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

FORM 10-Q

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

For the Quarterly Period Ended September 30, 2024

OR

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

For the transition period from _____ to _____

Commission File Number: 001-14956

Bausch Health Companies Inc.

(Exact name of registrant as specified in its charter)

British Columbia , Canada	**98-0448205**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2150 St. Elzéar Blvd. West, Laval, Québec, Canada H7L 4A8
(Address of Principal Executive Offices) (Zip Code)

(514) 744-6792
(Registrant's telephone number, including area code)

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

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

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

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

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

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

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

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

Common shares, no par value — 367,803,401 shares outstanding as of October 25, 2024.

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BAUSCH HEALTH COMPANIES INC.
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Introductory Note

Except where the context otherwise requires, all references in this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024 (this "Form 10-Q") to the "Company", "we", "us", "our" or similar words or phrases are to Bausch Health Companies Inc. and its subsidiaries, taken together. In this Form 10-Q, references to "$" are to United States ("U.S.") dollars, references to "€" are to Euros and references to "CAD" are to Canadian dollars. Unless otherwise indicated, the statistical and financial data contained in this Form 10-Q are presented as of September 30, 2024.

Forward-Looking Statements

This Form 10-Q contains 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 of applicable Canadian securities laws (collectively, "forward-looking statements"), as described in more detail under the heading "Forward-Looking Statements" in Item 2 of Part I of this Form 10-Q. Additional information about these factors and about the material factors or assumptions underlying such forward-looking statements may be found (i) 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"; (ii) under Item 1A. "Risk Factors" of Part II of this Form 10-Q; and (iii) in the Company's other filings with the U.S. Securities and Exchange Commission (the "SEC") and the Canadian Securities Administrators (the "CSA"). When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider such 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 list of important factors, as described in more detail under the heading "Forward-Looking Statements" in Item 2 of Part I of this Form 10-Q, that may affect future results is not exhaustive and should not be considered a complete statement of all potential risks and uncertainties.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 719	$ 947
Restricted cash	31	15
Trade receivables, net	2,094	1,998
Inventories, net	1,655	1,544
Prepaid expenses and other current assets	852	1,092
Total current assets	5,351	5,596
Property, plant and equipment, net	1,789	1,707
Intangible assets, net	5,652	6,456
Goodwill	11,171	11,183
Deferred tax assets, net	2,188	2,101
Other non-current assets	389	307
Total assets	$ 26,540	$ 27,350
Liabilities		
Current liabilities:		
Accounts payable	$ 667	$ 719
Accrued and other current liabilities	3,386	3,133
Current portion of long-term debt	453	450
Total current liabilities	4,506	4,302
Acquisition-related contingent consideration	248	253
Non-current portion of long-term debt	21,054	21,938
Deferred tax liabilities, net	169	163
Other non-current liabilities	805	776
Total liabilities	26,782	27,432
Commitments and contingencies (Note 17)		
Deficit		
Common shares, no par value, unlimited shares authorized, 367,695,267 and 365,238,917 issued and outstanding at September 30, 2024 and December 31, 2023, respectively	10,489	10,423
Additional paid-in capital	201	214
Accumulated deficit	(9,917)	(9,778)
Accumulated other comprehensive loss	(1,947)	(1,881)
Total Bausch Health Companies Inc. shareholders' deficit	(1,174)	(1,022)
Noncontrolling interest	932	940
Total deficit	(242)	(82)
Total liabilities and deficit	$ 26,540	$ 27,350

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Revenues				
Product sales	$ 2,482	$ 2,213	$ 6,990	$ 6,281
Other revenues	28	25	76	68
	2,510	2,238	7,066	6,349
Expenses				
Cost of goods sold (excluding amortization and impairments of intangible assets)	682	612	2,018	1,824
Cost of other revenues	14	11	37	30
Selling, general and administrative	850	715	2,476	2,151
Research and development	146	153	453	452
Amortization of intangible assets	274	253	818	795
Goodwill impairments	—	402	—	402
Asset impairments	—	4	6	54
Restructuring, integration and separation costs	1	14	25	40
Other expense, net	225	60	245	—
	2,192	2,224	6,078	5,748
Operating income	318	14	988	601
Interest income	7	6	24	19
Interest expense	(346)	(339)	(1,051)	(965)
Gain on extinguishment of debt	—	—	23	—
Foreign exchange and other	—	(7)	(26)	(38)
Loss before income taxes	(21)	(326)	(42)	(383)
Provision for income taxes	(71)	(56)	(128)	(181)
Net loss	(92)	(382)	(170)	(564)
Net loss attributable to noncontrolling interest	7	4	31	11
Net loss attributable to Bausch Health Companies Inc.	$ (85)	$ (378)	$ (139)	$ (553)
Basic and diluted loss per share attributable to Bausch Health Companies Inc.	$ (0.23)	$ (1.03)	$ (0.38)	$ (1.52)
Basic and diluted weighted-average common shares	368.4	365.4	367.7	364.5

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Net loss	$ (92)	$ (382)	$ (170)	$ (564)
Other comprehensive income (loss)				
Foreign currency translation adjustment	54	(134)	(64)	—
Pension and postretirement benefit plan adjustments, net of income taxes	—	(2)	—	(2)
Other comprehensive income (loss)	54	(136)	(64)	(2)
Comprehensive loss	(38)	(518)	(234)	(566)
Comprehensive loss (income) attributable to noncontrolling interest	13	(9)	29	18
Comprehensive loss attributable to Bausch Health Companies Inc.	$ (25)	$ (527)	$ (205)	$ (548)

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

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

	Bausch Health Companies Inc. Shareholders' (Deficit) Equity							
	Common Shares		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Bausch Health Companies Inc. Shareholders' Deficit	Non-controlling Interest	Total (Deficit) Equity
	Shares	Amount						
	Three Months Ended September 30, 2024							
Balances, July 1, 2024	367.0	$ 10,483	$ 181	$ (9,832)	$ (2,007)	$ (1,175)	$ 948	$ (227)
Common shares issued under share-based compensation plans	0.7	6	(6)	—	—	—	—	—
Share-based compensation	—	—	38	—	—	38	—	38
Employee withholding taxes related to share-based awards	—	—	(5)	—	—	(5)	—	(5)
Vesting of B+L equity compensation	—	—	(7)	—	—	(7)	7	—
Noncontrolling interest distribution	—	—	—	—	—	—	(10)	(10)
Net loss	—	—	—	(85)	—	(85)	(7)	(92)
Other comprehensive income (loss)	—	—	—	—	60	60	(6)	54
Balances, September 30, 2024	367.7	$ 10,489	$ 201	$ (9,917)	$ (1,947)	$ (1,174)	$ 932	$ (242)
	Three Months Ended September 30, 2023							
Balances, July 1, 2023	364.0	$ 10,412	$ 188	$ (9,361)	$ (1,902)	$ (663)	$ 934	$ 271
Common shares issued under share-based compensation plans	1.0	8	(8)	—	—	—	—	—
Share-based compensation	—	—	29	—	—	29	—	29
Employee withholding taxes related to share-based awards	—	—	(8)	—	—	(8)	—	(8)
Vesting of B+L equity compensation	—	—	(11)	—	—	(11)	11	—
Noncontrolling interest distribution	—	—	—	—	—	—	(9)	(9)
Net loss	—	—	—	(378)	—	(378)	(4)	(382)
Other comprehensive (loss) income	—	—	—	—	(149)	(149)	13	(136)
Balances, September 30, 2023	365.0	$ 10,420	$ 190	$ (9,739)	$ (2,051)	$ (1,180)	$ 945	$ (235)
	Nine Months Ended September 30, 2024							
Balances, January 1, 2024	365.2	$ 10,423	$ 214	$ (9,778)	$ (1,881)	$ (1,022)	$ 940	$ (82)
Common shares issued under share-based compensation plans	2.5	66	(66)	—	—	—	—	—
Share-based compensation	—	—	107	—	—	107	—	107
Employee withholding taxes related to share-based awards	—	—	(23)	—	—	(23)	—	(23)
Vesting of B+L equity compensation	—	—	(31)	—	—	(31)	31	—
Noncontrolling interest distribution	—	—	—	—	—	—	(10)	(10)
Net loss	—	—	—	(139)	—	(139)	(31)	(170)
Other comprehensive (loss) income	—	—	—	—	(66)	(66)	2	(64)
Balances, September 30, 2024	367.7	$ 10,489	$ 201	$ (9,917)	$ (1,947)	$ (1,174)	$ 932	$ (242)
	Nine Months Ended September 30, 2023							
Balances, January 1, 2023	361.9	$ 10,391	$ 159	$ (9,186)	$ (2,056)	$ (692)	$ 952	$ 260
Common shares issued under share-based compensation plans	3.1	29	(29)	—	—	—	—	—
Share-based compensation	—	—	103	—	—	103	—	103
Employee withholding taxes related to share-based awards	—	—	(23)	—	—	(23)	—	(23)
Vesting of B+L equity compensation	—	—	(20)	—	—	(20)	20	—
Noncontrolling interest distribution	—	—	—	—	—	—	(9)	(9)
Net loss	—	—	—	(553)	—	(553)	(11)	(564)
Other comprehensive income (loss)	—	—	—	—	5	5	(7)	(2)
Balances, September 30, 2023	365.0	$ 10,420	$ 190	$ (9,739)	$ (2,051)	$ (1,180)	$ 945	$ (235)

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

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

	Nine Months Ended September 30,	
	2024	**2023**
Cash Flows From Operating Activities		
Net loss	$ (170)	$ (564)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization of intangible assets	960	935
Amortization and write-off of debt premiums, discounts and issuance costs	41	51
Asset impairments	6	54
Goodwill impairments	—	402
Acquisition-related contingent consideration	19	40
Allowances for losses on trade receivable and inventories	43	43
Deferred income taxes	(104)	(33)
Net gain on sale of assets	(10)	(4)
Adjustments to accrued legal settlements	215	24
Payments of accrued legal settlements	(222)	(3)
Share-based compensation	107	103
Gain excluded from hedge effectiveness	(10)	(10)
Gain on extinguishment of debt	(23)	—
Third party fees paid in connection with the 2022 Exchange	—	(2)
Payments of contingent consideration adjustments, including accretion	(7)	(4)
Amortization of interim contract and inventory step-up resulting from acquisitions	61	—
Foreign exchange and other	(33)	22
Changes in operating assets and liabilities:		
Trade receivables	(112)	(176)
Inventories	(218)	(222)
Prepaid expenses and other current assets	120	(75)
Accounts payable, accrued and other liabilities	333	61
Net cash provided by operating activities	996	642
Cash Flows From Investing Activities		
Acquisitions and other investments	(45)	(1,887)
Purchases of property, plant and equipment	(231)	(117)
Acquisition of intangible assets and other assets	(2)	(11)
Purchases of marketable securities	(7)	(13)
Proceeds from sale of marketable securities	11	13
Proceeds from sale of assets and businesses, net of costs to sell	7	5
Interest settlements from cross-currency swaps	13	13
Net cash used in investing activities	(254)	(1,997)
Cash Flows From Financing Activities		
Issuance of long-term debt, net of discounts	155	3,145
Repayments of long-term debt	(1,049)	(1,507)
Payments of employee withholding taxes related to share-based awards	(23)	(23)
Payments of acquisition-related contingent consideration	(20)	(17)
Payments of financing costs	(7)	(36)
Other	(9)	(8)
Net cash (used in) provided by financing activities	(953)	1,554
Effect of exchange rate changes on cash, cash equivalents and other	(1)	(10)
Net (decrease) increase in cash, cash equivalents, restricted cash and other settlement deposits	(212)	189
Cash, cash equivalents, restricted cash and other settlement deposits, beginning of period	962	591
Cash, cash equivalents and restricted cash, end of period	$ 750	$ 780
Cash and cash equivalents	$ 719	$ 760
Restricted cash	31	20
Cash, cash equivalents and restricted cash, end of period	$ 750	$ 780

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

1. DESCRIPTION OF BUSINESS

Bausch Health Companies Inc. (the "Company" or "Bausch Health") is 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 its 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. The Company's products are marketed directly or indirectly in approximately 90 countries.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Use of Estimates

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared by the Company in U.S. dollars and in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial reporting, which do not conform in all respects to the requirements of U.S. GAAP for annual financial statements. Accordingly, these notes to the unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements prepared in accordance with U.S. GAAP that are contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the U.S. Securities and Exchange Commission (the "SEC") and the Canadian Securities Administrators (the "CSA") on February 22, 2024. The unaudited Condensed Consolidated Financial Statements have been prepared using accounting policies that are consistent with the policies used in preparing the Company's audited Consolidated Financial Statements for the year ended December 31, 2023. The unaudited Condensed Consolidated Financial Statements reflect all normal and recurring adjustments necessary for a fair statement of the Company's financial position and results of operations for the interim periods. The operating results for the interim periods presented are not necessarily indicative of the results expected for the full year.

Separation of the Bausch + Lomb Eye Health Business

On August 6, 2020, the Company announced its plan to separate its eye health business, consisting of its 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 Bausch + Lomb 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 September 30, 2024.

The completion of the full B+L Separation, which may include the transfer of all or a portion of the Company's remaining direct or indirect equity interest in Bausch + Lomb to its shareholders (the "Distribution"), the monetization of all or a portion of the Company's ownership interest in Bausch + Lomb, or a combination thereof, is subject to the achievement of targeted debt leverage ratios and the receipt of any applicable shareholder and other necessary approvals. The Company continues to evaluate all relevant factors and considerations related to completing the B+L Separation, including the Xifaxan® Generics Litigation (see "Xifaxan® Paragraph IV Proceedings" of Note 17, "LEGAL PROCEEDINGS").

The B+L IPO established two separate companies that include: (i) a diversified pharmaceutical company comprised of the Salix, International, Diversified (neurology, dermatology, generic and dentistry pharmaceutical products), and Solta Medical aesthetic medical device businesses and (ii) a fully integrated eye health company which consists of the Bausch + Lomb Vision Care, Surgical and Pharmaceuticals businesses. Other than the effects of the B+L IPO described above, these unaudited Condensed Consolidated Financial Statements do not include any adjustments to give effect to the B+L Separation.

Use of Estimates

In preparing the unaudited Condensed Consolidated Financial Statements, management is required to make estimates and assumptions. The estimates and assumptions used by the Company affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the unaudited Condensed Consolidated Financial Statements, and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates and the differences could be material.

On an ongoing basis, management reviews its estimates to ensure that these estimates appropriately reflect changes in the Company's business and new information as it becomes available. If historical experience and other factors used by

management to make these estimates do not reasonably reflect future activity, the Company's results of operations and financial position could be materially impacted.

Principles of Consolidation

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

New Accounting Standards

There were no new accounting standards adopted during the nine months ended September 30, 2024.

Recently Issued Accounting Standards, Not Adopted as of September 30, 2024

In December 2023, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"), which requires disclosures of disaggregated income taxes paid, prescribes standard categories for the components of the effective tax rate reconciliation and modifies certain other income tax-related disclosures. The enhanced income tax related disclosures required by ASU 2023-09 are effective for the Company beginning with its 2025 annual report. Early adoption is permitted. The Company is evaluating the impact of adoption of this guidance on its disclosures.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"). ASU 2023-07 expands public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. The amendments in ASU 2023-07 are effective for the Company beginning with its 2024 annual report, and its interim periods beginning in 2025. Early adoption is permitted. The Company is evaluating the impact of adoption of this guidance on its disclosures.

3. REVENUE RECOGNITION

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. See Note 18, "SEGMENT INFORMATION" for the disaggregation of revenue which depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by the economic factors of each category of customer contracts.

Product Sales Provisions

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

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

The Company continually monitors its variable consideration provisions and evaluates the estimates used as additional information becomes available. Adjustments will be made to these provisions periodically to reflect new facts and circumstances that may indicate that historical experience may not be indicative of current and/or future results. The Company is required to make subjective judgments based primarily on its evaluation of current market conditions and trade inventory levels related to the Company's products. This evaluation may result in an increase or decrease in the experience rate that is applied to current and future sales, or require an adjustment related to past sales, or both. If the trend in actual

amounts of variable consideration varies from the Company's prior estimates, the Company adjusts these estimates when such trend is believed to be sustainable. At that time, the Company would record the necessary adjustments which would affect net product revenue and earnings reported in the current period. The Company applies this method consistently for contracts with similar characteristics.

The following tables present the activity and ending balances of the Company's variable consideration provisions for the nine months ended September 30, 2024 and 2023.

	Nine Months Ended September 30, 2024					
(in millions)	Discounts and Allowances	Returns	Rebates	Chargebacks	Distribution Fees	Total
Reserve balances, January 1, 2024	$ 191	$ 380	$ 1,108	$ 216	$ 44	$ 1,939
Current period provisions	500	115	2,699	1,465	226	5,005
Payments and credits	(501)	(122)	(2,459)	(1,516)	(196)	(4,794)
Reserve balances, September 30, 2024	$ 190	$ 373	$ 1,348	$ 165	$ 74	$ 2,150

Included in Rebates in the table above are cooperative advertising credits due to customers of approximately $43 million and $39 million as of September 30, 2024 and January 1, 2024, respectively, which are reflected as a reduction of Trade receivables, net in the Condensed Consolidated Balance Sheets. There were no price appreciation credits during the nine months ended September 30, 2024.

	Nine Months Ended September 30, 2023					
(in millions)	Discounts and Allowances	Returns	Rebates	Chargebacks	Distribution Fees	Total
Reserve balances, January 1, 2023	$ 188	$ 427	$ 1,023	$ 196	$ 76	$ 1,910
Current period provisions	457	103	2,071	1,514	190	4,335
Payments and credits	(462)	(147)	(2,017)	(1,501)	(171)	(4,298)
Reserve balances, September 30, 2023	$ 183	$ 383	$ 1,077	$ 209	$ 95	$ 1,947

Included in Rebates in the table above are cooperative advertising credits due to customers of approximately $47 million and $40 million as of September 30, 2023 and January 1, 2023, respectively, which are reflected as a reduction of Trade receivables, net in the Condensed Consolidated Balance Sheets. There were no price appreciation credits during the nine months ended September 30, 2023.

Contract Assets and Contract Liabilities

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

Allowance for Credit Losses

An allowance is maintained for potential credit losses. The Company estimates the current expected credit loss on its receivables based on various factors, including historical credit loss experience, customer credit worthiness, value of collateral (if any), and any relevant current and reasonably supportable future economic factors. Additionally, the Company generally estimates the expected credit loss on a pool basis when customers are deemed to have similar risk characteristics. Trade receivable balances are written off against the allowance when it is deemed probable that the trade receivable will not be collected. Trade receivables, net are stated net of certain sales provisions and the allowance for credit losses. The activity in the allowance for credit losses for trade receivables for the nine months ended September 30, 2024 and 2023 is as follows.

(in millions)	2024	2023
Balance, beginning of period	$ 34	$ 33
Provision for expected credit losses	2	3
Write-offs charged against the allowance	(3)	(3)
Recoveries of amounts previously written off	—	3
Foreign exchange and other	(3)	(3)
Balance, end of period	$ 30	$ 33

4. LICENSING AGREEMENTS AND ACQUISITIONS

Licensing Agreements

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

2024 Acquisitions

During July 2024, Bausch + Lomb, through an affiliate, acquired TearLab Corporation, d/b/a 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. The acquisition of Trukera Medical has been accounted for as a business combination under the acquisition method of accounting. As of the acquisition date (July 19, 2024), Bausch + Lomb allocated the aggregate purchase consideration of approximately $24 million based on estimated fair values, which included recording $16 million of identifiable intangible assets, $6 million of other net assets and $2 million of goodwill. The assets acquired and liabilities assumed are included within Bausch + Lomb's Surgical business. Revenues and operating results associated with Trukera Medical during the period from July 19, 2024 through September 30, 2024 were not material. Pro-forma revenues and operating results for the three and nine months ended September 30, 2024 and 2023 were not material.

2023 Acquisitions

Acquisition of XIIDRA®

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

On September 29, 2023, under the terms of the Acquisition Agreement, Bausch + Lomb, through its affiliate, consummated the XIIDRA Acquisition for: (i) an upfront cash payment of $1,750 million, (ii) the assumption of certain pre-existing milestone payments and (iii) potential future milestone obligations. As of the acquisition date, Bausch + Lomb recognized contingent consideration liabilities of $34 million, in the aggregate, related to assumed pre-existing milestones and potential future milestones. The Company reassesses its acquisition-related contingent consideration liabilities each quarter for changes in fair value. See Note 6, "FAIR VALUE MEASUREMENTS" for additional information regarding the fair value assessment of the acquisition-related contingent consideration liabilities. The XIIDRA Acquisition complements Bausch + Lomb's existing dry eye franchise that includes eye and contact lens drops from Bausch + Lomb's consumer brand franchises and novel treatments within its pharmaceutical business such as MIEBO® (perfluorohexyloctane ophthalmic solution). The XIIDRA Acquisition has been accounted for as a business combination under the acquisition method of accounting. The assets acquired and liabilities assumed are included within Bausch + Lomb's Pharmaceuticals business.

As of the acquisition date, Bausch + Lomb allocated the aggregate purchase consideration of $1,753 million based on estimated fair values, which included recording $1,600 million of identifiable intangible assets, $130 million of other net assets, and $23 million of goodwill. See Note 4, "LICENSING AGREEMENTS AND ACQUISITIONS" in the Annual Report for additional information regarding the XIIDRA Acquisition, including further details regarding the assets acquired and liabilities assumed.

Pro Forma Financial Information

The following table presents the unaudited pro forma condensed combined results of the Company and the acquired assets for the three and nine months ended September 30, 2023 as if the XIIDRA Acquisition had occurred on January 1, 2023:

(in millions)	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
Revenues	$ 2,302	$ 6,598
Net loss	$ (466)	$ (783)
Net loss attributable to Bausch Health Companies Inc.	$ (448)	$ (732)

The unaudited pro forma condensed combined financial information was prepared using the acquisition method of accounting and was based on the historical financial information of the Company and the acquired assets. In order to reflect the occurrence of the acquisition on January 1, 2023 as required, the unaudited pro forma financial information includes adjustments to reflect amortization expense of the identifiable intangible assets acquired, the incremental cost of products sold related to the fair value adjustments associated with the terms of an interim contract to purchase inventory, as embedded within the agreements associated with the XIIDRA Acquisition, elimination of historical impairments and accretion expenses related to historical contingent considerations recorded by Novartis, the recording of new/assumed contingent consideration accretion expense, the additional interest expense associated with the issuance of debt to finance the acquisition and the tax impact of each of the aforementioned adjustments. The unaudited pro forma financial information is not necessarily indicative of what the consolidated results of operations would have been had the XIIDRA Acquisition been completed on January 1, 2023. In addition, the unaudited pro forma financial information is not a projection of future results of operations of the combined company nor does it reflect the expected realization of any synergies or cost savings associated with the acquisition.

Acquisition of Blink® Product Line

On July 6, 2023, Bausch + Lomb announced that it had consummated a transaction with Johnson & Johnson Vision, pursuant to which Bausch + Lomb, through an affiliate, acquired the Blink® product line of eye and contact lens drops, which consists of Blink® Tears Lubricating Eye Drops, Blink® Tears Preservative Free Lubricating Eye Drops, Blink GelTears® Lubricating Eye Drops, Blink® Triple Care Lubricating Eye Drops, Blink Contacts® Lubricating Eye Drops and Blink-N-Clean® Lens Drops. This acquisition was made by Bausch + Lomb to continue to grow its global over-the-counter business. Under the terms of the purchase agreement, Bausch + Lomb, through an affiliate, acquired the Blink® product line of eye and contact lens drops for an upfront cash payment of $107 million, which was paid on the closing of the transaction. Bausch + Lomb accounted for the transaction as an asset acquisition. The acquired assets are included within Bausch + Lomb's Vision Care business. See Note 4, "LICENSING AGREEMENTS AND ACQUISITIONS" in the Annual Report for additional information regarding the acquisition of the Blink® product line.

Acquisition of AcuFocus

On January 17, 2023, Bausch + Lomb acquired AcuFocus, Inc., an ophthalmic medical device company, for an upfront payment of $35 million, $31 million of which was paid in January 2023, with the remaining purchase price paid during the 18 months following the date of the transaction. The acquisition was made to acquire certain small aperture intraocular technology for the treatment of certain cataract conditions. Additional contingent payments may be payable upon achievement of future sales milestones. Bausch + Lomb recorded an initial acquisition-related contingent consideration liability of approximately $5 million.

5. RESTRUCTURING, INTEGRATION AND SEPARATION COSTS

Restructuring and Integration Costs

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

The Company incurred $23 million and $37 million of restructuring and integration costs during the nine months ended September 30, 2024 and 2023, respectively.

Separation Costs and Separation-related 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 included in Restructuring, integration and separation costs for the nine months ended September 30, 2024 and 2023 are $2 million and $3 million, respectively.

The Company has incurred, and will continue to incur, incremental costs with respect to the B+L Separation. These separation-related costs include, but are not limited to rebranding costs and costs associated with facility relocation and/or modification. Included in Selling, general and administrative expenses for the nine months ended September 30, 2024 and 2023 are separation-related costs of $9 million and $18 million, respectively.

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

6. FAIR VALUE MEASUREMENTS AND FINANCIAL INSTRUMENTS

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

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

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis

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

	September 30, 2024				December 31, 2023			
(in millions)	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**
Assets:								
Cash equivalents	$ 157	$ 149	$ 8	$ —	$ 425	$ 417	$ 8	$ —
Restricted cash	$ 31	$ 31	$ —	$ —	$ 15	$ 15	$ —	$ —
Foreign currency exchange contracts	$ 1	$ —	$ 1	$ —	$ 3	$ —	$ 3	$ —
Liabilities:								
Acquisition-related contingent consideration	$ 285	$ —	$ —	$ 285	$ 292	$ —	$ —	$ 292
Cross-currency swaps	$ 94	$ —	$ 94	$ —	$ 84	$ —	$ 84	$ —
Foreign currency exchange contracts	$ 5	$ —	$ 5	$ —	$ 6	$ —	$ 6	$ —

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

There were no transfers into or out of Level 3 assets or liabilities during the nine months ended September 30, 2024.

Cross-currency Swaps

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

subsidiaries. Bausch + Lomb's cross-currency swaps qualify for and have been designated as a hedge of the foreign currency exposure of a net investment in a foreign operation and are remeasured at each reporting date to reflect changes in their fair values.

The assets and liabilities associated with Bausch + Lomb's cross-currency swaps as included in the Condensed Consolidated Balance Sheets as of September 30, 2024 and December 31, 2023 are as follows:

(in millions)	September 30, 2024	December 31, 2023
Other non-current liabilities	$ (97)	$ (90)
Prepaid expenses and other current assets	$ 3	$ 6
Net fair value	$ (94)	$ (84)

The following table presents the effect of hedging instruments on the Condensed Consolidated Statements of Comprehensive Loss and the Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2024	2023	2024	2023
(Loss) gain recognized in Other comprehensive loss	$ (33)	$ 21	$ (7)	$ (2)
Gain excluded from assessment of hedge effectiveness	$ 3	$ 3	$ 10	$ 10
Location of gain of excluded component	Interest Expense		Interest Expense	

No portion of the cross-currency swaps were ineffective for the nine months ended September 30, 2024 and 2023. During each of the nine months ended September 30, 2024 and 2023, the Company received $13 million in interest settlements, which are reported as investing activities in the Condensed Consolidated Statements of Cash Flows.

Foreign Currency Exchange Contracts

The Company's foreign currency exchange contracts are remeasured at each reporting date to reflect changes in their fair values determined using forward rates, which are observable market inputs, multiplied by the notional amount. The Company's foreign currency exchange contracts are economically hedging the foreign exchange exposure on certain of the Company's intercompany balances. As of September 30, 2024, the Company's outstanding foreign currency exchange contracts had an aggregate notional amount of $664 million.

The assets and liabilities associated with the Company's foreign exchange contracts as included in the Condensed Consolidated Balance Sheets as of September 30, 2024 and December 31, 2023 are as follows:

(in millions)	September 30, 2024	December 31, 2023
Accrued and other current liabilities	$ (5)	$ (6)
Prepaid expenses and other current assets	$ 1	$ 3
Net fair value	$ (4)	$ (3)

The following table presents the effect of the Company's foreign exchange contracts on the Condensed Consolidated Statements of Operations and the Condensed Consolidated Statements of Cash Flows for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2024	2023	2024	2023
Loss related to changes in fair value	$ 3	$ 3	$ 2	$ 2
Loss related to settlements	$ 2	$ 6	$ —	$ 2

Acquisition-related Contingent Consideration Obligations

The fair value measurement of contingent consideration obligations arising from business combinations is determined via a probability-weighted discounted cash flow analysis, using unobservable (Level 3) inputs. These inputs may include: (i) the

estimated amount and timing of projected cash flows, (ii) the probability of the achievement of the factor(s) on which the contingency is based and (iii) the risk-adjusted discount rate used to present value the probability-weighted cash flows. Significant increases or decreases in any of those inputs in isolation could result in a significantly higher or lower fair value measurement. At September 30, 2024, the fair value measurements of acquisition-related contingent consideration were determined using risk-adjusted discount rates ranging from 6% to 28%, and a weighted average risk-adjusted discount rate of 8%. The weighted average risk-adjusted discount rate was calculated by weighting each contract's relative fair value at September 30, 2024.

The following table presents a reconciliation of contingent consideration obligations measured on a recurring basis using significant unobservable inputs (Level 3) for the nine months ended September 30, 2024 and 2023:

	September 30,	
(in millions)	**2024**	**2023**
Balance, beginning of period	$ 292	$ 241
Adjustments to Acquisition-related contingent consideration:		
Accretion for the time value of money	$ 14	$ 13
Fair value adjustments due to changes in estimates of future payments	5	27
Acquisition-related contingent consideration	19	40
Additions	1	39
Payments/Settlements	(27)	(22)
Foreign currency translation adjustment included in Other comprehensive loss	—	1
Balance, end of period	285	299
Current portion included in Accrued and other current liabilities	37	52
Non-current portion included in Other non-current liabilities	$ 248	$ 247

Fair Value of Long-term Debt

The fair value of long-term debt as of September 30, 2024 and December 31, 2023 was $18,022 million and $16,270 million, respectively, and was estimated using the quoted market prices for the same or similar debt issuances (Level 2).

7. INVENTORIES

Inventories, net consist of:

(in millions)	**September 30, 2024**	**December 31, 2023**
Raw materials	$ 538	$ 509
Work in process	108	124
Finished goods	1,009	911
	$ 1,655	$ 1,544

8. INTANGIBLE ASSETS AND GOODWILL

Intangible Assets

The major components of intangible assets consist of:

(in millions)	September 30, 2024			December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization and Impairments	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization and Impairments	Net Carrying Amount
Finite-lived intangible assets:						
Product brands	$ 22,495	$ (18,885)	$ 3,610	$ 22,579	$ (18,243)	$ 4,336
Corporate brands	978	(686)	292	985	(633)	352
Product rights/patents	3,265	(3,231)	34	3,323	(3,270)	53
Partner relationships	164	(164)	—	161	(161)	—
Technology and other	217	(204)	13	214	(202)	12
Total finite-lived intangible assets	27,119	(23,170)	3,949	27,262	(22,509)	4,753
Acquired in-process research and development	5	—	5	5	—	5
B&L Trademark	1,698	—	1,698	1,698	—	1,698
	$ 28,822	$ (23,170)	$ 5,652	$ 28,965	$ (22,509)	$ 6,456

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.

There were no asset impairments for the three months ended September 30, 2024. Asset impairments for the nine months ended September 30, 2024 were $6 million and primarily related to the discontinuance of a certain product brand.

Asset impairments for the three and nine months ended September 30, 2023, were $4 million and $54 million, respectively. Asset impairments for the nine months ended September 30, 2023, primarily related to: (i) $37 million related to the Company's Uceris® Foam product, as discussed below, (ii) $8 million, in aggregate, attributable to certain trade names no longer in use and (iii) $9 million related to the discontinuance of certain product lines.

In the second quarter of 2023, the U.S. Food and Drug Administration ("FDA") approved an Abbreviated New Drug Application ("ANDA") submitted by a competitor for a budesonide (a steroid (cortisone-like) medicine) foam to help treat mild to moderate active ulcerative colitis. This product, which began to be sold by the competitor in the three months ended June 30, 2023, is a generic version of the Company's Uceris® Foam product. During the second quarter of 2023, the Company revised its long-term outlook for the Uceris® Foam product to reflect the entrant of this, and potentially other, generic competitors. 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. The Uceris® Foam product related intangible assets had no remaining carrying value as of December 31, 2023.

Xifaxan® intangible assets included in the unaudited Condensed Consolidated Balance Sheets had a carrying value of $1,751 million and an estimated remaining useful life of 39 months as of September 30, 2024. On August 10, 2022, the U.S. District Court for the District of Delaware held that the U.S. Patents protecting the use of Xifaxan® for the reduction in risk of hepatic encephalopathy ("HE") recurrence were valid and infringed and certain U.S. Patents protecting the composition and use of Xifaxan® for treating inflammatory bowel syndrome with diarrhea ("IBS-D") were invalid (the "Norwich Legal Decision"). The Norwich Legal Decision prohibited the FDA from approving the Norwich First ANDA (as defined in "The Norwich I Xifaxan® Litigation" in Note 17, "LEGAL PROCEEDINGS") until October 2029. On April 11, 2024, the U.S. Court of Appeals for the Federal Circuit issued an opinion affirming the Norwich Legal Decision and the District Court's denial of Norwich's motion requesting modification of the Norwich Legal Decision (the "Norwich Appeal Decision"). Under the Norwich Appeal Decision, the FDA remains enjoined from approving the Norwich First ANDA until October 2029. The Company has filed, and expects to file, lawsuits against additional third-party generic manufacturers that have sent the Company Notices of Paragraph IV Certification for Xifaxan®. See "Xifaxan® Paragraph IV Proceedings" of Note 17, "LEGAL PROCEEDINGS" for details of this litigation matter and the Xifaxan® Generics Litigation.

The Xifaxan® intangible assets were last assessed for potential impairment during the third quarter of 2022. This assessment resulted in no impairment of the carrying value of the Xifaxan® finite-lived intangible assets as of September 30, 2022. As part of that assessment, the Company also determined that no change to the remaining useful lives of its Xifaxan® finite-lived intangible assets was required. During the period September 30, 2022 through September 30, 2024 there were no material adverse changes to the facts and circumstances of the Xifaxan® Generics Litigation or to actual or expected business performance for Xifaxan®. Based on these factors, no impairment to the carrying value of the Xifaxan® finite-lived intangible assets was identified as of September 30, 2024.

Although the FDA remains enjoined from approving the Norwich First ANDA until October 2029, it is possible that the Xifaxan® Generics Litigation and other potential future developments: (i) may adversely impact the estimated future cash flows associated with these products, which could result in an impairment of the value of these intangible assets in one or more future periods and (ii) may result in shortened useful lives of the Xifaxan® intangible assets, which would increase amortization expense in future periods. Any such impairment or shortening of the useful lives of Xifaxan® could be material to the results of operations of the Company in the period or periods in which they were to occur.

Estimated amortization expense of finite-lived intangible assets for the remainder of 2024 and each of the five succeeding years ending December 31 and thereafter is as follows:

(in millions)	Remainder of 2024	2025	2026	2027	2028	2029	Thereafter	Total
Amortization	$ 261	$ 993	$ 871	$ 833	$ 235	$ 216	$ 540	$ 3,949

Goodwill

The changes in the carrying amounts of goodwill during the nine months ended September 30, 2024 and the year ended December 31, 2023 were as follows:

(in millions)	Bausch + Lomb	Salix	International	Solta Medical	Diversified	Total
Balance, January 1, 2023	$ 5,246	$ 3,159	$ 789	$ 115	$ 2,238	$ 11,547
Additions	31	—	—	—	—	31
Impairment	—	—	—	—	(493)	(493)
Foreign exchange and other	37	—	73	—	(12)	98
Balance, December 31, 2023	5,314	3,159	862	115	1,733	11,183
Additions	2	—	—	—	—	2
Foreign exchange and other	4	—	(16)	—	(2)	(14)
Balance, September 30, 2024	$ 5,320	$ 3,159	$ 846	$ 115	$ 1,731	$ 11,171

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

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

To forecast a reporting unit's cash flows the Company takes into consideration economic conditions and trends, estimated future operating results, management's and a market participant's view of growth rates and product lives, and anticipates future economic conditions. Revenue growth rates inherent in these forecasts are based on input from internal and external market research that compare factors such as growth in global economies, recent industry trends and product life-cycles. Macroeconomic factors such as changes in economies, changes in the competitive landscape including the unexpected loss of exclusivity to the Company's product portfolio, changes in government legislation, product life-cycles, industry

consolidations and other changes beyond the Company's control could have a positive or negative impact on achieving its targets. Accordingly, if market conditions deteriorate, or if the Company is unable to execute its strategies, it may be necessary to record impairment charges in the future and such charges could be material.

2023 Interim Assessment

Dermatology

Through the nine months ended September 30, 2023, the Dermatology reporting unit performed largely in line with the forecast used in its last quantitative fair value test (September 30, 2022). During the third quarter of 2023, as a result of lower realized pricing attributable to shifts in the coverage mix for certain products, discontinuation of certain products as a result of the impact of recent legislation, and revised expectations of future selling, advertising, and promotion costs required to mitigate further revenue erosion, the Company's preliminary assessment of future business performance indicated that the reporting unit's future financial results were expected to be below the assumptions used in the last quantitative fair value test. After considering the limited headroom as a result of the impairment to goodwill of the Dermatology reporting unit when last tested (September 30, 2022), 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 value of the Dermatology reporting unit could be less than its carrying amount, and therefore a quantitative fair value test was performed for the reporting unit.

The quantitative fair value test utilized the Company's most recent cash flow projections for the Dermatology reporting unit as revised in the third quarter of 2023 which reflected current market conditions and current trends in business performance. The quantitative fair value test utilized a long-term growth rate of 0.0% and a discount rate of 10.75%. Based on the quantitative fair value test, the carrying value of the Dermatology reporting unit exceeded its fair value at September 30, 2023, and the Company recognized a goodwill impairment of $151 million for the three months ended September 30, 2023. As of September 30, 2023 and September 30, 2024, the Dermatology reporting unit had remaining goodwill of $329 million.

Neurology

Through the nine months ended September 30, 2023, the Neurology reporting unit performed largely in line with the forecast used in its last quantitative fair value test (October 1, 2022). During the third quarter of 2023, as a result of actions taken by management in response to changing market dynamics driven by recent legislation, changes to the future expected commercial insurance coverage for certain key products, and a projected shift in the channels of business, the Company's preliminary assessment of future business performance indicated that the reporting unit's future financial results were expected to be below the assumptions used in the last quantitative fair value test. After considering the limited headroom as a result of the impairment to goodwill of the Neurology reporting unit when last tested (October 1, 2022), 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 value of the Neurology reporting unit could be less than its carrying amount, and therefore a quantitative fair value test was performed for the reporting unit.

The quantitative fair value test for the Neurology reporting unit utilized the most recent cash flow projections for the Neurology reporting unit as revised in the third quarter of 2023 to reflect current market conditions and current trends in business performance. The quantitative assessment utilized a long-term growth rate of -2.5% and a discount rate of 10.50%. Based on the quantitative fair value test, the carrying value of the Neurology reporting unit exceeded its fair value at September 30, 2023, and the Company recognized a goodwill impairment of $251 million for the three months ended September 30, 2023. As of September 30, 2023 and September 30, 2024, the Neurology reporting unit had remaining goodwill of $1,192 million and $1,175 million, respectively.

2023 Annual Impairment Test

The Company's annual goodwill impairment test as of October 1, 2023, included performing separate quantitative fair value tests for the International reporting unit, the Generics reporting unit of the Diversified segment and the Vision Care, Surgical and Pharmaceuticals reporting units of the Bausch + Lomb segment. The International reporting unit exceeded its carrying value by more than 75% and each of the reporting units of the Bausch + Lomb segment, exceeded their respective carrying values by more than 25%.

Generics

The Generics reporting unit operates in the United States, where shifting market dynamics have led to increased competition with respect to generic pharmaceuticals which impacts both pricing and potential market share. The Company expects these dynamics to intensify in the future, and as such has revised its long-term forecasts, including for the sale of Company branded products when they reach loss of exclusivity in the future to reflect these developments.

The quantitative fair value test for the Generics reporting unit utilized the most recent cash flow projections for the reporting unit as revised in the fourth quarter of 2023 to reflect current market conditions and current trends in business performance. The quantitative assessment utilized a long-term growth rate of 1.0% and a discount rate of 10.25% in the estimation of the reporting unit's fair value. Based on the quantitative fair value test, the carrying value of the Generics reporting unit exceeded its fair value as of October 1, 2023, and the Company recognized a goodwill impairment of $91 million. As of December 31, 2023 and September 30, 2024, the Generics reporting unit had remaining goodwill of $227 million.

For its remaining reporting units, the Company conducted its annual goodwill impairment test as of October 1, 2023, by first assessing qualitative factors. Based on its qualitative assessment as of October 1, 2023, management believed that, it was more likely than not that the carrying amounts of its remaining reporting units were less than their respective fair values and therefore concluded that a quantitative fair value test for those reporting units was not required.

December 31, 2023

During the period October 1, 2023 through December 31, 2023, the Company continued to monitor the market conditions and trends in business performance for all its reporting units, particularly as they pertain to the Dermatology, Neurology and Generics reporting units, and determined that, no events occurred, or circumstances changed that would indicate that the fair value of any reporting unit might be below its carrying value. 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 those charges could be material.

2024 Interim Assessment

During the nine months ended September 30, 2024, the Company continued to monitor the market conditions and trends in business performance for all its reporting units, particularly as they pertain to the Dermatology, Neurology and Generics reporting units, and determined that, no events occurred, or circumstances changed that would indicate that the fair value of any reporting unit might be below its carrying value. 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.

Accumulated goodwill impairment charges through September 30, 2024 were $5,497 million.

9. ACCRUED AND OTHER CURRENT LIABILITIES

Accrued and other current liabilities consist of:

(in millions)	September 30, 2024	December 31, 2023
Product rebates	$ 1,305	$ 1,069
Product returns	373	380
Legal matters and related fees	337	344
Employee compensation and benefit costs	318	360
Interest	237	236
Income taxes payable	102	47
Other	714	697
	$ 3,386	$ 3,133

10. FINANCING ARRANGEMENTS

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

		September 30, 2024		December 31, 2023	
(in millions)	**Maturity**	**Principal Amount**	**Net of Premiums, Discounts and Issuance Costs**	**Principal Amount**	**Net of Premiums, Discounts and Issuance Costs**
Senior Secured Credit Facilities:					
2022 Amended Credit Agreement					
2027 Revolving Credit Facility	February 2027	$ —	$ —	$ —	$ —
February 2027 Term Loan B Facility	February 2027	2,218	2,195	2,312	2,279
AR Credit Facility	January 2028	300	300	350	350
B+L Credit Facilities					
B+L Revolving Credit Facility	May 2027	350	350	275	275
B+L May 2027 Term Loan B Facility	May 2027	2,444	2,415	2,462	2,426
B+L September 2028 Term Loan B Facility	September 2028	495	485	499	487
Senior Secured Notes:					
5.50% Secured Notes	November 2025	1,680	1,677	1,680	1,675
6.125% Secured Notes	February 2027	1,000	993	1,000	990
5.75% Secured Notes	August 2027	500	497	500	497
4.875% Secured Notes	June 2028	1,600	1,588	1,600	1,586
11.00% First Lien Secured Notes	September 2028	1,774	2,481	1,774	2,654
14.00% Second Lien Secured Notes	October 2030	352	644	352	666
B+L Senior Secured Notes:					
B+L 8.375% Secured Notes	October 2028	1,400	1,381	1,400	1,377
9.00% Intermediate Holdco Secured Notes	January 2028	999	1,279	999	1,358
Senior Unsecured Notes:					
9.00%	December 2025	535	533	955	950
9.25%	April 2026	602	601	737	734
8.50%	January 2027	643	643	643	644
7.00%	January 2028	171	171	171	170
5.00%	January 2028	433	431	433	430
6.25%	February 2029	821	815	821	814
5.00%	February 2029	452	449	452	448
7.25%	May 2029	336	335	337	334
5.25%	January 2030	779	773	779	773
5.25%	February 2031	463	459	463	459
Other	Various	12	12	12	12
Total long-term debt and other		$ 20,359	21,507	$ 21,006	22,388
Less: Current portion of long-term debt			453		450
Non-current portion of long-term debt and other			$ 21,054		$ 21,938

Covenant Compliance

The Senior Secured Credit Facilities (as defined below), the B+L Credit Facilities (as defined below), the AR Credit Facility (as defined below) and the indentures governing the Senior Secured Notes (as defined and described in the table above), the 9.00% Intermediate Holdco Secured Notes (as defined below) and Senior Unsecured Notes (as defined and described in the table above) contain customary affirmative and negative covenants and specified events of default. These affirmative and negative covenants include, among other things, and subject to certain qualifications and exceptions, covenants that restrict the Company's ability and the ability of its subsidiaries to: incur or guarantee additional indebtedness; create or permit liens on assets; pay dividends on capital stock or redeem, repurchase or retire capital stock or subordinated indebtedness; make certain investments and other restricted payments; engage in mergers, acquisitions, consolidations and amalgamations;

transfer and sell certain assets; and engage in transactions with affiliates. As of September 30, 2024, the amount available for restricted payments under the "builder basket" in the Company's most restrictive indentures (as defined by those indentures) was approximately $10,500 million (although such availability is subject to the Company's compliance with a 2.00:1.00 fixed charge coverage ratio). The 2027 Revolving Credit Facility (as defined below) also contains a financial maintenance covenant that, requires the Company to maintain a first lien net leverage ratio of not greater than 4.00:1.00. The financial maintenance covenant may be waived or amended without the consent of the term loan facility lenders and contains a customary term loan facility standstill.

As of September 30, 2024, the Company was in compliance with its financial maintenance covenant related to its debt obligations. The Company, based on its current forecast for the next twelve months from the date of issuance of these financial statements, expects to remain in compliance with its financial maintenance covenant and meet its debt service obligations over that same period.

The Company continues to take steps to ensure compliance with its financial maintenance covenant and may take other actions to reduce its debt levels and improve its capital structure to align with the Company's long-term strategy, including divesting other businesses, refinancing debt and issuing equity or equity-linked securities, including secondary offerings of a portion of its ownership interest in Bausch + Lomb, as deemed appropriate.

2022 Exchange

On September 30, 2022, the Company closed a series of transactions whereby it exchanged (the "2022 Exchange") validly tendered senior unsecured notes with an aggregate outstanding principal balance of $5,594 million (collectively, the "Existing Unsecured Senior Notes") for $3,125 million (the "2022 Secured Notes") in aggregate principal balance of newly issued secured notes, a reduction of outstanding principal of $2,469 million.

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 Consolidated Balance Sheet.

As of September 30, 2024, the remaining premium on the 2022 Secured Notes was $1,279 million, which is being reduced as contractual interest payments are made on the 2022 Secured Notes. 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.

Senior Secured Credit Facilities

Senior Secured Credit Facilities under the 2018 Restated Credit Agreement

On June 1, 2018, the Company and certain of its subsidiaries as guarantors entered into the "Senior Secured Credit Facilities" under the Company's Fourth Amended and Restated Credit and Guaranty Agreement, as amended by the First Incremental Amendment to the Restated Credit Agreement, dated as of November 27, 2018 (the "2018 Restated Credit Agreement"). Prior to the 2022 Amended Credit Agreement (as defined below), the 2018 Restated Credit Agreement provided for a revolving credit facility of $1,225 million (the "2023 Revolving Credit Facility") and term loan facilities of original principal amounts of $4,565 million and $1,500 million, maturing in June 2025 (the "June 2025 Term Loan B Facility") and November 2025 (the "November 2025 Term Loan B Facility"), respectively.

Senior Secured Credit Facilities under the 2022 Amended Credit Agreement

On May 10, 2022, the Company and certain of its subsidiaries as guarantors entered into a Second Amendment (the "Second Amendment") to the Fourth Amended and Restated Credit and Guaranty Agreement (as amended by the Second Amendment, the "2022 Amended Credit Agreement"). The 2022 Amended Credit Agreement provides for a new term loan facility with an aggregate principal amount of $2,500 million (the "2027 Term Loan B Facility") maturing on February 1, 2027 and a new revolving credit facility of $975 million (the "2027 Revolving Credit Facility") that will mature on the earlier of February 1, 2027 and the date that is 91 calendar days prior to the scheduled maturity of indebtedness for borrowed money of the Company and Bausch Health Americas, Inc. ("BHA") in an aggregate principal amount in excess of $1,000 million. Borrowings under the 2027 Revolving Credit Facility can be made in U.S. dollars, Canadian dollars or Euros. After giving effect to the Second Amendment, the 2023 Revolving Credit Facility, June 2025 Term Loan B Facility and November 2025 Term Loan B Facility were refinanced (such refinancing, the "Credit Agreement Refinancing"), along with certain of the Company's existing senior notes, using net proceeds from the borrowings under the 2027 Term Loan B Facility, the B+L IPO and the B+L Debt Financing (as defined below) and available cash on hand. As of September 30, 2024, the Company had no outstanding borrowings and had $22 million of issued and outstanding letters of credit on the 2027 Revolving Credit Facility.

On June 28, 2024, the Company entered into a suspension of rights agreement (the "Suspension of Rights Agreement") with respect to the 2022 Amended Credit Agreement, pursuant to which Canadian Dollar Offered Rate ("CDOR") loans ceased to be available from June 28, 2024 until such date as the parties enter into a customary amendment of the 2022 Amendment Credit Agreement (a "CDOR Replacement Amendment") to replace the CDOR with the replacement benchmark applicable to Canadian dollar-denominated loans.

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

Borrowings under the 2027 Revolving Credit Facility in: (i) U.S. dollars bear interest at a rate per annum equal to, at the Company's option, either: (a) the term SOFR rate (subject to a floor of 0.00% per annum) or (b) a U.S. dollar base rate, (ii) Canadian dollars will bear interest at a rate per annum equal to, either: (a) a Canadian dollar prime rate or (b) when available pursuant to the Suspension of Rights Agreement and the effectiveness of a CDOR Replacement Amendment, a rate to be agreed by the parties and (iii) euros bear interest at a rate per annum equal to a term benchmark rate determined by reference to the cost of funds for euro deposits ("EURIBOR") for the interest period relevant to such borrowings (subject to a floor of 0.00% per annum), in each case, plus an applicable margin. Term SOFR rate loans are subject to a credit spread adjustment ranging from 0.10%-0.25%.

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

In addition, the Company is required to pay commitment fees of 0.25%-0.50% per annum with respect to the unutilized commitments under the 2027 Revolving Credit Facility, payable quarterly in arrears. The Company also is required to pay: (i) letter of credit fees on the maximum amount available to be drawn under all outstanding letters of credit in an amount equal to the applicable margin on term SOFR rate borrowings under the 2027 Revolving Credit Facility on a per annum basis, payable quarterly in arrears, (ii) customary fronting fees for the issuance of letters of credit and (iii) agency fees.

Subject to certain exceptions and customary baskets set forth in the 2022 Amended Credit Agreement, the Company is required to make mandatory prepayments of the loans under the Senior Secured Credit Facilities under certain circumstances, including from: (i) 100% of the net cash proceeds of insurance and condemnation proceeds for property or asset losses (subject to reinvestment rights and net proceeds thresholds), (ii) 100% of the net cash proceeds from the incurrence of debt (other than permitted debt as described in the 2022 Amended Credit Agreement), (iii) 50% of Excess Cash Flow (as defined in the 2022 Amended Credit Agreement) subject to decrease based on leverage ratios and subject to a threshold amount and (iv) 100% of net cash proceeds from asset sales (subject to reinvestment rights and net proceeds thresholds). These mandatory prepayments may be used to satisfy future amortization.

The amortization rate for the 2027 Term Loan B Facility is 5.00% per annum, or $125 million, payable in quarterly installments beginning on September 30, 2022. The Company may direct that prepayments be applied to such amortization payments in order of maturity. As of September 30, 2024, the remaining mandatory quarterly amortization payments for the 2027 Term Loan B Facility were $281 million through December 2026.

The 2022 Amended Credit Agreement permits the incurrence of incremental credit facility borrowings up to the greater of $1,000 million and 40% of Consolidated Adjusted EBITDA (non-GAAP) (as defined in the 2022 Amended Credit Agreement), subject to customary terms and conditions, as well as the incurrence of additional incremental credit facility borrowings subject to, in the case of secured debt, a secured leverage ratio of not greater than 3.50:1.00, and, in the case of unsecured debt, either a total leverage ratio of not greater than 6.50:1.00 or an interest coverage ratio of not less than 2.00:1.00.

The 2022 Amended Credit Agreement provided that Bausch + Lomb was initially a "restricted" subsidiary subject to the terms of the 2022 Amended Credit Agreement covenants, but does not require Bausch + Lomb to guarantee the obligations under the 2022 Amended Credit Agreement. The 2022 Amended Credit Agreement permitted the Company to designate Bausch + Lomb as an "unrestricted" subsidiary under the 2022 Amended Credit Agreement and no longer subject to the terms of the covenants thereunder provided that no event of default was continuing or would result from such designation and the total leverage ratio of Remainco (as defined in the 2022 Amended Credit Agreement) would not be greater than 7.60:1.00

on a pro forma basis. The Credit Agreement Refinancing contains provisions that were designed to facilitate the B+L Separation.

On November 29, 2022, the Company designated 1261229 B.C. Ltd as an unrestricted subsidiary of the Company in accordance with the terms of the Company's debt documents. In connection therewith, all of the subsidiaries of 1261229 B.C. Ltd., including Bausch + Lomb and its subsidiaries, are unrestricted subsidiaries of the Company and, as a result, are not subject to the covenants under the Bausch Health debt documents, and the earnings and net debt of Bausch + Lomb, as defined in the relevant debt documents, are also not included in the calculation of the Company's financial maintenance covenant. As of September 30, 2024, 1261229 B.C. Ltd., directly or indirectly, held approximately 88% of the issued and outstanding shares of Bausch + Lomb.

Accounts Receivable Credit Facility

On June 30, 2023, certain subsidiaries of the Company entered into a Credit and Security Agreement (as amended, 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 for general corporate purposes.

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. The AR Facility Agreement contains customary events of default, representations and warranties and affirmative and negative covenants primarily applicable to the borrower thereunder, including, among other things, restrictions on indebtedness, liens, investments, mergers, dispositions, dividends and other distributions, and engaging in any business other than as set forth in the AR Facility Agreement. Upon the occurrence and during the continuance of an Amortization Event (as defined in the AR Facility Agreement), including the occurrence of an Event of Default (under and as defined in the 2022 Amended Credit Agreement), and subsequent demand by the Administrative Agent (acting at the direction of the Lenders), the outstanding advances and all other obligations under the AR Facility Agreement will be due and payable. The AR Credit Facility matures on January 28, 2028.

As of September 30, 2024, there were $300 million of outstanding borrowings under the AR Credit Facility at an all-in interest rate of 11.85%.

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").

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 B+L October 2028 Secured Notes (as defined below) were used to finance the $1,750 million upfront payment related to the XIIDRA Acquisition (as discussed further in Note 4, "LICENSING AGREEMENTS AND ACQUISITIONS") and related acquisition and financing costs.

On April 19, 2024, Bausch + Lomb entered into a suspension of rights agreement (the "B+L Suspension of Rights Agreement") with respect to the B+L Credit Agreement, pursuant to which Canadian dollar-denominated loans ceased to be available from June 28, 2024, until such date as the parties enter into a customary amendment of the B+L Credit Agreement (a "B+L CDOR Replacement Amendment") to replace the Canadian Dollar Offered Rate with the replacement benchmark applicable to Canadian dollar-denominated loans.

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, subject to effectiveness of a CDOR Replacement Amendment, 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.

The B+L Revolving Credit Facility is a source of funding for Bausch + Lomb and its subsidiaries only. 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.

Borrowings under the B+L Revolving Credit Facility in: (i) U.S. dollars bear interest at a rate per annum equal to, at Bausch + Lomb's option, either: (a) a term Secured Overnight Financing Rate ("SOFR")-based rate or (b) a U.S. dollar base rate, (ii) Canadian dollars, when available pursuant to the B+L Suspension of Rights Agreement and the effectiveness of a B+L CDOR Replacement Amendment, will bear interest at a rate to be agreed between the parties, (iii) euros bear interest at a rate per annum equal to EURIBOR and (iv) pounds sterling bear interest at a rate per annum equal to Sterling Overnight Index Average ("SONIA") (provided, however, that the term SOFR-based rate, EURIBOR and SONIA shall be no less than 0.00% per annum at any time and the U.S. dollar base rate shall be no less than 1.00% per annum at any time), in each case, plus an applicable margin. Term SOFR-based borrowings under the Revolving Credit Facility are subject to a credit spread adjustment of 0.10%.

The applicable interest rate margins for borrowings under the B+L Revolving Credit Facility are: (i) between 0.75% to 1.75% with respect to U.S. dollar base rate borrowings and between 1.75% to 2.75% with respect to SOFR, EURIBOR or SONIA borrowings based on Bausch + Lomb's total net leverage ratio and (ii) after: (x) Bausch + Lomb's senior unsecured non-credit-enhanced long term indebtedness for borrowed money receives an investment grade rating from at least two of Standard & Poor's, Moody's and Fitch and (y) the B+L May 2027 Term Loan B Facility and B+L September 2028 Term Loan B Facility have been repaid in full in cash (the "IG Trigger"), between 0.015% to 0.475% with respect to U.S. dollar base rate borrowings and between 1.015% to 1.475% with respect to SOFR, EURIBOR or SONIA borrowings based on Bausch + Lomb's debt rating. The stated rate of interest for borrowings under the Revolving Credit Facility at September 30, 2024 ranges from 7.70% to 7.97% per annum. In addition, Bausch + Lomb is required to pay commitment fees of 0.25% per annum in respect of the unutilized commitments under the B+L Revolving Credit Facility, payable quarterly in arrears until the IG Trigger and, thereafter, a facility fee between 0.110% to 0.275% of the total revolving commitments, whether used or unused, based on Bausch + Lomb's debt rating and payable quarterly in arrears. Bausch + Lomb is also required to pay letter of credit fees on the maximum amount available to be drawn under all outstanding letters of credit in an amount equal to the applicable margin on SOFR borrowings under the B+L Revolving Credit Facility on a per annum basis, payable quarterly in arrears, as well as customary fronting fees for the issuance of letters of credit and agency fees.

Borrowings under the B+L May 2027 Term Loan B Facility bear interest at a rate per annum equal to, at Bausch + Lomb's option, either (i) a term SOFR-based rate, plus an applicable margin of 3.25% or (ii) a U.S. dollar base rate, plus an applicable margin of 2.25% (provided, however, that the term SOFR-based rate shall be no less than 0.50% per annum at any time and the U.S. dollar base rate shall not be lower than 1.50% per annum at any time). Term SOFR-based loans are subject to a credit spread adjustment of 0.10%. The stated rate of interest under the B+L May 2027 Term Loan B Facility at September 30, 2024 was 8.27% per annum.

Borrowings under the B+L September 2028 Term Loan B Facility bear interest at a rate per annum equal to, at Bausch + Lomb's option, either: (i) a term SOFR-based rate, plus an applicable margin of 4.00%, or (ii) a U.S. dollar base rate, plus an applicable margin of 3.00% (provided, however, that the term SOFR-based rate shall be no less than 0.00% per annum at any time and the U.S. dollar base rate shall not be lower than 1.00% per annum at any time). Term SOFR-based borrowings under the B+L September 2028 Term Facility are not subject to any credit spread adjustment. The stated rate of interest under the B+L September 2028 Term Loan B Facility as of September 30, 2024 was 8.85% per annum.

Subject to certain exceptions and customary baskets set forth in the B+L Amended Credit Agreement, Bausch + Lomb is required to make mandatory prepayments of the loans under the B+L May 2027 Term Loan B Facility and B+L September 2028 Term Loan B Facility under certain circumstances, including from: (i) 100% of the net cash proceeds of insurance and condemnation proceeds for property or asset losses (subject to reinvestment rights, decrease based on leverage ratios and net proceeds threshold), (ii) 100% of the net cash proceeds from the incurrence of debt (other than permitted debt as described in the B+L Amended Credit Agreement), (iii) 50% of Excess Cash Flow (as defined in the B+L Amended Credit Agreement) subject to decrease based on leverage ratios and subject to a threshold amount and (iv) 100% of net cash proceeds from asset sales (subject to reinvestment rights, decrease based on leverage ratios and net proceeds threshold). These mandatory prepayments may be used to satisfy future amortization.

The amortization rate for the B+L May 2027 Term Loan B Facility is 1.00% per annum, or $25 million, payable in quarterly installments. Bausch + Lomb may direct that prepayments be applied to such amortization payments in order of maturity. As of September 30, 2024, the remaining mandatory quarterly amortization payments for the B+L May 2027 Term Loan B Facility were $63 million through March 2027, with the remaining term loan balance being due in May 2027.

The amortization rate for the B+L September 2028 Term Loan B Facility is 1.00% per annum, or $5 million, payable in quarterly installments. Bausch + Lomb may direct that prepayments be applied to such amortization payments in order of maturity. As of September 30, 2024, the remaining mandatory quarterly amortization payments for the B+L September 2028 Term Loan B Facility were $19 million through June 2028, with the remaining term loan balance being due in September 2028.

Senior Secured Notes

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

The Senior Secured Notes and the guarantees related thereto are senior obligations and are secured, subject to permitted liens and certain other exceptions, by the same first priority liens that secure the Company's obligations under the 2022 Amended Credit Agreement under the terms of the indentures governing the Senior Secured Notes.

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

Upon the occurrence of a change in control (as defined in the indentures governing the Senior Secured Notes), unless the Company has exercised its right to redeem all of the notes of a series, holders of the Senior Secured Notes may require the Company to repurchase such holder's notes, in whole or in part, at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest.

B+L 8.375% Senior Secured Notes due 2028 - September 2023 Financing

On September 29, 2023, Bausch + Lomb issued $1,400 million aggregate principal amount of 8.375% Senior Secured Notes due October 2028 (the "B+L October 2028 Secured Notes"). A portion of the proceeds from the B+L October 2028 Secured Notes, along with the proceeds of September 2028 Term Loan B Facility, 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") 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.

The B+L October 2028 Secured Notes are guaranteed by each of Bausch + Lomb's subsidiaries that is a guarantor under the B+L Amended Credit Agreement (the "Note Guarantors"). The B+L October 2028 Secured Notes and the guarantees related thereto are senior obligations and are secured, subject to permitted liens and certain other exceptions, by the same first priority liens that secure Bausch + Lomb's obligations under the B+L Amended Credit Agreement under the terms of the indentures governing the B+L October 2028 Secured Notes.

The B+L October 2028 Secured Notes and the guarantees related thereto rank equally in right of repayment with all of Bausch + Lomb's and Note Guarantors' respective existing and future unsubordinated indebtedness and senior to Bausch + Lomb's and Note Guarantors' respective future subordinated indebtedness. The Senior Secured Notes and the guarantees related thereto are effectively pari passu with Bausch + Lomb's and the Note Guarantors' respective existing and future indebtedness secured by a first priority lien on the collateral securing the B+L October 2028 Secured Notes and effectively senior to Bausch + Lomb's and the Note Guarantors' respective existing and future indebtedness that is unsecured, or that is secured by junior liens, in each case to the extent of the value of the collateral. In addition, the B+L October 2028 Secured Notes are structurally subordinated to: (i) all liabilities of any of Bausch + Lomb's subsidiaries that do not guarantee the B+L Senior Secured Notes and (ii) any of Bausch + Lomb'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 B+L October 2028 Secured Notes), unless Bausch + Lomb has exercised its right to redeem all of the notes of a series, holders of the B+L October 2028 Secured Notes may require Bausch + Lomb to repurchase such holders' notes, in whole or in part, at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, but not including, the date of purchase.

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

Senior Unsecured Notes

The Senior Unsecured Notes issued by the Company are the Company's senior unsecured obligations and are jointly and severally guaranteed on a senior unsecured basis by each of its subsidiaries that is a guarantor under the Senior Secured Credit Facilities. The Senior Unsecured Notes issued by BHA are senior unsecured obligations of BHA and are jointly and severally guaranteed on a senior unsecured basis by the Company and each of its subsidiaries (other than BHA) that is a guarantor under the Senior Secured Credit Facilities. Future subsidiaries of the Company and BHA, if any, may be required to guarantee the Senior Unsecured Notes.

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

Weighted Average Stated Rate of Interest

The weighted average stated rate of interest for the Company's outstanding debt obligations as of September 30, 2024 and December 31, 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

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

In January 2024 and May 2024, the Company repurchased and retired a portion of the December 2025 Unsecured Notes and the April 2026 Unsecured Notes with an aggregate par value of approximately $555 million, for an aggregate cost of approximately $530 million. In connection with these repurchases, the Company recognized a net gain of approximately $23 million on extinguishment of debt which represents the difference between the amounts paid to settle the extinguished debt and its carrying value.

Maturities

Maturities of debt obligations for the remainder of 2024, the five succeeding years ending December 31 and thereafter are as follows:

(in millions)	
Remainder of 2024	$ 39
2025	2,370
2026	757
2027	6,823
2028	7,168
2029	1,609
Thereafter	1,593
Total debt obligations	20,359
Unamortized premiums, discounts and issuance costs	1,148
Total long-term debt and other	$ 21,507

The Company regularly evaluates market conditions, its 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 its holdings of common shares of Bausch + Lomb), as deemed appropriate, to manage its debt maturities and improve its 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. The Company believes that its existing sources of liquidity, including current cash balances, cash generated from operations, and availability under its Revolving Credit Facility and AR Credit Facility, will be sufficient to meet this debt obligation at or prior to its maturity.

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

The Company's ability to raise new capital or refinance its debt, or monetize a portion of its holdings of common shares of Bausch + Lomb, will depend on the capital markets and its financial condition at such times. The Company's financing initiatives will also depend upon factors including prevailing economic conditions and financial, business and other factors, many of which are beyond its control. If the Company is unable to refinance on terms acceptable to the Company, whether because of the condition of the capital markets or the Company's own financial condition, it may be unable to raise new capital or to restructure or refinance its debt, or to do so on terms that are favorable to the Company.

11. SHARE-BASED COMPENSATION

Bausch Health's Long-Term Incentive Plan

In May 2014, shareholders approved Bausch Health's 2014 Omnibus Incentive Plan (the "2014 Plan") which replaced Bausch Health's 2011 Omnibus Incentive Plan (the "2011 Plan") for future equity awards granted by the Company. The Company transferred the common shares available under the 2011 Plan to the 2014 Plan. The maximum number of common shares that may be issued to participants under the 2014 Plan was initially equal to 18,000,000 common shares, plus the number of common shares under the 2011 Plan reserved but unissued and not underlying outstanding awards and the number of common shares becoming available for reuse after awards are terminated, forfeited, cancelled, exchanged or surrendered under the 2011 Plan and the Company's 2007 Equity Compensation Plan. The 2014 Plan was amended and restated effective April 30, 2018, April 28, 2020, June 21, 2022 and May 16, 2023 to, among other things, increase the number of common shares authorized for issuance under the 2014 Plan.

Effective May 14, 2024, Bausch Health further amended and restated the 2014 Plan, as subsequently amended and restated (the "Amended and Restated 2014 Plan"). Such amendment and restatement increased the number of common shares authorized for issuance under the Amended and Restated 2014 Plan by an additional 20,000,000 common shares.

Approximately 32,688,000 common shares were available for future grants as of September 30, 2024. The Company uses reserved and unissued common shares to satisfy its obligations under its share-based compensation plans.

Bausch Health has a long-term incentive program with the objective of aligning the share-based awards granted to senior management with the Company's focus on generating operating cash flow while maintaining focus on improving total shareholder return ("TSR") over the long-term. The share-based awards granted under this long-term incentive program consist of time-based stock options, time-based RSUs and performance-based RSUs. Performance-based RSUs are comprised of awards that vest upon the attainment of certain targets that are based on the Company's adjusted operating cash flow ("Adjusted Operating Cash Flow") with a TSR modifier.

Bausch + Lomb Long-Term Incentive Plan

Prior to May 5, 2022, Bausch + Lomb participated in Bausch Health's long-term incentive program. Effective May 5, 2022, Bausch + Lomb established the Bausch + Lomb Corporation 2022 Omnibus Incentive Plan (as amended and restated by the 2023 Plan Amendment) (the "B+L Plan") and as further amended and restated by the 2024 Plan Amendment (as described below). A total of 28,000,000 common shares of Bausch + Lomb were originally authorized under the B+L Plan. Effective April 24, 2023, the shareholders of Bausch + Lomb approved an amendment and restatement of the B+L Plan to increase the number of shares authorized for issuance thereunder by an additional 10,000,000 common shares, resulting in an aggregate of 38,000,000 common shares of Bausch + Lomb authorized for issuance under the Plan (the "Plan Amendment"). In May 2024, Bausch + Lomb's shareholders approved a further amendment and restatement of the B+L Plan to increase the number of shares authorized for issuance thereunder by an additional 14,000,000 common shares, resulting in an aggregate 52,000,000 common shares of Bausch + Lomb authorized for issuance under the Plan (the "B+L 2024 Plan Amendment").

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

Approximately 20,900,000 Bausch + Lomb common shares were available for future grants as of September 30, 2024. Bausch + Lomb uses reserved and unissued common shares to satisfy its obligations under its share-based compensation plans.

The Talent and Compensation Committee of the B+L Board of Directors approved a Performance Share Unit ("PSU") award for a limited number of key B+L senior leaders (the "B+L Executives"), effective as of February 28, 2024, including each of B+L's current named executive officers (the "OPG PSU"). This OPG PSU award is designed to reward the B+L Executives for achieving significant outperformance of performance goals that Bausch + Lomb believes would ultimately deliver substantial value to shareholders if achieved.

The OPG PSUs may be earned between 0% and 300% based on the level of achievement of: (i) a revenue metric (measured for fiscal year 2026) and (ii) a relative TSR metric for B+L (if applicable). Any OPG PSUs that are earned will vest on February 28, 2027, subject generally to the B+L Executive's continued employment through such date, except in limited circumstances set forth in the applicable award agreement.

The fair value of the OPG PSUs was estimated using a Monte Carlo Simulation model, which utilizes multiple input variables to estimate the probability that the performance condition will be achieved. Expense recognized for the OPG PSUs in each reporting period reflects the latest probability of Bausch + Lomb achieving certain revenue targets in determining the number of PSUs that are expected to vest. If the OPG PSUs do not ultimately vest due to the revenue targets not being met, no compensation expense will be recognized and any previously recognized compensation expense will be reversed.

During July 2024, the Talent and Compensation Committee of the B+L Board of Directors approved certain amendments to: (i) the TSR performance metric of certain PSU awards, including the previously granted OPG PSU and (ii) the time-based vesting conditions of awards previously granted to certain eligible recipients in connection with the B+L IPO.

The following table summarizes the components and classification of the Company's share-based compensation expenses related to stock options and RSUs for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2024**	**2023**	**2024**	**2023**
Stock options	$ 4	$ 4	$ 10	$ 14
RSUs	34	25	97	89
	$ 38	$ 29	$ 107	$ 103
Research and development expenses	$ 4	$ 3	$ 9	$ 8
Selling, general and administrative expenses	34	26	98	95
	$ 38	$ 29	$ 107	$ 103

Share-based awards granted for the nine months ended September 30, 2024 and 2023 consist of:

	Nine Months Ended September 30,	
	2024	**2023**
Bausch Health Share-Based Awards		
Stock options		
Granted	—	999,000
Weighted-average exercise price	$ —	$ 9.25
Weighted-average grant date fair value	$ —	$ 4.87
Time-based RSUs		
Granted	5,173,000	4,881,000
Weighted-average grant date fair value	$ 8.91	$ 9.02
Adjusted Operating Cash Flow performance-based RSUs		
Granted	1,332,000	647,000
Weighted-average grant date fair value	$ 9.60	$ 10.57
Bausch+ Lomb Share-Based Awards		
Stock options		
Granted	1,317,000	3,453,000
Weighted-average exercise price	$ 16.85	$ 18.21
Weighted-average grant date fair value	$ 4.92	$ 5.33
RSUs		
Granted	3,652,000	3,165,000
Weighted-average grant date fair value	$ 16.77	$ 17.97
TSR performance-based RSUs		
Granted	826,000	1,175,000
Weighted-average grant date fair value	$ 21.21	$ 27.65
Organic Revenue Growth PSUs		
Granted	379,000	142,000
Weighted-average grant date fair value	$ 16.08	$ 17.96
OPG PSUs		
Granted	1,792,000	—
Weighted-average grant date fair value	$ 17.03	$ —

As of September 30, 2024, the remaining unrecognized compensation expense related to all outstanding non-vested stock options, time-based RSUs and performance-based RSUs under the Company's 2014 Plan and the B+L Plan amounted to $223 million, which will be amortized over a weighted-average period of 1.86 years.

As of September 30, 2024, the remaining unrecognized compensation expense related to all outstanding non-vested stock options, time-based RSUs and performance-based RSUs under the B+L Plan amounted to $163 million, which will be amortized over a weighted-average period of 1.92 years.

12. ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss consists of:

(in millions)	September 30, 2024	December 31, 2023
Foreign currency translation adjustment	$ (1,929)	$ (1,863)
Pension adjustment, net of tax	(18)	(18)
	$ (1,947)	$ (1,881)

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

13. RESEARCH AND DEVELOPMENT

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2024	2023	2024	2023
Product related research and development	$ 141	$ 146	$ 440	$ 430
Quality assurance	5	7	13	22
	$ 146	$ 153	$ 453	$ 452

14. OTHER EXPENSE, NET

Other expense, net consists of:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2024	2023	2024	2023
Litigation and other matters	$ 188	$ 24	$ 215	$ (55)
Acquisition-related contingent consideration	25	26	19	40
Gain on sale of assets, net	(5)	(5)	(10)	(4)
Acquired in-process research and development costs	15	—	18	—
Acquisition-related transaction costs	2	15	3	18
Other, net	—	—	—	1
	$ 225	$ 60	$ 245	$ —

For the three and 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 regarding certain 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 three and 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.

15. INCOME TAXES

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

Provision for income taxes for the nine months ended September 30, 2024 was $128 million and included: (i) $132 million of income tax provision for the Company's ordinary loss for the nine months ended September 30, 2024, (ii) $5 million of net income tax benefit for discrete items, which includes $7 million of net income tax benefit related to uncertain tax positions and (iii) $3 million of tax expense associated with stock compensation.

Provision for income taxes for the nine months ended September 30, 2023 was $181 million and included: (i) $90 million of income tax provision for the Company's ordinary loss for the nine months ended September 30, 2023 and (ii) $91 million of net income tax provision for discrete items, which includes: (a) $41 million of net income tax expense related to final and potential settlements of various tax audits in the nine months ended September 30, 2023, (b) $27 million of income tax expense related to changes in uncertain tax positions, (c) $18 million of income tax expense associated with the establishment of a valuation allowance against deferred tax assets of B+L's Canadian parent and (d) $7 million of income tax expense associated with stock compensation.

The Company records a valuation allowance against its deferred tax assets to reduce the net carrying value to an amount that it believes is more likely than not to be realized. When the Company establishes or reduces the valuation allowance against its deferred tax assets, the provision for income taxes will increase or decrease, respectively, in the period such determination is made. The valuation allowance against deferred tax assets was approximately $2,493 million and $2,254 million as of September 30, 2024 and December 31, 2023, respectively. The Company will continue to assess the need for valuation allowances on an ongoing basis.

As of September 30, 2024 and December 31, 2023, the Company had $947 million and $918 million, respectively, of unrecognized tax benefits, which included $61 million and $51 million of interest and penalties, respectively. Of the total unrecognized tax benefits as of September 30, 2024, $410 million would reduce the Company's effective tax rate, if recognized. The Company believes that it is reasonably possible that the total amount of unrecognized tax benefits at September 30, 2024 could decrease by approximately $29 million in the next 12 months as a result of the resolution of certain tax audits and other events.

The Company has included the estimated impact of the Organisation for Economic Co-operation and Development's Inclusive Framework (Pillar 2), 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 the liability for corporate taxes or the consolidated tax rate in the future.

The Company continues to be under examination by the Canada Revenue Agency ("CRA"). In the first quarter of 2024, the Company finalized a settlement related to prior year withholding tax returns which was paid in the second quarter of 2024.

The Internal Revenue Service (the "IRS") previously completed its examinations of the Company's U.S. consolidated federal income tax returns for the years 2013 and 2014. There were no material adjustments to the Company's taxable income as a result of these examinations. However, the 2014 tax year remains open to the extent of a 2017 capital loss carried back to that year (the "2017 Capital Loss"). The Company's annual tax filings for 2015 and 2016 and short period tax return for the period ended September 8, 2017, which was filed as a result of the Company's internal restructuring efforts during 2017 is currently under IRS examination. As part of its examination, the Company received a notice of proposed adjustment from the IRS that would disallow the 2017 Capital Loss resulting from its internal restructuring. The Company previously contested this proposed tax deficiency through the IRS administrative appeals process and if necessary, intends to continue to contest any proposed tax deficiency through appropriate litigation. Accordingly, no income tax provision had been recorded as of September 30, 2024.

If the Company were ultimately unsuccessful in defending its position, and all or a substantial portion of the deduction for the 2017 Capital Loss were disallowed, the Company estimates, in a worst-case scenario, that it could be liable for additional income taxes (excluding penalties and interest) of up to $2,100 million, which could have an adverse effect on the Company's financial condition and results of operations.

In January 2023, as part of an alternative dispute resolution process with the IRS, the Company reached a tentative settlement regarding the 2017 Capital Loss. This tentative settlement is subject to further review and approvals before it is finalized. The Company expects that the tentative settlement, if finalized without further modification will affect the Company's income tax

provision, and while such settlement may be material to the Company's results of operations or cash flows in the quarter in which it is recorded, it will not be material to its results of operations or cash flows for that year.

The Company's U.S. affiliates remain under examination for various state tax audits in the U.S. for years 2015 through 2023.

The Company's subsidiaries in Germany are under audit for tax years 2017 through 2019. During the three months ended September 30, 2023, the Company received a preliminary assessment from the German taxing authority that would disallow certain transfer pricing adjustments. In June 2024, the Company reached a settlement with the German taxing authority resolving all open income tax issues for tax years 2014 through 2016 which resulted in an immaterial tax provision. The audit for tax years 2017 through 2019 is still ongoing.

On November 8, 2022, the Company's affiliate in the Netherlands received an assessment from the Luxembourg Tax Authorities as successor in interest to its affiliate in Luxembourg for tax years 2018 – 2019 for €272 million. The Company is vigorously defending its position and has not recorded any reserves for this assessment.

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

16. LOSS PER SHARE

Loss per share attributable to Bausch Health Companies Inc. is calculated as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, except per share amounts)	2024	2023	2024	2023
Net loss attributable to Bausch Health Companies Inc.	$ (85)	$ (378)	$ (139)	$ (553)
Basic and diluted weighted-average common shares outstanding	368.4	365.4	367.7	364.5
Basic and diluted loss per share attributable to Bausch Health Companies Inc.	$ (0.23)	$ (1.03)	$ (0.38)	$ (1.52)

During the three and nine months ended September 30, 2024 and 2023, all potential common shares issuable for stock options and RSUs were excluded from the calculation of diluted loss per share, as the effect of including them would have been anti-dilutive. The dilutive effect of potential common shares issuable for stock options and RSUs on the weighted-average number of common shares outstanding would have been approximately 2,245,000 and 2,656,000 common shares for the three and nine months ended September 30, 2024, respectively, and approximately 3,075,000 and 2,931,000 common shares for the three and nine months ended September 30, 2023, respectively.

During the three and nine months ended September 30, 2024, time-based RSUs, performance-based RSUs and stock options to purchase approximately 14,554,000 and 14,416,000 common shares, respectively, were not included in the computation of diluted earnings per share because the effect would have been anti-dilutive under the treasury stock method.

During the three and nine months ended September 30, 2023, time-based RSUs, performance-based RSUs and stock options to purchase approximately 12,268,000 and 12,387,000 common shares, respectively, were not included in the computation of diluted earnings per share because the effect would have been anti-dilutive under the treasury stock method.

During each of the three and nine months ended September 30, 2023, 637,000 performance-based RSUs were not included in the computation of diluted earnings per share as the required performance conditions had not been met.

17. LEGAL PROCEEDINGS

From time to time, the Company becomes involved in various legal and administrative proceedings, which include product liability, intellectual property, commercial, tax, antitrust, governmental and regulatory investigations, related private litigation and ordinary course employment-related issues. From time to time, the Company also initiates actions or files counterclaims. The Company could be subject to counterclaims or other suits in response to actions it may initiate. The Company believes that the prosecution of these actions and counterclaims is important to preserve and protect the Company, its reputation and its assets. Certain of these proceedings and actions are described in Note 20, "LEGAL PROCEEDINGS," to the Company's Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC and the CSA on February 22, 2024.

On a quarterly basis, the Company evaluates developments in legal proceedings, potential settlements and other matters that could increase or decrease the amount of the liability accrued. As of September 30, 2024, the Company's Condensed Consolidated Balance Sheets includes accrued current loss contingencies of $337 million related to matters which are both probable and reasonably estimable. For all other matters, unless otherwise indicated, the Company cannot reasonably predict the outcome of these legal proceedings, nor can it estimate the amount of loss, or range of loss, if any, that may result from these proceedings. An adverse outcome in certain of these proceedings could have a material adverse effect on the Company's business, financial condition and results of operations, and could cause the market value of its common shares and/or debt securities to decline.

Governmental and Regulatory Inquiries

Investigation by the U.S. Attorney's Office for the Northern District of Iowa – re OrthoDerm

The Company received a Civil Investigative Demand in May 2021 from the Civil Division of the United States Department of Justice and the United States Attorney's Office for the Northern District of Iowa, requesting documents and other information concerning the sales and marketing of Bryhali®, Duobrii®, Jublia® and Siliq®. The Company cooperated with this investigation. On September 10, 2024, the United States District Court for the Northern District of Iowa unsealed a *qui tam* complaint captioned *United States ex rel. Arcilesi v. Bausch Health Companies Inc., et al*. (No. 1:19-cv-00139-CJW-MAR) that was filed on December 18, 2019 against Bausch Health Companies Inc., Bausch Health US, LLC, Bausch Health Americas, Inc., and several individuals. The complaint asserts claims seeking, inter alia, damages, civil penalties and attorneys' fees for alleged violations of the federal False Claims Act ("FCA") and several similar state statutes relating to the sales and marketing of certain dermatology products and retaliation under the FCA. On September 9, 2024, the United States, as well as all the named states and the District of Columbia, filed a notice that they were declining to intervene in the case. The relator did not join in the declination and, therefore, there is a possibility the relator pursues this matter in litigation. The Company cannot predict the likelihood or the duration of further litigation in this matter.

Securities Class Actions and Related Matters

U.S. Securities Litigation - Opt-Out Litigation

In October 2015, four putative securities class actions were filed in the U.S. District Court for the District of New Jersey against the Company and certain current or former officers and directors. The allegations related to, among other things, allegedly false and misleading statements and/or failures to disclose information about the Company's business and prospects, including relating to drug pricing, the Company's use of specialty pharmacies, and the Company's relationship with Philidor Rx Services LLC. On May 31, 2016, the Court entered an order consolidating the four actions under the caption In re Valeant Pharmaceuticals International, Inc. Securities Litigation, Case No. 3:15-cv-07658.

On December 16, 2019, the Company announced that it had agreed to settle, subject to final court approval, the consolidated securities class action (the "Securities Class Action Settlement"). As part of the settlement, the Company and the other settling defendants admitted no liability as to the claims against them and denied all allegations of wrongdoing. On January 31, 2021, the District Court issued an order granting final approval of this settlement. After various appeals, and with passage of time, this settlement has become final pursuant to the stipulation of settlement. The matter is now concluded with respect to the Company and all claims have been resolved and discharged as to the Company and its current/former officers and directors.

In addition to the consolidated putative class action, thirty-seven groups of individual investors in the Company's stock and debt securities have chosen to opt out of the consolidated putative class action and filed securities actions in the U.S. District Court for the District of New Jersey against the Company and certain current or former officers and directors. These actions are captioned: T. Rowe Price Growth Stock Fund, Inc. v. Valeant Pharmaceuticals International, Inc. (Case No. 16-cv-5034) ("T. Rowe."); Equity Trustees Limited as Responsible Entity for T. Rowe Price Global Equity Fund v. Valeant Pharmaceuticals International Inc. (Case No. 16-cv-6127) ("Equity Trustees"); Principal Funds, Inc. v. Valeant Pharmaceuticals International, Inc. (Case No. 16-cv-6128) ("Principal Funds"); BloombergSen Partners Fund LP v. Valeant Pharmaceuticals International, Inc. (Case No. 16-cv-7212) ("Bloombergsen"); Discovery Global Citizens Master Fund, Ltd. v. Valeant Pharmaceuticals International, Inc. (Case No. 16-cv-7321); MSD Torchlight Partners, L.P. v. Valeant Pharmaceuticals International, Inc. (Case No. 16-cv-7324); BlueMountain Foinaven Master Fund, L.P. v. Valeant Pharmaceuticals International, Inc. (Case No. 16-cv-7328) ("BlueMountain"); Incline Global Master LP v. Valeant Pharmaceuticals International, Inc. (Case No. 16-cv-7494); VALIC Company I v. Valeant Pharmaceuticals International, Inc. (Case No. 16-cv-7496); Janus Aspen Series v. Valeant Pharmaceuticals International, Inc. (Case No. 16-cv-7497) ("Janus Aspen"); Okumus Opportunistic Value Fund, LTD v. Valeant Pharmaceuticals International, Inc. (Case No. 17-cv-6513); Lord Abbett Investment Trust- Lord Abbett Short Duration Income Fund, v. Valeant Pharmaceuticals International, Inc. (Case No. 17-cv-6365) ("Lord Abbett"); Pentwater Equity Opportunities Master Fund LTD v. Valeant Pharmaceuticals International, Inc., et al. (Case No. 17-cv-7552) ("Pentwater"); Public Employees' Retirement System of Mississippi v.

Valeant Pharmaceuticals International Inc. (Case No. 17-cv-7625) ("Mississippi"); The Boeing Company Employee Retirement Plans Master Trust v. Valeant Pharmaceuticals International Inc., et al., (Case No. 17-cv-7636); State Board of Administration of Florida v. Valeant Pharmaceuticals International Inc. (Case No. 17-cv-12808); The Regents of the University of California v. Valeant Pharmaceuticals International, Inc. (Case No. 17-cv-13488) ("UC Regents"); GMO Trust v. Valeant Pharmaceuticals International, Inc. (Case No. 18-cv-0089) ("GMO Trust"); Första AP Fonden v. Valeant Pharmaceuticals International, Inc. (Case No. 17-cv-12088); New York City Employees' Retirement System v. Valeant Pharmaceuticals International, Inc. (Case No. 18-cv-0032) ("NYCERS"); Hound Partners Offshore Fund, LP v. Valeant Pharmaceuticals International, Inc. (Case No. 18-cv-08705) ("Hound Partners"); Blackrock Global Allocation Fund, Inc. v. Valeant Pharmaceuticals International, Inc. (Case No. 18-cv-0343); Colonial First State Investments Limited As Responsible Entity for Commonwealth Global Shares Fund 1 v. Valeant Pharmaceuticals International, Inc. (Case No. 18-cv-0383); Bharat Ahuja v. Valeant Pharmaceuticals International, Inc. (Case No. 18-cv-0846); Brahman Capital Corp. v. Valeant Pharmaceuticals International, Inc (Case No. 18-cv-0893); The Prudential Insurance Company of America v. Valeant Pharmaceuticals International, Inc. (Case No. 18-cv-01223); Senzar Healthcare Master Fund LP v. Valeant Pharmaceuticals International, Inc. (Case No. 18-cv-02286) ("Senzar"); 2012 Dynasty UC LLC v. Valeant Pharmaceuticals International, Inc. (Case No. 18-cv-08595); Catalyst Dynamic Alpha Fund v. Valeant Pharmaceuticals International, Inc. (Case No. 18-cv-12673) ("Catalyst"); Northwestern Mutual Life Insurance Co., v. Valeant Pharmaceuticals International, Inc. (Case No. 18-cv-15286); Bahaa Aly, et al. v. Valeant Pharmaceuticals International, Inc., (Case No. 18-cv-17393) ("Aly"); Office of the Treasurer as Trustee for the Connecticut Retirement Plans and Trust Funds v. Valeant Pharmaceuticals International, Inc. (Case No. 19-cv-18473) ("Connecticut"); Delaware Public Employees' Retirement System v. Valeant Pharmaceuticals International, Inc. (Case No. 19-cv-18475) ("Delaware"); Maverick Neutral Levered Fund v. Valeant Pharmaceuticals International, Inc. (Case No. 20-cv-02190); Templeton v. Valeant Pharmaceuticals International, Inc. (Case No. 20-cv-05478); USAA Mutual Funds Trust, et al. v. Valeant Pharmaceuticals International, Inc., et al., (Case No. 20-cv-07462); and GIC Private Ltd. v. Valeant Pharmaceuticals International, Inc., (Case No. 20-cv-07460). Sixteen of the thirty-seven opt-out actions have been dismissed; and the total number of remaining opt-out actions pending in the District of New Jersey is twenty-one actions.

These individual shareholder actions assert claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Certain of these individual actions assert additional claims, including claims under Section 18 of the Exchange Act, Sections 11, 12(a)(2) and 15 of the Securities Act, common law fraud, negligent misrepresentation and claims under the New Jersey Racketeer Influenced and Corrupt Organizations Act. These claims are based on alleged purchases of Company stock, options, and/or debt at various times between January 3, 2013 and August 10, 2016. The allegations in the complaints are similar to those made by plaintiffs in the putative class action. Motions to dismiss were filed in many of these individual actions and the Court has dismissed state law claims including New Jersey Racketeer Influenced and Corrupt Organizations Act, common law fraud and negligent misrepresentation claims in certain cases. On January 7, 2019, the Court entered a stipulation of voluntary dismissal in the Senzar opt-out action, closing the case. On September 10, 2019, the Court granted defendants' motion to dismiss all claims in the Aly opt-out action. On October 9, 2019, the Aly Plaintiffs filed a notice of appeal to the United States Court of Appeals for the Third Circuit. On June 16, 2021, the Court of Appeals granted plaintiffs' appeal in the Aly action. This action has been remanded to the District Court. On June 19, 2020, the Court entered stipulations of voluntary dismissal in the Catalyst, Mississippi, Connecticut and Delaware actions. On July 13, 2020, the Court entered a stipulation of voluntary dismissal in the NYCERS action. On December 30, 2020, the Court entered a stipulation of voluntary dismissal in the BlueMountain action. On February 18, 2021, and March 10, 2021, the Court entered stipulations of voluntary dismissal in the T. Rowe, BloombergSen, Principal Funds, Pentwater, Lord Abbett, Equity Trustees and UC Regents actions. On April 30, 2021, the Court entered a stipulation of voluntary dismissal in the Florida SBA action. On July 20, 2021, the Court entered a stipulation of voluntary dismissal in the Janus action.

Discovery in the opt-out actions has concluded. Motions for summary judgment were filed on August 1, 2022. On May 22, 2023, the Special Master overseeing the opt-out litigation issued reports and recommendations on all pending summary judgment motions. The Special Master recommended denying Plaintiffs' motions in their entirety, denying all motions filed by the Company and granting in part certain other defendants' motions for summary judgment on subparts of their defenses. On June 26, 2023, the Parties filed motions to adopt and objections to the Special Master's May 22, 2023 reports and recommendations. On January 2, 2024, the District Court issued decisions affirming in part and overruling in part the Special Master's recommendations and granting partial summary judgment in favor of defendants on additional subparts of their defenses. On January 16, 2024, Plaintiffs filed a motion requesting that the Court reconsider a portion of its January 2, 2024 decisions. That motion to reconsider was denied by the Court on May 3, 2024. No defendants have been fully dismissed from the opt-out actions as a result of the District Court's decisions.

On April 22, 2024, the Court issued an order that the GMO Trust case would be the first of the opt-out cases to be tried, and setting the GMO Trust case for a trial to begin on September 4, 2024. Prior to the commencement of trial, the parties to the GMO Trust case reached a mutually acceptable resolution of the action by way of settlement and the Court adjourned the trial without date.

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

U.S. Securities Litigation – Kelk Complaint

On July 26, 2023, a purported class action complaint captioned Kelk v. Bausch Health Companies Inc., et al. (No. 23-cv-03996), was filed in the U.S. District Court for the District of New Jersey against the Company and certain of its current or former officers. The action alleges claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. Plaintiffs allege that defendants made various misrepresentations and omissions regarding the Company's proposed spin-off of Bausch + Lomb, and allege that those purported misrepresentations and omissions concealed that the spin-off was executed as part of a strategy to subvert the pending opt-out lawsuits and leave plaintiffs in those actions without viable means to a potential recovery. An amended complaint was filed on January 19, 2024. The amended complaint also alleges that defendants made various misrepresentations and omissions regarding the strength of the Company's patents protecting its product, Xifaxan®, from generic competitors. Defendants moved to dismiss the amended complaint on March 20, 2024. The motion is pending.

The Company disputes the claims against it and intends to defend itself vigorously.

Derivative Lawsuit – Powers Complaint

On October 2, 2023, a derivative lawsuit captioned Powers v. Papa, et al. (Index No. 159699/2023) was filed in the Supreme Court of the State of New York, County of New York by an alleged stockholder of the Company. The action purports to assert derivative claims on behalf of the Company against the Company's Board of Directors and certain of its current or former officers and directors. The action asserts claims for, inter alia, breach of fiduciary duty and waste of corporate assets and alleges that the defendants breached their fiduciary duties of loyalty and good faith by causing the Company to issue false and/or misleading statements regarding the Company's proposed spin-off of Bausch + Lomb. On January 23, 2024, the Court entered a stipulation and order staying this action until the resolution of the motion to dismiss in the *Kelk* action referenced above.

Canadian Securities Litigation

In 2015, six putative class actions were filed and served against the Company and certain current or former officers and directors in Canada in the provinces of British Columbia, Ontario and Quebec. The Company is also aware of two additional putative class actions that were filed with the applicable court but which were not served on the Company and the factual allegations made in these actions were substantially similar to those outlined herein.

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

Each of these putative class actions, other than the action captioned Catucci v. Valeant, et al. (Court File No. 540-17-011743159, then Court File No. 500-06-000783-163) and filed in the Quebec Superior Court, was discontinued.

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

On August 4, 2020, the Company entered into a settlement agreement with the plaintiffs in Catucci, on behalf of the class. As part of the settlement, the Company and the other defendants admitted no liability as to the claims against it and denied all allegations of wrongdoing. Court approval of the settlement was granted after a hearing on November 16, 2020. The Catucci action has now been dismissed against the Company, its current and former directors and officers, its underwriters and its insurers.

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

The Company is aware that certain other members of the Catucci class exercised their opt-out rights prior to the June 19, 2018 deadline. On February 15, 2019, one of the entities which exercised its opt-out rights, the California State Teachers' Retirement System ("CalSTRS"), served the Company with an application in the Quebec Superior Court of Justice for leave

to pursue an action under the Quebec Securities Act against the Company, certain current or former officers and directors of the Company and its auditor. That proceeding is captioned California State Teachers' Retirement System v. Bausch Health Companies Inc. et al. (Court File No. 500-11-055722-181). The allegations in the proceeding are similar to those made by the plaintiffs in the Catucci class action and in the BlackRock opt-out proceedings. On that same date, CalSTRS also served the Company with proceedings (Court File No. 500-17-106044-186) against the same defendants asserting claims under the Quebec Civil Code in respect of the same alleged misrepresentations.

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

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

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

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

Other Securities and RICO Related Matters

Insurance Coverage Lawsuit

On December 7, 2017, the Company filed a lawsuit against its insurance companies that issued insurance policies covering claims made against the Company, its subsidiaries, and its directors and officers during two distinct policy periods, (i) 2013-14 and (ii) 2015-16. The lawsuit was brought in the United States District Court for the District of New Jersey (Valeant Pharmaceuticals International, Inc., et al. v. AIG Insurance Company of Canada, et al.; Case No. 3:18-CV-00493). In the lawsuit, the Company seeks coverage for: (i) the costs of defending and resolving claims brought by former shareholders and debtholders of Allergan, Inc. in In re Allergan, Inc. Proxy Violation Securities Litigation and Timber Hill LLC, individually and on behalf of all others similarly situated v. Pershing Square Capital Management, L.P., et al. (the "Allergan Securities Litigation") (under the 2013-2014 coverage period) and (ii) costs incurred and to be incurred in connection with, *inter alia*, *In re Valeant Pharmaceutical International, Inc. Securities Litigation*, the Securities Class Action Settlement, the U.S. Securities Litigation – Opt-Out Litigation, and the Canadian Securities Litigation described in this section (collectively, "the Securities Matters") (under the 2015-2016 coverage period).

On July 20, 2021, the Company entered into settlement agreements with the insurers in the 2015-2016 coverage period in which the Company agreed to resolve its claims for insurance coverage in connection with the Securities Matters, and with two insurers in the 2013-2014 coverage period to resolve its claims against those two insurers for insurance coverage in connection with the Allergan Securities Litigation. As of June 30, 2023, the Company has entered into settlement agreements with the remaining insurers in the 2013-2014 coverage period in which the Company agreed to resolve its remaining claims for insurance coverage in connection with the Allergan Securities Litigation. As a result of all of the settlement agreements entered into with the insurers through June 30, 2023, the Company has received an aggregate sum of $313 million for its claims in the 2013-2014 and 2015-2016 coverage periods. This matter has now concluded.

Hound Partners Lawsuit

In October 2018, Hound Partners Offshore Fund, LP, Hound Partners Long Master, LP and Hound Partners Concentrated Master, LP, filed a lawsuit against the Company in the Superior Court of New Jersey Law Division/Mercer County (Hound Partners Offshore Fund, LP et al. v. Valeant Pharmaceuticals International, Inc., et al. (No. MER-L-002185-18)) that asserts claims for common law fraud, negligent misrepresentation, and violations of the New Jersey Racketeer Influenced and Corrupt Organizations Act. The allegations in the complaint are similar to those made in the Hound Partners opt-out case in the U.S. District Court for the District of New Jersey, referenced above. The Company disputes the claims and intends to vigorously defend this matter.

Antitrust

Glumetza Antitrust Litigation

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

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

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

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

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

Glumetza State-Law Insurer Litigations

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

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

On April 5, 2022, Health Care Service Corporation ("HCSC") filed an action with similar substantive allegations and similar indirect (state law) claims in the Superior Court of Alameda County, California against the Company and others. Defendants' answers were filed on June 17, 2022. On November 28, 2022, the Court consolidated this action with the State Court Action for trial and pretrial purposes (the "Consolidated State Case").

On June 24, 2024, the Company reached an agreement to settle and, thereafter, on July 3, 2024, executed a final settlement agreement to resolve Humana's (direct and indirect) and HCSC's (indirect) state law claims. Pursuant to the settlement, the actions were dismissed with prejudice as to the Company on August 16, 2024. As part of the settlement, the Company admitted no liability as to the claims against it and denied all allegations of wrongdoing.

Generic Pricing Antitrust Litigation

The Company's subsidiaries, Oceanside Pharmaceuticals, Inc. ("Oceanside"), Bausch Health US, LLC (formerly Valeant Pharmaceuticals North America LLC) ("Bausch Health US") and Bausch Health Americas, Inc. (formerly Valeant Pharmaceuticals International) ("Bausch Health Americas") (for the purposes of this paragraph, collectively, the "Company"), are defendants in multidistrict antitrust litigation ("MDL") entitled In re: Generic Pharmaceuticals Pricing Antitrust Litigation, pending in the United States District Court for the Eastern District of Pennsylvania (MDL 2724, 16-MD-2724). The lawsuits seek damages under federal and state antitrust laws, state consumer protection and unjust enrichment laws and allege that the Company's subsidiaries entered into a conspiracy to fix, stabilize, and raise prices, rig bids and engage in market and customer allocation for generic pharmaceuticals. The lawsuits, which are brought as putative class actions by direct purchasers, end payers, and indirect resellers, and as direct actions by direct purchasers, end payers, insurers, hospitals, pharmacies, and various Counties, Cities, and Towns, are consolidated into the MDL. There are also additional, separate complaints which are consolidated in the same MDL that do not name the Company or any of its subsidiaries as a defendant. State of Connecticut, et al. v. Sandoz, Inc., et al., C.A. No. 2:20-03539 (D. CT, C.A. No. 3:20-00802), in which Bausch Health US and Bausch Health Americas are defendants, has been remanded to and is pending in the United States District Court for the District of Connecticut. There are cases pending in the Court of Common Pleas of Philadelphia County against the Company and other defendants related to the multidistrict litigation. The Company disputes the claims against it and continues to defend itself vigorously.

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

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

Intellectual Property

Patent Litigation/Paragraph IV Matters

From time to time, the Company (and/or certain of its affiliates) is also party to certain intellectual property litigation proceedings in the United States and Canada, including as arising from claims filed against the Company or by the Company (or that the Company anticipates filing within the required time periods) related to certain products sold by or on behalf of the Company, which may be in connection with Notices of Paragraph IV Certification (in the United States) and Notices of Allegation (in Canada) received from third-party generic manufacturers, where such products include Xifaxan® 200 mg and 550 mg, Lotemax® SM, Lumify®, Trulance® and Vyzulta® in the United States.

Xifaxan® Paragraph IV Proceedings

The Company has filed lawsuits against Norwich Pharmaceuticals Inc. ("Norwich"), Amneal Pharmaceuticals of New York LLC and Zydus Pharmaceuticals (USA) Inc. ("Zydus"), and anticipates filing lawsuits against Cipla USA, Inc. and Carnegie Pharmaceuticals LLC ("Carnegie"), concerning the Company's Xifaxan® (rifaximin) 550 mg tablets. The foregoing lawsuits and related litigation are referred to collectively as the "Xifaxan® Generics Litigation".

The Norwich I Xifaxan® Litigation

On February 17, 2020, the Company and Alfasigma S.p.A. ("Alfasigma") received a Notice of Paragraph IV Certification from Norwich, in which Norwich asserted that the U.S. patents listed in the FDA's Orange Book for the Company's Xifaxan® tablets, 550 mg, are invalid, unenforceable and/or will not be infringed by the commercial manufacture, use or sale of Norwich's generic rifaximin tablets, 550 mg, for which Norwich filed an ANDA (the "Norwich First ANDA"). The Company, through its subsidiaries Salix Pharmaceuticals, Inc. and Bausch Health Ireland Limited, holds the New Drug

Application for Xifaxan® and owns or exclusively licenses (from Alfasigma) these patents. On March 26, 2020, certain of the Company's subsidiaries and Alfasigma filed suit against Norwich in the U.S. District Court for the District of Delaware (Case No. 20-cv-00430) pursuant to the Hatch-Waxman Act, alleging infringement by Norwich of one or more claims of the Xifaxan® patents, thereby triggering a 30-month stay of the approval of the Norwich First ANDA for rifaximin tablets, 550 mg. Trial in this matter was held in March 2022. The court issued a final judgment on August 10, 2022 (the "Norwich Legal Decision"), finding that the U.S. Patents protecting the use of Xifaxan® (rifaximin) 550 mg tablets for the reduction in risk of HE recurrence valid and infringed and the U.S. patents protecting the composition, and use of Xifaxan® for treating IBS-D invalid. The Norwich Legal Decision prevents FDA approval of the Norwich First ANDA until October 2029. The Company appealed the Norwich Legal Decision to the U.S. Court of Appeals for the Federal Circuit on August 16, 2022. Following the Company's appeal, Norwich claimed to have removed the HE indication from the Norwich First ANDA and then filed a motion in the District Court requesting modification of the Norwich Legal Decision to permit the FDA to approve the Norwich First ANDA before October 2029. The Company opposed the motion. On May 17, 2023, the District Court denied Norwich's motion and confirmed that the FDA remained enjoined from granting final approval to the Norwich First ANDA until October 2029. Norwich filed its appeal to the U.S. Court of Appeals for the Federal Circuit on May 19, 2023. The Company's and Norwich's appeals were consolidated (the "Norwich Appeal"). The Federal Circuit heard oral arguments on January 8, 2024 in the Norwich Appeal. On April 11, 2024, the Federal Circuit issued an opinion affirming the Norwich Legal Decision and the District Court's denial of Norwich's motion requesting modification of the Norwich Legal Decision (the "Norwich Appeal Decision"). In May 2024, both the Company and Norwich petitioned for panel and en banc rehearing of the Norwich Appeal Decision. The Federal Circuit denied the Company's and Norwich's rehearing petitions on June 13, 2024 and issued its mandate to the District Court on June 20, 2024. Under the Norwich Appeal Decision, the FDA remains enjoined from approving the Norwich First ANDA until October 2029. On September 11, 2024, the Company and Norwich filed petitions for writ of certiorari with the United States Supreme Court appealing certain aspects of the Norwich Appeal Decision.

In a letter to Norwich on June 2, 2023, the FDA granted tentative approval to the Norwich First ANDA, but confirmed that it is enjoined from granting final approval until October 2029. On June 5, 2023, Norwich brought a lawsuit against the FDA in the U.S. District Court for the District of Columbia (the "DC District Court"), alleging that the FDA acted improperly by only granting tentative approval to the Norwich First ANDA rather than final approval (the "Norwich DC Lawsuit"). In June 2023, the Company intervened in the Norwich DC Lawsuit. A hearing was held on October 6, 2023. On November 1, 2023, the DC District Court granted the Company's and FDA's motions for summary judgment, thereby ending the lawsuit. In December 2023, Norwich appealed the DC District Court's November 1st decision to the U.S. Court of Appeals for the District of Columbia Circuit (the "DC Circuit"). The DC Circuit has held the appeal in abeyance since February 2, 2024.

In January 2023 and October 2023, the U.S. Patent Office issued U.S. Patent Nos. 11,564,912 (the "'912 Patent") and 11,779,571 (the "'571 Patent") directed to IBS-D, which were then listed in the FDA's Orange Book for Xifaxan®. The Company received new Notices of Paragraph IV Certification from Norwich asserting that claims of the '912 and '571 Patents are invalid, unenforceable, and/or will not be infringed by the commercial manufacture, use, or sale of Norwich's generic rifaximin tablets, 550 mg, under the Norwich First ANDA. Any suit brought against the Norwich First ANDA under the '912 or '571 Patent is not believed to result in a new 30-month stay of approval.

The Norwich II Xifaxan® Litigation

The Company received a Notice of Paragraph IV Certification from Norwich, dated May 10, 2024, in which Norwich asserted that certain U.S. Patents listed in the FDA's Orange Book for the Company's Xifaxan® tablets, 550 mg, are invalid, unenforceable and/or will not be infringed by the manufacture, use, or sale of Norwich's generic rifaximin tablets, 550 mg, for which Norwich filed an amended ANDA (the "Norwich Second ANDA"). On June 20, 2024, the Company filed suit against Norwich in the U.S. District Court for the District of New Jersey pursuant to the Hatch-Waxman Act, alleging infringement by Norwich of one or more claims of the '912 and '571 Patents, thereby triggering a 30-month stay of the approval of the Norwich Second ANDA for rifaximin tablets, 550 mg.

The Amneal Xifaxan® Litigation

On February 28, 2024, the Company received a Notice of Paragraph IV Certification from Amneal Pharmaceuticals of New York, LLC, U.S. Agent for Amneal EU, Limited (collectively "Amneal"), in which Amneal asserted that certain U.S. Patents listed in the FDA's Orange Book for the Company's Xifaxan® tablets, 550 mg, are invalid, unenforceable and/or will not be infringed by the manufacture, use, sale, offer for sale, and/or importation of Amneal's generic rifaximin tablets, 550 mg, for which Amneal filed an ANDA. On April 5, 2024, the Company and Alfasigma filed suit against Amneal in the U.S. District Court for the District of New Jersey pursuant to the Hatch-Waxman Act, alleging infringement by Amneal of one or more claims of the Xifaxan® patents, thereby triggering a 30-month stay of the approval of Amneal's ANDA for rifaximin tablets, 550 mg.

The Zydus Xifaxan® Litigation

The Company received a Notice of Paragraph IV Certification from Zydus, dated August 15, 2024, in which Zydus asserted that certain U.S. Patents listed in the FDA's Orange Book for the Company's Xifaxan® tablets, 550 mg, are invalid, unenforceable and/or will not be infringed by the manufacture, use, sale, offer for sale, and/or importation of Zydus's generic rifaximin tablets, 550 mg, for which Zydus filed an ANDA. On September 27, 2024, the Company and Alfasigma filed suit against Zydus in the U.S. District Court for the District of New Jersey pursuant to the Hatch-Waxman Act, alleging infringement by Zydus of one or more claims of the Xifaxan® patents, thereby triggering a 30-month stay of the approval of Zydus's ANDA for rifaximin tablets, 550 mg.

The Cipla Anticipated Xifaxan® Litigation

The Company received a Notice of Paragraph IV Certification from Cipla USA, Inc., U.S. Agent for Cipla Limited (collectively "Cipla"), dated September 18, 2024, in which Cipla asserted that certain U.S. Patents listed in the FDA's Orange Book for the Company's Xifaxan® tablets, 550 mg, are invalid, unenforceable and/or will not be infringed by the manufacture, use, sale, offer for sale, and/or importation of Cipla's generic rifaximin tablets, 550 mg, for which Cipla filed an ANDA. The Company intends to file suit against Cipla pursuant to the Hatch-Waxman Act, alleging infringement by Cipla of one or more claims of the Xifaxan® patents, thereby triggering a 30-month stay of the approval of Cipla's ANDA for rifaximin tablets, 550 mg.

The Carnegie Anticipated Xifaxan® Litigation

The Company received a Notice of Paragraph IV Certification from Carnegie, dated October 1, 2024, in which Carnegie asserted that certain U.S. Patents listed the FDA's Orange Book for the Company's Xifaxan® tablets, 550 mg, are invalid, unenforceable and/or will not be infringed by the manufacture, use, sale, offer for sale, and/or importation of Carnegie's generic rifaximin tablets, 550 mg, for which Carnegie filed an ANDA. The Company intends to file suit against Carnegie pursuant to the Hatch-Waxman Act, alleging infringement by Carnegie of one or more claims of the Xifaxan® patents, thereby triggering a 30-month stay of the approval of Carnegie's ANDA for rifaximin tablets, 550 mg.

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

Trulance® Paragraph IV Proceedings

In April 2021, the Company commenced litigation against MSN Laboratories Private Ltd. ("MSN") and Mylan Pharmaceuticals Inc., ("Mylan") alleging patent infringement by MSN's and Mylan's filing of their ANDA for generic Trulance® (plecanatide) 3 mg tablets. These suits had been filed following receipt of a Notice of Paragraph IV Certification from each of MSN and Mylan, in which they had each asserted that the U.S. patents listed in the FDA's Orange Book for the Company's Trulance® tablets, 3 mg, were invalid, unenforceable and/or would not be infringed by the commercial manufacture, use or sale of their respective generic plecanatide tablets, 3 mg. The filing of these suits triggered a 30-month stay of the approval of the MSN and Mylan ANDAs for plecanatide tablets.

The Company remains confident in the strength of the Trulance® patents and intends to vigorously pursue these matters and defend its intellectual property.

Xifaxan® Litigation with Curia IP Holdings, LLC

Curia IP Holdings, LLC ("Curia") filed a lawsuit against the Company on October 25, 2021, alleging that Xifaxan® 200 mg and 550 mg tablets infringe certain patents owned by Curia (U.S. Patent Nos. 9,186,355; 10,556,915; 10,745,415, and 10,961,257 (the "Curia Patents")). Each of the Curia Patents was filed years after the Company's launches of Xifaxan® 200 mg and 550 mg tablets. On August 17, 2022, the U.S. District Court for the District of New Jersey dismissed the complaint, without prejudice. Curia then filed an amended complaint on September 16, 2022, realleging infringement of its patents. On August 31, 2023, Curia filed a second lawsuit against the Company alleging that Xifaxan® 200 mg and 550 mg tablets infringe U.S. Patent No. 11,739,099 (the "'099 Patent"). The '099 Patent is related to the Curia Patents and was also filed years after the Company's launches of Xifaxan® 200 mg and 550 mg tablets. The first and second lawsuits filed by Curia are now consolidated (the "Curia Lawsuits"). On February 14, 2024, the court issued an order administratively terminating the case pending completion of mediation on or before April 14, 2024. Mediation was held on April 11, 2024, but no agreement was reached. On April 22, 2024, the court reopened the case. On May 1, 2024, the Court entered a stipulation and order of non-infringement for U.S. Patent Nos. 10,556,915, 10,745,415, and 10,961,257. On September 20, 2024, the Court entered a stipulation and order of non-infringement for the '099 Patent. The Company disputes Curia's infringement claims against Xifaxan® 200 mg and 550 mg tablets and will continue to defend this matter.

PreserVision® AREDS Patent Litigation

PreserVision® AREDS and PreserVision® AREDS 2 are OTC eye vitamin formulas for those with moderate-to-advanced AMD. The PreserVision® U.S. formulation patent expired in March 2021, but a patent covering methods of using the formulation remains in force into 2026. Bausch & Lomb Incorporated ("B&L Inc.") has filed patent infringement proceedings against 20 named defendants in 17 proceedings claiming infringement of these patents and, in certain circumstances, related unfair competition and false advertising causes of action. Thirteen of these proceedings were subsequently settled; two resulted in a default. As of the date of this filing, there are two ongoing actions: Bausch & Lomb Inc. & PF Consumer Healthcare 1 LLC v. SBH Holdings LLC, C.A. No. 20-cv-01463-GBW-CJB (D. Del.) (the "SBH matter") and Bausch & Lomb Inc. v. PRN Physician Recommended Nutriceuticals, LLC, C.A. No. 24-cv-09256-MEF (D.N.J.) (the "PRN Matter"). In the SBH matter, cross-motions for summary judgment are pending and a jury trial is scheduled to begin on April 14, 2025. The complaint in the PRN matter was recently filed and served, with a response due in late November 2024. Bausch + Lomb remains confident in the strength of these patents and B&L Inc. will continue to vigorously pursue this matter and defend its intellectual property.

Lumify® Paragraph IV Proceedings - DRL

On August 16, 2021, B&L Inc. received a Notice of Paragraph IV Certification from Slayback Pharma LLC ("Slayback"), in which Slayback asserted that certain U.S. patents, each of which is listed in the FDA's Orange Book for Lumify® (brimonidine tartrate solution) drops (the "Lumify Patents"), are either invalid, unenforceable and/or will not be infringed by the commercial manufacture, use or sale of Slayback's generic drops, for which an ANDA has been filed by Slayback. B&L Inc., through its affiliate Bausch + Lomb Ireland Limited, exclusively licenses the Lumify Patents from Eye Therapies, LLC ("Eye Therapies"). On September 10, 2021, B&L Inc., Bausch + Lomb Ireland Limited and Eye Therapies filed suit against Slayback pursuant to the Hatch-Waxman Act, alleging infringement by Slayback of one or more claims of the Lumify Patents, thereby triggering a 30-month stay of the approval of the Slayback ANDA. Since then, U.S. Patent No. 9,259,425 has been dismissed from the case.

On May 15, 2023, the United States Patent & Trademark Office's Patent Trial and Appeal Board ("PTAB") issued a Final Written Decision, finding all claims of U.S. Patent No. 8,293,742 unpatentable. This decision has been appealed to the United States Court of Appeals for the Federal Circuit and the appeal is ongoing. Furthermore, two additional patents (U.S. Patent Nos. 11,596,600 and 11,833,245) have issued and been listed in the Orange Book as related to Lumify®. Lawsuits alleging infringement of these patents were filed against Slayback and its licensee, Dr. Reddy's Laboratories S.A. and Dr. Reddy's Laboratories, Inc. (collectively, "DRL"). On December 15, 2023, B&L Inc., Bausch + Lomb Ireland Limited, and Eye Therapies filed a Motion for a Preliminary Injunction requesting the court to enjoin any infringing activities by DRL and a hearing was held in January 2024. On May 10, 2024, the Court denied Plaintiffs' Motion, finding that Plaintiffs had not proven that they would be "irreparably harmed" absent a preliminary injunction.

Additionally, on December 18, 2023, B&L Inc., Bausch + Lomb Ireland Limited, and Eye Therapies amended its complaint to add claims for copyright infringement, as well as claims under the Lanham Act, including trademark and trade dress infringement. DRL subsequently petitioned for inter partes review ("IPR") of the U.S. Patent Nos. 11,596,600 and 11,833,245; the PTAB instituted both petitions.

The lawsuit against DRL is ongoing in the District of New Jersey (with an opposed motion to stay pending), with expert discovery currently set to close in April 2025 and no trial date set. Bausch + Lomb remains confident in the strength of the Lumify® related patents and intends to vigorously defend its intellectual property.

In addition to the intellectual property matters described above, in connection with the Vyzulta® and Lotemax® SM products, Bausch + Lomb has commenced ongoing infringement proceedings against potential generic competitors in the U.S.

Inter Partes Review Proceedings at the U.S. Patent and Trademark Office

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

Mylan and MSN have filed IPR petitions for certain U.S. patents listed in the FDA's Orange Book for Trulance® (plecanatide). On March 21, 2022, Mylan filed a petition for IPR of U.S. Patent No. 7,041,786 (the "'786 Patent"), which was then instituted on September 14, 2022. On October 12, 2022, MSN also filed a petition for IPR of the '786 Patent and the PTAB then issued a decision on December 14, 2022, instituting MSN's IPR and joining it with Mylan's IPR. On September 8, 2023, the PTAB issued as decision finding that Mylan and MSN had not shown that the '786 Patent is unpatentable. On September 28, 2023, Mylan appealed the PTAB's September 8th decision to the U.S. Court of Appeals for the Federal Circuit.

The Company remains confident in the strength of these patents and intends to vigorously defend its intellectual property.

Product Liability

Shower to Shower® Products Liability Litigation

Since 2016, the Company and its affiliates, including Bausch + Lomb, have been named in a number of product liability lawsuits involving the Shower to Shower® body powder product acquired in September 2012 from Johnson & Johnson; due to dismissals, twenty-five (25) of such product liability suits currently remain pending. In three (3) cases pending in the Atlantic County, New Jersey Multi-County Litigation, agreed stipulations of dismissal have been entered by the Court, thus dismissing the Company from those cases. One (1) case was also recently dismissed with prejudice in its entirety for failure of plaintiff to comply with court orders requiring plaintiff fact sheets. Potential liability (including its attorneys' fees and costs) arising out of these remaining suits is subject to full indemnification obligations of Johnson & Johnson owed to the Company and its affiliates, including Bausch + Lomb, and legal fees and costs will be paid by Johnson & Johnson. Twenty-four (24) of these lawsuits filed by individual plaintiffs allege that the use of Shower to Shower® caused the plaintiffs to develop ovarian cancer, mesothelioma or breast cancer. The allegations in these cases include failure to warn, design defect, manufacturing defect, negligence, gross negligence, breach of express and implied warranties, civil conspiracy concert in action, negligent misrepresentation, wrongful death, loss of consortium and/or punitive damages. The damages sought include compensatory damages, including medical expenses, lost wages or earning capacity, loss of consortium and/or compensation for pain and suffering, mental anguish anxiety and discomfort, physical impairment and loss of enjoyment of life. Plaintiffs also seek pre- and post-judgment interest, exemplary and punitive damages, and attorneys' fees. Additionally, two proposed class actions were filed in Canada against the Company and various Johnson & Johnson entities (one in the Supreme Court of British Columbia and one in the Superior Court of Quebec), on behalf of persons who have purchased or used Johnson & Johnson's Baby Powder or Shower to Shower®. The class actions allege the use of the product increases certain health risks (British Columbia) or negligence in failing to properly test, failing to warn of health risks, and failing to remove the products from the market in a timely manner (Quebec). The plaintiffs in these actions are seeking awards of general, special, compensatory and punitive damages. On November 17, 2020, the British Columbia court issued a judgment declining to certify a class as to the Company or Shower to Shower®, and at this time no appeal of that judgment has been filed. On December 16, 2021, the plaintiff in the British Columbia class action filed a Second Amended Notice of Civil Claim and Application for Certification, removing the Company as a defendant; as a result, the British Columbia class action is concluded as to the Company.

In October 2021, Johnson & Johnson, through one or more subsidiaries, purported to complete a Texas divisional merger with respect to any talc liabilities at Johnson & Johnson Consumer, Inc. ("JJCI"). LTL Management, LLC ("LTL"), the resulting entity of the divisional merger, assumed JJCI's talc liabilities and thereafter filed for Chapter 11 bankruptcy protection in the United States Bankruptcy Court for the Western District of North Carolina, which in November 2021 was transferred to the United States Bankruptcy Court for the District of New Jersey (the "New Jersey Bankruptcy Court"). The first bankruptcy case was dismissed on April 4, 2023, after a decision by the Third Circuit Court of Appeals, and LTL re-filed a new Chapter 11 case on the same day. Several motions to dismiss were again filed, and on August 11, 2023, the second Chapter 11 case was dismissed. LTL and certain supporting creditors and tort claimants appealed, and on July 25, 2024, the Third Circuit affirmed the dismissal order, and LTL's second bankruptcy case was closed. During the pendency of LTL's bankruptcy cases, the New Jersey Bankruptcy Court extended a preliminary injunction that had stayed substantially all cases subject to the indemnification agreement related to Johnson & Johnson's talc liability, which injunction was terminated in connection with the bankruptcy case dismissal.

In December 2023, LTL changed its name to LLT Management LLC ("LLT"). In June and July 2024, LLT solicited votes for a new "pre-packaged" Chapter 11 plan, and after the reported successful solicitation of votes to commence the planned bankruptcy, LLT and certain affiliates underwent another corporate restructuring that resulted in two entities, Red River Talc LLC ("Red River") and Pecos River Talc LLC ("Pecos River"), assuming the talc liabilities of LLT. On September 20, 2024, Red River filed for Chapter 11 bankruptcy protection in the United States Bankruptcy Court for the Southern District of Texas (the "Texas Bankruptcy Court"), seeking to resolve all ovarian cancer related talc claims. On October 21, 2024, the Texas Bankruptcy Court agreed to enter a temporary restraining order and preliminary injunction staying all ovarian cancer-related talc claims at least through December 2024. Johnson & Johnson has reported that the entity Pecos River will be responsible for resolving all non-ovarian cancer-related talc claims outside of bankruptcy.

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

General Civil Actions

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

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

Both the Company and Bausch + Lomb dispute the claims in this declaratory judgment action and intend to vigorously defend this matter.

California Proposition 65 Related Matter

On June 19, 2019, plaintiffs filed a proposed class action in California state court against Bausch Health US and Johnson & Johnson (Gutierrez, et al. v. Johnson & Johnson, et al., Case No. 37-2019-00025810-CU-NP-CTL), asserting claims for purported violations of the California Consumer Legal Remedies Act, False Advertising Law and Unfair Competition Law in connection with their sale of talcum powder products that the plaintiffs allege violated Proposition 65 and/or the California Safe Cosmetics Act. This lawsuit was served on Bausch Health US in June 2019 and was subsequently removed to the United States District Court for the Southern District of California. Plaintiffs sought damages, disgorgement of profits, injunctive relief, and reimbursement/restitution. Bausch Health US filed a motion to dismiss Plaintiffs' claims, which was granted in April 2020 without prejudice. In May 2020, Plaintiffs filed an amended complaint and in June 2020, filed a motion for leave to amend the complaint further, which was granted. On January 22, 2021, the Court granted the motion to dismiss with prejudice. On February 19, 2021, Plaintiffs filed a Notice of Appeal with the Ninth Circuit Court of Appeals. This matter was stayed by the Ninth Circuit on December 7, 2021, due to the preliminary injunction entered by the Bankruptcy Court in the LTL bankruptcy proceeding. On September 13, 2023, the Ninth Circuit lifted the stay. On April 8, 2024, the Ninth Circuit heard oral argument on Plaintiffs' appeal of the lower court's dismissal of the case with prejudice, and, on April 29, 2024, the Ninth Circuit issued a memorandum disposition that affirmed the dismissal of the case in full. Plaintiffs have not filed a further appeal and the time to do so has passed.

New Mexico Attorney General Consumer Protection Action

The Company and Bausch Health US were named in an action brought by State of New Mexico ex rel. Hector H. Balderas, Attorney General of New Mexico, in the County of Santa Fe New Mexico First Judicial District Court (New Mexico ex rel. Balderas v. Johnson & Johnson, et al., Civil Action No. D-101-CV-2020-00013, filed on January 2, 2020), alleging consumer protection claims against Johnson & Johnson and Johnson & Johnson Consumer, Inc., the Company and Bausch Health US related to Shower to Shower® and its alleged causal link to mesothelioma and other cancers. In April 2020, Bausch Health US filed a motion to dismiss, which in September 2020, the Court granted in part as to the New Mexico Medicaid Fraud Act and

New Mexico Fraud Against Taxpayers Act claims and denied as to all other claims. The State of New Mexico brings claims against all defendants under the New Mexico Unfair Practices Act and other common law and equitable causes of action, alleging defendants engaged in wrongful marketing, sale and promotion of talcum powder products. The lawsuit seeks to recover the cost of the talcum powder products as well as the cost of treating asbestos-related cancers allegedly caused by those products. Bausch Health US filed its answer on November 16, 2020. On December 30, 2020 Johnson & Johnson filed a Motion for Partial Judgment on the Pleadings and on January 4, 2021, Bausch Health US filed a joinder to that motion, which was denied on March 8, 2021. Trial was scheduled to begin on May 30, 2023, until the case was stayed by an interlocutory appeal to the New Mexico Supreme Court by Johnson & Johnson. That stay was lifted on October 21, 2024 when the New Mexico Supreme Court ruled in favor of Johnson & Johnson and reversed the trial court, remanding the case back for further proceedings.

On July 14, 2022, LTL filed an adversary proceeding in the Bankruptcy Court (Case No. 21-30589, Adv. Pro. No. 22-01231) against the State of New Mexico ex rel. Hector H. Balderas, Attorney General, and obtained an injunction from the Bankruptcy Court barring the New Mexico Attorney General from continuing to prosecute the action while the bankruptcy case was pending. Because the Bankruptcy Court has ultimately dismissed both LTL's first and second bankruptcy cases, this suit has returned to its status quo prior to LTL's filing.

The State has negotiated a settlement of the lawsuit with Johnson & Johnson, in which the Company and its affiliates, including Bausch + Lomb, are released parties. The entire action will be dismissed once the settlement has been completed following payment. Pending completion of the settlement, the Company and Bausch Health US dispute the claims against them, and this lawsuit will be defended vigorously.

California Consumer Protection Action

On October 31, 2023, Plaintiff County of Los Angeles filed an action on behalf of the state of California against the Company and Johnson & Johnson, seeking injunctive relief, restitution and damages in California state court (People of the State of California, by and through County of Los Angeles v. Johnson & Johnson, et al., Case No. 23STCV27015). The lawsuit asserts claims for purported violations of the California False Advertising Law, Unfair Competition Law, and public nuisance claims, against multiple manufacturers of talcum powder products, including Shower to Shower®, that the plaintiffs allege caused or contributed to development of ovarian cancer and mesothelioma in residents of California. The lawsuit seeks injunctive relief, restitution, statutory penalties and damages.

This action is included in a 42-state Attorneys General settlement reached by Johnson & Johnson, and the Company and its affiliates, including Bausch + Lomb, are included among the released parties. A dismissal with prejudice was entered on October 23, 2024 and this matter has now concluded.

Rifaximin Breach of Contract Litigation

On September 8, 2022, Lupin Ltd. ("Lupin") filed a lawsuit in the U.S. District Court for the Southern District of New York against Salix Pharmaceuticals, Inc. and the Company, asserting breach of contract claims relating to a 2009 manufacturing and supply agreement between Lupin and Salix Pharmaceuticals, Inc. concerning rifaximin. On November 18, 2022, Lupin filed an Amended Complaint, which added Bausch Health US as a defendant. On March 28, 2023, the Company was dismissed without prejudice. On October 10, 2023, Salix Pharmaceuticals, Inc. asserted counterclaims against Lupin for breach of contract. No trial date has been set. Salix Pharmaceuticals, Inc. and Bausch Health US dispute Lupin's claims, and intend to defend this matter vigorously.

Doctors Allergy Formula Lawsuit

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

Apriso® Qui Tam Litigation

In 2018, a *qui tam* complaint, captioned *United States ex rel. Silbersher v. Valeant Pharmaceuticals Int'l, Inc., et al.* (No. 4:18-cv-01496), was filed in the U.S. District Court for the Northern District of California against the Company, certain of its subsidiaries (collectively, the "Company"), and a third party, claiming that their alleged misrepresentations before the U.S. Patent Office ultimately resulted in false claims for payment being made to federal and state healthcare payors for Apriso®. The complaint asserts claims seeking, *inter alia*, damages, civil penalties and attorneys' fees under the federal False Claims Act and the false claims acts of several states.

In May 2020, the District Court granted defendants' motion to dismiss, holding that Plaintiff-relator's qui tam action was precluded by the False Claims Act's public disclosure bar. Plaintiff-relator appealed to the U.S. Court of Appeals for the Ninth Circuit. In August 2023, the Court of Appeals reversed the District Court's order and remanded to the District Court for further proceedings. In September 2023, the Company filed a petition for rehearing or rehearing en banc with the Court of Appeals. On January 5, 2024, the Court of Appeals panel denied the petition and issued an amended opinion, still reversing the District Court's order and remanding the case to the District Court for further proceedings. On April 4, 2024, the Company filed a petition for a writ of certiorari to the Supreme Court, which was denied on October 7, 2024. Mandate issued and the case is pending in the District Court. The Company disputes the claims against it and intends to defend itself vigorously.

18. SEGMENT INFORMATION

Reportable Segments

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.

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

Segment Revenues and Profits

Segment revenues and profits were as follows:

(in millions)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Revenues:				
Salix	$ 642	$ 614	$ 1,699	$ 1,667
International	291	275	832	781
Solta Medical	112	83	302	244
Diversified	269	259	722	684
Bausch + Lomb	1,196	1,007	3,511	2,973
	$ 2,510	$ 2,238	$ 7,066	$ 6,349
Segment profits:				
Salix	$ 436	$ 429	$ 1,142	$ 1,129
International	105	91	278	236
Solta Medical	53	33	140	114
Diversified	189	172	469	417
Bausch + Lomb	283	244	799	699
	1,066	969	2,828	2,595
Corporate	(248)	(222)	(746)	(703)
Amortization of intangible assets	(274)	(253)	(818)	(795)
Goodwill impairments	—	(402)	—	(402)
Asset impairments	—	(4)	(6)	(54)
Restructuring, integration and separation costs	(1)	(14)	(25)	(40)
Other expense, net	(225)	(60)	(245)	—
Operating income	318	14	988	601
Interest income	7	6	24	19
Interest expense	(346)	(339)	(1,051)	(965)
Gain on extinguishment of debt	—	—	23	—
Foreign exchange and other	—	(7)	(26)	(38)
Loss before income taxes	$ (21)	$ (326)	$ (42)	$ (383)

Revenues by Segment and Product Category

Revenues by segment and product category were as follows:

(in millions)	Salix	International	Solta Medical	Diversified	Bausch + Lomb	Total
			Three Months Ended September 30, 2024			
Pharmaceuticals	$ 642	$ 63	$ —	$ 246	$ 247	$ 1,198
Devices	—	—	112	—	455	567
OTC	—	50	—	2	420	472
Branded and Other Generics	—	161	—	14	70	245
Other revenues	—	17	—	7	4	28
	$ 642	$ 291	$ 112	$ 269	$ 1,196	$ 2,510
			Three Months Ended September 30, 2023			
Pharmaceuticals	$ 613	$ 63	$ —	$ 210	$ 113	$ 999
Devices	—	—	83	—	411	494
OTC	—	47	—	2	408	457
Branded and Other Generics	—	151	—	40	72	263
Other revenues	1	14	—	7	3	25
	$ 614	$ 275	$ 83	$ 259	$ 1,007	$ 2,238
			Nine Months Ended September 30, 2024			
Pharmaceuticals	$ 1,698	$ 184	$ —	$ 637	$ 701	$ 3,220
Devices	—	—	302	—	1,324	1,626
OTC	—	131	—	5	1,262	1,398
Branded and Other Generics	—	469	—	65	212	746
Other revenues	1	48	—	15	12	76
	$ 1,699	$ 832	$ 302	$ 722	$ 3,511	$ 7,066
			Nine Months Ended September 30, 2023			
Pharmaceuticals	$ 1,668	$ 178	$ —	$ 567	$ 355	$ 2,768
Devices	—	—	244	—	1,225	1,469
OTC	—	125	—	6	1,182	1,313
Branded and Other Generics	—	438	—	92	201	731
Other revenues	(1)	40	—	19	10	68
	$ 1,667	$ 781	$ 244	$ 684	$ 2,973	$ 6,349

The top ten products for each of the nine months ended September 30, 2024 and 2023 represented 48% of total revenues for each of the nine months ended September 30, 2024 and 2023.

Geographic Information

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2024**	**2023**	**2024**	**2023**
U.S. and Puerto Rico	$ 1,535	$ 1,358	$ 4,227	$ 3,738
China	132	113	351	315
Canada	104	92	293	268
Poland	92	82	256	232
Mexico	88	90	248	234
France	52	49	178	169
Japan	46	47	136	145
Russia	42	35	117	105
Germany	40	34	125	119
South Korea	38	24	102	69
United Kingdom	34	32	100	92
Italy	23	20	71	64
Spain	21	20	71	67
Other	263	242	791	732
	$ 2,510	$ 2,238	$ 7,066	$ 6,349

Major Customers

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

	Nine Months Ended September 30,	
	2024	**2023**
Cencora Inc.	19%	19%
McKesson Corporation (including McKesson Specialty)	16%	15%
Cardinal Health, Inc.	14%	13%

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 3. Quantitative and Qualitative Disclosures About Market Risk

Other than as indicated below under "— Interest Rate Risk" and "— Inflation Risk", there have been no material changes to our exposures to market risks as disclosed in Item 7. "Management's Discussion and Analysis of Financial

Condition and Results of Operations — Quantitative and Qualitative Disclosures About Market Risks" included in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC and the CSA on February 22, 2024.

Interest Rate Risk

As of September 30, 2024, we had $14,551 million and $5,808 million in outstanding aggregate principal amount of fixed rate debt and variable rate debt, respectively. The estimated fair value of our issued fixed rate debt as of September 30, 2024 was $12,316 million. If interest rates were to increase by 100 basis-points, the fair value of our issued fixed rate debt would decrease by approximately $307 million. If interest rates were to decrease by 100 basis-points, the fair value of our issued fixed rate debt would increase by approximately $281 million. We are subject to interest rate risk on our variable rate debt as changes in interest rates could adversely affect earnings and cash flows. A 100 basis-point increase in interest rates would have an annualized pre-tax effect of approximately $58 million in our Condensed Consolidated Statements of Operations and Cash Flows, based on current outstanding borrowings and effective interest rates on our variable rate debt. While our variable-rate debt may impact earnings and cash flows as interest rates change, it is not subject to changes in fair value.

Inflation Risk

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

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), has evaluated the effectiveness of our disclosure controls and procedures as of September 30, 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.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For information concerning legal proceedings, reference is made to Note 17, "LEGAL PROCEEDINGS" to the unaudited interim Condensed Consolidated Financial Statements included elsewhere in this Form 10-Q.

Item 1A. Risk Factors

There have been no material changes to the risk factors as disclosed in Item 1A. "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC and the CSA on February 22, 2024.

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

There were no sales of equity securities by the Company during the three months ended September 30, 2024.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

Executive Officer Severance Arrangement

The Talent and Compensation Committee of the Board of Directors approved an update effective October 25, 2024 to the cash severance payment for which our Executive Officers are eligible, excluding our CEO whose employment agreement remains unchanged. In connection with a qualifying termination of employment, the cash severance payment for which they are eligible will be equal to one and a half times the sum of annual base salary and annual target incentive.

All other terms and conditions under each Executive Officer's employment agreement remain unchanged. This provision was approved effective through December 31, 2025.

Item 6. Exhibits

10.1*	Employment Agreement dated as of July 15, 2024 between Bausch Health Companies Inc. and Jean-Jacques Charhon.
10.2*	Letter dated as of July 18, 2024, amending the offer letter to John Barresi, dated as of September 30, 2023.
31.1*	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certificate of the Chief Executive Officer of Bausch Health Companies Inc. pursuant to 18 U.S.C. § 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certificate of the Chief Financial Officer of Bausch Health Companies Inc. pursuant to 18 U.S.C. § 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

SIGNATURES

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

Bausch Health Companies Inc.
(Registrant)

Date: October 30, 2024

/s/ THOMAS J. APPIO

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

Date: October 30, 2024

/s/ JEAN-JACQUES CHARHON

Jean-Jacques Charhon
Executive Vice President, Chief Financial Officer
(Principal Financial Officer)

Exhibit 10.1

BAUSCH HEALTH COMPANIES INC.

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") is hereby entered into as of July 15, 2024 (the "Effective Date"), by and between Bausch Health Companies Inc., a British Columbia corporation ("Bausch Health" or the "Company"), and Jean-Jacques Charhon, an individual (the "Executive") (hereinafter collectively referred to as "the parties"). Where the context requires, references to the Company shall include the Company's subsidiaries and affiliates and any successors in interest thereto.

RECITALS

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

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

1. Commencement Date; Term. The employment term (the "Employment Term") of Executive's employment under this Agreement shall be for the period commencing on or about August 5, 2024 or such other date mutually agreed by the parties, but no later than September 2, 2024 (the actual date Executive commences employment with the Company hereunder the "Commencement Date") and ending on the third (3rd) anniversary of the Commencement Date. Thereafter, the Employment Term shall extend automatically for consecutive periods of one year unless either party provides notice of non-renewal not less than ninety (90) days prior to the end of the Employment Term as then in effect.

2. Employment. During the Employment Term:

(a) Executive shall be employed as Chief Financial Officer. Executive shall report directly to the Chief Executive Officer of the Company. Executive shall perform the duties, undertake the responsibilities and exercise the authority customarily performed, undertaken and exercised by persons situated in similar executive capacities.

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

(c) Executive shall be subject to and shall abide by each of the personnel policies applicable to senior executives, including but not limited to any policy restricting pledging and hedging investments in Company equity by Company executives, any policy regarding stock ownership, any policy the Company adopts regarding the recovery of incentive compensation (sometimes referred to as "clawback") and any additional clawback provisions as required by law and applicable listing rules, including, for the avoidance of doubt, under the Bausch Health Companies, Inc. Compensation Recoupment Policy. This Section 2(c) shall survive the termination of the Employment Term.

(d) Subject to Sections 7, 8 and 9 hereof, Executive's employment with the Company is "at will," such that each of Executive or the Company has the ability to terminate Executive's employment at any time, with or without advance notice (except to the extent required pursuant to Section 7 hereof), and with or without Cause or with or without Good Reason. This Agreement does not constitute an express or implied agreement of continuing or long-term employment. The at-will nature of Executive's employment can be altered only by a written agreement specifying the altered status of Executive's employment. Such written agreement must be signed by both Executive and the Chief Executive Officer of the Company.

3. Annual Compensation.

(a) Base Salary. During the Employment Term, Executive shall be paid an annual base salary of $700,000 ("Base Salary"). The Base Salary shall be payable in accordance with the Company's regular payroll practices as then in effect. During the Employment Term, the Base Salary will be reviewed annually and is subject to adjustment at the discretion of the Chief Executive Officer of the Company and the Talent and Compensation Committee of the Board (the "Committee").

(b) Annual Cash Performance Bonus. Subject to the terms of the Company's annual incentive cash bonus program as in effect from time to time and the provisions of this Agreement, for each fiscal year of the Company ending during the Employment Term, Executive shall be eligible to receive an annual cash bonus (the "Annual Bonus"), with a target annual cash bonus opportunity of 60% of Base Salary (such target bonus, as may hereafter be increased, the "Target Bonus") with the opportunity to receive a maximum annual cash bonus of 200% of the Target Bonus; provided that, for fiscal year 2024, Executive's annual bonus shall be pro-rated for the number of days Executive is employed by the Company during such fiscal year following the Commencement Date;. The actual Annual Bonus earned by Executive for any applicable fiscal year, if any, will be payable in the Company's discretion and in accordance with the Company's customary practices applicable to bonuses paid to similarly situated executives of the Company (which, in all cases, will be paid no later than March 15 of the calendar year following the calendar year to which such Annual Bonus relates), subject to Executive's continued employment through the applicable payment date.

4. Additional Compensation.

(a) One-Time Sign-On Bonus. Effective as of the Commencement Date, Executive will be eligible to receive a one-time sign-on bonus of $300,000 (the "Sign-On Bonus"), less any required tax withholdings, payable within thirty (30) days following the Initial

Commencement Date. If Executive voluntarily resigns without Good Reason (as such term is defined in Section 7(e) of this Agreement), or is terminated for "Cause" (as such term is defined in Section 7(c) of this Agreement), at any time within the first two (2) years of the Commencement Date, Executive will be required to promptly repay the amount of the Sign-On Bonus received by Executive following the payment of all applicable withholdings and payment of taxes.

(b) One-Time Initial Equity Award. Executive will receive a grant under the Bausch Health Companies Inc. 2014 Omnibus Incentive Plan (as amended and restated from time to time, the "Plan") of (i) a number of restricted stock units ("RSUs") with a grant-date fair value of approximately $1,750,000 (the "Initial RSU Award") and (ii) a number of performance restricted stock units ("PRSUs") with a target grant-date fair value of approximately $1,750,000 (the "Initial PRSU Award" and, together with the Initial RSU Award, the "Initial Award"). The Initial Award will be granted to Executive as promptly as practicable following the Commencement Date and will be subject to the terms and conditions of the Plan and applicable award agreement to be provided to Executive.

(c) Ongoing Equity Grants. Starting with the Company's 2025 fiscal year, during the Employment Term, Executive will be eligible to receive equity grants on an annual basis, with an annual aggregate target grant date value in an amount determined by the Committee in its sole discretion; provided that, for the Company's 2025 fiscal year, the aggregate grant date value of Executive's annual equity grants will be targeted at approximately $3,000,000 and will be delivered in a mix of equity awards consistent with the mix of annual equity grants provided to similarly situated executives for fiscal 2025. The annual equity grants will be subject to the terms and conditions set forth in the underlying equity award documents, in each case as determined in the sole discretion of the Committee.

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

6. Other Benefits. During the Employment Term:

(a) Employee Benefits. Executive shall be entitled to participate in the employee benefit plans, practices and programs maintained by the Company, and made available to employees of the Company generally (taking into account jurisdictional differences), including, without limitation, all pension, retirement, profit sharing, savings, medical, hospitalization, disability, dental, life or travel accident insurance benefit plans, subject to and in accordance with the terms of the plans as in effect from time to time. Executive's participation in such plans, practices and programs shall be on the same basis and terms as are applicable to such employees.

(b) Business Expenses. Upon submission of proper invoices in accordance with, and subject to, the Company's normal policies and procedures as in effect from time to time, Executive shall be entitled to receive prompt reimbursement of all reasonable out-of-pocket business, entertainment and travel expenses incurred by Executive in connection with the performance of Executive's duties hereunder.

(c) Vacation and Sick Leave. Executive shall be entitled, without loss of pay, to absent Executive voluntarily from the performance of Executive's employment under this Agreement, pursuant to the following:

(1) Executive shall be entitled to annual vacation in accordance with and subject to the policies as periodically established for similarly situated executives of the Company; and

(2) Executive shall be entitled to sick leave (without loss of pay) in accordance with the Company's policies as in effect from time to time.

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

(a) Death. Executive's employment shall be terminated as of the date of Executive's death and Executive's beneficiaries shall be entitled to the benefits provided in Section 9(b) hereof.

(b) Disability. The Company may terminate Executive's employment, on written notice to Executive after having established Executive's Disability and while Executive remains Disabled, and Executive shall be entitled to the benefits provided in Section 9(b) hereof. For purposes of this Agreement, "Disability" shall have the meaning assigned to such term in the Plan.

(c) Cause. The Company may terminate Executive's employment for Cause effective as of the date of the Notice of Termination (as defined in Section 8 hereof) and Executive shall be entitled to the benefits provided in Section 9(a) hereof. "Cause" shall mean, for purposes of this Agreement: (1) conviction of any felony (other than one related to a vehicular offense) or other criminal act involving fraud; (2) willful misconduct that results in a material economic detriment to the Company; (3) material violation of Company policies and directives; (4) continued refusal by Executive to perform Executive's duties; and (5) a material violation by Executive of any of the covenants to the Company, including those set forth in Sections 12, 13, 15 and 16 hereof; provided, however, that the Company must provide written notice to Executive specifying the particular events or conditions that constitute Cause and shall provide Executive at least fifteen (15 days) to cure (if curable). No action or inaction shall be deemed willful if (x) not demonstrably willful and (y) taken, or not taken, by Executive in good faith and with the understanding that such action, or inaction, was not adverse to the best interests of the Company. References in this paragraph to the Company shall also include direct and indirect subsidiaries of the Company, and materiality shall be measured based on the action or inaction and the impact upon the Company taken as a whole. Without limiting the other rights of the Company under this Section 7, the Company may suspend Executive, without pay, upon Executive's indictment for the commission of a felony as described under clause (1) above. Such suspension may remain effective until such time as the indictment is either dismissed or a verdict of not guilty has been entered. If such indictment does not result in a conviction, as

soon as practicable following such dismissal or verdict, the Company shall pay Executive the base salary and target bonus amount that Executive would have received for the period during which Executive was suspended without pay (with interest from the date such amounts would otherwise have been paid at the short-term applicable federal rate, compounded semi-annually, as determined under Section 1274 of the Code for the month in which payment would have been made but for the delay) and Executive will receive vesting credit for purposes of Executive's outstanding equity awards.

(d) Without Cause. The Company may terminate Executive's employment without Cause. The Company shall deliver to Executive a Notice of Termination (as defined in Section 8 hereof) not less than thirty (30) days prior to the termination of Executive's employment without Cause and the Company shall have the option of terminating Executive's duties and responsibilities prior to the expiration of such thirty-day notice period, and Executive shall be entitled to the benefits provided in Section 9(c) hereof.

(e) Good Reason. Executive may terminate Executive's employment for Good Reason (as defined below) by delivering to the Company a Notice of Termination no later than thirty (30) days following the expiration of the Company's thirty (30) day cure period, as described below in this subsection (e). The Company shall have the option of terminating Executive's duties and responsibilities prior to the expiration of such thirty (30) day notice period, and Executive shall be entitled to the benefits provided in Section 9(c) hereof. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the events or conditions described in clauses (1) through (4) below during the Employment Term, without Executive's prior written consent, which are not cured by the Company (if susceptible to cure by the Company) within thirty (30) days after the Company has received written notice from Executive of the initial existence of the event or condition constituting Good Reason in accordance with the immediately following sentence. In order to constitute Good Reason, the Executive must, within thirty (30) days of the date Executive becomes (or should have become) aware of the initial existence of the event or condition constituting Good Reason, provide written notice to the Company specifying the particular events or conditions which constitute Good Reason and the specific cure requested by Executive.

(1) Diminution of Responsibility. (A) Any material reduction in Executive's duties or responsibilities as Chief Financial Officer, as in effect immediately prior thereto (other than a reduction where Executive is provided with other duties or responsibilities substantially comparable to Executive's overall duties and responsibilities prior to such reduction) or (B) removal of Executive from the position of Chief Financial Officer, except, in each case, in connection with the termination of Executive's employment for Disability, Cause, as a result of Executive's death or by Executive other than for Good Reason.

(2) Compensation Reduction. Any reduction in Executive's Base Salary or Target Bonus opportunity, unless comparable to reductions in the base salary or target bonus opportunity of other similarly situated executives of the Company;

(3) Relocation. Any relocation of Executive's primary place of business that results in an increase of Executive's one-way commute by fifty (50) miles or more; provided

that the Company's request that Executive travel from time to time on behalf of the Company shall not constitute Good Reason; or

(4) Company Breach. Any material breach by the Company of any material provision of this Agreement.

(f) Without Good Reason. Executive may voluntarily terminate Executive's employment without Good Reason by delivering to the Company a Notice of Termination not less than thirty (30) days prior to the termination of Executive's employment and the Company shall have the option of waiving all or any portion of such thirty (30) day notice period (provided that, for the avoidance of doubt, such waiver of all or any portion terminating Executive's duties and responsibilities prior to the expiration of such notice period shall not constitute Good Reason, and shall not be deemed a termination of employment by the Company without Cause), and Executive shall be entitled to the benefits provided in Section 9(a) hereof through the last day of such notice period.

(g) Notice of Non-Renewal. Executive's employment shall terminate upon expiration of the Employment Term as then in effect following timely provision by either party of notice of non-renewal in accordance with Section 1 hereof, and Executive shall be entitled to the benefits provided in Section 9(d) hereof.

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

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

(a) Termination by the Company for Cause or by Executive Without Good Reason. If Executive's employment is terminated by the Company for Cause or by Executive without Good Reason, the Company shall pay Executive the following:

(1) earned but unpaid Base Salary payments through the Termination Date, which shall be paid within thirty (30) days following the Termination Date (or such earlier date as may be required by applicable law);

(2) reimbursement for reasonable and necessary expenses incurred by Executive on behalf of the Company for the period ending on the Termination Date, which shall be paid within thirty (30) days following the Termination Date (or such earlier date as may be required by applicable law);

(3) any previous compensation which Executive has previously deferred (including any interest earned or credited thereon), in accordance with the terms and

conditions of the applicable deferred compensation plans or arrangements then in effect;

(4) equity and incentive awards, to the extent previously vested and not forfeited in connection with Executive's termination of employment in accordance with their terms, shall be paid, delivered or settled to Executive in accordance with the applicable terms of such awards; and

(5) any amount or benefit as provided under any benefit plan or program in which Executive is entitled, payable in accordance with and subject to the terms of such plan or program (the foregoing items in clauses (1) through (5) being collectively referred to as the "Accrued Compensation").

(b) Termination by the Company for Disability or Death. If Executive's employment is terminated by the Company for Disability or by reason of Executive's death, then, subject to Section 17(e) hereof, Executive shall be entitled to the benefits provided in this Section 9(b).

(1) The Company shall pay Executive (or Executive's beneficiaries, as applicable) the Accrued Compensation;

(2) The Company shall pay to Executive (or Executive's beneficiaries, as applicable) within sixty (60) days following the Termination Date, any Annual Bonus earned but unpaid in respect of any fiscal year preceding the Termination Date;

(3) The Company shall pay to Executive an Annual Bonus in respect of the fiscal year in which Executive's Termination Date occurs in an amount equal to the product of (A) Executive's Target Bonus and (B) a fraction (x) the numerator of which is the number of days in such fiscal year through the Termination Date and (y) the denominator of which is 365. Any bonus or incentive award payable to Executive under this clause (3) shall be paid in a lump sum payment by March 15 of the year following the fiscal year in which Executive's Termination Date occurs; and

(4) Each equity award held by Executive at the time of termination shall be governed by the terms of the applicable award agreement.

(c) Termination by the Company Without Cause or by Executive for Good Reason. If Executive's employment by the Company shall be terminated by the Company without Cause or by Executive for Good Reason following the Effective Date but after Executive has given notice of termination to his current employer, then, subject to Section 17(e) hereof, Executive shall be entitled to the benefits provided in this Section 9(c).

(1) The Company shall pay to Executive any Accrued Compensation;

(2) The Company shall pay to Executive any Annual Bonus earned but unpaid in respect of any fiscal year preceding the Termination Date within sixty (60) days following the Termination Date;

(3) The Company shall pay to Executive an Annual Bonus in respect of the fiscal year in which Executive's Termination Date occurs in an amount equal to the product

of (A) the lesser of (x) the bonus or incentive award that Executive would have been entitled to receive based on actual achievement against the stated performance objectives and (y) Executive's Target Bonus and (B) a fraction (x) the numerator of which is the number of days in such fiscal year through the Termination Date and (y) the denominator of which is 365 (provided that, if such termination occurs in contemplation of a Change in Control (as defined in the Plan) or within twelve months following a Change in Control, then in the forgoing calculation, the amount under (A) above shall be equal to Executive's Target Bonus. Any Annual Bonus payable to Executive under this clause (3) shall be paid in a lump sum payment by March 15 of the year following the fiscal year in which Executive's Termination Date occurs;

(4) The Company shall pay Executive as severance pay, in lieu of any further compensation for the periods subsequent to the Termination Date, an amount in cash, which amount shall be payable in a lump sum payment within sixty (60) days following Executive's Termination Date (subject to Section 10 hereof), equal to one (1) times (or, if the Termination Date occurs either (x) on or before December 31, 2024, one and a half (1-1/2) times or (y) in contemplation of a Change in Control or within twelve months following a Change in Control, two (2) times) the sum of Executive's Base Salary and Target Bonus, in each case, as in effect immediately prior to such termination and without regard to any reduction thereto which constitutes Good Reason;

(5) One Hundred Percent (100%) of the One-Time Sign-On Bonus shall fully vest and become payable within sixty (60) days of the termination date to the extent not already paid;

(6) solely to the extent such termination of employment occurs after the Commencement Date, (i) to the extent not previously granted to Executive, the Company shall grant the Initial RSU Award to Executive effective as of immediately prior to the Termination Date and (ii) any unvested portion of the Initial RSU Award shall fully vest and be settled in shares within sixty (60) days following the Termination Date;

(7) With respect to any equity awards held by Executive at the time of termination (other than the Initial RSU Award), including, without limitation, the Initial PRSU Award, such equity awards shall be governed by the terms of the applicable award agreement; and

(8) Subject to Executive's timely election of continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("**COBRA**"), the Company shall provide Executive with continued coverage through the first (1st) anniversary of the Termination Date (or, if such termination of employment occurs either (x) on or before December 31, 2024, or (y) in contemplation of a Change in Control or within twelve months following a Change in Control, in both cases through the 18-month anniversary of the Termination Date) under any health, medical, dental or vision program or policy in which Executive (and Executive's dependents, as applicable) participated in as of the Termination Date, to the extent permitted under applicable law and the terms of

such program or policy; *provided*, however, that Executive shall be solely responsible for any taxes incurred in respect of such coverage; and provided, further, that the Company may modify the continuation coverage contemplated hereby (including by providing, in lieu of such continuation coverage or to the extent that the COBRA continuation period expires, a lump-sum cash payment equal to the value for Executive of the continuation coverage provided herein) to the extent reasonably necessary to avoid the imposition of any excise taxes on the Company for failure to comply with the nondiscrimination requirements of the Patient Protection and Affordable Care Act of 2010, as amended, and/or the Health Care and Education Reconciliation Act of 2010, as amended (to the extent applicable); and *provided*, *further*, in the event Executive obtains other employment that offers group health benefits, such continuation coverage by the Company hereunder shall immediately cease (and Executive agrees to promptly notify the Company if Executive is offered group health benefits from any subsequent employer following the Termination Date).

(d) Expiration of Employment Term Upon Notice of Non-Renewal. If Executive's employment terminates upon expiration of the Employment Term as then in effect following timely provision by either party of notice of non-renewal in accordance with Section 1 hereof, then, subject to Section 17(e) hereof:

(1) If such notice is submitted by Executive, then Executive shall be entitled to the Accrued Compensation.

(2) If such notice is submitted by the Company, then Executive shall be entitled to the benefits provided in Section 9(c) hereof.

(e) Executive shall not be required to mitigate the amount of any payment provided for under this Section 9 by seeking other employment or otherwise and no such payment shall be offset or reduced by the amount of any compensation or benefits provided to Executive in any subsequent employment.

10. Section 409A. The parties intend for the payments and benefits under this Agreement to be exempt from Section 409A or, if not so exempt, to be paid or provided in a manner which complies with the requirements of such section, and intend that this Agreement shall be construed and administered in accordance with such intention. In no event whatsoever will the Company be liable for any additional tax, interest or penalty that may be imposed on Executive by Section 409A or damages for failing to comply with Section 409A. If any payments or benefits due to Executive hereunder would cause the application of an accelerated or additional tax under Section 409A, such payments or benefits shall be restructured by the Company in a manner that to the extent possible preserves the economic benefit and original intent thereof but does not cause such an accelerated or additional tax. For purposes of the limitations on nonqualified deferred compensation under Section 409A, each payment of compensation under this Agreement shall be treated as a separate and distinct payment of compensation. Notwithstanding anything to the contrary in this Agreement, if Executive is deemed by the Company on the Termination Date to be "specified employee" within the meaning of Section 409A, then with regard to any payment or the provision of any benefit that is considered "nonqualified deferred compensation" under Section 409A payable on account of a "separation from service," such payment or benefit shall not be made or provided until the date which is the earlier of (A) the expiration of the six (6)-month period measured from the date of such "separation from service" of Executive and (B) the date of Executive's death, solely to the extent required under Section 409A. Upon the expiration of the foregoing delay period, all payments and benefits delayed pursuant to the

foregoing (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to Executive in a lump sum, and all remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein. Notwithstanding anything to the contrary in this Agreement, all (1) reimbursements and (2) in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A, including, where applicable, the requirement that (x) the amount of expenses eligible for reimbursement, or in kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in kind benefits to be provided, in any other calendar year; (y) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred; and (z) the right to reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit.

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

12. Records and Confidential Data.

(a) Executive acknowledges that in connection with the performance of Executive's duties during the Employment Term, the Company will make available to Executive, or Executive will have access to, certain Confidential Information (as defined below) of the Company and its affiliates. Executive acknowledges and agrees that any and all Confidential Information disclosed to, or learned or obtained by, Executive during the course of Executive's employment by the Company or otherwise, whether developed by Executive alone or in conjunction with others or otherwise, shall be and is the sole and exclusive property of the Company or the affiliate of the Company, as applicable, that is Executive's employer (the "Employer"). No license or other right to any Confidential Information is granted to Executive under this Agreement. To the extent that Executive acquires any right, title or interest in or to any Confidential Information, Executive hereby irrevocably assigns, transfers, conveys and delivers to the Employer all such right, title and interest in and to such Confidential Information.

(b) Subject to Sections 11 and 12(e) hereof, the Confidential Information will be kept confidential by Executive, will not be used in any manner which is detrimental to the Company, will not be used other than in connection with Executive's discharge of Executive's duties hereunder, and will be safeguarded by Executive from unauthorized disclosure. Executive acknowledges and agrees that the confidentiality restrictions set forth herein shall apply to any and all Confidential Information disclosed to, or learned or obtained by, Executive, whether before, on or after the date hereof. For the avoidance of doubt, nothing in this Section 12(b) shall prevent Executive from complying with a valid legal requirement (whether by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) to disclose any Confidential Information; provided that, subject to Section 12(e), Executive shall first give notice to the Employer and reasonably cooperate with the Employer to obtain a protective order or other measures preserving the confidential treatment of such Confidential Information and requiring that the information or documents so disclosed be used only for

the purposes for which the order was issued or is otherwise required by applicable law. For the avoidance of doubt, nothing in this Section 12(b) shall prevent Executive from exercising any legally protected whistleblower rights (including under Rule 21F under the Securities Exchange Act of 1934, as amended) as set forth in Section 11.

(c) Following the termination of Executive's employment hereunder or upon the Company's request, and subject to Sections 11 and 10(e) hereof, as soon as possible after the Company's written request, Executive will return to the Company all written Confidential Information which has been provided to Executive and Executive will return or destroy all copies of any analyses, compilations, studies or other documents prepared by Executive or for Executive's use containing or reflecting any Confidential Information. Within five (5) business days of the receipt of such request by Executive, Executive shall, upon written request of the Company, deliver to each of the Company a document certifying that such written Confidential Information has been returned or destroyed in accordance with this Section 12(c).

(d) For the purposes of this Agreement, "Confidential Information" shall mean any and all non-public, proprietary or other confidential information of the Company or its affiliates disclosed to Executive, to which Executive has access, or of which Executive otherwise becomes aware, in each case whether in oral, written, graphic or machine readable form, including, without limitation, (A) know-how, trade secrets, inventions, discoveries, concepts, information, works, materials, processes, methods, data, software, programs, apparatus, designs and the like, and any other intellectual property the value of which is contingent upon maintaining the confidentiality thereof, (B) information regarding the business of the Company or its affiliates, including its products, services, budgets, contracts, reports, investigations, experiments, research, work in progress, drawings, designs, plans, proposals, codes, marketing and sales programs, client lists, client mailing lists, supplier lists, financial projections, cost summaries, pricing formulae, marketing studies relating to prospective business opportunities, and all other concepts, ideas, materials, or information prepared or performed for or by the Company or its affiliates, (C) information regarding the skills and compensation of the employees, contractors, and any other service providers of the Company or its affiliates, (D) the existence of any business discussions, negotiations, or agreements between the Company or its affiliates and any third party, (E) all documents and other work product generated by you which contain, comment upon, or relate in any way to any information disclosed by the Company or its affiliates, (F) all third-party information held in confidence by the Company or its affiliates, and (G) the terms and conditions of this Agreement. For purposes of this Agreement, the Confidential Information shall not include, and Executive's obligation shall not extend to (A) information which is generally available to the public and (B) information obtained by Executive other than pursuant to or in connection with Executive's employment.

(e) Pursuant to Section 7 of the Defend Trade Secrets Act of 2016 (which added 18 U.S.C. § 1833(b)), the Company and Executive acknowledge and agree that Executive shall not have criminal or civil liability under any federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In

addition and without limiting the preceding sentence, if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney and may use the trade secret information in the court proceeding, if Executive (X) files any document containing the trade secret under seal and (Y) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement or otherwise is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such Section.

(f) In connection with Executive's employment with the Company, Executive will not use any confidential or proprietary information Executive may have obtained in connection with employment with any prior employer.

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

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

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

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

Executive agrees that the covenants contained in this Section 13(a) are reasonable and desirable to protect the Confidential Information and Company Intellectual Property of the Company and its affiliates; provided that solicitation through general advertising (provided that Executive does not actually hire such individual and Executive is not otherwise directly or indirectly involved in connection with hiring such individual) or the provision of references shall not constitute a breach of such obligations.

(b) Covenant Not to Compete. To protect the Confidential Information, Company Intellectual Property and other trade secrets of the Company and its affiliates, Executive agrees, during the Employment Term and the Restricted Period, not to engage in Prohibited Activities (as defined below) in any country in which the Company or any of its affiliates conducts business, or plans to conduct business, during the Employment Term.

For the purposes of this Agreement, the term "Prohibited Activities" means directly or indirectly engaging as an owner, employee, partner, member, consultant or agent of any entity that derives more than 10% of its consolidated revenue from the development, manufacturing, marketing and/or distribution (directly or indirectly) of branded or generic prescription or non-prescription pharmaceuticals or medical devices for treatments in the fields of neurology, dermatology, gastroenterology or dentistry business; provided that Prohibited Activities shall not mean Executive's investment in securities of a publicly-traded company equal to less than five (5%) percent of such company's outstanding voting securities; provided, that, for the avoidance of doubt, Executive complies with the obligations set forth in Sections 12, 13(a) and 13(c) hereof.

Executive agrees that the covenants contained in this Section 13(b) are reasonable and desirable to protect the Confidential Information and Company Intellectual Property of the Company and its affiliates.

By signing this Agreement, Executive acknowledges and agrees that Executive is a "senior executive" within the meaning of the final Non-Compete Clause Rule published by the Federal Trade Commission on May 7, 2024, codified as 16 C.F.R. Part 910.

(c) Non-Disparagement. Executive agrees not to make written or oral statements about the Company, its subsidiaries or affiliates, or its directors, executive officers or non-executive officer employees that are negative or disparaging, except as provided in Section 11 or 12(e) hereof. Likewise, the Company agrees that it will direct its directors and executive officers not to make written or oral statements about Executive that are negative or disparaging. Notwithstanding the foregoing, nothing in this Agreement or otherwise shall preclude Executive or the Company's directors and executive officers from communicating or testifying truthfully to the extent required by law to any federal, state, provincial or local governmental agency or in response to a subpoena to testify issued by a court of competent jurisdiction.

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

(e) Executive's obligations under this Section 13 shall survive the termination of the Employment Term.

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

15. Cooperation.

(a) Following Executive's termination of employment for any reason, except as provided in Section 11 or 12(e) hereof, Executive agrees to make himself reasonably available to cooperate with the Company and its affiliates in matters that materially concern (but not to the extent that such cooperation would interfere unreasonably with Executive's then-current employment, consulting, or other business or professional activities): (i) requests for information about the services Executive provided to the Company and its affiliates during Executive's employment with the Company and its affiliates, (ii) the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company and its affiliates which relate to events or occurrences that transpired while Executive was employed the Company and its affiliates and as to which Executive has, or would reasonably be expected to have, personal experience, knowledge or information or (iii) any investigation or review by any federal, state or local regulatory, quasi-regulatory or self-governing authority (including, without limitation, the US Department of Justice, the US Federal Trade Commission or the SEC) as any such investigation or review relates to events or occurrences that transpired while Executive was employed by the Company and its affiliates. Executive's cooperation shall include: (A) making Executive reasonably available to meet and speak with officers or employees of the Company, the Company's counsel or any third-parties at the request of the Company at times and locations to be determined by the Company reasonably and in good faith, taking into account the Company's business and Executive's business and personal needs (the "Company Cooperation") and (B) giving accurate and truthful information at any interviews and accurate and truthful testimony in any legal proceedings or actions (the "Witness Cooperation"). If such cooperation exceeds the equivalent of three business days, then the Company shall compensate Executive per diem at a rate commensurate with the rate of his Base Salary under this Agreement. Nothing in this Section 15(a) shall be construed to limit in any way any rights Executive may have at applicable law not to provide testimony with regard to specific matters. Unless required by law or legal process, Executive will not knowingly or intentionally furnish information to or cooperate with any non-governmental entity (other than the Company) in connection with any potential or pending proceeding or legal action involving matters arising during Executive's employment with the Company and its affiliates, except as provided in Section 11 or 12(e). In addition, at the request of the Company, Executive shall be required to complete a directors' and officers' questionnaire to facilitate the Company's preparation and filing of its proxy statement and periodic reports with the SEC.

(b) Executive shall not be entitled to any payments in addition to those otherwise set forth in this Agreement in respect of any Company Cooperation or Witness Cooperation, regardless

of when provided. The Company will reimburse Executive for any reasonable, out-of-pocket travel, hotel and meal expenses incurred in connection with Executive's performance of obligations pursuant to this Section 15 for which Executive has obtained prior approval from the Company.

(c) Nothing in this Agreement or any other agreement by and between the Parties is intended to or shall preclude or in any way limit or restrict Executive from providing accurate and truthful testimony or information to any governmental agency.

(d) This Section 15 shall survive the termination of the Employment Term.

16. Inventions and Intellectual Property.

(a) Definitions. As used in this Agreement:

(1) "Intellectual Property" means all patents, invention disclosures, invention registrations, trademarks, service marks, trade names, trade dress, logos, domain names, copyrights, mask works, trade secrets, know-how and all other intellectual property and proprietary rights recognized by any applicable law of any jurisdiction, and all registrations and applications for registration of, and all goodwill associated with, the foregoing.

(2) "Inventions" means all inventions, discoveries, concepts, information, works, materials, processes, methods, data, software, programs, apparatus, designs and the like.

(b) Disclosure. Executive will disclose promptly in writing to the Company any and all Inventions and Intellectual Property, in each case that Executive conceives, develops, creates or reduces to practice, either alone or jointly with others, during the period of Executive's employment that (1) are conceived, created or developed using any equipment, supplies, facilities, trade secrets, know-how or other Confidential Information of the Company or any of its affiliates, (2) result from any work performed by Executive for the Company or any of its affiliates and/or (3) otherwise relate to the Company's or any of its affiliates' business or actual or demonstrably anticipated research or development (collectively, "Company Intellectual Property").

(c) Ownership and Assignment. Executive acknowledges and agrees that the Company will have exclusive title and ownership rights in and to all Company Intellectual Property. To the extent that exclusive title and/or ownership rights may not originally vest in the Company as contemplated herein, Executive hereby irrevocably assigns, transfers, conveys and delivers to the Company all right, title and interest in and to all Company Intellectual Property. Executive acknowledges and agrees that, with respect to any Company Intellectual Property that may qualify as a Work Made For Hire as defined in 17 U.S.C. § 101 or other applicable law, such Company Intellectual Property is and will be deemed a Work Made for Hire and the Company will have the sole and exclusive right to the copyright (or, in the event that any such Company Intellectual Property does not qualify as a Work Made for Hire, the copyright and all other rights thereto are automatically assigned to the Company as above).

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

(e) Non-Assignable Inventions. If Executive is an employee whose principal work location is in California, Illinois, Kansas, Minnesota or Washington State, the provisions regarding Executive's assignment of Company Intellectual Property to the Company in Section 16(c) hereof do not apply to certain Inventions ("Non-Assignable Inventions") as specified in the statutory code of the applicable state. Executive acknowledges having received and reviewed notification regarding such Non-Assignable Inventions pursuant to such states' codes.

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

(g) Further Assurances. Executive shall give the Company and its affiliates all reasonable assistance and execute all documents necessary to assist with enabling the Company and its affiliates to prosecute, perfect, register, record, enforce and defend any of their rights in any Company Intellectual Property and Confidential Information.

(h) This Section 16 shall survive the termination of the Employment Term.

17. Miscellaneous.

(a) Successors and Assigns.

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

(2) Neither this Agreement nor any right or interest hereunder shall be assignable or transferable by Executive, Executive's beneficiaries or legal representatives, except by will or by the laws of descent and distribution.

(3) This Agreement shall inure to the benefit of and be enforceable by Executive's legal personal representatives.

(b) Notice. For the purposes of this Agreement, notices and all other communications provided for in the Agreement (including the Notice of Termination) shall be in writing and shall be deemed to have been duly given when personally delivered or sent by overnight courier, addressed to the respective addresses last given by each party to each other party; provided that all notices to the Company shall be directed to the attention of the General Counsel of the Company. All notices and communications shall be deemed to have been received on the date of delivery thereof or on the third business day after the mailing thereof, except that notice of change of address shall be effective only upon receipt.

(c) Indemnity Agreement. The Company agrees to indemnify and hold Executive harmless to the fullest extent permitted by applicable law for actions taken as a director or officer of the Company, as in effect at the time of the subject act or omission. In connection therewith, Executive shall be entitled to the protection of any insurance policies which the Company elects to maintain generally for the benefit of the Company's directors and officers, against all costs, charges and expenses whatsoever incurred or sustained by Executive in connection with any action, suit or proceeding to which he may be made a party by reason of Executive's being or having been a director, officer or employee of the Company. This provision shall survive any termination of the Employment Term.

(d) Withholding. The Company shall be entitled to withhold the amount, if any, of all taxes of any applicable jurisdiction required to be withheld by an employer with respect to any amount paid to Executive hereunder. The Company, in its sole and absolute discretion, shall make all determinations as to whether it is obligated to withhold any taxes hereunder and the amount hereof.

(e) Release of Claims. Notwithstanding anything to the contrary in this Agreement, the termination benefits described in Sections 9(b), 9(c) and 9(d)(2) hereof shall be conditioned on Executive delivering to the Company, and failing to revoke, a signed release of claims acceptable to the Company within twenty-one (21) days following Executive's Termination Date; provided, however, that Executive shall not be required to release any rights Executive may have to be indemnified by the Company under Section

15(c) hereof; and provided further that such release shall not contain any post-employment restrictions beyond those set forth in this Agreement. Notwithstanding any provision of this Agreement to the contrary, in no event shall the timing of Executive's execution of the release, directly or indirectly, result in Executive designating the calendar year of payment, and, to the extent required by Section 409A, if a payment that is subject to execution of the release could be made in more than one taxable year, payment shall be made in the later taxable year. Where applicable, references to Executive in this Section 17(e) shall refer to Executive's representative or estate.

(f) Modification. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by the other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreement or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by any party which are not expressly set forth in this Agreement.

(g) Arbitration. If any legally actionable dispute arises under this Agreement or otherwise which cannot be resolved by mutual discussion between the parties, then the Company and Executive each agree to resolve such dispute by binding arbitration before an arbitrator experienced in employment law. Said arbitration will be conducted in accordance with the rules applicable to employment disputes of the Judicial Arbitration and Mediation Services ("JAMS") and the law applicable to the claim. The parties shall have 30 calendar days after notice of such arbitration has been given to attempt to agree on the selection of an arbitrator from JAMS. In the event the parties are unable to agree in such time, JAMS will provide a list of five (5) available arbitrators and an arbitrator will be selected from such five-member panel provided by JAMS by the parties alternately striking out one name of a potential arbitrator until only one name remains. The party entitled to strike an arbitrator first shall be selected by a toss of a coin. The parties agree that this agreement to arbitrate includes any such disputes that the Company may have against Executive, or Executive may have against the Company and/or its related entities and/or employees, arising out of or relating to this Agreement, or Executive's employment or Executive's termination, including any claims of discrimination or harassment in violation of applicable law and any other aspect of Executive's compensation, employment, or Executive's termination. The parties further agree that arbitration as provided for in this Section 17(g) is the exclusive and binding remedy for any such dispute and will be used instead of any court action, which is hereby expressly waived, except for any request by any party for temporary, preliminary or permanent injunctive relief pending arbitration in accordance with applicable law or for breaches by either party of such party's obligations under Sections 12, 13, 15 or 16 hereof, as applicable, or an administrative claim with an administrative agency. The parties agree that the arbitration provided herein shall be conducted in or around Morristown, New Jersey, unless otherwise mutually agreed. The Company shall pay the cost of any arbitration brought pursuant to this paragraph, excluding, however, the cost of representation of Executive unless such cost is awarded in accordance with law or otherwise awarded by the arbitrators. Except as otherwise provided above, the arbitrator may award legal fees to the prevailing party in the arbitrator(s)' sole discretion, provided

that the percentage of fees so awarded shall not exceed 1% of the net worth of the paying party (i.e., the Company or Executive). Subject to Section 11 hereof, except as may be required by law, neither party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both parties.

(h) Effect of Other Law. Anything herein to the contrary notwithstanding, the terms of this Agreement shall be modified to the extent required to meet the provisions of the Sarbanes-Oxley Act of 2002, Section 409A, the Dodd-Frank Wall Street Reform and Consumer Protection Act or other law applicable to the employment arrangements between Executive and the Company. Any delay in providing benefits or payments or any failure to provide a benefit or payment shall not in and of itself constitute a breach of this Agreement; provided, however, that the Company shall provide economically equivalent payments or benefits to Executive to the extent permitted by law. Any request or requirement that Executive repay compensation that is required under the first sentence of this Section 17(h), or pursuant to a Company policy that is applicable to other executive officers of the Company and, shall not in and of itself constitute a breach of this Agreement.

(i) Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New Jersey applicable to contracts executed in and to be performed entirely within such State, without giving effect to the conflict of law principles thereof.

(j) No Conflicts. As a condition to the effectiveness of this Agreement, Executive represents and warrants to the Company that he is not a party to or otherwise bound by any agreement or arrangement (including, without limitation, any license, covenant, or commitment of any nature), or subject to any judgment, decree, or order of any court or administrative agency, that would conflict with or will be in conflict with or in any way preclude, limit or inhibit Executive's ability to execute this Agreement or to carry out Executive's duties and responsibilities hereunder. In the event that the Company determines that Executive's duties hereunder may conflict with an agreement or arrangement to which Executive is bound, Executive shall be required to cease engaging in any such activities, duties or responsibilities (including providing supervisory services over certain subsets of the Company's business operations) and the Company will take steps to restrict Executive's access to, and participation in, any such activities. Any actions taken by the Company under this Section 17(j) to restrict or limit Executive's access to information or provision of services shall not constitute Good Reason for purposes of Section 7(e) hereof.

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

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

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

[*Remainder of page left intentionally blank*]

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

BAUSCH HEALTH COMPANIES INC.

By: /s/ THOMAS J. APPIO

Name: Thomas J. Appio
Title: Chief Executive Officer

EXECUTIVE

By: /s/ JEAN-JACQUES CHARHON

Name: Jean-Jacques Charhon

EXHIBIT A
PRIOR INVENTIONS

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

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

Prior Invention	Party(ies)	Relationship

BAUSCH Health

400 Somerset Corporate Blvd.
Bridgewater, NJ 08807

908 927 1400
bauschhealth.com

Exhibit 10.2

July 18, 2024

John Barresi
Senior Vice President, Controller and Chief Accounting Officer

Dear John:

I want to thank you for your hard work and dedication over the last ten months acting as Interim Chief Financial Officer. In recognition of your ongoing critical role to the Company's continued success, I am pleased to award you a one-time Restricted Stock Unit Grant of $350,000. The award will vest one-third per year beginning on July 18, 2025, provided you are employed by the company on the applicable vesting dates.

You will also continue to receive a bi-weekly stipend of $5,000 in addition to your regular base pay through September 30, 2024. Any stipend payments received during 2024 will be included in your base salary for purposes of calculating your bonus target under the 2024 Annual Incentive Plan.

Additionally, your eligibility for enhanced severance benefits has been extended through December 31, 2025. In the event of a qualifying termination of employment under the terms of the Company's U.S. Severance Pay Plan (the "Severance Plan"), your severance under the Severance Plan shall be equal to one 1.5 times the sum of (i) your annual base salary (including any bi-weekly stipend paid to you during the year of termination) and (ii) your target annual cash bonus opportunity, and you will be eligible to receive a pro-rata annual cash bonus for the year of termination (in the amount that is the lesser of actual or target bonus). In the event of qualifying termination of employment following a Change-of-Control ("COC"), as such term is defined in the 2024 Amended and Restated Omnibus Stock Plan, your severance shall be equal to two (2) times the sum of your annual base salary (including any bi-weekly stipend paid to you during the year of termination) and your target annual cash bonus opportunity, and you will be eligible to receive a pro-rata target annual cash bonus for the year of termination. The above-described severance benefits are subject to the terms and conditions of the Severance Plan, including as to the timing of payment and the requirement that you execute and not revoke a release of claims. You will continue to be eligible for this enhanced severance benefit through December 31, 2025. Except as modified by this letter, your "at will" employment and all other provisions of the Severance Plan referenced above will remain in effect in accordance with its terms, including your right to receive other payments and benefits upon your termination of employment (without duplication hereunder).

I look forward to your continued contributions to our company.

Very truly yours,

/s/ THOMAS J. APPIO

Thomas J. Appio

I understand and acknowledge that my employment with Bausch Health is, and continues to be, "at-will" and nothing in this letter changes the nature of my employment status. This letter, together with the Plan and any related agreements, constitute the full and complete understanding between the parties with respect to the matters described in this letter, and this letter may be amended only in writing, signed by both parties. This letter will be binding on any successor to the Company.

By signing below, you indicate acceptance of the terms set forth in this letter.

AGREED TO AND ACCEPTED:

/s/ JOHN S. BARRESI	July 18, 2024
John S. Barresi	Date

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a)
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas J. Appio, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bausch Health Companies Inc. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: October 30, 2024

/s/ THOMAS J. APPIO

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

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a)
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jean-Jacques Charhon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bausch Health Companies Inc. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: October 30, 2024

/s/ JEAN-JACQUES CHARHON

Jean-Jacques Charhon

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

Exhibit 32.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. § 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas J. Appio, Chief Executive Officer of Bausch Health Companies Inc. (the "Company"), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 30, 2024

/s/ THOMAS J. APPIO

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

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the U.S. Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. § 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Jean-Jacques Charhon, Executive Vice President, Chief Financial Officer of Bausch Health Companies Inc. (the "Company"), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 30, 2024

/s/ JEAN-JACQUES CHARHON

Jean-Jacques Charhon

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

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the U.S. Securities and Exchange Commission or its staff upon request.