's prior written consent,

Executive may destroy such Confidential Information. Within five (5) business days of the termination of Executive's employment or such request by the Company, Executive shall deliver to the Company a document certifying that such written Confidential Information has been returned or destroyed in accordance with this Section 12(c).

- (d) Confidential Information. For the purposes of this Agreement, "Confidential Information" shall mean any and all non-public, proprietary or other confidential information of the Company or its affiliates disclosed to Executive, to which Executive has access, or of which Executive otherwise becomes aware, in each case whether in oral, written, graphic or machine readable form, including, without limitation, (A) know-how, trade secrets, inventions, discoveries, concepts, information, works, materials, processes, methods, data, software, programs, apparatus, designs and the like, and any other intellectual property the value of which is contingent upon maintaining the confidentiality thereof, (B) information regarding the business of the Company or its affiliates, including its products, services, budgets, contracts, reports, investigations, experiments, research, work in progress, drawings, designs, plans, proposals, codes, marketing and sales programs, client lists, client mailing lists, supplier lists, financial projections, cost summaries, pricing formulae, marketing studies relating to prospective business opportunities, and all other concepts, ideas, materials, or information prepared or performed for or by the Company or its affiliates, (C) information regarding the skills and compensation of the employees, contractors, and any other service providers of the Company or its affiliates, (D) the existence of any business discussions, negotiations, or agreements between the Company or its affiliates and any third party, (E) all documents and other work product generated by you which contain, comment upon, or relate in any way to any information disclosed by the Company or its affiliates, (F) all third-party information held in confidence by the Company or its affiliates, and (G) the terms and conditions of this Agreement. For purposes of this Agreement, the Confidential Information shall not include and Executive's obligation shall not extend to (A) information which is generally available to the public and (B) information obtained by Executive other than pursuant to or in connection with Executive's employment
- (e) Defend Trade Secrets Act. Pursuant to Section 7 of the Defend Trade Secrets Act of 2016 (which added 18 U.S.C. § 1833(b)), the Company and Executive acknowledge and agree that Executive shall not have criminal or civil liability under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition and without limiting the preceding sentence, if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney and may use the trade secret information in the court proceeding, if Executive (X) files any document containing the trade secret under seal and (Y) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement is intended to conflict

with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such Section.

- (f) Executive's obligations under this Section 12 shall survive the termination of the Employment Term.

13. Covenant Not to Solicit and Not to Compete; Non-Disparagement.

- (a) Covenants Not to Solicit or to Interfere. To protect the Confidential Information, Company Intellectual Property (as defined below) and other trade secrets of the Company and its affiliates, Executive agrees, during the Employment Term and for a period of twelve (12) months after Executive's cessation of employment with the Company (the "Restricted Period"), not to solicit, hire or participate in or assist in any way in the solicitation or hire of any employees of the Company or any of its subsidiaries (or any person who was an employee of the Company or any of its subsidiaries during the six-month period preceding such action). For purposes of this covenant, "solicit" or "solicitation" means directly or indirectly influencing or attempting to influence employees of the Company or any of its subsidiaries to become employed with any other person, partnership, firm, corporation or other entity.

In addition, to protect the Confidential Information, Company Intellectual Property and other trade secrets of the Company and its affiliates, Executive agrees, during the Employment Term and the Restricted Period, not to (x) solicit any client or customer to receive services or to purchase any good or services in competition with those provided by the Company or any of its subsidiaries or (y) interfere or attempt to interfere in any material respect with the relationship between the Company or any of its subsidiaries on one hand and any client, customer, supplier, investor, financing source or capital market intermediary on the other hand. For purposes of this covenant, "solicit" or "solicitation" means directly or indirectly influencing or attempting to influence clients or customers of the Company or any of its affiliates to accept the services or goods of any other person, partnership, firm, corporation or other entity in competition with those provided by the Company or any of its affiliates.

Executive agrees that the covenants contained in this Section 13(a) are reasonable and desirable to protect the Confidential Information and Company Intellectual Property of the Company and its affiliates; provided that solicitation through general advertising or the provision of references shall not constitute a breach of such obligations.

- (b) Covenant Not to Compete. To protect the Confidential Information, Company Intellectual Property and other trade secrets of the Company and its affiliates, Executive agrees, during the Employment Term and the Restricted Period, not to engage in Prohibited Activities (as defined below) in any country in which the Company or any of its affiliates conducts business, or plans to conduct business, during the Employment Term. For the purposes of this Agreement, the term "Prohibited Activities" means directly or indirectly engaging as an owner, employee, partner, member, consultant or agent of any entity that derives more than 10% of its consolidated revenue from the development, manufacturing, marketing and/or distribution (directly or indirectly) of branded or generic

prescription or non-prescription pharmaceuticals or medical devices for treatments in the fields of neurology, dermatology, gastroenterology, ophthalmology or dentistry; provided that Prohibited Activities shall not mean Executive's investment in securities of a publicly-traded company equal to less than five (5%) percent of such company's outstanding voting securities; and provided, further, that, for the avoidance of doubt, Executive complies with the obligations set forth in Sections 12, 13(a) and 13(c) hereof. Executive agrees that the covenants contained in this Section 13(b) are reasonable and desirable to protect the Confidential Information and Company Intellectual Property of the Company and its affiliates.

- (c) Non-Disparagement. Executive agrees not to make written or oral statements about the Company, its subsidiaries or affiliates, or its directors, executive officers or non-executive officer employees that are negative or disparaging, except as provided in Section 11 hereof. The Company shall instruct its directors and executive officers to not make written or oral statements about Executive that are negative or disparaging. Notwithstanding the foregoing, nothing in this Agreement or otherwise shall preclude Executive, the Company, its subsidiaries and affiliates, and the Company's directors and executive officers from communicating or testifying truthfully to the extent required by law to any federal, state, provincial or local governmental agency or in response to a subpoena to testify issued by a court of competent jurisdiction.
- (d) It is the intent and desire of Executive and the Company that the restrictive provisions of this Section 13 be enforced to the fullest extent permissible under the laws and public policies as applied in each jurisdiction in which enforcement is sought. If any particular provision of this Section 13 shall be determined to be invalid or unenforceable, such covenant shall be amended, without any action on the part of either party hereto, to delete there from the portion so determined to be invalid or unenforceable, such deletion to apply only with respect to the operation of such covenant in the particular jurisdiction in which such adjudication is made.
- (e) Executive's obligations under this Section 13 shall survive the termination of the Employment Term.

14. Remedies for Breach of Obligations under Sections 12 or 13 hereof. Executive acknowledges that the Company will suffer irreparable injury, not readily susceptible of valuation in monetary damages, if Executive breaches Executive's obligations under Sections 12 or 13 hereof. Accordingly, Executive agrees that the Company will be entitled, in addition to any other available remedies, to obtain injunctive relief against any breach or prospective breach by Executive of Executive's obligations under Sections 12 or 13 hereof. Executive agrees that process in any or all of those actions or proceedings may be served by registered mail, addressed to the last address provided by Executive to the Company, or in any other manner authorized by law. This Section 14 shall survive the termination of the Employment Term.

15. Cooperation.

- (a) Following Executive's termination of employment for any reason, except as provided in Section 11 hereof, Executive agrees to make himself reasonably available to cooperate with the Company and its affiliates in matters that materially concern: (i) requests for information about the

services Executive provided to the Company and its affiliates during Executive's employment with the Company and its affiliates, (ii) the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company and its affiliates which relate to events or occurrences that transpired while Executive was employed the Company and its affiliates and as to which Executive has, or would reasonably be expected to have, personal experience, knowledge or information or (iii) any investigation or review by any federal, state or local regulatory, quasi-regulatory or self-governing authority (including, without limitation, the US Department of Justice, the U.S. Federal Trade Commission or the SEC) as any such investigation or review relates to events or occurrences that transpired while Executive was employed by the Company and its affiliates. Executive's cooperation shall include: (A) making himself reasonably available to meet and speak with officers or employees of the Company, the Company's counsel or any third-parties at the request of the Company at times and locations to be determined by the Company reasonably and in good faith, taking into account the Company's business and Executive's business and personal needs (the "Company Cooperation") and (B) giving accurate and truthful information at any interviews and accurate and truthful testimony in any legal proceedings or actions (the "Witness Cooperation"). Nothing in this Section 15(a) shall be construed to limit in any way any rights Executive may have at applicable law not to provide testimony with regard to specific matters. Unless required by law or legal process, Executive will not knowingly or intentionally furnish information to or cooperate with any non-governmental entity (other than the Company) in connection with any potential or pending proceeding or legal action involving matters arising during Executive's employment with the Company and its affiliates, except as provided in Section 11. In addition, at the request of the Company, Executive shall be required to complete a directors' and officers' questionnaire to facilitate the Company's preparation and filing of its proxy statement and periodic reports with the SEC.

- (b) Executive shall not be entitled to any payments in addition to those otherwise set forth in this Agreement in respect of any Company Cooperation or Witness Cooperation, regardless of when provided. The Company will reimburse Executive for any reasonable, out-of-pocket travel, hotel and meal expenses incurred in connection with Executive's performance of obligations pursuant to this Section 15 for which Executive has obtained prior approval from the Company.
- (c) Nothing in this Agreement or any other agreement by and between the Parties is intended to or shall preclude or in any way limit or restrict Executive from providing accurate and truthful testimony or information to any governmental agency.
- (d) This Section 15 shall survive the termination of the Employment Term.

16. Disclosure and Ownership of Intellectual Property.

- (a) Company Intellectual Property. Executive acknowledges and agrees that any intellectual property, including, without limitation, works, materials, inventions, invention disclosures, invention registrations, patent rights, trademarks, service marks, trade names, trade dress, logos, domain names,

copyrights, design rights, mask works, software, apparatus, technology, data, trade secrets, know-how and all other intellectual property and proprietary rights recognized by any applicable law of any jurisdiction, that Executive creates, discovers, conceives, reduces to practice, develops or acquires during the course of Executive's employment, either alone or jointly with others, (A) using any equipment, supplies, facilities, trade secrets, know-how or other Confidential Information of the Company or any of its affiliates, (B) that results from any work performed for the Company or any of its affiliates and/or (B) that otherwise relates to the Company's or any of its affiliates' business or actual or demonstrably anticipated research or development (collectively, "Company Intellectual Property") is and shall remain the exclusive property of the Employer whether registered or otherwise exploited or not. In furtherance of the foregoing, Executive hereby assigns, transfers, conveys and delivers to the Employer Executive's entire right, title and interest in and to any and all such Company Intellectual Property.

- (b) Work Made for Hire. Executive acknowledges and agrees that, with respect to any Company Intellectual Property that may qualify as a Work Made For Hire as defined in 17 U.S.C. § 101 or other applicable law, such Company Intellectual Property is and will be deemed a Work Made for Hire and the Employer will have the sole and exclusive right to the copyright (or, in the event that any such Company Intellectual Property does not qualify as a Work Made for Hire, the copyright and all other rights thereto are hereby automatically assigned to the Employer as above).
- (c) Disclosure. Executive agrees to record all activities undertaken in the course of Executive's employment and to disclose promptly in writing to the Employer any and all Company Intellectual Property. Executive agrees that Executive will give the Company or any of its affiliates all reasonable assistance and execute all documents necessary to assist with enabling the Company or any of its affiliates to prosecute, perfect, register, record, enforce and defend any and all of their rights in and to any Company Intellectual Property and Confidential Information.
- (d) Non-Assignable Inventions. If Executive's principal work location is in California, Illinois, Kansas, Minnesota or Washington State, the provisions regarding Executive's assignment of Company Intellectual Property to the Employer in Sections 16(a) and 16(b) of this Agreement may not apply to certain inventions ("Non-Assignable Inventions") as specified in the statutory code of the applicable state. Executive acknowledges having received notification regarding such Non-Assignable Inventions pursuant to such states' codes.
- (e) Prior Intellectual Property. If, in the course of Executive's employment with the Employer, Executive uses any intellectual property that is solely or jointly owned by Executive or licensed to Executive, with the right to sub-license (collectively, "Prior Intellectual Property"), Executive hereby grants to the Company and its affiliates a worldwide, non-exclusive, irrevocable, perpetual, fully paid-up and royalty-free license (with rights to sublicense through multiple tiers of sublicensees) to use, reproduce, modify, make derivative works of, publicly perform, publicly display,

make, have made, sell, offer for sale, import and otherwise exploit such Prior Intellectual Property for any purpose.

- (f) Waiver of Moral Rights. To the extent Executive may do so under applicable law, Executive hereby waives and agrees never to assert any Moral Rights that Executive may have in or with respect to any Company Intellectual Property, even after termination of any work on behalf of the Company or its affiliates. As used in this Agreement, “Moral Rights” means any rights to claim authorship of a work, to object to or prevent the modification or destruction of a work, or to withdraw from circulation or control the publication or distribution of a work, and any similar right, existing under any applicable law of any jurisdiction, regardless of whether or not such right is denominated or generally referred to as a “moral right.”
- (g) This Section 16 shall survive the termination of the Employment Term.

17. Miscellaneous.

- (a) Successors and Assigns.
 - (1) This Agreement shall be binding upon and shall inure to the benefit of the Company, its successors and permitted assigns. The Company may not assign or delegate any rights or obligations hereunder except to a successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, as applicable. Except for purposes of determining the occurrence of a Change in Control, the term “the Company” as used herein shall mean a corporation or other entity acquiring all or substantially all the assets and business of the Company, as the case may be, (including this Agreement) whether by operation of law or otherwise.
 - (2) Neither this Agreement nor any right or interest hereunder shall be assignable or transferable by Executive, Executive’s beneficiaries or legal representatives, except by will or by the, laws of descent and distribution.
 - (3) This Agreement shall inure to the benefit of and be enforceable by Executive’s legal personal representatives.
- (b) Notice. For the purposes of this Agreement, notices and all other communications provided for in the Agreement (including the Notice of Termination) shall be in writing and shall be deemed to have been duly given when personally delivered or sent by Certified mail, return receipt requested, postage prepaid, addressed to the respective addresses last given by each party to each other party; provided that all notices to the Company shall be directed to the attention of the General Counsel of the Company. All notices and communications shall be deemed to have been received on the date of delivery thereof or on the third business day after the mailing thereof, except that notice of change of address shall be effective only upon receipt.

- (c) Indemnity Agreement. The Company agrees to indemnify and hold Executive harmless to the fullest extent permitted by applicable law for actions taken as a director or officer of the Company, as in effect at the time of the subject act or omission. In connection therewith, Executive shall be entitled to the protection of any insurance policies which the Company elects to maintain generally for the benefit of the Company's directors and officers, against all costs, charges and expenses whatsoever incurred or sustained by Executive in connection with any action, suit or proceeding to which he may be made a party by reason of Executive's being or having been a director, officer or employee of the Company. This provision shall survive any termination of the Employment Term.
- (d) Withholding. The Company shall be entitled to withhold the amount, if any, of all taxes of any applicable jurisdiction required to be withheld by an employer with respect to any amount paid to Executive hereunder. The Company, in its sole and absolute discretion, shall make all determinations as to whether it is obligated to withhold any taxes hereunder and the amount hereof.
- (e) Release of Claims. The termination benefits described in Sections 9(b), 9(c) and 9(d)(2) hereof shall be conditioned on Executive delivering to the Company, and failing to revoke, a signed release of claims acceptable to the Company within fifty-five (55) days following Executive's Termination Date; provided, however, that Executive shall not be required to release any rights Executive has to be indemnified by the Company under Section 15(c) hereof. Notwithstanding any provision of this Agreement to the contrary, in no event shall the timing of Executive's execution of the release, directly or indirectly, result in Executive designating the calendar year of payment, and, to the extent required by Section 409A, if a payment that is subject to execution of the release could be made in more than one taxable year, payment shall be made in the later taxable year. Where applicable, references to Executive in this Section 17(e) shall refer to Executive's representative or estate.
- (f) Modification. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by the other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreement or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by any party which are not expressly set forth in this Agreement.
- (g) Arbitration. If any legally actionable dispute arises under this Agreement or otherwise which cannot be resolved by mutual discussion between the parties, then the Company and Executive each agree to resolve that dispute by binding arbitration before an arbitrator experienced in employment law. Any arbitration hereunder shall be conducted in accordance with the Judicial Arbitration and Mediation Services ("JAMS") Employment Arbitration Rules in effect at the time of the arbitration (the "JAMS Rules") and the law applicable to the claim(s) asserted therein. The parties shall have fifteen (15) calendar days after JAMS issues a Commencement

Letter (as defined in the JAMS Rules) to attempt to agree on the selection of an arbitrator from the JAMS roster. In the event the parties are unable to agree in such time, JAMS will provide a list of five (5) qualified and available arbitrators, and an arbitrator will be selected from that list by the parties alternately striking out one name of a potential arbitrator until only one name remains. The party entitled to strike an arbitrator first shall be selected by a coin toss. The parties agree that this agreement to arbitrate includes any claims that the Company may have against Executive, or that Executive may have against the Company and/or its related entities and/or employees, arising out of or relating to this Agreement, Executive's employment, or Executive's termination, including but not limited to any claims of discrimination or harassment in violation of applicable law and any other aspect of Executive's compensation, employment, or termination. The parties further agree that arbitration as provided for in this Section 17(g) is the exclusive and binding remedy for any such dispute and will be used instead of any court action, and the parties hereby expressly waive any rights to litigate claims covered by this agreement to arbitrate in a court or other venue, except for (i) a request by any party for temporary, preliminary or permanent injunctive relief pending arbitration in accordance with applicable law; (ii) breaches by Executive of Executive's obligations under Sections 12, 13, 15 or 16 hereof; or (iii) an administrative claim with an administrative agency. The parties agree that the arbitrator shall have the authority to and shall determine all gateway issues related to any dispute submitted to arbitration hereunder, including but not limited to the jurisdiction of the arbitrator, the arbitrability of any dispute (including the scope, validity, or enforceability of this agreement to arbitrate), and the proper or permissible parties to any such arbitration. The parties further agree that the arbitrator shall be empowered to award damages and/or equitable relief, as appropriate. Any arbitration provided for herein shall be conducted in or around Morristown, New Jersey, unless otherwise mutually agreed. The Company shall pay the cost of any arbitration brought pursuant to this paragraph, excluding, however, the costs of Executive's representation in the arbitration (including but not limited to the fees and costs of Executive's attorneys, advisors, experts, and other service providers), unless such cost is awarded in accordance with law or otherwise awarded by the arbitrator. Except as otherwise provided above, the arbitrator may award legal fees to the prevailing party in the arbitrator's sole discretion; provided that the percentage of fees so awarded shall not exceed 1% of the net worth of the paying party (i.e., the Company or Executive). Judgment upon any resulting arbitration award may be entered in any federal or state court of competent jurisdiction. Neither a party nor the arbitrator may disclose the existence, content, or outcome of any arbitration hereunder without the prior written consent of all parties to the arbitration, except (1) as provided by Section 11 hereof; and (2) as may be required by law, including for purposes of entering judgment upon or enforcing the arbitrator's award.

- (h) Effect of Other Law. Anything herein to the contrary notwithstanding, the terms of this Agreement shall be modified to the extent required to meet the provisions of the Sarbanes-Oxley Act of 2002, Section 409A, the Dodd-Frank Wall Street Reform and Consumer Protection Act or other law applicable to the employment arrangements between Executive and the Company. Any delay in providing benefits or payments or any failure to provide a benefit or payment shall not in and of itself constitute a

breach of this Agreement; provided, however, that the Company shall provide economically equivalent payments or benefits to Executive to the extent permitted by law as soon as practicable after such benefits or payments are due. Any request or requirement that Executive repay compensation that is required under the first sentence of this Section 17(h), or pursuant to a Company policy that is applicable to other executive officers of the Company and that is designed to advance the legitimate corporate governance objectives of the Company, shall not in and of itself constitute a breach of this Agreement.

- (i) Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New Jersey applicable to contracts executed in and to be performed entirely within such State, without giving effect to the conflict of law principles thereof.
- (j) No Conflicts. As a condition to the effectiveness of this Agreement, Executive represents and warrants to the Company that he is not a party to or otherwise bound by any agreement or arrangement (including, without limitation, any license, covenant, or commitment of any nature), or subject to any judgment, decree, or order of any court or administrative agency, that would conflict with or will be in conflict with or in any way preclude, limit or inhibit Executive's ability to execute this Agreement or to carry out Executive's duties and responsibilities hereunder. In the event that the Company determines that Executive's duties hereunder may conflict with an agreement or arrangement to which Executive is bound, Executive shall be required to cease engaging in any such activities, duties or responsibilities (including providing supervisory services over certain subsets of the Company's business operations) and the Company will take steps to restrict Executive's access to, and participation in, any such activities. Any actions taken by the Company under this Section 17(j) to restrict or limit Executive's access to information or provision of services shall not constitute Good Reason for purposes of Section 7(e) hereof.
- (k) Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

18. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto and supersedes all prior agreements, if any, understandings and arrangements, oral or written, between the parties hereto with respect to the subject matter hereof, including without limitation any term sheets or other similar presentations.

19. Counterparts. This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same Agreement. Signatures transmitted via facsimile or PDF will be deemed the equivalent of originals.

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IN WITNESS WHEREOF, the parties have executed this Employment Agreement as of the day and year first above written, to be effective as of the Effective Date.

BAUSCH HEALTH COMPANIES INC.

By: /s/ Joseph C. Papa

Name: Joseph C. Papa
Title: Chairman of the Board and CEO

EXECUTIVE

By: /s/ Robert Spurr

Name: Robert Spurr

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

I, Thomas J. Appio, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bausch Health Companies Inc. (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: August 9, 2022

/s/ THOMAS J. APPIO

Thomas J. Appio
Chief Executive Officer
(Principal Executive Officer)

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

I, Tom Vadaketh, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bausch Health Companies Inc. (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: August 9, 2022

/s/ TOM VADAKETH

Tom Vadaketh

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

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

I, Thomas J. Appio, Chief Executive Officer of Bausch Health Companies Inc. (the “Company”), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2022 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 9, 2022

/s/ THOMAS J. APPIO

Thomas J. Appio
Chief Executive Officer
(Principal Executive Officer)

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

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

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

I, Tom Vadaketh, Executive Vice-President, Chief Financial Officer of Bausch Health Companies Inc. (the “Company”), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2022 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 9, 2022

/s/ TOM VADAKETH

Tom Vadaketh

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

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

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