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," "Bausch Health," and similar terms refer to Bausch Health Companies Inc. and its subsidiaries, taken together. This "Management's Discussion and Analysis of Financial Condition and Results of Operations" should be read in conjunction with the unaudited interim Condensed 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 September 30, 2024 (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 of 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 Condensed Consolidated Financial Statements as of September 30, 2024 and for the three and nine months ended September 30, 2024 and 2023 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, 2023, which were included in our Annual Report on Form 10-K filed on February 22, 2024. In our opinion, the unaudited interim Condensed Consolidated Financial Statements reflect all adjustments, consisting of normal and recurring adjustments, necessary for a fair statement of the financial condition, results of operations and cash flows for the periods indicated. Additional company information is available on SEDAR+ at www.sedarplus.ca 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, diversified specialty pharmaceutical and medical device company that develops, manufactures and markets, primarily in the therapeutic areas of gastroenterology ("GI"), hepatology, neurology and dermatology, a broad range of branded, generic and branded generic pharmaceuticals, over-the-counter ("OTC") products and aesthetic medical devices, and, through our approximately 88% ownership of Bausch + Lomb Corporation ("Bausch + Lomb" or "B+L"), branded, and branded generic pharmaceuticals, OTC products and medical devices (contact lenses, intraocular lenses, ophthalmic surgical equipment) in the therapeutic areas of eye health. Our products are marketed directly or indirectly in approximately 90 countries.

Our portfolio of products falls into five reportable segments: (i) Salix, (ii) International, (iii) Solta Medical, (iv) Diversified and (v) Bausch + Lomb. 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 represent approximately 80% of the Salix segment revenues.
- ***The International segment*** consists of sales, with the exception of sales of Bausch + Lomb products and Solta Medical aesthetic medical devices, outside the U.S. and Puerto Rico of branded pharmaceutical products, branded generic pharmaceutical products and OTC products.
- ***The Solta Medical segment*** consists of global sales of Solta Medical aesthetic medical devices.
- ***The Diversified segment*** consists of sales in the U.S. of: (i) pharmaceutical products in the areas of neurology and certain other therapeutic classes, (ii) dermatology products, (iii) generic pharmaceutical products and (iv) dentistry products.
- ***The Bausch + Lomb segment*** consists of global sales of Bausch + Lomb Vision Care, Surgical and Pharmaceuticals products.

For additional discussion of our reportable segments, see the subsection " — Segment Revenues and Profits" of Note 18, "SEGMENT INFORMATION" to our unaudited interim Condensed Consolidated Financial Statements.

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, Surgical and Pharmaceuticals businesses into an independent publicly traded entity, Bausch + Lomb, from the remainder of Bausch Health Companies Inc. (the "B+L Separation"). As part of this plan, in May 2022, a wholly owned

subsidiary of Bausch Health sold common shares of B+L pursuant to an initial public offering of Bausch + Lomb (the "B+L IPO"). Following the B+L IPO, Bausch Health indirectly holds 310,449,643 common shares of Bausch + Lomb, which represents approximately 88% of B+L's outstanding common shares as of October 23, 2024.

We continue to believe that the B+L Separation, which may include the transfer of all or a portion of our remaining direct or indirect equity interest in Bausch + Lomb to our shareholders, the monetization of all or a portion of our ownership interest in Bausch + Lomb, or a combination thereof, makes strategic sense. The completion of the B+L Separation is subject to the achievement of targeted debt leverage ratios and the receipt of any applicable shareholder and other necessary approvals. We continue to evaluate all relevant factors and considerations related to the B+L Separation, including the Xifaxan® Generics Litigation (see "*Xifaxan® Paragraph IV Proceedings*" of Note 17, "LEGAL PROCEEDINGS" to our unaudited interim Condensed Consolidated Financial Statements).

The B+L Separation, if consummated, will result in two separate, independent companies:

- **Bausch Health excluding Bausch + Lomb** - 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 brands across the Salix, International, dentistry, neurology, medical dermatology and generics, and aesthetic medical devices businesses; and

- **Bausch + Lomb** - a fully integrated eye health company built on the iconic Bausch + Lomb brand and its long history of innovation.

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. Although management believes the B+L Separation will unlock value, there can be no assurance that it will be successful in doing so.

See Item 1A. "Risk Factors — Risk Relating to the B+L Separation" of our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC and the CSA on February 22, 2024, for additional risks relating to the B+L Separation.

Focus on Value and Core Businesses

We continue to execute on a multi-year plan designed to transform and bring out value in our Company, which includes focus on, among other factors, our: product portfolio, infrastructure, geographic footprint, capital structure and risk management. We believe that these and other actions we have taken have helped to focus our operations and improve our capital structure.

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. In line with this focus on our core businesses, we have: (i) made measurable progress in effectively managing our capital structure, including taking actions to reduce the principal balances of our long-term debt, (ii) directed capital allocation to drive growth within these core businesses, (iii) increased our efforts to improve patient access, (iv) divested assets to improve our capital structure and simplify our business and (v) continued to invest in sustainable growth drivers to position us for long-term growth.

We believe that these and other actions we have taken to transform our Company, have helped focus our operations, 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.

Effectively Managing Our Capital Structure

At the time of our announcement of the B+L Separation, we emphasized that it is important that the post-separation entities be appropriately 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, as such, it is a primary objective of our plan of separation. For additional details on the B+L Separation, see "Separation of the Bausch + Lomb Eye Health Business" in Note 2, "SIGNIFICANT ACCOUNTING POLICIES" to our unaudited interim Condensed Consolidated Financial Statements.

Maturities of our principal balances of debt obligations as of September 30, 2024 were as follows:

(in millions)	Remainder of 2024	2025	2026	2027	2028	2029	Thereafter	Total
Total debt obligations	$ 39	$ 2,370	$ 757	$ 6,823	$ 7,168	$ 1,609	$ 1,593	$ 20,359

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

Repurchases and Retirement of Senior Unsecured Notes in 2024

During January 2024 and May 2024, through a series of transactions we repurchased and retired outstanding senior unsecured notes with an aggregate par value of $555 million for approximately $530 million using cash on hand.

Managing Our Capital Structure in 2023

B+L Term Loan B Facility and Senior Secured Notes

On September 29, 2023, Bausch + Lomb entered into a new term loan facility ("B+L September 2028 Term Loan B Facility") of $500 million and issued new Senior Secured Notes ("B+L October 2028 Secured Notes") of $1,400 million to finance the $1,750 million upfront payment related to the acquisition of XIIDRA® and certain other ophthalmology assets from Novartis and associated acquisition-related transaction and financing costs, (as discussed in "-Strategic Acquisitions" below and Note 10, "FINANCING ARRANGEMENTS" to our unaudited interim Condensed Consolidated Financial Statements).

Accounts Receivable Credit Facility

On June 30, 2023, certain of our subsidiaries entered into a Credit and Security Agreement (the "AR Facility Agreement") with certain third-party lenders, providing for a non-recourse financing facility collateralized by certain accounts receivable originated by a wholly-owned subsidiary of the Company (the "AR Credit Facility"). The AR Facility Agreement provides for an up to $600 million facility, subject to certain borrowing base tests. Under the AR Credit Facility, a special purpose entity (the "Borrower"), as the borrower, purchases accounts receivable originated by a wholly-owned subsidiary of the Company, which collateralize borrowings under the AR Credit Facility. The Borrower is a bankruptcy remote entity that is unrestricted under the Company's debt covenants, and which is consolidated by the Company.

Borrowings under the AR Credit Facility are in U.S. dollars and bear interest at a rate per annum equal to the sum of the one month term SOFR plus 6.65%. The Company is required to pay commitment fees of 0.75% multiplied by the lesser of: (i) the unfunded portion of the lenders' commitments or (ii) 50% of the total lenders' commitments.

As of September 30, 2024, there were $300 million in outstanding borrowings under the AR Credit Facility.

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. The Company regularly evaluates market conditions, its liquidity profile and various financing alternatives for opportunities to enhance its capital structure. If the Company determines that conditions are favorable, the Company may refinance or repurchase existing debt or issue additional debt, equity or equity-linked securities.

See Note 10, "FINANCING ARRANGEMENTS" to our unaudited interim Condensed Consolidated Financial Statements and Item "— Liquidity and Capital Resources — Liquidity and Debt — Long-term Debt" for further details.

Direct Capital Allocation to Drive Growth Within Our Core Businesses

Our capital allocation is also driven by our long-term growth strategies. We allocate resources to promote our core businesses globally through: (i) strategic acquisitions, (ii) research and development ("R&D") investment, (iii) strategic licensing agreements and (iv) strategic investments in our infrastructure. We believe that 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, 2023, approximately 1,450 dedicated R&D and quality assurance employees in 24 R&D facilities were involved in our R&D efforts internally.

As of September 30, 2024, we had approximately 90 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 (RED-C) - Two global Phase 3 studies for the use of a soluble solid dispersion ("SSD") formulation of rifaximin for the delay of first occurrence of overt hepatic encephalopathy ("OHE") in patients with early decompensation in liver cirrhosis are ongoing. Enrollment of one of two global Phase 3 trials was completed as of December 31, 2023 and enrollment of the second trial was completed in April 2024.

- Amiselimod (S1P modulator) for Ulcerative Colitis - A Phase 2 study to evaluate Amiselimod (S1P modulator) for the treatment of mild to moderate ulcerative colitis completed enrollment in July 2023 and the induction portion of the study was completed in the fourth quarter of 2023. In the topline results, Amiselimod met the primary and key secondary endpoints including clinical and endoscopic measures in the double-blind induction period of the study; the open-label extension up to 52 weeks is currently ongoing. In April 2024, we met with the U.S. Food and Drug Administration ("FDA") for an end of Phase 2 meeting and Phase 3 planning which will focus on the treatment of moderate to severe ulcerative colitis population. We also expect agreements on study protocols with relevant global regulatory agencies during the fourth quarter of 2024, including the FDA, the EU's European Medicines Agency and Japan's Pharmaceuticals and Medical Devices Agency.

Solta Medical

- Clear + Brilliant® Touch - Next generation Clear + Brilliant® laser 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 with submissions in Europe completed in the first quarter of 2024 and launch in the Philippines in the third quarter of 2024. Approval has been received in the first half of 2024 in New Zealand and Australia and submission for Canada and Asia Pacific markets is planned in the second half of 2024.

- Fraxel® - Next Generation Fraxel® is a fractionated laser device for skin resurfacing. Received FDA clearance in August 2024 and U.S. commercial launch is expected in 2025.

Dermatology

- CABTREO® - the first and only FDA-approved fixed-dose, triple-combination topical treatment for acne. CABTREO® Topical Gel was launched in the U.S. in the first quarter of 2024 and was launched in Canada in October 2024.

Bausch + Lomb

- SiHy Daily - A silicone hydrogel daily disposable contact lens designed to provide outstanding comfort and clear vision throughout the day. To date, SiHy Daily has been launched in over 50 countries, under the brand names INFUSE®, BAUSCH + LOMB ULTRA® ONE DAY and AQUALOX® ONE DAY and Bausch + Lomb is continuing with their global rollout. In addition, Bausch + Lomb launched its first silicone hydrogel daily disposable multifocal contact lens in May 2023 and launched a toric lens in the U.S in June 2024.

- Lumify® (brimonidine tartrate ophthalmic solution, 0.025%) - An OTC eye drop developed as an ocular redness reliever. To date, Bausch + Lomb has launched and acquired the right to launch Lumify® in various countries. A new line extension formulation, Lumify® Preservative Free, for which the New Drug Application was approved by the FDA in April 2024, is anticipated to begin launching in the first quarter of 2025.

- Bausch + Lomb is expanding its portfolio of premium intraocular lenses ("IOL") built on the enVista® platform with enVista® Aspire® (Monofocal Plus), enVista® Envy™ Trifocal and enVista Beyond™ (extended depth of focus ("EDOF")) optical designs with two options: non-Toric and Toric for astigmatism patients. enVista® Aspire® monofocal and toric IOLs with Intermediate Optimized optics launched in the U.S. during October 2023 and Bausch + Lomb anticipates launching in Europe and Canada in 2025. enVista® Envy™ launched in Canada in June 2024 and

the U.S. launch is in process after receiving FDA approval in October 2024. Bausch + Lomb anticipates launching enVista® Envy™ in Europe in 2025 and enVista® Beyond™ in the U.S. in 2026.

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

Strategic Acquisitions

We remain very selective when considering any acquisition and pursue only those opportunities that we believe align well with our current organization and strategic plan. We sometimes refer to these opportunities as "bolt on" acquisitions. In being selective, we seek to enter into only those acquisitions that provide us with significant synergies with our existing business, thereby minimizing risks to our core businesses and providing long-term growth opportunities.

In July 2024, Bausch + Lomb acquired TearLab Corporation, d/b/a Trukera Medical ("Trukera Medical") from its private equity owner, AccelMed Partners, and other shareholders. Trukera Medical, a U.S.-based privately held ophthalmic medical diagnostic company, commercializes ScoutPro®, a point-of-care portable device for precisely measuring osmolarity, the salt content of a person's tears. This acquisition is expected to expand Bausch + Lomb's presence in the dry eye market.

In September 2023, Bausch + Lomb acquired XIIDRA®, the first and only non-steroid eye drop specifically approved to treat the signs and symptoms of dry eye disease focusing on inflammation associated with dry eye, and certain other ophthalmology assets from Novartis Pharma AG and Novartis Finance Corporation (together with Novartis Pharma AG, "Novartis") (the "XIIDRA Acquisition"). The XIIDRA Acquisition complements and grows Bausch + Lomb's existing dry eye franchise.

In July 2023, Bausch + Lomb acquired the Blink® OTC product line of eye and contact lens drops from Johnson & Johnson Vision, which consists of Blink® Tears Lubricating Eye Drops, Blink® Tears Preservative Free Lubricating Eye Drops, Blink GelTears® Lubricating Eye Drops, Blink® Triple Care Lubricating Eye Drops, Blink Contacts® Lubricating Eye Drops, and Blink-N-Clean® Lens Drops (collectively, the "Blink® Product Line"). This acquisition has enabled Bausch + Lomb to continue to grow its global OTC business.

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

See Note 4, "LICENSING AGREEMENTS AND ACQUISITIONS" to our unaudited interim Condensed Consolidated Financial Statements for additional information.

Divest Assets to 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 divesting 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.

We will also consider dispositions or divestitures in core areas that we believe represent attractive opportunities for the Company.

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 Team - We formed the Patient Access and Pricing Team which is committed to maintaining patients' ability to access our branded prescription pharmaceutical products. All future pricing actions will be subject to review by the Patient Access and Pricing Team. 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 - We are committed to supporting patients through our Patient Assistance Program which offers free medication for patients who meet income and other eligibility criteria. If approved, patients receive their Bausch Health 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 - The cash-pay or Point of Sale program was adopted 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. This program is currently limited to a select group of our brands and offered through different fulfillment platforms which allows for patients to choose telemedicine, direct delivery to their home or to a pharmacy of their choice. This program is designed to connect patients with dermatologists and provide patients both a predictable customer experience and a predictable cost for their dermatology health care needs.

Walgreens Fulfillment Arrangements - Under our brand fulfillment arrangement with Walgreen Co. ("Walgreens"), we make certain dermatology 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.

Salix - We believe in our GI product portfolio and we have implemented initiatives, including increasing our marketing investment in Xifaxan®, to further capitalize on the value of the infrastructure we have built around these products to extend our market share. We have continued our investment in Xifaxan® direct to consumer ("DTC") advertising and new sales force capabilities. Additionally, our rifaximin SSD formulation is under development for the delay of first occurrence of OHE and other complications in patients with early decompensation in liver cirrhosis (RED-C). The drug candidate is administered orally, and is a next-generation rifaximin formulation that acts by targeting the beta-subunit of bacterial DNA-dependent RNA polymerase. We are also investing in developing our Amiselimod (S1P modulator) for the treatment of moderate to severe ulcerative colitis, as well as evaluating its potential for treatment of Crohn's disease.

International - Our International product portfolio includes certain newly launched products such as Ryaltris® for moderate to severe seasonal allergic rhinitis and CABTREO® Topical Gel, a triple-combination topical treatment for acne that launched in Canada in October 2024. We are also pursuing opportunities in the dermatology markets globally for products that address acne, atopic dermatitis, psoriasis and onychomycosis. To address these and other opportunities we continue to invest in the training and expansion of our sales and marketing teams.

Solta Medical - More than 70% of our Solta Medical business revenue has historically come from consumables, which we believe results in a durable business model. We continue to invest in expanding our presence in key markets, including broadening the reach of our DTC campaigns in the U.S., the expansion of Thermage® FLX which was approved by China's National Medical Products Administration as a medical device in January 2024, and the strengthening of our sales force in the U.S. and Europe. We received FDA approval of Next Generation Fraxel® and U.S. commercial launch is expected during 2025.

Diversified - We continue to seek ways to bring out value in our promoted and nonpromoted products within our Diversified portfolio. In 2023, we increased our investments in the marketing and advertising of Aplenzin® as the only approved major depressive disorder product for Seasonal Affective Disorder, and we also expanded our consumer awareness campaign for Jublia®. Adding to our established acne product portfolio, we launched CABTREO® Topical Gel in the U.S. in the first quarter of 2024. In our generics portfolio, we are focused on effectively managing this portfolio of non-promoted products.

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 continued to affect economic and global financial markets and placed further pressure on ongoing economic challenges, including issues such as inflation and global supply-chain disruption.

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.

Our revenues attributable to Russia, Ukraine and Belarus for the nine months ended September 30, 2024 and 2023 were approximately 2% of our total revenues in each period. In addition, we do not have any research or manufacturing facilities in Russia, Ukraine or Belarus. While we have been monitoring this conflict, and will continue to do so as this conflict continues to evolve, we are unable to predict the impact of this conflict on our business.

Middle East Regional Conflict

The conflict between Israel and Hamas began during October 2023 and has since expanded to include other countries and militant groups in the region. Our revenues attributable to the impacted regions for each of the nine months ended September 30, 2024 and 2023 were inconsequential. While we have been monitoring this conflict, and will continue to do so as this conflict continues to evolve, we are unable to predict the impact of this conflict on our business.

For a further discussion of these and other risks relating to our international business, see Item 1A. "Risk Factors — Risks Relating to the International Scope of our Business" in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC and the CSA on February 22, 2024.

Global Minimum Corporate Tax Rate

On October 8, 2021, the Organisation for Economic Co-operation and Development ("OECD") published a statement that outlined the key components of a two-pillar plan to address the tax challenges arising from the digitalisation of the economy. The statement was agreed by the OECD/G20 inclusive framework on Base Erosion and Profit Shifting (the "Inclusive Framework") which now includes 145 member jurisdictions. The timetable for implementation of the two-pillar plan was initially proposed for 2023, but has since been extended to 2024 and, with respect to certain components of the plan, 2025. Under the pillar one proposals, a portion of the residual profits of multinational enterprise ("MNE") groups with global turnover above €20 billion and a profit margin above 10% will be allocated to market jurisdictions where such allocated profits would be taxed. Under pillar two proposals, a global minimum corporate tax rate of 15% will apply to undertaxed profits of MNE groups with consolidated revenue of at least €750 million. On December 20, 2021, the OECD released model rules on the global minimum tax under pillar two, followed by the OECD's commentaries, examples, three sets of administrative guidance and certain other documents relating to the operation and application of the model rules. On December 18, 2023, the OECD announced plans to release additional guidance on model rules and to start the peer review process in 2024. Many members of the Inclusive Framework have either introduced or announced their intention to introduce certain components of the global minimum tax in line with the model rules for fiscal years beginning on or after December 31, 2023. In particular, on December 15, 2022, the Council of the European Union ("EU") adopted a directive to require the implementation of the pillar two rules by EU member states, with certain elements becoming effective for fiscal years beginning on or after December 31, 2023. On August 4, 2023, Canada released draft legislation to enact certain components of the pillar two proposals into Canadian law as the Global Minimum Tax Act ("GMTA"). The GMTA is generally aligned with the model rules proposed by the OECD and is effective for fiscal years beginning on or after December 31, 2023. The United States did not announce plans to enact the tax measures under the two-pillar plan. On February 1, 2023, the US Financial Accounting Standards Board indicated that they believe the minimum tax imposed under pillar two by other jurisdictions is an alternative minimum tax, and, accordingly, deferred tax assets and liabilities associated with the minimum tax would not be recognized or adjusted for the estimated future effects of the minimum tax but would be recognized in the period incurred. We will continue to monitor the implementation of the two-pillar plan by the countries in which we operate, and to consider the impact of these measures. On June 17, 2024, the OECD published further administrative guidance to

clarify the operation of the model rules. Many jurisdictions in which the Company operates have adopted the global minimum tax provision of the OECD pillar two effective for tax years beginning in January 2024.

The Company has included the estimated impact of the Inclusive Framework, as currently adopted, in its tax provision beginning in 2024. While the estimated impact is not material, it is possible that the further implementation of the Inclusive Framework could have a material effect on our liability for corporate taxes or our consolidated tax rate in the future.

Health Care Reform

The U.S. federal and state governments continue to propose and pass legislation designed to regulate the health care industry. Many of these changes focus on health care cost containment, which result in pricing pressures relating to the sales and reimbursements of health care products.

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

In August 2022, the Inflation Reduction Act ("IRA") was signed into law, which among other matters made significant changes to how drugs are covered and paid for under the Medicare program, including imposing financial penalties if drug prices are increased at a rate faster than inflation, redesigning Medicare Part D benefits to shift a greater portion of the costs to manufacturers and allowing the U.S. government to set prices for certain drugs in Medicare.

In addition, a number of U.S. states have implemented IRA-like price controls on pharmaceutical manufacturers. All state Medicaid programs have implemented voluntary supplemental drug rebate programs that may provide states with additional manufacturer rebates in exchange for preferred status on a state's formulary or for patient populations that are not included in the traditional Medicaid drug benefit coverage. In addition, certain U.S. states have passed legislation intended to impact pricing or requiring manufacturers to report price increases to states, including certain states also allowing for drug affordability (i.e. price control) review boards. It is expected that state legislatures will continue to focus on drug pricing in 2024 and beyond and that similar bills will be passed in more states. These proposals create new authorities for state regulatory bodies to limit reimbursement for certain drugs and such efforts may expand to additional states.

We continue to evaluate the impact of the IRA and other newly enacted and proposed U.S. federal and state legislation, as well as proposed rule-making and guidance published by the U.S. Department of Health and Human Services, the FDA, and applicable foreign governments in locations in which we operate; however, at this time, it is unclear the effect these matters may have on our businesses.

See Item 1. "Business-Government Regulations" and Item 1A. "Risk Factors - Risks Relating to Specific Legislation and Regulations" in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC and the CSA on February 22, 2024 for additional information on the risks associated with these regulations and related matters.

Generic Competition and Loss of Exclusivity

Certain of our products face the expiration of their patent or regulatory exclusivity in 2026 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 2026 or in later years. Following 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.

2026 through 2028 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. and Canada during the years 2026 through 2028. These products and year of expected LOE include, but are not limited to, Aplenzin® (2026), Bryhali® (2026), Relistor® Subcutaneous (2028) and Xifaxan® (2028) in the U.S. and Jublia® (2028) in Canada. These dates may change based on, among other things, the results of challenges 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® 550 mg, Trulance® and Lumify® in the U.S.), we have commenced (or anticipate commencing) and have (or may have) ongoing infringement proceedings against potential generic competitors in the U.S. If we are not successful in these proceedings, we may face increased generic competition for these products.

See Note 17, "LEGAL PROCEEDINGS" to our unaudited interim Condensed 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, 2023, filed with the SEC and the CSA on February 22, 2024 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, 2023, filed with the SEC and the CSA on February 22, 2024, 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 all operating sites are in good compliance standing with all relevant notified bodies and global health authorities. Further, all sites under FDA jurisdiction are rated as either No Action Indicated (where there was no Form 483 observation) or Voluntary Action Indicated ("VAI") (where there was a Form 483 with one or more observations). In the case of VAI inspection outcomes, the FDA has accepted our responses to the issues cited, which will be verified when the agency makes its next inspection of those specific facilities.

FINANCIAL PERFORMANCE HIGHLIGHTS

The following table provides selected unaudited financial information for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions, except per share data)	2024	2023	Change	2024	2023	Change
Revenues	$ 2,510	$ 2,238	$ 272	$ 7,066	$ 6,349	$ 717
Operating income	$ 318	$ 14	$ 304	$ 988	$ 601	$ 387
Loss before income taxes	$ (21)	$ (326)	$ 305	$ (42)	$ (383)	$ 341
Net loss attributable to Bausch Health Companies Inc.	$ (85)	$ (378)	$ 293	$ (139)	$ (553)	$ 414
Basic and diluted loss per share attributable to Bausch Health Companies Inc.	$ (0.23)	$ (1.03)	$ 0.80	$ (0.38)	$ (1.52)	$ 1.14

Financial Performance

Summary of the Three Months Ended September 30, 2024 Compared to the Three Months Ended September 30, 2023

Revenues for the three months ended September 30, 2024 and 2023 were $2,510 million and $2,238 million, respectively, an increase of $272 million, or 12%. The increase is attributable to growth across all our segments driven by: (i)

higher volumes, (ii) incremental sales attributable to acquisitions and (iii) improved net pricing, partially offset by: (i) the impact of divestitures and discontinuations and (ii) the unfavorable impact of foreign currencies.

Operating income for the three months ended September 30, 2024 and 2023 was $318 million and $14 million, respectively, and included non-cash charges for Depreciation and amortization of intangible assets of $322 million and $301 million, Asset impairments of $0 and $4 million, Goodwill impairments of $0 and $402 million and Share-based compensation of $38 million and $29 million, respectively. The increase in our operating results of $304 million reflects, among other factors:

- an increase in contribution (Product sales revenue less Cost of goods sold, excluding amortization and impairments of intangible assets) of $199 million primarily due to the increase in revenues as previously discussed;
- an increase in selling, general and administrative ("SG&A") of $135 million primarily attributable to higher selling, advertising and promotion expenses and other expenses attributable to B+L's acquisition of XIIDRA® and launch of MIEBO®;
- a decrease in Goodwill impairments of $402 million, attributable to the impairments to the goodwill of the Dermatology and Neurology reporting units in 2023; and
- an increase in Other expense, net of $165 million, primarily attributable to: (i) adjustments to provisions for certain legal matters during the third quarter of 2024 and (ii) Acquired in-process research and development costs during the third quarter of 2024, partially offset by lower Acquisition-related transaction costs in 2024.

Loss before income taxes for the three months ended September 30, 2024 and 2023 was $21 million and $326 million, respectively, a favorable change of $305 million. The change is primarily attributable to the increase in our operating results of $304 million, as previously discussed.

Net loss attributable to Bausch Health for the three months ended September 30, 2024 and 2023 was $85 million and $378 million, respectively, an increase in our results of $293 million, and is primarily attributable to a favorable change in Loss before income taxes of $305 million, as previously discussed, partially offset by an unfavorable change in income taxes of $15 million.

Summary of the Nine Months Ended September 30, 2024 Compared to the Nine Months Ended September 30, 2023

Revenues for the nine months ended September 30, 2024 and 2023 were $7,066 million and $6,349 million, respectively, an increase of $717 million, or 11%. The increase is attributable to growth across all our segments driven by: (i) higher volumes, (ii) incremental sales attributable to acquisitions and (iii) improved net pricing, partially offset by: (i) the impact of divestitures and discontinuations and (ii) the unfavorable impact of foreign currencies.

Operating income for the nine months ended September 30, 2024 and 2023 was $988 million and $601 million, respectively, and included non-cash charges for Depreciation and amortization of intangible assets of $960 million and $935 million, Asset impairments of $6 million and $54 million, Goodwill impairments of $0 and $402 million and Share-based compensation of $107 million and $103 million, respectively. The increase in our operating results of $387 million reflects, among other factors:

- an increase in contribution of $515 million primarily due to the increase in revenues as previously discussed;
- an increase in SG&A of $325 million primarily attributable to higher selling, advertising and promotion expenses and other expenses attributable to B+L's acquisition of XIIDRA® and launch of MIEBO®;
- a decrease in Goodwill impairments of $402 million, attributable to the impairments to the goodwill of the Dermatology and Neurology reporting units in 2023;
- a decrease in Asset impairments of $48 million, attributable to higher impairments for the nine months ended September 30, 2023 primarily attributable to the launch of a generic competitor to Uceris® Foam; and
- an increase in Other expense, net of $245 million primarily attributable to: (i) adjustments to provisions for certain legal matters in 2024 and (ii) Acquired in-process research and development costs in 2024, partially offset by: (i) lower Acquisition-related contingent consideration in 2024 and (ii) lower Acquisition-related transaction costs in 2024.

Loss before income taxes for the nine months ended September 30, 2024 and 2023 was $42 million and $383 million, respectively, an increase in our results of $341 million. The change is primarily attributable to: (i) the increase in our

operating results of $387 million, as previously discussed and (ii) a Gain on extinguishment of debt of $23 million in 2024, partially offset by an increase in interest expense of $86 million.

Net loss attributable to Bausch Health for the nine months ended September 30, 2024 and 2023 was $139 million and $553 million, respectively, an increase in our results of $414 million, due to: (i) a favorable change in our Loss before income taxes of $341 million, as previously discussed, and (ii) a favorable change in income taxes of $53 million.

RESULTS OF OPERATIONS

Our unaudited operating results for the three and nine months ended September 30, 2024 and 2023 were as follows:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Revenues						
Product sales	$ 2,482	$ 2,213	$ 269	$ 6,990	$ 6,281	$ 709
Other revenues	28	25	3	76	68	8
	2,510	2,238	272	7,066	6,349	717
Expenses						
Cost of goods sold (excluding amortization and impairments of intangible assets)	682	612	70	2,018	1,824	194
Cost of other revenues	14	11	3	37	30	7
Selling, general and administrative	850	715	135	2,476	2,151	325
Research and development	146	153	(7)	453	452	1
Amortization of intangible assets	274	253	21	818	795	23
Goodwill impairments	—	402	(402)	—	402	(402)
Asset impairments	—	4	(4)	6	54	(48)
Restructuring, integration and separation costs	1	14	(13)	25	40	(15)
Other expense, net	225	60	165	245	—	245
	2,192	2,224	(32)	6,078	5,748	330
Operating income	318	14	304	988	601	387
Interest income	7	6	1	24	19	5
Interest expense	(346)	(339)	(7)	(1,051)	(965)	(86)
Gain on extinguishment of debt	—	—	—	23	—	23
Foreign exchange and other	—	(7)	7	(26)	(38)	12
Loss before income taxes	(21)	(326)	305	(42)	(383)	341
Provision for income taxes	(71)	(56)	(15)	(128)	(181)	53
Net loss	(92)	(382)	290	(170)	(564)	394
Net loss attributable to noncontrolling interest	7	4	3	31	11	20
Net loss attributable to Bausch Health Companies Inc.	$ (85)	$ (378)	$ 293	$ (139)	$ (553)	$ 414

Three Months Ended September 30, 2024 Compared to the Three Months Ended September 30, 2023

Revenues

The Company's revenues are primarily generated from product sales, primarily in the therapeutic areas of GI, hepatology, neurology, 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 aesthetic medical devices). Other revenues include alliance and service revenue from the licensing and co-promotion of products and contract service revenue which is derived primarily from contract manufacturing for third parties and which is not material.

Our revenues were $2,510 million and $2,238 million for the three months ended September 30, 2024 and 2023, respectively, an increase of $272 million, or 12%. The increase was primarily due to: (i) an increase in volumes of $115 million, primarily attributable to our Bausch + Lomb, Solta Medical and International segments (ii) incremental sales attributable to our XIIDRA® and other acquisitions of $96 million and (iii) an increase in net realized pricing of $86 million, attributable to our Salix, Diversified, Bausch + Lomb and International segments, partially offset by: (i) the impact of divestitures and discontinuations of $16 million and (ii) the unfavorable impact of foreign currencies of $9 million, primarily in Latin America.

The changes in our segment revenues and segment profits for the three months ended September 30, 2024, are discussed in further detail below under " — 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 Condensed 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. 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.

We actively manage these offerings, focusing on the incremental costs of our patient assistance programs, the level of discounting to non-retail accounts and identifying opportunities to minimize product returns. We also concentrate on managing our relationships with our payors and wholesalers, reviewing the ranges of our offerings and being disciplined as to the amount and type of incentives we negotiate. Provisions recorded to reduce gross product sales to net product sales and revenues for the three months ended September 30, 2024 and 2023 were as follows:

	Three Months Ended September 30,			
	2024		2023	
(in millions)	Amount	Pct.	Amount	Pct.
Gross product sales	$ 4,122	100.0 %	$ 3,696	100.0 %
Provisions to reduce gross product sales to net product sales				
Discounts and allowances	175	4.2 %	160	4.3 %
Returns	26	0.6 %	24	0.6 %
Rebates	897	21.9 %	707	19.2 %
Chargebacks	463	11.2 %	525	14.2 %
Distribution fees	79	1.9 %	67	1.8 %
Total provisions	1,640	39.8 %	1,483	40.1 %
Net product sales	2,482	60.2 %	2,213	59.9 %
Other revenues	28		25	
Revenues	$ 2,510		$ 2,238	

Cash discounts and allowances, returns, rebates, chargebacks and distribution fees as a percentage of gross product sales were 39.8% and 40.1% for the three months ended September 30, 2024 and 2023, respectively, a decrease of 0.3 percentage points due primarily to the following factors:

- rebates as a percentage of gross product sales were higher primarily due to: (i) the 2023 acquisition of XIIDRA® and the launch of MIEBO® by Bausch + Lomb and (ii) the launch of our Dermatology product, CABTREO®, partially offset by lower rebates for certain products such as Wellbutrin®, Elidel®, Onexton®, Aplenzin® and Glumetza® SLX; and
- chargebacks as a percentage of gross product sales were lower primarily due to lower gross product sales of Glumetza® SLX, partially offset by increased gross product sales for Xifaxan®.

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 $682 million and $612 million for the three months ended September 30, 2024 and 2023, respectively, an increase of $70 million, or 11%. The increase was primarily driven by: (i) the cost of sales associated with acquisitions in 2023, (ii) higher unfavorable manufacturing variances and (iii) the increase in volumes, as previously discussed.

Cost of goods sold as a percentage of product sales revenue were 27.5% and 27.7% for the three months ended September 30, 2024 and 2023, respectively, a decrease 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 incurred, and expects to continue to incur, incremental costs with respect to the B+L Separation. These separation-related costs include, but are not limited to: (i) rebranding costs and (ii) costs associated with facility relocation and/or modification.

SG&A expenses were $850 million and $715 million for the three months ended September 30, 2024 and 2023, respectively, an increase of $135 million, or 19%. The increase was primarily attributable to higher: (i) selling, advertising and promotion expenses primarily attributable to Bausch + Lomb's acquisition of XIIDRA® and launch of MIEBO® and (ii) general and administrative expenses, including adjustments to estimated provisions for certain sales-based fees and higher compensation costs, partially offset by the favorable impact of foreign currencies.

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 $146 million and $153 million for the three months ended September 30, 2024 and 2023, respectively, a decrease of $7 million, or 5%. R&D expenses as a percentage of Product sales were approximately 6% and 7% for the three months ended September 30, 2024 and 2023, respectively.

Amortization of Intangible Assets

Intangible assets with finite lives are amortized using the straight-line method over their estimated useful lives, generally 3 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 $274 million and $253 million for the three months ended September 30, 2024 and 2023, respectively, an increase of $21 million, or 8%. The increase was primarily attributable to amortization of assets acquired by Bausch + Lomb in 2023, partially offset by fully amortized intangible assets no longer being amortized in 2024.

See Note 8, "INTANGIBLE ASSETS AND GOODWILL" to our unaudited interim Condensed 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.

There were no goodwill impairments for the three months ended September 30, 2024. Goodwill impairments were $402 million for the three months ended September 30, 2023.

2023 Assessment. Through the nine months ended September 30, 2023, the Dermatology and Neurology reporting units had performed largely in line with the forecasted results used in their long term forecasts as of September 30, 2022 and

October 1, 2022, respectively, when a fair value quantitative test for each of these reporting units was last performed. During the third quarter of 2023, for reasons discussed in Note 8, "INTANGIBLE ASSETS AND GOODWILL" to our unaudited interim Condensed Consolidated Financial Statements, the Company's preliminary assessment of future business performance indicated that the future financial results of these reporting units were expected to be below the assumptions used in their last quantitative fair value tests. After considering the limited headroom as a result of the impairment to goodwill of the Dermatology reporting unit (September 30, 2022) and the Neurology reporting unit (October 1, 2022) when last tested, the Company determined that these changes in facts and circumstances, as well as increases in market interest rates during the three months ended September 30, 2023, suggested that the fair values of these reporting units could be less than their respective carrying amounts, and therefore a quantitative fair value test for each of these reporting units was performed.

The quantitative fair value tests utilized the Company's most recent cash flow projections for the Dermatology and Neurology reporting units as revised in the third quarter of 2023 which reflected current market conditions and current trends in business performance. The quantitative fair value tests utilized long-term growth rates of 0.0% and -2.5% and discount rates of 10.75% and 10.50% for the Dermatology and Neurology reporting units, respectively. Based on the quantitative fair value tests, the carrying values of the Dermatology and Neurology reporting units exceeded their fair values at September 30, 2023 by $151 million and $251 million, respectively, and we recognized goodwill impairments of $402 million.

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

Asset impairments

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 Condensed Consolidated Statements 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. The Company estimates the fair values of long-lived assets with finite lives using an undiscounted cash flow model which utilizes Level 3 unobservable inputs. The undiscounted cash flow model relies on assumptions regarding revenue growth rates, gross profit, selling, general and administrative expenses and research and development expenses.

Asset impairments for each of the three months ended September 30, 2024 and 2023 were not material.

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

Restructuring, integration and separation costs

Restructuring, integration and separation costs were $1 million and $14 million for the three months ended September 30, 2024 and 2023, respectively, a decrease of $13 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 $0 and $12 million for the three months ended September 30, 2024 and 2023, 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 Costs

The Company has incurred, and will incur costs associated with activities relating to the B+L Separation. These B+L Separation activities include separating the Bausch + Lomb business from the remainder of the Company. Separation costs are incremental costs directly related to the B+L Separation and include, but are not limited to legal, audit and advisory fees. Separation costs were $1 million and $2 million for the three months ended September 30, 2024 and 2023, 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 AND SEPARATION COSTS" to our unaudited interim Condensed Consolidated Financial Statements for further details regarding these actions.

Other Expense, Net

Other expense, net for the three months ended September 30, 2024 and 2023 consists of the following:

	Three Months Ended September 30,	
(in millions)	**2024**	**2023**
Litigation and other matters	$ 188	$ 24
Acquisition-related contingent consideration	25	26
Gain on sale of assets, net	(5)	(5)
Acquired in-process research and development costs	15	—
Acquisition-related transaction costs	2	15
	$ 225	$ 60

For the three months ended September 30, 2024 and 2023, Litigation and other matters primarily related to adjustments to provisions for certain legal matters.

Acquisition-related contingent consideration for the three months ended September 30, 2024 and 2023 reflects changes in estimates in the timing and amounts of expected future royalty and milestone payments and in 2024 includes other adjustments of $18 million related to certain branded products.

Acquired in-process research and development costs for the three months ended September 30, 2024 are related to certain Bausch + Lomb acquisitions.

Acquisition-related transaction costs for the three months ended September 30, 2023 were primarily related to transaction costs incurred in connection with Bausch + Lomb's acquisitions of XIIDRA® and the Blink® Product line.

Non-Operating Income and Expense

Interest Expense

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

Interest expense was $346 million and $339 million, and included non-cash amortization and write-offs of debt premiums, discounts and deferred issuance costs of $13 million and $28 million, for the three months ended September 30, 2024 and 2023, respectively. Interest expense for the three months ended September 30, 2024 increased $7 million, or 2%, as compared to the three months ended September 30, 2023, primarily due to the interest expense associated with Bausch + Lomb's Secured Notes and Term Facility related to the acquisition of XIIDRA®.

The weighted average stated rate of interest as of September 30, 2024 and 2023 was 7.88% and 8.05%, respectively. Due to the accounting treatment for the 2022 Secured Notes, interest expense in the Company's financial statements will not be representative of the weighted average stated rate of interest.

See Note 10, "FINANCING ARRANGEMENTS" to our unaudited interim Condensed Consolidated Financial Statements and the section titled "— Liquidity and Capital Resources — Liquidity and Debt — Long-term Debt" for further details.

Foreign Exchange and Other

Foreign exchange and other was $0 for the three months ended September 30, 2024 and a loss of $7 million for the three months ended September 30, 2023, a favorable change of $7 million, primarily due to: (i) transaction gains/losses on intercompany balances and third-party liabilities and (ii) the gain/loss due to foreign currency exchange contracts.

Income Taxes

Provision for income taxes was $71 million and $56 million for the three months ended September 30, 2024 and 2023, respectively, an unfavorable change of $15 million.

Our effective income tax rate for the three months ended September 30, 2024 differs from the statutory Canadian income tax rate primarily due to: (i) the recording of valuation allowances on entities for which no tax benefit of losses is expected, (ii) the discrete treatment of certain tax matters, primarily related to changes in uncertain tax positions and (iii) the tax provision generated from our annualized mix of earnings by jurisdiction.

Our effective income tax rate for the three months ended September 30, 2023 differs from the statutory Canadian income tax rate primarily due to: (i) the tax provision generated from our annualized mix of earnings by jurisdiction, (ii) the recording of valuation allowances on entities for which no tax benefit of losses is expected and (iii) the discrete treatment of certain tax matters, primarily related to changes in uncertain tax positions.

See Note 15, "INCOME TAXES" to our unaudited interim Condensed 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 represent approximately 80% of the Salix segment revenues.
- ***The International segment*** consists of sales, with the exception of sales of Bausch + Lomb products and Solta Medical aesthetic medical devices, outside the U.S. and Puerto Rico of branded pharmaceutical products, branded generic pharmaceutical products and OTC products.
- ***The Solta Medical segment*** consists of global sales of Solta Medical aesthetic medical devices.
- ***The Diversified segment*** consists of sales in the U.S. of: (i) pharmaceutical products in the areas of neurology and certain other therapeutic classes, (ii) dermatology products, (iii) generic pharmaceutical products and (iv) dentistry products.
- ***The Bausch + Lomb segment*** consists of global sales of Bausch + Lomb Vision Care, Surgical and 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 and separation 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 18, "SEGMENT INFORMATION" to our unaudited interim Condensed 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 September 30, 2024 and 2023. The following table also presents segment profits, segment profits as a percentage of segment revenues and the period-over-period changes in segment profits for the three months ended September 30, 2024 and 2023.

	Three Months Ended September 30,					
	2024		2023		Change	
(in millions)	Amount	Pct.	Amount	Pct.	Amount	Pct.
Segment Revenues						
Salix	$ 642	26 %	$ 614	27 %	$ 28	5 %
International	291	12 %	275	12 %	16	6 %
Solta Medical	112	4 %	83	4 %	29	35 %
Diversified	269	11 %	259	12 %	10	4 %
Bausch + Lomb	1,196	47 %	1,007	45 %	189	19 %
Total revenues	$ 2,510	100 %	$ 2,238	100 %	$ 272	12 %
Segment Profits / Segment Profit Margins						
Salix	$ 436	68 %	$ 429	70 %	$ 7	2 %
International	105	36 %	91	33 %	14	15 %
Solta Medical	53	47 %	33	40 %	20	61 %
Diversified	189	70 %	172	66 %	17	10 %
Bausch + Lomb	283	24 %	244	24 %	39	16 %
Total segment profits	$ 1,066	42 %	$ 969	43 %	$ 97	10 %

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 (non-GAAP) and change in organic revenue (non-GAAP), are defined as GAAP Revenue and change in GAAP revenue (the most directly comparable GAAP financial measures), adjusted for changes in foreign currency exchange rates (if applicable) and excluding the impact of recent acquisitions, divestitures and discontinuations, as defined 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 change in organic revenue (non-GAAP) to assess performance of its reportable segments, and the Company in total. 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 business. The impact of 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 revenue (non-GAAP) growth/change 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 and organic growth/change exclude from the current period, 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 and change in organic revenue exclude from the prior 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.

The following table presents a reconciliation of GAAP revenues to organic revenues (non-GAAP) and the period-over-period changes in organic revenue (non-GAAP) for the three months ended September 30, 2024 and 2023 by segment.

	Three Months Ended September 30, 2024				Three Months Ended September 30, 2023			Change in Organic Revenue (Non-GAAP)	
(in millions)	Revenue as Reported	Changes in Exchange Rates	Acquisitions	Organic Revenue (Non-GAAP)	Revenue as Reported	Divestitures and Discontinuations	Organic Revenue (Non-GAAP)	Amount	Pct.
Salix	$ 642	$ —	$ —	$ 642	$ 614	$ (4)	$ 610	$ 32	5 %
International	291	3	—	294	275	(2)	273	21	8 %
Solta Medical	112	1	—	113	83	—	83	30	36 %
Diversified	269	—	—	269	259	(7)	252	17	7 %
Bausch + Lomb	1,196	5	(96)	1,105	1,007	(3)	1,004	101	10 %
Total	$ 2,510	$ 9	$ (96)	$ 2,423	$ 2,238	$ (16)	$ 2,222	$ 201	9 %

Salix Segment:

Salix Segment Revenue

The Salix segment includes our Xifaxan® product line. Revenues from our Xifaxan® product line accounted for approximately 80% of the Salix segment revenues. No other single product group represents 10% or more of the Salix segment product sales. Salix segment revenue for the three months ended September 30, 2024 and 2023 was $642 million and $614 million, respectively, an increase of $28 million, or 5%. The increase was primarily attributable to an increase in net realized pricing of $40 million, primarily attributable to Xifaxan®, partially offset by: (i) a decrease in volumes of $8 million and (ii) the impact of discontinuations of certain non-promoted products of $4 million.

Salix Segment Profit

The Salix segment profit for the three months ended September 30, 2024 and 2023 was $436 million and $429 million, respectively, an increase of $7 million, or 2%. The increase was primarily driven by: (i) higher contribution attributable to the increase in revenues as previously discussed, and (ii) lower R&D expenses, partially offset by an increase in general and administrative expenses.

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 $291 million and $275 million for the three months ended September 30, 2024 and 2023, respectively, an increase of $16 million, or 6%. The increase was primarily attributable to: (i) an increase in volumes of $17 million across all regions and (ii) an increase in net realized pricing of $5 million, partially offset by: (i) the unfavorable impact of foreign currencies of $3 million and (ii) the impact of divestitures and discontinuations of $2 million.

International Segment Profit

The International segment profit for the three months ended September 30, 2024 and 2023 was $105 million and $91 million, respectively, an increase of $14 million, or 15%. The increase was primarily driven by: (i) higher contribution attributable to the increase in revenues, as previously discussed, and (ii) a favorable change in year over year product mix, partially offset by an increase in SG&A expenses.

Solta Medical Segment:

Solta Medical Segment Revenue

The Solta Medical segment includes the Thermage® product line, which accounted for over 80% of the Solta Medical segment revenues. The Solta Medical segment revenue for the three months ended September 30, 2024 and 2023 was $112 million and $83 million, respectively, an increase of $29 million, or 35%, and was substantially attributable to an increase in volumes.

Solta Medical Segment Profit

The Solta Medical segment profit for the three months ended September 30, 2024 and 2023 was $53 million and $33 million, respectively, an increase of $20 million, or 61%. The increase was primarily driven by higher contribution attributable to the increase in revenues, as previously discussed.

Diversified Segment:

Diversified Segment Revenue

The Diversified segment revenue for the three months ended September 30, 2024 and 2023 was $269 million and $259 million, respectively, an increase of $10 million, or 4%. The increase was primarily driven by the increase in net realized pricing of $21 million, primarily in our Neurology business and partially offset by the decrease in net realized pricing in our Generics business. The increase in net realized pricing was partially offset by: (i) the impact of the discontinuation of certain Generics and Dermatology products of $7 million and (ii) a decrease in volumes of $4 million.

Diversified Segment Profit

The Diversified segment profit for the three months ended September 30, 2024 and 2023 was $189 million and $172 million, respectively, an increase of $17 million, or 10%. The increase was primarily driven by: (i) higher contribution attributable to the increase in revenues, as previously discussed, and (ii) lower SG&A expenses.

Bausch + Lomb Segment:

Bausch + Lomb Segment Revenue

The Bausch + Lomb segment revenue was $1,196 million and $1,007 million for the three months ended September 30, 2024 and 2023, respectively, an increase of $189 million, or 19%. The increase was primarily driven by: (i) incremental sales attributable to acquisitions of $96 million, primarily within the Pharmaceuticals business, (ii) an increase in volumes of $81 million across all of the Bausch + Lomb businesses and (iii) an increase in net realized pricing of $20 million, primarily driven by the Vision Care business, partially offset by: (i) the unfavorable impact of foreign currencies of $5 million, primarily in Latin America and (ii) the impact of divestitures and discontinuations of $3 million, particularly the discontinuation of certain products within the Pharmaceuticals business.

Bausch + Lomb Segment Profit

The Bausch + Lomb segment profit for the three months ended September 30, 2024 and 2023 was $283 million and $244 million, respectively, an increase of $39 million, or 16%. The increase was primarily driven by higher contribution, attributable to the increase in revenues, as previously discussed, partially offset by an increase in selling expenses and advertising and promotion expenses, primarily related to XIIDRA® and the launch of MIEBO®.

Nine Months Ended September 30, 2024 Compared to the Nine Months Ended September 30, 2023

Revenues

Our revenue was $7,066 million and $6,349 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of $717 million, or 11%. The increase was primarily due to: (i) an increase in volumes of $309 million attributable to our Bausch + Lomb, Solta Medical, International and Salix segments, (ii) incremental sales attributable to our XIIDRA® and other acquisitions of $288 million and (iii) an increase in net realized pricing of $210 million across all our segments, partially offset by: (i) the impact of divestitures and discontinuations of $48 million and (ii) the unfavorable impact of foreign currencies of $42 million, primarily in Asia and Latin America.

The changes in our segment revenues and segment profits for the nine months ended September 30, 2024, are discussed in further detail in the respective subsequent section " — Reportable Segment Revenues and Profits".

Cash Discounts and Allowances, Chargebacks and Distribution Fees

Provisions recorded to reduce gross product sales to net product sales and revenues for the nine months ended September 30, 2024 and 2023 were as follows:

	Nine Months Ended September 30,			
	2024		2023	
(in millions)	Amount	Pct.	Amount	Pct.
Gross product sales	$ 11,995	100.0 %	$ 10,616	100.0 %
Provisions to reduce gross product sales to net product sales				
Discounts and allowances	500	4.2 %	457	4.3 %
Returns	115	1.0 %	103	1.0 %
Rebates	2,699	22.4 %	2,071	19.5 %
Chargebacks	1,465	12.2 %	1,514	14.2 %
Distribution fees	226	1.9 %	190	1.8 %
Total provisions	5,005	41.7 %	4,335	40.8 %
Net product sales	6,990	58.3 %	6,281	59.2 %
Other revenues	76		68	
Revenues	$ 7,066		$ 6,349	

Cash discounts and allowances, returns, rebates, chargebacks and distribution fees as a percentage of gross product sales were 41.7% and 40.8% for the nine months ended September 30, 2024 and 2023, respectively, an increase of 0.9 percentage points and includes:

- rebates as a percentage of gross product sales were higher primarily due to: (i) the 2023 acquisition of XIIDRA® and the launch of MIEBO® by Bausch + Lomb, (ii) the launch of our Dermatology product CABTREO® and (iii) increases in rebates for certain branded products such as Trulance® and Xifaxan®, partially offset by lower rebates for certain products such as Wellbutrin®, Elidel®, Onexton® and Aplenzin®; and
- chargebacks as a percentage of gross product sales were lower primarily due to lower gross product sales of Glumetza® SLX and certain generic products such as Mestinon® AG. These decreases were partially offset by: (i) increased gross product sales for certain products such as Elidel® AG and Uceris® AG and (ii) higher chargeback rates for Wellbutrin®.

Expenses

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

Cost of goods sold was $2,018 million and $1,824 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of $194 million, or 11%. The increase was primarily driven by: (i) the cost of sales associated with acquisitions in 2023, (ii) higher unfavorable manufacturing variances and (iii) the increase in volumes, as previously discussed. These increases in Cost of goods sold were partially offset by the impact of charges related to the Injector Recall in 2023 as discussed below.

Cost of goods sold as a percentage of product sales revenue was 28.9% and 29.0% for the nine months ended September 30, 2024 and 2023, respectively, a decrease of 0.1 percentage points.

In May 2023 we initiated a voluntary recall in EMEA and Canada of our Emerade epinephrine auto-injectors (0.3 mg and 0.5 mg) used to deliver an emergency treatment of epinephrine to patients who are at risk of serious allergic reactions (anaphylaxis) (the "Injector Recall"). The Injector Recall resulted in inventory provisions of approximately $9 million, product return provisions of approximately $2 million and other costs of approximately $3 million included in Cost of goods sold for the nine months ended September 30, 2023.

Selling, General and Administrative Expenses

SG&A expenses were $2,476 million and $2,151 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of $325 million, or 15%. The increase was primarily due to higher: (i) selling, advertising and promotion expenses primarily attributable to Bausch + Lomb's acquisition of XIIDRA® and launch of MIEBO® and (ii) general and administrative expenses, including adjustments to estimated provisions for certain sales-based fees and higher compensation costs, partially offset by the favorable impact of foreign currencies.

Research and Development

R&D expenses were $453 million and $452 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of $1 million. R&D expenses as a percentage of Product sales were approximately 6% and 7% for the nine months ended September 30, 2024 and 2023, respectively.

Amortization of Intangible Assets

Amortization of intangible assets was $818 million and $795 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of $23 million, or 3%. The increase was primarily attributable to amortization of assets acquired by Bausch + Lomb in 2023, partially offset by fully amortized intangible assets no longer being amortized in 2024.

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

Goodwill Impairments

There were no goodwill impairments for the nine months ended September 30, 2024. Goodwill impairments were $402 million for the nine months ended September 30, 2023.

2023 Assessment. As discussed above, based on the quantitative fair value tests, the carrying values of the Dermatology and Neurology reporting units exceeded their fair values at September 30, 2023 by $151 million and $251 million, respectively, and accordingly, we recognized goodwill impairments of $402 million in the third quarter of 2023.

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

Asset impairments

Asset impairments were $6 million and $54 million for the nine months ended September 30, 2024 and 2023, respectively, a decrease of $48 million, or 89%.

Asset impairments for the nine months ended September 30, 2024 were primarily related to the discontinuance of a certain product brand. Asset impairments for the nine months ended September 30, 2023 includes: (i) $37 million related to the impairment to the intangible assets associated with our Uceris® Foam product as discussed below, (ii) impairments of $8 million, in aggregate, attributable to certain trade names no longer in use and (iii) impairments of $9 million, in aggregate related to the discontinuance of certain product lines.

Uceris® Foam - On April 12, 2023, the FDA approved an Abbreviated New Drug Application submitted by a competitor for a budesonide (a steroid (cortisone-like) medicine) foam to help treat mild to moderate active ulcerative colitis. This product is a generic version of our Uceris® Foam product. As of June 30, 2023, the carrying value of the Uceris® Foam product related intangible assets exceeded the undiscounted expected cash flows from the Uceris® Foam. As a result, the Company recognized an impairment of $37 million to reduce the carrying value of the Uceris® Foam product related intangible assets to their estimated fair value.

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

Restructuring, integration and separation costs

Restructuring, integration and separation costs were $25 million and $40 million for the nine months ended September 30, 2024 and 2023, respectively, a decrease of $15 million, or 38% and include Restructuring and integration costs of $23 million and $37 million for the nine months ended September 30, 2024 and 2023, respectively. Separation costs were $2 million and $3 million for the nine months ended September 30, 2024 and 2023, 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 AND SEPARATION COSTS" to our unaudited interim Condensed Consolidated Financial Statements for further details regarding these actions.

Other Expense, Net

Other expense, net for the nine months ended September 30, 2024 and 2023 consists of the following:

	Nine Months Ended September 30,	
(in millions)	**2024**	**2023**
Litigation and other matters	$ 215	$ (55)
Acquisition-related contingent consideration	19	40
Gain on sale of assets, net	(10)	(4)
Acquired in-process research and development costs	18	—
Acquisition-related transaction costs	3	18
Other, net	—	1
	$ 245	$ —

For the nine months ended September 30, 2024, Litigation and other matters primarily relates to adjustments to provisions for certain legal matters. For the nine months ended September 30, 2023, Litigation and other matters primarily related to insurance recoveries associated with certain legacy litigation matters.

Acquisition-related contingent consideration for the nine months ended September 30, 2024 and 2023 reflects changes in estimates in the timing and amounts of expected future royalty and milestone payments and in 2024 includes other adjustments of $18 million related to certain branded products.

Acquired in-process research and development costs for the nine months ended September 30, 2024 are related to certain Bausch + Lomb acquisitions.

Acquisition-related transaction costs for the nine months ended September 30, 2023 were primarily related to transaction costs incurred in connection with Bausch + Lomb's acquisitions of XIIDRA® and the Blink® Product line.

Non-Operating Income and Expense

Interest Expense

Interest expense was $1,051 million and $965 million and included non-cash amortization and write-offs of debt premiums, discounts and deferred issuance costs of $41 million and $51 million for the nine months ended September 30, 2024 and 2023, respectively. Interest expense increased $86 million, or 9%, primarily due to the interest expense associated with Bausch + Lomb's Secured Notes and Term Facility related to the acquisition of XIIDRA®.

The weighted average stated rate of interest as of September 30, 2024 and 2023 was 7.88% and 8.05%, respectively. Due to the accounting treatment for the 2022 Secured Notes, interest expense in the Company's financial statements will not be representative of the weighted average stated rate of interest.

Gain on Extinguishment of Debt

Gain on extinguishment of debt was $23 million for the nine months ended September 30, 2024 and was attributable to repurchases of certain outstanding senior unsecured notes. There was no gain on extinguishment of debt for the nine months ended September 30, 2023. See Note 10, "FINANCING ARRANGEMENTS" to our unaudited interim Condensed Consolidated Financial Statements for further details.

Foreign Exchange and Other

Foreign exchange and other was a loss of $26 million and $38 million for the nine months ended September 30, 2024 and 2023, respectively, a favorable net change of $12 million.

Income Taxes

Provision for income taxes was $128 million and $181 million for the nine months ended September 30, 2024 and 2023, respectively, a favorable change of $53 million. Our effective income tax rate for the nine months ended September 30, 2024 differs from the statutory Canadian income tax rate primarily due to: (i) the recording of valuation allowances on entities for which no tax benefit of losses is expected, (ii) the tax provision generated from our annualized mix of earnings by jurisdiction and (iii) the discrete treatment of certain tax matters, primarily related to changes in uncertain tax positions.

Our effective income tax rate for the nine months ended September 30, 2023 differs from the statutory Canadian income tax rate primarily due to: (i) the recording of valuation allowances on entities for which no tax benefit of losses is expected, (ii) the tax provision generated from our annualized mix of earnings by jurisdiction and (iii) the discrete treatment of certain tax matters, primarily related to: (a) final and potential settlements of various tax audits accrued in the nine months ended September 30, 2023, (b) changes in uncertain tax positions, (c) income tax expense associated with the establishment of a valuation allowance against deferred tax assets of B+L's Canadian parent and (d) income tax expense associated with stock compensation.

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

Reportable Segment Revenues and Profits

The following table presents segment revenues, segment revenues as a percentage of total revenues, and the year-over-year changes in segment revenues for the nine months ended September 30, 2024 and 2023. The following table also presents segment profits, segment profits as a percentage of segment revenues and the year-over-year changes in segment profits for the nine months ended September 30, 2024 and 2023.

	Nine Months Ended September 30,					
	2024		2023		Change	
(in millions)	Amount	Pct.	Amount	Pct.	Amount	Pct.
Segment Revenues						
Salix	$ 1,699	24 %	$ 1,667	26 %	$ 32	2 %
International	832	12 %	781	12 %	51	7 %
Solta Medical	302	4 %	244	4 %	58	24 %
Diversified	722	10 %	684	11 %	38	6 %
Bausch + Lomb	3,511	50 %	2,973	47 %	538	18 %
Total revenues	$ 7,066	100 %	$ 6,349	100 %	$ 717	11 %
Segment Profits / Segment Profit Margins						
Salix	$ 1,142	67 %	$ 1,129	68 %	$ 13	1 %
International	278	33 %	236	30 %	42	18 %
Solta Medical	140	46 %	114	47 %	26	23 %
Diversified	469	65 %	417	61 %	52	12 %
Bausch + Lomb	799	23 %	699	24 %	100	14 %
Total segment profits	$ 2,828	40 %	$ 2,595	41 %	$ 233	9 %

The following table presents organic revenue (non-GAAP) and the year-over-year changes in organic revenue (non-GAAP) for the nine months ended September 30, 2024 and 2023 by segment. Organic revenues (non-GAAP) and organic growth (non-GAAP) rates are defined in the previous section titled "Reportable Segment Revenues and Profits".

	Nine Months Ended September 30, 2024				Nine Months Ended September 30, 2023			Change in Organic Revenue (Non-GAAP)	
(in millions)	Revenue as Reported	Changes in Exchange Rates	Acquisitions	Organic Revenue (Non-GAAP)	Revenue as Reported	Divestitures and Discontinuations	Organic Revenue (Non-GAAP)	Amount	Pct.
Salix	$ 1,699	$ —	$ —	$ 1,699	$ 1,667	$ (18)	$ 1,649	$ 50	3 %
International	832	(16)	—	816	781	(6)	775	41	5 %
Solta Medical	302	6	—	308	244	—	244	64	26 %
Diversified	722	—	—	722	684	(17)	667	55	8 %
Bausch + Lomb	3,511	52	(288)	3,275	2,973	(7)	2,966	309	10 %
Total	$ 7,066	$ 42	$ (288)	$ 6,820	$ 6,349	$ (48)	$ 6,301	$ 519	8 %

Salix Segment:

Salix Segment Revenue

The Salix segment includes the Xifaxan® product line. Revenues from our Xifaxan® product line accounted for approximately 80% of the Salix segment revenues. No other single product group represents 10% or more of the Salix segment product sales. The Salix segment revenue for the nine months ended September 30, 2024 and 2023 was $1,699 million and $1,667 million, respectively, an increase of $32 million, or 2%. The increase was primarily attributable to: (i) an increase in net realized pricing of $33 million and (ii) an increase in volumes of $17 million, partially offset by the impact of discontinuations of certain non-promoted products of $18 million.

Salix Segment Profit

The Salix segment profit for the nine months ended September 30, 2024 and 2023 was $1,142 million and $1,129 million, respectively, an increase of $13 million. The increase was primarily driven by higher contribution attributable to the increase in revenues as previously discussed, partially offset by an increase in general and administrative expenses.

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 $832 million and $781 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of $51 million, or 7%. The increase was primarily attributable to: (i) an increase in volumes of $21 million, (ii) an increase in net realized pricing of $20 million and (iii) the favorable impact of foreign currencies of $16 million, partially offset by the impact of divestitures and discontinuations of $6 million.

International Segment Profit

The International segment profit for the nine months ended September 30, 2024 and 2023 was $278 million and $236 million, respectively, an increase of $42 million, or 18%. The increase was primarily attributable to higher contribution attributable to: (i) the increase in revenues, as previously discussed, (ii) the impact of charges related to the Injector Recall during 2023, not recurring in 2024 and (iii) a favorable change in year over year product mix, partially offset by an increase in SG&A expenses.

Solta Medical Segment:

Solta Medical Segment Revenue

The Solta Medical segment includes the Thermage® product line, which accounted for over 80% of the Solta Medical segment revenues. No other single product group represents 10% or more of the Solta Medical segment revenues. The Solta Medical segment revenue for the nine months ended September 30, 2024 and 2023 was $302 million and $244 million, respectively, an increase of $58 million, or 24%. The increase was attributable to: (i) an increase in volumes of $61 million, primarily attributable to the Asia-Pacific region and (ii) an increase in net realized pricing of $3 million, partially offset by the unfavorable impact of foreign currencies of $6 million.

Solta Medical Segment Profit

The Solta Medical segment profit for the nine months ended September 30, 2024 and 2023 was $140 million and $114 million, respectively, an increase of $26 million, or 23%. The increase was primarily driven by the increase in contribution attributable to the increase in revenues as previously discussed, partially offset by: (i) higher selling, advertising and promotion expenses and (ii) the unfavorable impact of foreign currencies.

Diversified Segment:

Diversified Segment Revenue

The Diversified segment revenue for the nine months ended September 30, 2024 and 2023 was $722 million and $684 million, respectively, an increase of $38 million, or 6%. The increase was primarily driven by an increase in net realized pricing of $71 million, primarily in our Neurology and Dermatology businesses, partially offset by a decrease in net realized pricing in our Generics business. The increase in net realized pricing was partially offset by: (i) the impact of divestitures and discontinuations of $17 million, primarily in our Generics and Dermatology businesses and (ii) a decrease in volumes of $16 million, primarily in our Neurology and Dermatology businesses.

Diversified Segment Profit

The Diversified segment profit for the nine months ended September 30, 2024 and 2023 was $469 million and $417 million, respectively, an increase of $52 million, or 12% and was primarily driven by: (i) higher contribution attributable to the increase in revenues, as previously discussed, and (ii) lower SG&A expenses, partially offset by higher advertising and promotion expenses.

Bausch + Lomb Segment:

Bausch + Lomb Segment Revenue

The Bausch + Lomb segment revenue was $3,511 million and $2,973 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of $538 million, or 18%. The increase was primarily due to: (i) incremental sales attributable to acquisitions of $288 million, primarily within the Pharmaceuticals business, (ii) an increase in volumes of $226 million across all the Bausch + Lomb businesses and (iii) an increase in net realized pricing of $83 million, primarily driven by the Vision Care business. The increase in revenue was partially offset by: (i) the unfavorable impact of foreign currencies of $52 million, primarily in Asia and Latin America and (ii) the impact of divestitures and discontinuations of $7 million, primarily within the Pharmaceuticals and Vision Care businesses.

Bausch + Lomb Segment Profit

The Bausch + Lomb segment profit for the nine months ended September 30, 2024 and 2023 was $799 million and $699 million, respectively, an increase of $100 million, or 14%. The increase was primarily driven by higher contribution, attributable to the increase in revenues, as previously discussed, partially offset by higher selling, advertising and promotion expenses, primarily related to XIIDRA® and the launch of MIEBO®.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

	Nine Months Ended September 30,		
(in millions)	2024	2023	Change
Net loss	$ (170)	$ (564)	$ 394
Adjustments to reconcile net loss to net cash provided by operating activities	1,043	1,618	(575)
Cash provided by operating activities before changes in operating assets and liabilities	873	1,054	(181)
Changes in operating assets and liabilities	123	(412)	535
Net cash provided by operating activities	996	642	354
Net cash used in investing activities	(254)	(1,997)	1,743
Net cash (used in) provided by financing activities	(953)	1,554	(2,507)
Effect of exchange rate changes on cash, cash equivalents and other	(1)	(10)	9
Net (decrease) increase in cash, cash equivalents, restricted cash and other settlement deposits	(212)	189	(401)
Cash, cash equivalents, restricted cash and other settlement deposits, beginning of period	962	591	371
Cash, cash equivalents and restricted cash, end of period	$ 750	$ 780	$ (30)

Operating Activities

Net cash provided by operating activities was $996 million and $642 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of $354 million.

Cash provided by operating activities before changes in operating assets and liabilities was $873 million and $1,054 million for the nine months ended September 30, 2024 and 2023, respectively, a decrease of $181 million and is primarily attributable to payments of legacy legal settlements in 2024, partially offset by improved operating performance as previously discussed.

Changes in operating assets and liabilities resulted in a net increase in cash of $123 million for the nine months ended September 30, 2024, as compared to a net decrease in cash of $412 million for the nine months ended September 30, 2023, a favorable change of $535 million. During the nine months ended September 30, 2024, Changes in operating assets and liabilities were favorably impacted by timing of other payments in the ordinary course of business of $453 million, partially offset by: (i) an increase in inventories of $218 million and (ii) timing of collection of trade receivables of $112 million.

During the nine months ended September 30, 2023, changes in operating assets and liabilities were negatively impacted by: (i) an increase in inventories of $222 million, (ii) increases in trade receivables of $176 million and (iii) the timing of other payments in the ordinary course of business of $14 million.

Investing Activities

Net cash used in investing activities was $254 million for the nine months ended September 30, 2024 and was primarily driven by Purchases of property, plant and equipment and B+L acquisitions and other investments.

Net cash used in investing activities was $1,997 million for the nine months ended September 30, 2023 and was primarily driven by payments of $1,887 million related to the XIIDRA Acquisition, the acquisition of the Blink® Product Line and the acquisition of AcuFocus, each as previously discussed, and Purchases of property, plant and equipment of $117 million.

Financing Activities

Net cash used in financing activities was $953 million for the nine months ended September 30, 2024 and was primarily driven by the repayment of long-term debt of $1,049 million which includes: (i) the repurchase and retirement of certain outstanding senior unsecured notes with aggregate par value of $555 million for approximately $530 million, (ii) $273 million of contractual interest payments on the 2022 Secured Notes allocated to the reduction of the recorded premiums, (iii) $116 million of amortization on the Term Loan B Facilities, (iv) $50 million of repayments under the B+L Revolving Credit Facility and (v) repayments of $50 million under our AR Credit Facility and $30 million under our 2027 Revolving Credit Facility, partially offset by the issuance of long-term debt of $155 million, representing borrowings of $125 million under the B+L Revolving Credit Facility and $30 million under the 2027 Revolving Credit Facility.

Net cash provided by financing activities was $1,554 million for the nine months ended September 30, 2023 and was primarily driven by: (i) the issuance of long-term debt, net of $3,145 million, related to the B+L October 2028 Secured Notes and the B+L September 2028 Term Loan B Facility of $1,870 million, as discussed below, and borrowings under our Revolving Credit Facility of $615 million, (ii) borrowings under the AR Credit Facility of $350 million and (iii) borrowings under the B+L Revolving Credit Facility of $310 million, partially offset by the repayment of long-term debt of $1,507 million which includes the repayment of $1,220 million of amounts outstanding under our 2027 Revolving Credit Facility and B+L Revolving Credit Facility, the $174 million of contractual interest payments on the New Secured Notes allocated to the reduction of the recorded premiums, as discussed above, and payments of $113 million on the Term Loan B Facilities.

See Note 10, "FINANCING ARRANGEMENTS" to our unaudited interim Condensed Consolidated Financial Statements for additional information regarding the financing activities described above, including the definitions of certain defined terms used 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 facilities and AR 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 the next twelve months.

Cash, cash equivalents and restricted cash as presented in the Condensed Consolidated Balance Sheet as of September 30, 2024 includes $350 million of cash, cash equivalents and restricted cash held by legal entities of Bausch + Lomb. Cash held by Bausch + Lomb legal entities and any future cash from the operating, investing and financing activities of Bausch + Lomb is expected to be retained by Bausch + Lomb entities and is generally not available to support the operations, investing and financing activities of other legal entities, including Bausch Health 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 September 30, 2024, we had aggregate maturities and mandatory payments of our principal balances of debt obligations as follows:

(in millions)	Remainder of 2024	2025	2026	2027	2028	2029	Thereafter	Total
Total debt obligations	$ 39	$ 2,370	$ 757	$ 6,823	$ 7,168	$ 1,609	$ 1,593	$ 20,359

We regularly evaluate market conditions, our liquidity profile and available financing alternatives and may consider executing opportunistic financing transactions, including but not limited to, issuing new debt instruments, divesting of assets or businesses and issuing equity or equity-linked securities (including secondary offerings of a portion of our holdings of

common shares of Bausch + Lomb), as deemed appropriate, to manage our debt maturities and improve our capital structure and liquidity.

The principal value of debt obligations due in 2025 includes $1,680 million of 5.50% Senior Secured Notes due on November 1, 2025. We believe that our existing sources of liquidity, including current cash balances, cash generated from operations, and availability under our Revolving Credit Facility and AR Credit Facility, will be sufficient to meet this debt obligation at or prior to its maturity.

Our ability to satisfy our remaining debt obligations, including the $535 million of 9.00% Senior Unsecured Notes due in December 2025, will depend upon our future operating performance, as well as our continuing efforts to improve our balance sheet, including raising new capital, refinancing our debt, and/or monetizing a portion of our holdings of common shares of Bausch + Lomb.

Our ability to raise new capital or refinance our debt, or monetize a portion of our holdings of common shares of Bausch + Lomb, will depend on the capital markets and our financial condition at such times. Our financing initiatives will also depend upon factors including prevailing economic conditions and financial, business and other factors, many of which are beyond our control. If we are unable to refinance on terms acceptable to us, whether because of the condition of the capital markets or our own financial condition, we may be unable to raise new capital or to restructure or refinance our debt, or to do so on terms that are favorable to us. Additional information about these factors can be found in Item 1A. “Risk Factors – Debt-related Risks” in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC and the CSA on February 22, 2024.

Long-term Debt

Long-term debt, net of unamortized premiums, discounts and issuance costs was $21,507 million and $22,388 million as of September 30, 2024 and December 31, 2023, respectively. Aggregate contractual principal amounts due under our debt obligations were $20,359 million and $21,006 million as of September 30, 2024 and December 31, 2023, respectively, a decrease of $647 million.

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

B+L 8.375% Senior Secured Notes and B+L Term Loan B Facility - September 2023 Financing

On September 29, 2023, Bausch + Lomb entered into an incremental term loan facility secured on a pari passu basis with its existing B+L May 2027 Term Loan B Facility. This incremental term loan facility was entered into in the form of an incremental amendment (the “September 2023 Credit Facility Amendment”) to Bausch + Lomb’s existing Credit Agreement (the Credit Agreement, as amended by the September 2023 Credit Facility Amendment, the “B+L Amended Credit Agreement”) and consisted of borrowings of $500 million in new term B loans with a five-year term to maturity (the “B+L September 2028 Term Loan B Facility” and, together with the B+L May 2027 Term Loan B Facility and the B+L Revolving Credit Facility, the “ B+L Senior Secured Credit Facilities”). A portion of the proceeds from the B+L September 2028 Term Loan B Facility and the B+L October 2028 Secured Notes were used to finance the $1,750 million upfront payment related to the XIIDRA Acquisition (as discussed further in Note 4, “LICENSING AGREEMENTS AND ACQUISITIONS” to our unaudited interim Condensed Consolidated Financial Statements) and related acquisition and financing costs.

The B+L Senior Secured Credit Facilities are secured by substantially all of the assets of Bausch + Lomb and its material, wholly-owned Canadian, U.S., Dutch and Irish subsidiaries, subject to certain exceptions. The B+L May 2027 Term Loan B Facility and B+L September 2028 Term Loan B Facility are denominated in U.S. dollars, and borrowings under the B+L Revolving Credit Facility may be made available in U.S. dollars, euros, pounds sterling and Canadian dollars. As of September 30, 2024, the B+L Revolving Credit Facility had $350 million of outstanding borrowings, $29 million of issued and outstanding letters of credit and $121 million of remaining availability.

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

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

Accounting for the 2022 Exchange

During September 2022, the Company closed a series of transactions whereby it exchanged (the "2022 Exchange") validly tendered senior unsecured notes for newly issued secured notes. The Company performed an assessment of the 2022 Exchange and determined that it met the criteria to be accounted for as a troubled debt restructuring under Accounting Standards Codification 470-60. As a result of the application of this accounting, the difference between the principal amount of the 2022 Secured Notes and their carrying value was recorded as a premium and is included in long-term debt on the Company's Condensed Consolidated Balance Sheet.

The original premium recorded on the 2022 Secured Notes was $1,835 million, which will be reduced as contractual interest payments are made on the 2022 Secured Notes. The portion of each contractual interest payment allocated to reduce the recorded premium is determined as the difference between the payment due and the calculated interest at the effective interest rate of the underlying carry amount of the associated note. During the nine months ended September 30, 2024 and 2023, the Company made contractual interest payments of $310 million and $200 million, respectively, related to the 2022 Secured Notes, of which $273 million and $174 million, respectively, was recorded as a reduction of the premium.

The following table presents the future scheduled contractual interest payments of the 2022 Secured Notes. Contractual interest payments will be allocated to the reduction of the recorded premium and interest expense as presented below. The amount of interest which reduces the recorded premium will be reported as a financing activity in the Condensed Consolidated Statements of Cash Flows.

(in millions)	Remainder of 2024	2025	2026	2027	2028	2029 and 2030	Total
Interest payments:							
11.00% First Lien Secured Notes due 2028	$ —	$ 195	$ 195	$ 195	$ 196	$ —	$ 781
14.00% Second Lien Secured Notes due 2030	24	49	49	49	49	98	318
9.00% Intermediate Holdco Secured Notes due 2028	—	90	90	90	45	—	315
	$ 24	$ 334	$ 334	$ 334	$ 290	$ 98	$ 1,414
Interest payments recorded as:							
Interest expense	$ 2	$ 36	$ 34	$ 31	$ 25	$ 7	$ 135
Reduction of recorded premium	22	298	300	303	265	91	1,279
	$ 24	$ 334	$ 334	$ 334	$ 290	$ 98	$ 1,414

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.

Senior Unsecured Notes

The Senior Unsecured Notes (as defined in Note 10, "FINANCING ARRANGEMENTS" to our unaudited interim Condensed Consolidated Financial Statements) 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 had total assets of $16,555 million and total liabilities of $9,211 million as of September 30, 2024, and revenues of $4,017 million and operating income of $38 million for the nine months ended September 30, 2024.

Accounts Receivable Credit Facility

On June 30, 2023, we entered into the AR Credit Facility with certain third-party lenders, providing for a non-recourse financing facility collateralized by certain of the Company's accounts receivable. The AR Facility Agreement provides for an up to $600 million facility, subject to certain borrowing base tests. Under the AR Credit Facility, the Borrower purchases accounts receivable, originated by a wholly-owned subsidiary of Bausch Health, which collateralize borrowings under the AR Credit Facility. The Borrower is a bankruptcy remote entity that is unrestricted under the Company's debt covenants, and which is consolidated by the Company.

Borrowings under the AR Credit Facility are in U.S. dollars and bear interest at a rate per annum equal to, the sum of the one month term SOFR plus 6.65%. The Company is required to pay commitment fees of 0.75% multiplied by the lesser of: (i) the unfunded portion of the lenders' commitments or (ii) 50% of the total lenders' commitments.

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

Availability Under Revolving Credit Facilities

As of October 30, 2024, there were no outstanding borrowings, $22 million of issued and outstanding letters of credit and approximately $950 million of remaining availability under the 2027 Revolving Credit Facility.

As of October 30, 2024, we have $300 million of outstanding borrowings, in the aggregate under the AR Credit Facility, and the AR Facility Agreement provides for up to an additional $300 million of availability, subject to certain borrowing base tests.

As of October 30, 2024, there were $350 million of outstanding borrowings, $29 million of issued and outstanding letters of credit and $121 million of remaining availability under the B+L Revolving Credit Facility. Absent the payment 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 any other subsidiaries of Bausch Health.

Covenant Compliance

As of September 30, 2024, 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.

Any inability to comply with the covenants under the terms of our 2022 Amended 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, 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 September 30, 2024, 1261229 B.C. Ltd., directly or indirectly held approximately 88% of the issued and outstanding shares of Bausch + Lomb, as an unrestricted subsidiary of the Company in accordance with the terms of the

Company's indentures. In connection therewith, Bausch + Lomb and its subsidiaries, are unrestricted subsidiaries of the Company and, as a result, are not subject to the covenants under the relevant Bausch Health indentures, and the earnings and debt of Bausch + Lomb, as defined in the relevant indentures, are also not included in the calculation of the Company's financial maintenance covenant.

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 accounting for the 2022 Exchange results in the 2022 Secured Notes being carried at a premium relative to their principal amount and will result in no interest expense to be recorded in our financial statements for a significant portion of the 2022 Secured Notes. Therefore, interest expense recorded in our financial statements will differ significantly from the contractual interest rates of our debt. As of September 30, 2024, the weighted average interest rate of our debt as reported in our financial statements was 6.37% and the weighted average stated rate of interest was 7.88%.

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 appropriately 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 additional value across our portfolio of assets and it continues to be a primary objective of our plan of separation.

Credit Rating

As of October 30, 2024, the credit ratings and outlook from Moody's, Standard & Poor's and Fitch for certain outstanding obligations of the Company were as follows:

	Bausch Health Companies Inc.				Bausch + Lomb Corporation		
Rating Agency	**Corporate Rating**	**Senior Secured Rating**	**Senior Unsecured Rating**	**Outlook**	**Corporate Rating**	**Senior Secured Rating**	**Outlook**
Moody's	Caa2	Caa1	Ca	Stable		B1	Stable
Standard & Poor's	CCC+	B-	CCC	Negative	B-	B-	Positive
Fitch	CCC	B	C	No Outlook	B-	BB-	Rating Watch Evolving

Bausch Health Companies Inc. - There were no changes to the corporate credit ratings or other credit ratings of the Company during the third quarter of 2024.

Bausch + Lomb Corporation - There were no changes to the corporate credit ratings or other credit ratings of Bausch + Lomb during the third quarter of 2024.

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 2024 are for debt service. Our other future cash requirements relate to working capital, capital expenditures, business development transactions (contingent consideration), restructuring, integration, separation costs, benefit obligations and litigation settlements. In addition, we may use cash to enter into licensing arrangements and/or to make strategic acquisitions. We are considering further acquisition opportunities within our core therapeutic areas, some of which could be sizable.

In addition to our working capital requirements, as of September 30, 2024, we expect our primary cash requirements during the remainder of 2024 to include:

- *Debt repayments and interest payments*—We anticipate making mandatory amortization and interest payments of approximately $400 million during the period October 1, 2024 through December 31, 2024. 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;
- *Capital expenditures*—We expect to make payments of approximately $100 million for property, plant and equipment during the period October 1, 2024 through December 31, 2024; and
- *Contingent consideration and milestone payments*—We expect to make contingent consideration payments of approximately $10 million during the period October 1, 2024 through December 31, 2024.

Future Costs of B+L Separation

The Company has incurred costs associated with activities to complete the B+L Separation and will continue to incur costs associated with the B+L Separation. These activities include the costs of separating Bausch + Lomb business from the remainder of the Company. Separation costs are incremental costs directly related to the B+L Separation and include, but are not limited to legal, audit and advisory fees. The Company has also incurred, and will incur, separation-related costs which are incremental costs indirectly related to the B+L Separation. These costs include, but are not limited to: (i) rebranding costs and (ii) 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.

Litigation Payments

In the ordinary course of business, the Company is involved in litigation, claims, government inquiries, investigations, charges and proceedings. As of September 30, 2024, the Company's Condensed Consolidated Balance Sheet includes accrued loss contingencies of $337 million related to matters which are both probable and reasonably estimable, however, a reliable estimate of the period in which the remaining loss contingencies will be payable, if ever, cannot be made. Our ability to successfully defend the Company against pending and future litigation may impact future cash flows.

See Note 17, "LEGAL PROCEEDINGS" to our unaudited interim Condensed Consolidated Financial Statements for further details.

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 ACQUISITIONS" to our unaudited interim Condensed Consolidated Financial Statements. Payments associated with the upfront fee for these agreements cannot be reasonably estimated at this time and could be material.

Unrecognized Tax Benefits

As of September 30, 2024, the Company had unrecognized tax benefits totaling $947 million of which, $29 million is expected to change in the next 12 months, 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, 2023, filed with the SEC and the CSA on February 22, 2024.

OUTSTANDING SHARE DATA

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

At October 25, 2024, we had 367,803,401 issued and outstanding common shares. In addition, as of October 25, 2024, we had outstanding 8,367,591 stock options and 9,266,526 time-based restricted share units that each represent the right of a holder to receive one of the Company’s common shares, and 1,781,092 performance-based restricted share units that represent the right of a holder to receive a number of the Company’s common shares up to a specified maximum. A maximum of 3,364,737 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 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, 2023, filed with the SEC and the CSA on February 22, 2024, and determined that there were no significant changes in our critical accounting policies and estimates during the three months ended September 30, 2024.

Interim Goodwill Assessment

No events occurred or circumstances changed during the three months ended September 30, 2024, that indicated that the fair value of any reporting unit might be below its respective carrying value. However, as a result of certain market conditions, macroeconomic factors and other business specific related factors that existed in 2023, the Company continues to monitor changes in the facts and circumstances which may impact the fair value of its Dermatology, Neurology and Generics reporting units. However, 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 any such charges could be material.

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

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 R&D and marketing spend; our expected primary cash and working capital requirements for the remainder of this fiscal year 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 the 2022 Amended Credit Agreement, senior notes indentures and the AR Facility Agreement; the ability of our subsidiary, Bausch + Lomb, to comply with the financial and other covenants contained in the B+L Senior Secured Credit Facilities and the B+L October 2028 Secured Notes; 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 potential impacts of proposed health care reform measures; the anticipated effect of current market conditions and recessionary pressures in one or more of our markets; the anticipated effect of macroeconomic factors, including inflation; the anticipated impact from the ongoing conflicts between Russia and Ukraine and between Israel, Hamas and other countries and militant groups in the region; and the Company's plan to separate its eye health business, including the costs, 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 impact of current market and economic conditions in one or more of our markets on our ability to grow our business;
- the impact of inflation and other macroeconomic factors on our business and operations;
- ongoing litigation and potential additional litigation, claims, challenges and/or regulatory investigations challenging or otherwise relating to the B+L IPO and the B+L Separation and the costs, expenses, use of resources, diversion of management time and efforts, liability and damages that may result therefrom;
- with respect to the B+L Separation, the risks and uncertainties include, but are not limited to, the structure of the B+L Separation, the expected benefits and costs of the B+L Separation, the expected timing of completion of the B+L Separation and its terms, the Company's ability to complete the B+L Separation considering the various conditions to the completion of the B+L Separation (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 B+L Separation, that a portion of Bausch Health's ownership of Bausch + Lomb is pledged as collateral securing the 9.00% Intermediate Holdco Secured Notes, that the Xifaxan® Generics Litigation (see "Xifaxan® Paragraph IV Proceedings" of Note 17, "LEGAL PROCEEDINGS" to our unaudited interim Condensed 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 are not obtained on the terms or timelines anticipated or at all, business disruption during the pendency of, or following, the B+L Separation, 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 (if required based on the structure of any B+L Separation) 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 (if required based on the structure of any B+L Separation) of the Company and the separated entity to satisfy the conditions required to maintain the tax-free status of the B+L Separation (some of which are beyond their control), limitations on the Company's ability to sell a portion of the Company's interest in Bausch + Lomb in order to maintain (if required based on the structure of any B+L Separation) the tax-free status of the B+L Separation (including due to dilution from B+L's issuance of share-based compensation awards), other potential tax or other liabilities that may arise as a result of the B+L Separation, the potential dissynergy costs resulting from the B+L Separation, the impact of the B+L Separation 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 B+L Separation will occur at all, or that any such transaction will occur on the timelines anticipated by the Company;

- the challenges the Company faces as a result of the closing of 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;
- 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), 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 and certain opt-out actions in Canada relating to the previously settled class action in Canada), certain pending lawsuits and other claims, investigations or proceedings that may be initiated or that may be asserted;
- 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;
- ongoing or potential legal and governmental proceedings that are uncertain, costly and time-consuming and 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 and/or debt securities to decline;
- 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 2024 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 FDA and equivalent agencies outside of the U.S. and the results thereof;
- actions, including inspections, by the FDA or other regulatory authorities with respect to our products or facilities;
- compliance with the legal and regulatory requirements of our marketed drugs and other products, including our dietary 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, the 2022 Amended Credit Agreement, the AR Credit Facility and other current or future credit and/or debt agreements or amendments thereto, including the ability of Bausch + Lomb to comply with its covenants and obligations under the B+L Senior Secured Credit Facilities and the B+L October 2028 Secured Notes, 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 or amendments thereto) 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;
- our ability to generate cash in order to service our debt;

- any reductions in, or changes in the assumptions used in, our forecasts for fiscal year 2024 or beyond, including as a result of current market and economic conditions in one or more of our markets, 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;

- risks and uncertainties relating to the XIIDRA Acquisition by Bausch + Lomb, including its ability to effectively and efficiently integrate the acquired XIIDRA® product, pipeline products, transferred sales force and other assets into its existing business, risks that such integration efforts will potentially divert the efforts and attention of Bausch + Lomb's management and other employees away from its ongoing business operations, the effect of the transaction on its ability to maintain relationships with customers, suppliers, and other business partners, risks relating to Bausch + Lomb's increased levels of debt as a result of debt incurred to finance such acquisition and risks that it may not realize the expected benefits of the acquisition on a timely basis or at all;

- the uncertainties associated with the acquisition and launch of new products, assets and businesses (including Bausch + Lomb's acquisitions of XIIDRA® and the Blink® product line in 2023 and the launch of its MIEBO® product), 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 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;

- 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 develop or acquire more effective or less costly pharmaceutical or OTC products or medical devices than 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, AR Facility Agreement, the B+L Senior Secured Credit Facilities, our senior notes indentures, the senior notes indenture of B+L and the agreements governing our other indebtedness;

- 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;
- the impact of pricing controls, social or governmental pressure to lower the cost of drugs, and consolidation across the supply chain;
- our ability to maintain strong relationships with physicians and other healthcare professionals;
- our ability to maintain and provide appropriate training in our products to our health care providers;
- 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 OECD's Inclusive Framework, 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 impact of the conflict in the Middle East involving Israel, Hamas and other countries and militant groups in the region, including its potential continued escalation and expansion and the potential impact on our operations, sale of products and revenues in this region;
- any current and potential future trade disputes 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, the EU and other countries against governmental and other entities in Russia, Belarus and parts of Ukraine, including potential impact on sales, earnings, market conditions and the ability of the Company to manage its resources and operations in Russia;
- the impact of any potential changes to 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 Xifaxan® Generics Litigation) and related litigation on, among other things, our business results, financial results, and the B+L Separation;
- the fact that a substantial amount of our revenue is 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, including the risk of a competitor launching a generic rifaximin at risk prior to a final unappealable decision;
- the introduction of generic, biosimilar or other competitors of our branded products and other products, including the introduction of products that compete against our products that do not have patent or data exclusivity rights;
- the impact on our revenues and profits from generic products as a result of changes to regulatory policy;
- 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 effect of changes in inventory levels or fluctuations in buying patterns by our large distributor and retail customers;
- 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. and our dermatology cash-pay prescription program, 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 and potential other impacts 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, 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 applicable laws and regulations, including 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, and to prevail in any litigation related to noncompliance;
- 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, and to the Company's ability to sell its products profitably;
- 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;
- the reduction of revenues in future fiscal periods due to our policies regarding returns, allowances, and chargebacks;
- the reduction of profits due to imports from countries where our products are available at lower prices;
- any plans for the Company's aesthetic medical business;
- interruptions, breakdowns or breaches in our information technology systems;
- the impact of catastrophic events that may disrupt our business;
- risks associated with climate change;
- our ability to maintain adequate internal controls and to provide an assertion as to the effectiveness of such controls on an annual basis;
- the potential adverse effect of shareholder activism;
- our ability to effectively monitor and respond to expectations regarding environmental, social and governance matters; and
- risks in Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the U.S. Securities and Exchange Commission ("SEC") and the Canadian Securities Administrators (the "CSA") on February 22, 2024, risks in 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 SEC and the CSA, as well as our ability to anticipate and manage the risks associated with the foregoing.

Additional information about these factors and about the material factors or assumptions underlying such forward-looking statements may be found in our Annual Report on Form 10-K for the year ended December 31, 2023, filed on February 22, 2024, 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 4. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), has evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2024. Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of September 30, 2024.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.