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 March 31, 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 — 366,796,721 shares outstanding as of April 26, 2024.

BAUSCH HEALTH COMPANIES INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2024

INDEX

BAUSCH HEALTH COMPANIES INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2024

Introductory Note

Except where the context otherwise requires, all references in this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 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 March 31, 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)

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 733	$ 947
Restricted cash	22	15
Trade receivables, net	2,048	1,998
Inventories, net	1,636	1,544
Prepaid expenses and other current assets	957	1,092
Total current assets	5,396	5,596
Property, plant and equipment, net	1,713	1,707
Intangible assets, net	6,183	6,456
Goodwill	11,160	11,183
Deferred tax assets, net	2,149	2,101
Other non-current assets	312	307
Total assets	$ 26,913	$ 27,350
Liabilities		
Current liabilities:		
Accounts payable	$ 642	$ 719
Accrued and other current liabilities	3,225	3,133
Current portion of long-term debt	538	450
Total current liabilities	4,405	4,302
Acquisition-related contingent consideration	225	253
Non-current portion of long-term debt	21,536	21,938
Deferred tax liabilities, net	170	163
Other non-current liabilities	751	776
Total liabilities	27,087	27,432
Commitments and contingencies (Note 17)		
Deficit		
Common shares, no par value, unlimited shares authorized, 366,674,264 and 365,238,917 issued and outstanding at March 31, 2024 and December 31, 2023, respectively	10,480	10,423
Additional paid-in capital	164	214
Accumulated deficit	(9,842)	(9,778)
Accumulated other comprehensive loss	(1,917)	(1,881)
Total Bausch Health Companies Inc. shareholders' deficit	(1,115)	(1,022)
Noncontrolling interest	941	940
Total deficit	(174)	(82)
Total liabilities and deficit	$ 26,913	$ 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 March 31,	
	2024	**2023**
Revenues		
Product sales	$ 2,129	$ 1,922
Other revenues	24	22
	2,153	1,944
Expenses		
Cost of goods sold (excluding amortization and impairments of intangible assets)	628	572
Cost of other revenues	12	10
Selling, general and administrative	794	725
Research and development	151	143
Amortization of intangible assets	274	273
Asset impairments	1	13
Restructuring, integration and separation costs	12	10
Other expense, net	—	23
	1,872	1,769
Operating income	281	175
Interest income	9	6
Interest expense	(355)	(307)
Gain on extinguishment of debt	11	—
Foreign exchange and other	(15)	(10)
Loss before income taxes	(69)	(136)
Provision for income taxes	(8)	(73)
Net loss	(77)	(209)
Net loss attributable to noncontrolling interest	13	8
Net loss attributable to Bausch Health Companies Inc.	$ (64)	$ (201)
Basic and diluted loss per share attributable to Bausch Health Companies Inc.	$ (0.17)	$ (0.55)
Basic and diluted weighted-average common shares	366.8	363.3

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

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

	Three Months Ended March 31,	
	2024	**2023**
Net loss	$ (77)	$ (209)
Other comprehensive (loss) income		
Foreign currency translation adjustment	(34)	65
Other comprehensive (loss) income	(34)	65
Comprehensive loss	(111)	(144)
Comprehensive loss attributable to noncontrolling interest	11	10
Comprehensive loss attributable to Bausch Health Companies Inc.	$ (100)	$ (134)

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 March 31, 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	1.5	57	(57)	—	—	—	—	—
Share-based compensation	—	—	33	—	—	33	—	33
Employee withholding taxes related to share-based awards	—	—	(14)	—	—	(14)	—	(14)
Vesting of B+L equity compensation	—	—	(12)	—	—	(12)	12	—
Net loss	—	—	—	(64)	—	(64)	(13)	(77)
Other comprehensive (loss) income	—	—	—	—	(36)	(36)	2	(34)
Balances, March 31, 2024	366.7	$ 10,480	$ 164	$ (9,842)	$ (1,917)	$ (1,115)	$ 941	$ (174)
	Three Months Ended March 31, 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	1.7	14	(14)	—	—	—	—	—
Share-based compensation	—	—	41	—	—	41	—	41
Employee withholding taxes related to share-based awards	—	—	(12)	—	—	(12)	—	(12)
Vesting of B+L equity compensation	—	—	(3)	—	—	(3)	3	—
Net loss	—	—	—	(201)	—	(201)	(8)	(209)
Other comprehensive income (loss)	—	—	—	—	67	67	(2)	65
Balances, March 31, 2023	363.6	$ 10,405	$ 171	$ (9,387)	$ (1,989)	$ (800)	$ 945	$ 145

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)

	Three Months Ended March 31,	
	2024	**2023**
Cash Flows From Operating Activities		
Net loss	$ (77)	$ (209)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization of intangible assets	320	319
Amortization and write-off of debt premiums, discounts and issuance costs	14	11
Asset impairments	1	13
Acquisition-related contingent consideration	(2)	31
Allowances for losses on trade receivable and inventories	15	10
Deferred income taxes	(57)	—
Net gain on sale of assets	(4)	—
Adjustments to accrued legal settlements	6	1
Payments of accrued legal settlements	(3)	(1)
Share-based compensation	33	41
Gain excluded from hedge effectiveness	(3)	(3)
Gain on extinguishment of debt	(11)	—
Third party fees paid in connection with the Exchange Offer	—	(2)
Payments of contingent consideration adjustments, including accretion	(2)	(1)
Amortization of interim contract and inventory step-up resulting from acquisitions	20	—
Foreign exchange and other	(4)	5
Changes in operating assets and liabilities:		
Trade receivables	(63)	108
Inventories	(144)	(128)
Prepaid expenses and other current assets	121	(33)
Accounts payable, accrued and other liabilities	51	(8)
Net cash provided by operating activities	211	154
Cash Flows From Investing Activities		
Acquisitions and other investments	—	(31)
Purchases of property, plant and equipment	(82)	(47)
Acquisition of intangible assets and other assets	(1)	(4)
Purchases of marketable securities	(3)	(13)
Proceeds from sale of marketable securities	6	11
Proceeds from sale of assets and businesses, net of costs to sell	1	—
Interest settlements from cross-currency swaps	6	6
Net cash used in investing activities	(73)	(78)
Cash Flows From Financing Activities		
Issuance of long-term debt, net of discounts	75	155
Repayments of long-term debt	(390)	(279)
Payments of employee withholding taxes related to share-based awards	(14)	(12)
Payments of acquisition-related contingent consideration	(7)	(7)
Payments of financing costs	(4)	—
Other	—	1
Net cash used in financing activities	(340)	(142)
Effect of exchange rate changes on cash, cash equivalents and other	(5)	6
Net decrease in cash, cash equivalents, restricted cash and other settlement deposits	(207)	(60)
Cash, cash equivalents, restricted cash and other settlement deposits, beginning of period	962	591
Cash, cash equivalents and restricted cash, end of period	$ 755	$ 531
Cash and cash equivalents	$ 733	$ 518
Restricted cash	22	13
Cash, cash equivalents and restricted cash, end of period	$ 755	$ 531

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 presentation 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"). 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 March 31, 2024.

The completion of the full B+L Separation, which includes 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"), is subject to the achievement of targeted debt leverage ratios and the receipt of 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 effect of the Norwich Appeal Decision (see "Xifaxan® Paragraph IV Proceedings" of Note 17, "LEGAL PROCEEDINGS") on the B+L Separation.

The B+L IPO established two separate companies that include: (i) a diversified pharmaceutical company comprised of the Salix, International, Diversified (dentistry, neurology, dermatology and generics pharmaceutical), 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 three months ended March 31, 2024.

Recently Issued Accounting Standards, Not Adopted as of March 31, 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, which requires disclosures of disaggregated income taxes paid, prescribes standard categories for the components of the effective tax rate reconciliation, and modifies other income tax-related disclosures. The 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. The ASU 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 currently evaluating the impact of adopting this ASU 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 three months ended March 31, 2024 and 2023.

	Three Months Ended March 31, 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	155	42	902	523	72	1,694
Payments and credits	(175)	(45)	(806)	(541)	(22)	(1,589)
Reserve balances, March 31, 2024	$ 171	$ 377	$ 1,204	$ 198	$ 94	$ 2,044

Included in Rebates in the table above are cooperative advertising credits due to customers of approximately $37 million and $39 million as of March 31, 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 three months ended March 31, 2024.

	Three Months Ended March 31, 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	139	42	664	465	61	1,371
Payments and credits	(148)	(40)	(729)	(487)	(49)	(1,453)
Reserve balances, March 31, 2023	$ 179	$ 429	$ 958	$ 174	$ 88	$ 1,828

Included in Rebates in the table above are cooperative advertising credits due to customers of approximately $43 million and $40 million as of March 31, 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 three months ended March 31, 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 three months ended March 31, 2024 and 2023 is as follows.

(in millions)	2024	2023
Balance, beginning of period	$ 34	$ 33
Provision for expected credit losses	—	1
Write-offs charged against the allowance	—	(1)
Recoveries of amounts previously written off	—	3
Foreign exchange and other	—	(4)
Balance, end of period	$ 34	$ 32

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.

Bausch + Lomb 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. The valuation of the assets acquired and liabilities assumed as part of the XIIDRA Acquisition has not been finalized as of March 31, 2024. The areas that could be subject to change primarily related to income tax matters. Bausch + Lomb will finalize these amounts no later than one year from the acquisition date.

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 to be paid within 18 months following the date of the transaction, less any amounts that are the subject of any indemnification claims. 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 $12 million and $9 million of restructuring and integration costs during the three months ended March 31, 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 three months ended March 31, 2024 and 2023 are not material.

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 rebranding costs and costs associated with facility relocation and/or modification. Included in Selling, general and administrative expenses for the three months ended March 31, 2024 and 2023 are separation-related costs of $5 million and $6 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:

	March 31, 2024				December 31, 2023			
(in millions)	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets:								
Cash equivalents	$ 293	$ 287	$ 6	$ —	$ 425	$ 417	$ 8	$ —
Restricted cash	$ 22	$ 22	$ —	$ —	$ 15	$ 15	$ —	$ —
Foreign currency exchange contracts	$ 2	$ —	$ 2	$ —	$ 3	$ —	$ 3	$ —
Liabilities:								
Acquisition-related contingent consideration	$ 281	$ —	$ —	$ 281	$ 292	$ —	$ —	$ 292
Cross-currency swaps	$ 68	$ —	$ 68	$ —	$ 84	$ —	$ 84	$ —
Foreign currency exchange contracts	$ 1	$ —	$ 1	$ —	$ 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 March 31, 2024 includes $325 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 three months ended March 31, 2024.

Cross-currency Swaps

During the third quarter of 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 March 31, 2024 and December 31, 2023 are as follows:

(in millions)	**March 31, 2024**	**December 31, 2023**
Other non-current liabilities	$ (70)	$ (90)
Prepaid expenses and other current assets	$ 2	$ 6
Net fair value	$ (68)	$ (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 months ended March 31, 2024 and 2023:

	Three Months Ended March 31,	
(in millions)	**2024**	**2023**
Gain (loss) recognized in Other comprehensive loss	$ 20	$ (6)
Gain excluded from assessment of hedge effectiveness	$ 3	$ 3
Location of gain of excluded component	Interest Expense	

No portion of the cross-currency swaps were ineffective for the three months ended March 31, 2024. During each of the three months ended March 31, 2024 and 2023, the Company received $6 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 March 31, 2024, the Company's outstanding foreign currency exchange contracts had an aggregate notional amount of $594 million.

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

(in millions)	March 31, 2024	December 31, 2023
Accrued and other current liabilities	$ (1)	$ (6)
Prepaid expenses and other current assets	$ 2	$ 3
Net fair value	$ 1	$ (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 months ended March 31, 2024 and 2023:

	Three Months Ended March 31,	
(in millions)	2024	2023
Gain related to changes in fair value	$ 4	$ 1
Gain (loss) related to settlements	$ 1	$ (5)

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 March 31, 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 7%. The weighted average risk-adjusted discount rate was calculated by weighting each contract's relative fair value at March 31, 2024.

The following table presents a reconciliation of contingent consideration obligations measured on a recurring basis using significant unobservable inputs (Level 3) for the three months ended March 31, 2024 and 2023:

	March 31,	
(in millions)	2024	2023
Balance, beginning of period	$ 292	$ 241
Adjustments to Acquisition-related contingent consideration:		
Accretion for the time value of money	$ 5	$ 4
Fair value adjustments due to changes in estimates of other future payments	(7)	27
Acquisition-related contingent consideration	(2)	31
Additions	—	5
Payments/Settlements	(9)	(8)
Balance, end of period	281	269
Current portion	56	50
Non-current portion	$ 225	$ 219

Fair Value of Long-term Debt

The fair value of long-term debt as of March 31, 2024 and December 31, 2023 was $15,706 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)	March 31, 2024	December 31, 2023
Raw materials	$ 548	$ 509
Work in process	101	124
Finished goods	987	911
	$ 1,636	$ 1,544

8. INTANGIBLE ASSETS AND GOODWILL

Intangible Assets

The major components of intangible assets consist of:

	March 31, 2024			December 31, 2023		
(in millions)	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	$ 22,570	$ (18,480)	$ 4,090	$ 22,579	$ (18,243)	$ 4,336
Corporate brands	986	(653)	333	985	(633)	352
Product rights/patents	3,319	(3,274)	45	3,323	(3,270)	53
Partner relationships	160	(160)	—	161	(161)	—
Technology and other	213	(201)	12	214	(202)	12
Total finite-lived intangible assets	27,248	(22,768)	4,480	27,262	(22,509)	4,753
Acquired IPR&D	5	—	5	5	—	5
B&L Trademark	1,698	—	1,698	1,698	—	1,698
	$ 28,951	$ (22,768)	$ 6,183	$ 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.

Asset impairments for the three months ended March 31, 2023, were $13 million and primarily related to: (i) $8 million in aggregate, attributable to certain trade names no longer in use and (ii) $5 million related to the discontinuance of a certain product line.

Xifaxan® intangible assets included in the unaudited Condensed Consolidated Balance Sheets had a carrying value of $2,020 million and an estimated remaining useful life of 45 months as of March 31, 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 U.S. Food and Drug Administration ("FDA") from approving Norwich's Abbreviated New Drug Application ("ANDA") 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 Norwich's ANDA until October 2029. See "Xifaxan® Paragraph IV Proceedings" of Note 17, "LEGAL PROCEEDINGS" for details of this litigation matter and the Company's response.

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 March 31, 2024 there were no material changes to the facts and circumstances of the Norwich Legal Decision 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 March 31, 2024.

Although the FDA remains enjoined from approving Norwich's ANDA until October 2029, it is possible that the Norwich Appeal Decision 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	$ 801	$ 994	$ 870	$ 831	$ 234	$ 216	$ 534	$ 4,480

Goodwill

The changes in the carrying amounts of goodwill during the three months ended March 31, 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
Foreign exchange and other	(28)	—	(4)	—	9	(23)
Balance, March 31, 2024	$ 5,286	$ 3,159	$ 858	$ 115	$ 1,742	$ 11,160

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 March 31, 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 March 31, 2024, the Neurology reporting unit had remaining goodwill of $1,192 million and $1,186 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. 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.

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 March 31, 2024, the Generics reporting unit had remaining goodwill of $227 million.

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.

March 31, 2024 Interim Assessment

During the three months ended March 31, 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 March 31, 2024 were $5,497 million.

9. ACCRUED AND OTHER CURRENT LIABILITIES

Accrued and other current liabilities consist of:

(in millions)	March 31, 2024	December 31, 2023
Product rebates	$ 1,167	$ 1,069
Product returns	377	380
Legal matters and related fees	347	344
Employee compensation and benefit costs	276	360
Interest	266	236
Income taxes payable	76	47
Other	716	697
	$ 3,225	$ 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:

		March 31, 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	2,281	2,251	2,312	2,279
AR Credit Facility	January 2028	325	325	350	350
B+L Credit Facilities					
B+L Revolving Credit Facility	May 2027	300	300	275	275
B+L May 2027 Term Loan B Facility	May 2027	2,456	2,422	2,462	2,426
B+L September 2028 Term Loan B Facility	September 2028	498	486	499	487
Senior Secured Notes:					
5.50% Secured Notes	November 2025	1,680	1,676	1,680	1,675
6.125% Secured Notes	February 2027	1,000	991	1,000	990
5.75% Secured Notes	August 2027	500	497	500	497
4.875% Secured Notes	June 2028	1,600	1,587	1,600	1,586
11.00% First Lien Secured Notes	September 2028	1,774	2,654	1,774	2,654
14.00% Second Lien Secured Notes	October 2030	352	666	352	666
B+L Senior Secured Notes:					
B+L 8.375% Secured Notes	October 2028	1,400	1,378	1,400	1,377
9.00% Intermediate Holdco Secured Notes	January 2028	999	1,318	999	1,358
Senior Unsecured Notes:					
9.00%	December 2025	840	836	955	950
9.25%	April 2026	601	599	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	337	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		$ 20,717	22,074	$ 21,006	22,388
Less: Current portion of long-term debt and other			538		450
Non-current portion of long-term debt			$ 21,536		$ 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 March 31, 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 $10,200 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 March 31, 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 as deemed appropriate.

2022 Exchange Offer

On September 30, 2022, the Company closed a series of transactions whereby it exchanged (the "Exchange Offer") 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 "New 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 Exchange Offer 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 New 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 March 31, 2024, the remaining premium on the New Secured Notes was $1,513 million, which is being reduced as contractual interest payments are made on the New Secured Notes. During the three months ended March 31, 2024 and 2023, the Company made contractual interest payments of $45 million and $128 million, respectively, related to the New Secured Notes, of which $39 million and $111 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 March 31, 2024, the Company had no outstanding borrowings and had $23 million of issued and outstanding letters of credit on the 2027 Revolving Credit Facility.

Borrowings under the 2027 Term Loan B Facility bear interest at a rate per annum equal to, at the Company's option, either: (a) a forward-looking term rate determined by reference to the financing rate for borrowing U.S. dollars overnight

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

Borrowings under the 2027 Revolving Credit Facility in: (i) U.S. dollars bear interest at a rate per annum equal to, at the Company's option, either: (a) the term SOFR rate (subject to a floor of 0.00% per annum) or (b) a U.S. dollar base rate, (ii) Canadian dollars bear interest at a rate per annum equal to, at the Company's option, either: (a) a Canadian dollar offer rate or (b) a Canadian dollar prime and (iii) euros bear interest at a rate per annum equal to a term benchmark rate determined by reference to the cost of funds for euro deposits ("EURIBOR") for the interest period relevant to such borrowing (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, BA rate loans and EURIBOR loans and 3.75% to 4.25% for U.S. dollar base rate loans and Canadian prime rate loans.

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

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

The amortization rate for the 2027 Term Loan B Facility is 5.00% per annum, or $125 million, payable in quarterly installments beginning on September 30, 2022. The Company may direct that prepayments be applied to such amortization payments in order of maturity. As of March 31, 2024, the remaining mandatory quarterly amortization payments for the 2027 Term Loan B Facility were $344 million through December 2026.

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

The 2022 Amended Credit Agreement provides that Bausch + Lomb shall initially be a "restricted" subsidiary subject to the terms of the 2022 Amended Credit Agreement covenants, but does not require Bausch + Lomb to guarantee the obligations under the 2022 Amended Credit Agreement. The 2022 Amended Credit Agreement permits the Company to designate Bausch + Lomb as an "unrestricted" subsidiary under the 2022 Amended Credit Agreement and no longer subject to the terms of the covenants thereunder provided that no event of default is continuing or will result from such designation and the total leverage ratio of Remainco (as defined in the 2022 Amended Credit Agreement) will not be greater than 7.60:1.00 on a pro forma basis. The Credit Agreement Refinancing contains provisions 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 March 31, 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 March 31, 2024, there were $325 million of outstanding borrowings under the AR Credit Facility at an all-in interest rate of 11.98%.

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 "Suspension of Rights Agreement") with respect to the Credit Agreement, pursuant to which Canadian dollar-denominated loans will cease to be available from June 28, 2024, until such date as the parties enter into an amendment of the Credit Agreement (a "CDOR Replacement Amendment") to replace the Canadian Dollar Offered Rate with an alternative benchmark with respect 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 March 31, 2024, the B+L Revolving Credit Facility had $300 million of outstanding borrowings, $26 million of issued and outstanding letters of credit and $174 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 Suspension of Rights Agreement and the effectiveness of a 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 March 31, 2024 ranges from 8.17% to 8.18% 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 March 31, 2024 was 8.68% 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 March 31, 2024 was 9.33% 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 March 31, 2024, the remaining mandatory quarterly amortization payments for the B+L May 2027 Term Loan B Facility were $75 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 March 31, 2024, the remaining mandatory quarterly amortization payments for the B+L September 2028 Term Loan B Facility were $21 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, commencing 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 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, 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 of 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 March 31, 2024 and December 31, 2023 was 8.02% and 8.05%, respectively. Due to the accounting treatment for the New 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, 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 $250 million in the open market, for an aggregate cost of approximately $238 million. In connection with these repurchases, the Company recognized a gain of approximately $11 million, net of write-off of debt discounts and deferred issuance costs, 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	$ 116
2025	2,675
2026	757
2027	6,773
2028	7,194
2029	1,609
Thereafter	1,593
Total debt obligations	20,717
Unamortized premiums, discounts and issuance costs	1,357
Total long-term debt and other	$ 22,074

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 and June 21, 2022 to, among other things, increase the number of common shares authorized for issuance under the 2014 Plan.

Effective May 16, 2023, 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 7,500,000 common shares, among other things.

Approximately 11,054,000 common shares were available for future grants as of March 31, 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: (i) awards that vest upon achievement of certain share price appreciation conditions that are based on TSR and (ii) 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"). 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"). 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 6,800,000 Bausch + Lomb common shares were available for future grants as of March 31, 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. This PSU award is designed to reward the B+L Executives for achieving significant outperformance of performance goals (the "OPG PSU") that Bausch + Lomb believes would ultimately deliver substantial value to shareholders if achieved.

The OPG PSUs may earn 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 measured over the three-year period ending December 31, 2026. In the event that Bausch + Lomb's absolute TSR during such period is negative, then the maximum payout of the PSU award will be capped at 50%. Any 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 PSU 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 PSU in each reporting period reflects the latest probability of the Company achieving certain revenue targets in determining the number of PSUs that are expected to vest. If the OPG PSUs do not ultimately vest due to the revenue targets not being met, no compensation expense is recognized and any previously recognized compensation expense is reversed.

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 months ended March 31, 2024 and 2023:

	Three Months Ended March 31,	
(in millions)	**2024**	**2023**
Stock options	$ 3	$ 6
RSUs	30	35
	$ 33	$ 41
Research and development expenses	$ 3	$ 3
Selling, general and administrative expenses	30	38
	$ 33	$ 41

Share-based awards granted for the three months ended March 31, 2024 and 2023 consist of:

	Three Months Ended March 31,	
	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	4,246,000	4,133,000
Weighted-average grant date fair value	$ 9.39	$ 9.18
Adjusted Operating Cash Flow performance-based RSUs		
Granted	1,232,000	647,000
Weighted-average grant date fair value	$ 9.89	$ 10.57
Bausch+ Lomb Share-Based Awards		
Stock options		
Granted	1,317,000	2,679,000
Weighted-average exercise price	$ 16.85	$ 18.27
Weighted-average grant date fair value	$ 4.92	$ 5.52
RSUs		
Granted	2,967,000	2,358,000
Weighted-average grant date fair value	$ 16.84	$ 18.04
TSR performance-based RSUs		
Granted	826,000	1,175,000
Weighted-average grant date fair value	$ 21.21	$ 27.65
Organic Revenue Growth performance-based RSUs		
Granted	379,000	142,000
Weighted-average grant date fair value	$ 16.08	$ 17.96
OPG performance-based RSUs		
Granted	1,758,000	—
Weighted-average grant date fair value	$ 17.04	$ —

As of March 31, 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 amounted to $264 million, which will be amortized over a weighted-average period of 2.24 years.

As of March 31, 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 $176 million, which will be amortized over a weighted-average period of 2.37 years.

12. ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss consists of:

(in millions)	March 31, 2024	December 31, 2023
Foreign currency translation adjustment	$ (1,899)	$ (1,863)
Pension adjustment, net of tax	(18)	(18)
	$ (1,917)	$ (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 March 31,	
(in millions)	2024	2023
Product related research and development	$ 146	$ 136
Quality assurance	5	7
	$ 151	$ 143

14. OTHER EXPENSE, NET

Other expense, net consists of:

	Three Months Ended March 31,	
(in millions)	2024	2023
Litigation and other matters	$ 6	$ (8)
Acquisition-related contingent consideration	(2)	31
Gain on sale of assets, net	(4)	—
	$ —	$ 23

Acquisition-related contingent consideration for the three months ended March 31, 2024 and 2023, reflects adjustments for changes in estimates in the timing and amounts of the future royalty and milestone payments related to certain branded products.

For the three months ended March 31, 2023, Litigation and other matters primarily related to insurance recoveries regarding certain litigation matters.

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 three months ended March 31, 2024 was $8 million and included: (i) $28 million of income tax provision for the Company's ordinary loss for the three months ended March 31, 2024 and (ii) $20 million of net income tax benefit for discrete items, which includes $22 million of net income tax benefit related to uncertain tax positions.

Provision for income taxes for the three months ended March 31, 2023 was $73 million and included: (i) $13 million of income tax benefit for the Company's ordinary loss for the three months ended March 31, 2023 and (ii) $86 million of net income tax expense 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 first quarter of 2023, (b) $18 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) $6 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 $2,294 million and $2,254 million as of March 31, 2024 and December 31, 2023, respectively. The Company will continue to assess the need for valuation allowances on an ongoing basis.

As of March 31, 2024 and December 31, 2023, the Company had $880 million and $918 million, respectively, of unrecognized tax benefits, which included $45 million and $51 million of interest and penalties, respectively. Of the total unrecognized tax benefits as of March 31, 2024, $408 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 March 31, 2024 could decrease by approximately $30 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 OECD'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 will be 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 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 March 31, 2024.

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

In January 2023, as part of an alternative dispute resolution process with the IRS, the Company has reached a tentative settlement on 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 2024 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, will not be material to its results of operations or cash flows for the year ending December 31, 2024.

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 2014 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. The Company intends to contest this alleged tax deficiency through the appropriate appeals process, and if necessary, intends to continue to contest any alleged tax deficiency through appropriate litigation. Accordingly, no income tax provision has been recorded as of March 31, 2024.

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 March 31,	
(in millions, except per share amounts)	**2024**	**2023**
Net loss attributable to Bausch Health Companies Inc.	$ (64)	$ (201)
Basic and diluted weighted-average common shares outstanding	366.8	363.3
Basic and diluted loss per share attributable to Bausch Health Companies Inc.	$ (0.17)	$ (0.55)

During the three months ended March 31, 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 3,448,000 and 3,426,000 common shares for the three months ended March 31, 2024 and 2023, respectively.

During the three months ended March 31, 2024 and 2023, time-based RSUs, performance-based RSUs and stock options to purchase approximately 16,190,000 and 17,636,000 common shares, respectively, were not included in the computation of diluted earnings per share because the effect would have been anti-dilutive under the treasury stock method.

During the three months ended March 31, 2024 and 2023, an additional 1,231,000 and 90,000 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 March 31, 2024, the Company's Condensed Consolidated Balance Sheets includes accrued current loss contingencies of $347 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 is cooperating with this investigation. The Company cannot predict the outcome or the duration of this investigation or any other legal proceedings or any enforcement actions or other remedies that may be imposed on the Company arising out of this investigation.

Securities Class Actions and Related Matters

U.S. Securities Litigation - Opt-Out Litigation

On December 16, 2019, the Company announced that it had agreed to settle, subject to final court approval, the consolidated securities class action filed in the U.S. District Court for the District of New Jersey (In re Valeant Pharmaceuticals International, Inc. Securities Litigation, Case No. 15-cv-07658) (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. 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 will 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.

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. Pursuant to the operative scheduling order, defendants moved to dismiss the amended complaint on March 20, 2024.

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. These actions are captioned: (a) Alladina v. Valeant, et al. (Case No. S-1594B6) (Supreme Court of British Columbia) (filed November 17, 2015); (b) Kowalyshyn v. Valeant, et al. (CV-15-540593-00CP) (Ontario Superior Court) (filed November 16, 2015); (c) Kowalyshyn et al. v. Valeant, et al. (CV-15-541082-00CP) (Ontario Superior Court) (filed November 23, 2015); (d) O'Brien v. Valeant et al. (CV-15-543678-00CP) (Ontario Superior Court) (filed December 30, 2015); (e) Catucci v. Valeant, et al. (Court File No.

540-17-011743159, then Court File No. 500-06-000783-163) (Quebec Superior Court) (filed October 26, 2015) and (f) Rousseau-Godbout v. Valeant, et al. (Court File No. 500-06-000770-152) (Quebec Superior Court) (filed October 27, 2015). The Company is also aware of two additional putative class actions that were filed with the applicable court but which have not been served on the Company and the factual allegations made in these actions are substantially similar to those outlined herein. These actions are captioned: (i) Okeley v. Valeant, et al. (Case No. S-159991) (Supreme Court of British Columbia) (filed December 2, 2015) and (ii) Sukenaga v Valeant et al. (CV-15-540567-00CP) (Ontario Superior Court) (filed November 16, 2015).

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

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

After a hearing on November 11, 2019, the court approved a settlement in the Catucci action between the class members and the Company's auditors and the action was dismissed as against 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, pursuant to which it agreed to resolve the Catucci action for the amount of CAD 94,000,000 plus payment of an additional amount to cover notice and settlement administration costs and disbursements. As part of the settlement, the Company and the other defendants admitted no liability as to the claims against it and deny all allegations of wrongdoing. Court approval of the settlement was granted after a hearing on November 16, 2020. The Catucci action has now been dismissed against the Company, its current and former directors and officers, its underwriters and its insurers.

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

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

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

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

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

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

Other Securities and RICO 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 that asserts claims for common law fraud, negligent misrepresentation, and violations of the New Jersey Racketeer Influenced and Corrupt Organizations Act. The Company disputes the claims and intends to vigorously defend this matter.

Antitrust

Glumetza Antitrust Litigation

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

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

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

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 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"). Trial is currently scheduled to start in December 2024 in the Consolidated State Case.

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

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, but no complaint has been filed in these cases. The cases have been put in deferred status. The Company disputes the claims against it and continues to defend itself vigorously.

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

the In re: Generic Pharmaceuticals Pricing Antitrust Litigation pending in the United States Court for the Eastern District of Pennsylvania. The Company disputes the claims against it and intends to defend itself vigorously.

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

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, Arazlo®, Lotemax® SM, Lumify®, Trulance® and Vyzulta® in the United States.

Xifaxan® Paragraph IV Proceedings

The Company and Alfasigma S.p.A. ("Alfasigma") have now filed lawsuits against Norwich Pharmaceuticals Inc. and Amneal Pharmaceuticals of New York, LLC concerning the Companies' Xifaxan® (rifaximin) 550 mg tablets.

On February 17, 2020, the Company and Alfasigma received a Notice of Paragraph IV Certification from Norwich Pharmaceuticals Inc. ("Norwich"), in which Norwich asserted that the U.S. patents listed in the FDA's Orange Book for the Company's Xifaxan® tablets, 550 mg, are 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 Company, through its subsidiaries Salix Pharmaceuticals, Inc. and Bausch Health Ireland Limited, holds the New Drug Application for Xifaxan® and owns or exclusively licenses (from Alfasigma) these patents. On March 26, 2020, certain of the Company's subsidiaries and Alfasigma filed suit against Norwich in the U.S. District Court for the District of Delaware (Case No. 20-cv-00430) pursuant to the Hatch-Waxman Act, alleging infringement by Norwich of one or more claims of the Xifaxan® Patents, thereby triggering a 30-month stay of the approval of Norwich's ANDA for rifaximin tablets, 550 mg. Xifaxan® is protected by 28 patents covering the composition of matter and the use of Xifaxan® in the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations, or the Orange Book. Trial in this matter was held in March 2022. The court issued 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 Norwich's 550 mg 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 its existing ANDA and then filed a motion in the District Court requesting modification of the Norwich Legal Decision to permit the FDA to approve their 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 Norwich's 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 are now 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. Under the Norwich Appeal Decision, the FDA remains enjoined from approving Norwich's ANDA until October 2029.

In a letter to Norwich on June 2, 2023, the FDA granted tentative approval to Norwich's 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 Norwich's 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. 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 existing Norwich ANDA. Any suit brought against the existing Norwich ANDA under the '912 or '571 Patent is not believed to result in a new 30-month stay of approval.

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, certain of the Company's subsidiaries 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 Company remains confident in the strength of the Xifaxan® patents and intends to vigorously defend its intellectual property.

Duobrii® Paragraph IV Proceedings

In June 2022, the Company received a Notice of Paragraph IV Certification from Taro Pharmaceuticals Inc. ("Taro"), in which Taro asserted that certain U.S. patents, each of which is listed in the FDA's Orange Book for Duobrii® (halobetasol propionate and tazarotene) lotion, are either invalid, unenforceable and/or will not be infringed by the commercial manufacture, use, sale, offer for sale, or importation of Taro's generic lotion, for which an ANDA has been filed by Taro. On July 21, 2022, the Company filed suit against Taro pursuant to the Hatch-Waxman Act, alleging infringement by Taro of one or more claims of the Duobrii® Patents and triggering a 30-month stay of the approval of the Taro ANDA. On April 5, 2024, the litigation with Taro was dismissed in accordance with a settlement between the Company and Taro.

The Company remains confident in the strength of the Duobrii® 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. 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 19 named defendants in 16 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 is one ongoing action: Bausch & Lomb Inc. & PF Consumer Healthcare 1 LLC v. SBH Holdings LLC, C.A. No. 20-cv-01463-GBW-CJB (D. Del.). 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. The parties are awaiting a decision.

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 has not yet issued a decision as to institution of either IPR.

The lawsuit against DRL is ongoing in the District of New Jersey, with 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 a potential generic competitor 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.

On June 21, 2023, Padagis filed an IPR petition against U.S. Patent No. 11,311,482 (the "'482 Patent"), which is Orange Book-listed for Arazlo®. In a decision dated January 12, 2024, the PTAB denied institution of an IPR against the '482 Patent.

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

Product Liability

Shower to Shower® Products Liability Litigation

Since 2016, the Company has been named in a number of product liability lawsuits involving the Shower to Shower® body powder product acquired in September 2012 from Johnson & Johnson; due to dismissals, twenty-seven (27) of such product liability suits currently remain pending. In three (3) cases pending in the Atlantic County, New Jersey Multi-County Litigation, agreed stipulations of dismissal have been entered by the Court, thus dismissing the Company from those cases. Potential liability (including its attorneys' fees and costs) arising out of these remaining suits is subject to full indemnification obligations of Johnson & Johnson owed to the Company and its affiliates, and legal fees and costs will be paid by Johnson & Johnson. Twenty-six (26) 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 District Court for the District of New Jersey (the "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 in the Bankruptcy Court on the same day. Several motions to dismiss were again filed, and on August 11, 2023, the Bankruptcy Court dismissed the second chapter 11 case. On August 24, 2023, LTL and certain supporting creditors and tort claimants filed notices of appeal of the dismissal order. On October 20, 2023, the Third Circuit accepted the appeal, which remains pending. During the pendency of LTL's bankruptcy cases, the 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.

After the dismissal of the Chapter 11 case, the Company's and Bausch + Lomb's position vis a vis Johnson & Johnson returned to the status quo prior to the filing. The litigation against the Company, Bausch + Lomb and other defendants is no longer stayed, and LTL and Johnson & Johnson continues to have indemnification obligations running to the Company and its affiliates, including Bausch + Lomb, for Shower to Shower® related product liability litigation.

Notwithstanding the divisional merger and LTL's bankruptcy cases, the Company and its affiliates continue to have indemnification claims and rights against Johnson & Johnson and LTL pursuant to the terms of the indemnification agreement entered into between JJCI and its affiliates and the Company and its affiliates, which indemnification agreement remains in effect. As a result, it is the Company's current expectation that it will not incur any material impairments with respect to its indemnification claims as a result of the divisional merger or the bankruptcy.

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, where it is currently pending. Plaintiffs seek damages, disgorgement of profits, injunctive relief, and reimbursement/restitution. Bausch Health US filed a motion to dismiss Plaintiffs' claims, which was granted in April 2020 without prejudice. In May 2020, Plaintiffs filed an amended complaint and in June 2020, filed a motion for leave to amend the complaint further, which was granted. In August 2020, Plaintiffs filed the Fifth Amended Complaint. On January 22, 2021, the Court granted the motion to dismiss with prejudice. On February 19, 2021, Plaintiffs filed a Notice of Appeal with the Ninth Circuit Court of Appeals. On July 1, 2021, Appellants (Plaintiffs) filed their opening brief; Appellees' response briefs were filed October 8, 2021. This matter was stayed by the Ninth Circuit on December 7, 2021, due to the preliminary injunction entered by the Bankruptcy Court in the LTL bankruptcy proceeding. This stay included Appellants' reply brief deadline, which was previously due to be filed on or before December 2, 2021. On March 9, 2022, the Ninth Circuit issued an order extending the stay through July 29, 2022. On July 29, 2022, Johnson & Johnson filed a status report in the Gutierrez appeal, outlining the developments since the last status report and the imposition of the stay. Johnson & Johnson noted that following a July 26, 2022, hearing, the Bankruptcy Court left the preliminary injunction in place, and asked the Ninth Circuit to continue to stay this action while the bankruptcy preliminary injunction remained in place. On January 20, 2023, the Ninth Circuit extended the stay until February 17, 2023. On February 17, 2023, Johnson & Johnson requested that the court afford it sixty (60) days – until April 18, 2023, or seven (7) days following any lifting of the LTL Bankruptcy Court's preliminary injunction, whichever comes earliest – to provide an additional status report about the bankruptcy proceeding and the Third Circuit dismissal for which LTL has requested a rehearing. On April 7, 2023, Johnson & Johnson Consumer Inc. filed a status report regarding the bankruptcy proceeding advising the Court of the dismissal of the prior bankruptcy proceeding and the filing of the second bankruptcy proceeding, as well as the preliminary injunction and stay order, and requesting the stay of the appeal remain in place until May 10, 2023, which was granted. Following the entry of a preliminary injunction applicable to this case, which was extended until August 26, 2023, the Ninth Circuit extended the stay to June 15, 2023. On June 22, 2023, Johnson & Johnson/ LTL filed a status report requesting the stay be extended to August 26, 2023, consistent with the extension of the preliminary injunction by the bankruptcy court. On August 15, 2023, Johnson & Johnson filed a supplemental status report notifying the Ninth Circuit that the second bankruptcy proceeding was dismissed on August 11, 2023, so the stay could be lifted and briefing could proceed to conclusion and setting of oral argument. 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.

Bausch Health US disputes the claims in this lawsuit and will defend it vigorously.

New Mexico Attorney General Consumer Protection Action

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

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 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. Pursuant to an agreed stipulation, responses to the Complaint will be due May 13, 2024. The Company and its affiliates dispute the claims against them, and this lawsuit will be defended vigorously.

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 summary judgment on its counterclaims against Plaintiff and dismissing Plaintiff'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 Bausch Health Americas' motion. On June 14, 2023, Bausch Health Americas filed a Notice of Appeal as to the Decision and Order to the Appellate Division of the New York Supreme Court, First Department. On March 13, 2024, Bausch Health Americas filed its appellant motion and 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 is due to file its answering brief on or before June 28, 2024, and

Bausch Health Americas is due to file its reply brief on or before August 16, 2024. The Appellate Division has not set a date for oral argument. 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 January 26, 2024, the Court of Appeals granted the Company's motion to stay issuance of the mandate pending the Company's petition for a writ of certiorari to the Supreme Court, which the Company filed on April 4, 2024. The Company's petition for a writ of certiorari remains pending. 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 March 31, 2024	2023
Revenues:		
Salix	$ 499	$ 496
International	265	247
Solta Medical	88	73
Diversified	202	197
Bausch + Lomb	1,099	931
	$ 2,153	$ 1,944
Segment profits:		
Salix	$ 329	$ 314
International	87	77
Solta Medical	40	36
Diversified	114	107
Bausch + Lomb	242	211
	812	745
Corporate	(244)	(251)
Amortization of intangible assets	(274)	(273)
Asset impairments	(1)	(13)
Restructuring, integration and separation costs	(12)	(10)
Other expense, net	—	(23)
Operating income	281	175
Interest income	9	6
Interest expense	(355)	(307)
Gain on extinguishment of debt	11	—
Foreign exchange and other	(15)	(10)
Loss before income taxes	$ (69)	$ (136)

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 March 31, 2024					
Pharmaceuticals	$ 499	$ 56	$ —	$ 171	$ 209	$ 935
Devices	—	—	88	—	424	512
OTC	—	41	—	1	395	437
Branded and Other Generics	—	153	—	26	66	245
Other revenues	—	15	—	4	5	24
	$ 499	$ 265	$ 88	$ 202	$ 1,099	$ 2,153
	Three Months Ended March 31, 2023					
Pharmaceuticals	$ 496	$ 57	$ —	$ 162	$ 108	$ 823
Devices	—	—	73	—	406	479
OTC	—	39	—	2	353	394
Branded and Other Generics	—	138	—	27	61	226
Other revenues	—	13	—	6	3	22
	$ 496	$ 247	$ 73	$ 197	$ 931	$ 1,944

The top ten products for the three months ended March 31, 2024 and 2023 represented 48% of total revenues for each of the three months ended March 31, 2024 and 2023, respectively.

Geographic Information

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

	Three Months Ended March 31,	
(in millions)	2024	2023
U.S. and Puerto Rico	$ 1,254	$ 1,111
China	97	88
Canada	90	84
Poland	86	75
Mexico	76	69
France	61	57
Germany	44	43
Japan	43	50
Russia	36	34
United Kingdom	33	30
South Korea	30	22
Italy	24	21
Spain	23	22
Other	256	238
	$ 2,153	$ 1,944

Major Customers

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

	Three Months Ended March 31,	
	2024	2023
Cencora Inc.	18%	19%
McKesson Corporation (including McKesson Specialty)	16%	14%
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 March 31, 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 March 31, 2024 and for the three months ended March 31, 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"). 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 April 24, 2024.

We continue to believe the separation of B+L, which includes the transfer of all or a portion of our remaining direct or indirect equity interest in B+L to our shareholders, makes strategic sense. The completion of the B+L Separation is subject to the achievement of targeted debt leverage ratios and the receipt of applicable shareholder and other necessary approvals. We continue to evaluate all relevant factors and considerations related to the B+L Separation, including the effect of the Norwich Appeal Decision (see "*Xifaxan® Paragraph IV Proceedings*" of Note 17, "LEGAL PROCEEDINGS" to our unaudited interim Condensed Consolidated Financial Statements) on the B+L Separation.

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. Further, the B+L Separation will allow us and the market to compare the operating results of each entity with other peer companies. 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) divested assets to improve our capital structure and simplify our business, (iv) increased our efforts to improve patient access 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.

Repurchases and Retirement of Senior Unsecured Notes in 2024

During January 2024, through a series of transactions we repurchased and retired outstanding senior unsecured notes with an aggregate par value of $250 million in the open market for approximately $238 million using cash on hand.

Maturities of our principal balances of debt obligations as of March 31, 2024 were as follows:

(in millions)	Remainder of 2024	2025	2026	2027	2028	2029	Thereafter	Total
Total debt obligations	$ 116	$ 2,675	$ 757	$ 6,773	$ 7,194	$ 1,609	$ 1,593	$ 20,717

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."

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 March 31, 2024, there were $325 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 March 31, 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 - Two global Phase 3 studies for the use of a soluble solid dispersion ("SSD") formulation for the prevention of overt hepatic encephalopathy ("OHE") in patients with early decompensation in liver cirrhosis (RED-C) 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. We are planning to meet with regulatory authorities in Japan in 2024.

- Amiselimod (S1P modulator) - 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 we met with the U.S. Food and Drug Administration ("FDA") for an end of Phase 2 meeting and Phase 3 planning and expect to meet with other international authorities later in the year.

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, Canada and Asia Pacific markets planned in 2024.

- Fraxel® - Next Generation Fraxel® is a fractionated laser device for skin resurfacing and is planned for FDA submission in the first half of 2024.

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. A New Drug Submission was submitted to Health Canada on May 30, 2023.

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 approximately 50 countries, under the brand names INFUSE®, BAUSCH + LOMB ULTRA® ONE DAY and AQUALOX® ONE DAY. Bausch + Lomb continues to plan to launch its SiHy Daily lenses into additional countries throughout 2024. In addition, Bausch + Lomb launched its first silicone hydrogel daily disposable multifocal contact lens in May 2023 and plans to launch a toric lens in 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. Bausch + Lomb also has new line extension formulations that were recently launched or are under development, including Lumify® Eye Illuminations™ which launched in the U.S. in September 2023 and Lumify® Preservative Free, for which a New Drug Application ("NDA") was approved by the FDA in April 2024, and is anticipated to launch 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. In addition, Bausch + Lomb anticipates launching

enVista Envy™ in the U.S. and Canada in 2024 and in Europe in 2025, and anticipates launching 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 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"). Bausch + Lomb believes the XIIDRA Acquisition complements and will grow its 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"). Bausch + Lomb believes this acquisition will enable it 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 continue to consider dispositions of various assets in line with this strategy. While we anticipate that any future divestiture activities will be on non-core assets, we will consider dispositions in core areas that we believe represent attractive opportunities for the Company. See Note 4, "LICENSING AGREEMENTS AND ACQUISITIONS" to our unaudited interim Condensed Consolidated Financial Statements for additional information.

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 and ophthalmology products available to eligible patients through patient access and co-pay assistance programs at Walgreens U.S. retail pharmacy locations, as well as participating independent retail pharmacies.

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

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

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

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 prevention 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 like Ryaltris® for moderate to severe seasonal allergic rhinitis and Uceris® Foam, an aerosol foam for distal ulcerative colitis in Canada. 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 revenues 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.

Diversified - We continue to seek ways to bring out value in our promoted and nonpromoted products within our Diversified portfolios. 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. In our Dentistry business, we are increasing our investments in Arestin® direct to patient activation and awareness campaigns.

Business Trends

In addition to the actions previously outlined, the events described below have affected and may affect our business trends. The matters discussed in this section contain forward-looking statements. Please see "Forward-Looking Statements" at the end of Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information.

Russia-Ukraine War

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

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 three months ended March 31, 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.

Israel-Hamas Conflict

The conflict between Israel and Hamas began during October 2023. Our revenues attributable to Israel for the three months ended March 31, 2024 and 2023 were less than 1% of our total revenues in each period. 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 — Risk Relating to the Russia and Ukraine conflict" 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 year 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 expected to become 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. 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 healthcare products. The Biden Administration and Congress continue to focus on health care cost containment which could result in legislative and regulatory changes.

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 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 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, successful challenge to our patents, settlement of existing or future patent litigation and at-risk generic launches. We believe the entry into the market of generic competition generally would have an adverse impact on the volume and/or pricing of the affected products, however we are unable to predict the magnitude or timing of this impact.

In addition, for a number of our products (including Xifaxan® 550 mg, Arazlo®, 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 months ended March 31, 2024 and 2023:

	Three Months Ended March 31,		
(in millions, except per share data)	**2024**	**2023**	**Change**
Revenues	$ 2,153	$ 1,944	$ 209
Operating income	$ 281	$ 175	$ 106
Loss before income taxes	$ (69)	$ (136)	$ 67
Net loss attributable to Bausch Health Companies Inc.	$ (64)	$ (201)	$ 137
Basic and diluted loss per share attributable to Bausch Health Companies Inc.	$ (0.17)	$ (0.55)	$ 0.38

Financial Performance

Summary of the Three Months Ended March 31, 2024 Compared to the Three Months Ended March 31, 2023

Revenues for the three months ended March 31, 2024 and 2023 were $2,153 million and $1,944 million, respectively, an increase of $209 million, or 11%. The increase was primarily due 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 March 31, 2024 and 2023 was $281 million and $175 million, respectively, and included non-cash charges for Depreciation and amortization of intangible assets of $320 million and $319 million, Asset impairments of $1 million and $13 million and Share-based compensation of $33 million and $41 million, respectively. The increase in our operating results of $106 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 $151 million primarily due to the increase in revenues as previously discussed;
- an increase in selling, general and administrative ("SG&A") of $69 million primarily attributable to higher selling, advertising and promotion expenses partially offset by the favorable impact of foreign currencies;
- an increase in R&D expenses of $8 million attributable to higher spend, primarily on certain projects in our Bausch + Lomb and Salix segments; and
- a decrease in Other expense, net of $23 million, primarily attributable to adjustments during the three months ended March 31, 2023 to reflect changes in estimates of the liability for Acquisition-related contingent consideration.

Loss before income taxes for the three months ended March 31, 2024 and 2023 was $69 million and $136 million, respectively, a favorable change of $67 million. The change is primarily attributable to: (i) the increase in our operating results of $106 million, as previously discussed and (ii) a Gain on extinguishment of debt of $11 million in the first quarter of 2024, partially offset by an increase in interest expense of $48 million.

Net loss attributable to Bausch Health for the three months ended March 31, 2024 and 2023 was $64 million and $201 million, respectively, an increase in our results of $137 million, due to: (i) a favorable change in our Loss before income taxes of $67 million, as previously discussed and (ii) a favorable change in income taxes of $65 million.

RESULTS OF OPERATIONS

Our unaudited operating results for the three months ended March 31, 2024 and 2023 were as follows:

	Three Months Ended March 31,		
(in millions)	**2024**	**2023**	**Change**
Revenues			
Product sales	$ 2,129	$ 1,922	$ 207
Other revenues	24	22	2
	2,153	1,944	209
Expenses			
Cost of goods sold (excluding amortization and impairments of intangible assets)	628	572	56
Cost of other revenues	12	10	2
Selling, general and administrative	794	725	69
Research and development	151	143	8
Amortization of intangible assets	274	273	1
Asset impairments	1	13	(12)
Restructuring, integration and separation costs	12	10	2
Other expense, net	—	23	(23)
	1,872	1,769	103
Operating income	281	175	106
Interest income	9	6	3
Interest expense	(355)	(307)	(48)
Gain on extinguishment of debt	11	—	11
Foreign exchange and other	(15)	(10)	(5)
Loss before income taxes	(69)	(136)	67
Provision for income taxes	(8)	(73)	65
Net loss	(77)	(209)	132
Net loss attributable to noncontrolling interest	13	8	5
Net loss attributable to Bausch Health Companies Inc.	$ (64)	$ (201)	$ 137

Three Months Ended March 31, 2024 Compared to the Three Months Ended March 31, 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 $2,153 million and $1,944 million for the three months ended March 31, 2024 and 2023, respectively, an increase of $209 million, or 11%. The increase was primarily due to: (i) an increase in volumes of $91 million, primarily attributable to our Bausch + Lomb, Solta Medical and Salix segments, (ii) incremental sales attributable to Bausch + Lomb acquisitions of $88 million, primarily due to XIIDRA® and (iii) an increase in net realized pricing of $56 million, attributable to our Bausch + Lomb, Diversified, International and Solta Medical segments, partially offset by: (i) the impact of divestitures and discontinuations of $18 million and (ii) the unfavorable impact of foreign currencies of $8 million, primarily in Asia.

The changes in our segment revenues and segment profits for the three months ended March 31, 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 March 31, 2024 and 2023 were as follows:

	Three Months Ended March 31,			
	2024		2023	
(in millions)	Amount	Pct.	Amount	Pct.
Gross product sales	$ 3,823	100.0 %	$ 3,293	100.0 %
Provisions to reduce gross product sales to net product sales				
Discounts and allowances	155	4.1 %	139	4.2 %
Returns	42	1.1 %	42	1.3 %
Rebates	902	23.6 %	664	20.2 %
Chargebacks	523	13.7 %	465	14.1 %
Distribution fees	72	1.9 %	61	1.9 %
Total provisions	1,694	44.4 %	1,371	41.7 %
Net product sales	2,129	55.6 %	1,922	58.3 %
Other revenues	24		22	
Revenues	$ 2,153		$ 1,944	

Cash discounts and allowances, returns, rebates, chargebacks and distribution fees as a percentage of gross product sales were 44.4% and 41.7% for the three months ended March 31, 2024 and 2023, respectively, an increase of 2.7 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® and (iii) increases in rebates for certain branded products such as Xifaxan® and Glumetza® SLX, partially offset by rebates for certain products such as Elidel® and Onexton®;
- chargebacks as a percentage of gross product sales were lower primarily due to lower gross product sales of certain branded generics. These decreases were partially offset by: (i) increases related to the 2023 acquisition of XIIDRA® by Bausch + Lomb, (ii) increased volumes in Bausch + Lomb's generics business and (iii) increased gross product sales for our neurology product Wellbutrin®.

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 $628 million and $572 million for the three months ended March 31, 2024 and 2023, respectively, an increase of $56 million, or 10%. The increase was primarily driven by: (i) the cost of sales associated with Bausch + Lomb acquisitions in 2023, (ii) unfavorable manufacturing variances and (iii) the increase in volumes, as previously discussed, partially offset by the impact of discontinuations in 2023.

Cost of goods sold as a percentage of product sales revenue were 29.5% and 29.8% for the three months ended March 31, 2024 and 2023, respectively, a decrease of 0.3 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 $794 million and $725 million for the three months ended March 31, 2024 and 2023, respectively, an increase of $69 million, or 10%. The increase was primarily attributable higher selling, advertising and promotion expenses in our Bausch + Lomb segment partially offset by the favorable impact of foreign currencies. The increase in selling, advertising and promotion expenses were attributable to XIIDRA® and the launch of MIEBO®.

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 $151 million and $143 million for the three months ended March 31, 2024 and 2023, respectively, an increase of $8 million, or 6%. The increase is primarily attributable to higher spend on certain projects in our Bausch + Lomb and Salix segments. R&D expenses as a percentage of Product sales were approximately 7% for each of the three months ended March 31, 2024 and 2023.

Amortization of Intangible Assets

Intangible assets with finite lives are amortized using the straight-line method over their estimated useful lives, generally 1 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 $273 million for the three months ended March 31, 2024 and 2023, respectively, an increase of $1 million. 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.

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 were $1 million and $13 million for the three months ended March 31, 2024 and 2023, respectively, a decrease of $12 million.

Asset impairments for the three months ended March 31, 2023 of $13 million were related to: (i) $8 million attributable to certain trade names no longer in use and (ii) $5 million attributable to the discontinuance of a certain product line.

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 $12 million and $10 million for the three months ended March 31, 2024 and 2023, respectively, an increase of $2 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 $12 million and $9 million for the three months ended March 31, 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 not material for the three months ended March 31, 2024 and 2023. 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 March 31, 2024 and 2023 consists of the following:

	Three Months Ended March 31,	
(in millions)	**2024**	**2023**
Litigation and other matters	$ 6	$ (8)
Acquisition-related contingent consideration	(2)	31
Gain on sale of assets, net	(4)	—
	$ —	$ 23

Acquisition-related contingent consideration for the three months ended March 31, 2024 and 2023, primarily includes adjustments for changes in estimates in the timing and amounts of the future royalty and milestone payments related to certain branded products.

For the three months ended March 31, 2023, Litigation and other matters primarily relates to an insurance recovery regarding certain litigation matters.

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 as well as the amortization of amounts excluded from the assessment of hedge effectiveness over the term of the Company's cross-currency swaps.

Interest expense was $355 million and $307 million, and included non-cash amortization and write-offs of debt premiums, discounts and deferred issuance costs of $14 million and $11 million, for the three months ended March 31, 2024 and 2023, respectively. Interest expense for the three months ended March 31, 2024 increased $48 million, or 16%, as compared to the three months ended March 31, 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 March 31, 2024 and 2023 was 8.02% and 7.87%, respectively.

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.

Gain on Extinguishment of Debt

Gain on extinguishment of debt represents the differences between the amounts paid to settle extinguished debts and the carrying value of the related extinguished debt. Gain on extinguishment of debt was $11 million for the three months ended March 31, 2024 and was attributable to open market repurchases. There was no gain on extinguishment of debt for the three months ended March 31, 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 $15 million and $10 million for the three months ended March 31, 2024 and 2023, respectively, an unfavorable change of $5 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 $8 million and $73 million for the three months ended March 31, 2024 and 2023, respectively, a favorable change of $65 million.

Our effective income tax rate for the three months ended March 31, 2024 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.

Our effective income tax rate for the three months ended March 31, 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: (a) final and potential settlements of tax audits accrued in the first quarter of 2023, (b) changes in uncertain tax positions, (c) the establishment of a valuation allowance on B+L's Canadian parent and (d) changes to the tax deduction for 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 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 March 31, 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 March 31, 2024 and 2023.

	Three Months Ended March 31,					
	2024		2023		Change	
(in millions)	Amount	Pct.	Amount	Pct.	Amount	Pct.
Segment Revenues						
Salix	$ 499	23 %	$ 496	26 %	$ 3	1 %
International	265	12 %	247	13 %	18	7 %
Solta Medical	88	4 %	73	4 %	15	21 %
Diversified	202	9 %	197	10 %	5	3 %
Bausch + Lomb	1,099	52 %	931	47 %	168	18 %
Total revenues	$ 2,153	100 %	$ 1,944	100 %	$ 209	11 %
Segment Profits / Segment Profit Margins						
Salix	$ 329	66 %	$ 314	63 %	$ 15	5 %
International	87	33 %	77	31 %	10	13 %
Solta Medical	40	45 %	36	49 %	4	11 %
Diversified	114	56 %	107	54 %	7	7 %
Bausch + Lomb	242	22 %	211	23 %	31	15 %
Total segment profits	$ 812	38 %	$ 745	38 %	$ 67	9 %

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 March 31, 2024 and 2023 by segment.

	Three Months Ended March 31, 2024				Three Months Ended March 31, 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	$ 499	$ —	$ —	$ 499	$ 496	$ (9)	$ 487	$ 12	2 %
International	265	(14)	—	251	247	(1)	246	5	2 %
Solta Medical	88	2	—	90	73	—	73	17	23 %
Diversified	202	—	—	202	197	(6)	191	11	6 %
Bausch + Lomb	1,099	20	(88)	1,031	931	(2)	929	102	11 %
Total	$ 2,153	$ 8	$ (88)	$ 2,073	$ 1,944	$ (18)	$ 1,926	$ 147	8 %

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 March 31, 2024 and 2023 was $499 million and $496 million, respectively, an increase of $3 million, or 1%. The increase is primarily attributable to increase in volumes of $13 million, primarily driven by Xifaxan®, partially offset by: (i) the impact of divestitures and discontinuations of $9 million and (ii) decrease in net realized pricing of $1 million, primarily due to higher rebate levels associated with certain non-promoted products.

Salix Segment Profit

The Salix segment profit for the three months ended March 31, 2024 and 2023 was $329 million and $314 million, respectively, an increase of $15 million, or 5%. The increase was primarily driven by: (i) an increase in contribution attributable to the increase in revenues, as previously discussed, and lower royalty payments and (ii) a decrease in SG&A expenses, partially offset by higher R&D expenses, including expenses for our global RED-C and Amiselimod programs, as previously discussed.

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 $265 million and $247 million for the three months ended March 31, 2024 and 2023, respectively, an increase of $18 million, or 7%. The increase was primarily attributable to: (i) the favorable impact of foreign currencies of $14 million and (ii) an increase in net realized pricing of $6 million, partially offset by: (i) a decrease in volumes of $1 million and (ii) the impact of divestitures and discontinuations of $1 million.

International Segment Profit

The International segment profit for the three months ended March 31, 2024 and 2023 was $87 million and $77 million, respectively, an increase of $10 million, or 13%. The increase was primarily driven by: (i) an increase in 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 approximately 80% of the Solta Medical segment revenues for each of the three months ended March 31, 2024 and 2023. The Solta Medical segment revenue for the three months ended March 31, 2024 and 2023 was $88 million and $73 million, respectively, an increase of $15 million, or 21%. The increase was primarily attributable to increase in: (i) volumes of $16 million and (ii) net realized pricing of $1 million, partially offset by the unfavorable impact of foreign currencies of $2 million.

Solta Medical Segment Profit

The Solta Medical segment profit for the three months ended March 31, 2024 and 2023 was $40 million and $36 million, respectively, an increase of $4 million, or 11%. The increase was primarily driven by the increase in contribution which is attributable to the increase in revenues, as previously discussed, partially offset by higher manufacturing variances. The increase in contribution was partially offset by an increase in SG&A expenses.

Diversified Segment:

Diversified Segment Revenue

The Diversified segment revenue for the three months ended March 31, 2024 and 2023 was $202 million and $197 million, respectively, an increase of $5 million, or 3%. The increase was primarily driven by the increase in net realized pricing of $18 million, in our Dermatology and Neurology businesses, partially offset by: (i) a decrease in volumes of $7 million and (ii) the impact of the discontinuation of certain Dermatology and Generics products of $6 million.

Diversified Segment Profit

The Diversified segment profit for the three months ended March 31, 2024 and 2023 was $114 million and $107 million, respectively, an increase of $7 million, or 7%. The increase was primarily driven by: (i) higher contribution attributable to the increase in revenues, as previously discussed, and (ii) a decrease in SG&A expenses.

Bausch + Lomb Segment:

Bausch + Lomb Segment Revenue

The Bausch + Lomb segment revenue was $1,099 million and $931 million for the three months ended March 31, 2024 and 2023, respectively, an increase of $168 million, or 18%. The increase was primarily driven by: (i) incremental sales attributable to acquisitions of $88 million, primarily driven by the Pharmaceuticals business, (ii) an increase in volumes of $70 million, across all of the Bausch + Lomb businesses and (iii) an increase in net realized pricing of $32 million, primarily driven by the Vision Care business, partially offset by: (i) the unfavorable impact of foreign currencies of $20 million, primarily in Asia and (ii) the impact of divestitures and discontinuations of $2 million, particularly the discontinuation of certain products within the Vision Care and Pharmaceuticals businesses.

Bausch + Lomb Segment Profit

The Bausch + Lomb segment profit for the three months ended March 31, 2024 and 2023 was $242 million and $211 million, respectively, an increase of $31 million, or 15%. The increase was primarily driven by higher contribution, attributable to the increase in volumes and pricing, 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®.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

(in millions)	Three Months Ended March 31, 2024	2023	Change
Net loss	$ (77)	$ (209)	$ 132
Adjustments to reconcile net loss to net cash provided by operating activities	323	424	(101)
Cash provided by operating activities before changes in operating assets and liabilities	246	215	31
Changes in operating assets and liabilities	(35)	(61)	26
Net cash provided by operating activities	211	154	57
Net cash used in investing activities	(73)	(78)	5
Net cash used in financing activities	(340)	(142)	(198)
Effect of exchange rate changes on cash, cash equivalents and other	(5)	6	(11)
Net decrease in cash, cash equivalents, restricted cash and other settlement deposits	(207)	(60)	(147)
Cash, cash equivalents, restricted cash and other settlement deposits, beginning of period	962	591	371
Cash, cash equivalents and restricted cash, end of period	$ 755	$ 531	$ 224

Operating Activities

Net cash provided by operating activities was $211 million and $154 million for the three months ended March 31, 2024 and 2023, respectively, an increase of $57 million.

Cash provided by operating activities before changes in operating assets and liabilities was $246 million and $215 million for the three months ended March 31, 2024 and 2023, respectively, an increase of $31 million. The increase is primarily attributable to: (i) changes in business performance and (ii) lower payments of separation costs and separation-related costs. Due to the accounting treatment for the Exchange Offer, a portion of contractual interest payments on the New Secured Notes reduce the premium on the New Secured Notes. These amounts are excluded from Net cash provided by operating activities and are included in Repayments of long term debt in financing activities.

Changes in operating assets and liabilities resulted in a net decrease in cash of $35 million for the three months ended March 31, 2024, as compared to $61 million for the three months ended March 31, 2023, a favorable change of $26 million. During the three months ended March 31, 2024, Changes in operating assets and liabilities were unfavorably impacted by: (i) an increase in inventories of $144 million and (ii) timing of collection of trade receivables of $63 million, partially offset by timing of other payments in the ordinary course of business of $172 million. During the three months ended March 31, 2023, changes in operating assets and liabilities were negatively impacted by: (i) an increase in inventories of $128 million and (ii) the timing of other payments in the ordinary course of business of $41 million, partially offset by the timing of collection of trade receivables of $108 million.

Investing Activities

Net cash used in investing activities was $73 million for the three months ended March 31, 2024 and was primarily driven by purchases of property, plant and equipment.

Net cash used in investing activities was $78 million for the three months ended March 31, 2023 and was primarily driven by Purchases of property, plant and equipment of $47 million and acquisitions and other investments of $31 million.

Financing Activities

Net cash used in financing activities was $340 million for the three months ended March 31, 2024 and was primarily driven by the repayment of long-term debt of $390 million which includes: (i) the repurchase and retirement of certain outstanding senior unsecured notes in the open market with aggregate par value of $250 million for approximately $238 million, (ii) $50 million of repayments under the B+L Revolving Credit Facility, (iii) $39 million of contractual interest payments on the New Secured Notes allocated to the reduction of the recorded premiums, as discussed above, (iv) $38 million of amortization on the Term Loan B Facilities and (v) repayments of $25 million under our AR Credit Facility, partially offset by the issuance of long-term debt of $75 million, representing borrowings under the B+L Revolving Credit Facility.

Net cash used in financing activities was $142 million for the three months ended March 31, 2023 and was primarily driven by the repayment of long-term debt of $279 million which includes: (i) the $111 million of contractual interest payments on the New Secured Notes allocated to the reduction of the recorded premiums, as discussed above, (ii) the repayment of $130 million of amounts outstanding under our 2027 Revolving Credit Facility and (iii) payments of $37 million on the Term Loan B Facilities, partially offset by draws under the 2027 Revolving Credit Facility and the B+L Revolving Credit Facility.

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 March 31, 2024 includes $325 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 discussed in Note 10, "FINANCING ARRANGEMENTS" to our unaudited interim Condensed Consolidated Financial Statements, as of March 31, 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	$ 116	$ 2,675	$ 757	$ 6,773	$ 7,194	$ 1,609	$ 1,593	$ 20,717

We regularly evaluate market conditions, our liquidity profile and available financing alternatives for opportunities to enhance our capital structure and may consider executing 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 improve our capital structure and liquidity.

Our ability to satisfy our debt obligations will depend principally upon our future operating performance, as well as our continuing efforts to improve our balance sheet. Our ability to restructure or refinance our debt, should we elect to do so, will depend on the capital markets and our financial condition at such times. 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 $22,074 million and $22,388 million as of March 31, 2024 and December 31, 2023, respectively. Aggregate contractual principal amounts due under our debt obligations were $20,717 million and $21,006 million as of March 31, 2024 and December 31, 2023, respectively, a decrease of $289 million.

See Note 10, "FINANCING ARRANGEMENTS" to our unaudited interim Condensed Consolidated Financial Statements for additional information regarding long term debt.

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 March 31, 2024, the B+L Revolving Credit Facility had $300 million of outstanding borrowings, $26 million of issued and outstanding letters of credit and $174 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, commencing on April 1, 2024.

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

Accounting for the Exchange Offer

During September 2022, the Company closed a series of transactions whereby it exchanged (the "Exchange Offer") validly tendered senior unsecured notes for newly issued secured notes. The Company performed an assessment of the Exchange Offer 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 New 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 New Secured Notes was $1,835 million, which will be reduced as contractual interest payments are made on the New 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 three months ended March 31, 2024 and 2023, the Company made contractual interest payments of $45 million and $128 million, respectively, related to the New Secured Notes, of which $39 million and $111 million, respectively, was recorded as a reduction of the premium.

The following table presents the future scheduled contractual interest payments of the New 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	$ 195	$ 196	$ —	$ 976
14.00% Second Lien Secured Notes due 2030	49	49	49	49	49	99	344
9.00% Intermediate Holdco Secured Notes due 2028	45	90	90	90	45	—	360
	$ 289	$ 334	$ 334	$ 334	$ 290	$ 99	$ 1,680
Interest payments recorded as:							
Interest expense	$ 34	$ 36	$ 34	$ 31	$ 25	$ 7	$ 167
Reduction of recorded premium	255	298	300	303	265	92	1,513
	$ 289	$ 334	$ 334	$ 334	$ 290	$ 99	$ 1,680

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 $16,248 million and total liabilities of $10,766 million as of March 31, 2024, and revenues of $1,235 million and operating loss of $6 million for the three months ended March 31, 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 May 2, 2024, there were no outstanding borrowings, $23 million of issued and outstanding letters of credit and approximately $950 million of remaining availability under the 2027 Revolving Credit Facility.

As of May 2, 2024, we have $325 million of outstanding borrowings, in the aggregate, and the AR Facility Agreement provides for up to an additional $275 million of availability, subject to certain borrowing base tests.

As of May 2, 2024, there were $350 million of outstanding borrowings, $26 million of issued and outstanding letters of credit and $124 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 March 31, 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 March 31, 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 now unrestricted subsidiaries of the Company and, as a result, are no longer 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 Exchange Offer results in the New 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 New Secured Notes. Therefore, interest expense recorded in our financial statements will differ significantly from the contractual interest rates of the New Secured Notes and term loan facilities. The weighted average interest rate of our debt as reported in our financial statements and the weighted average stated rate of interest was 6.54% and 8.02%, respectively, as of March 31, 2024.

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 May 2, 2024, the credit ratings and outlook from Moody's, Standard & Poor's ("S&P's") and Fitch for certain outstanding obligations of the Company were as follows:

	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. - During April 2024, S&P raised our corporate, senior secured and unsecured ratings one notch, and Moody's revised the outlook to stable from negative.

Bausch + Lomb Corporation - During April 2024, Moody's revised the outlook to stable from negative.

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

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

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

A substantial portion of our cash requirements for the remainder of 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 March 31, 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 $1,423 million during the period April 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 $240 million for property, plant and equipment during the period April 1, 2024 through December 31, 2024; and
- *Contingent consideration and milestone payments*—We expect to make contingent consideration payments of approximately $40 million during the period April 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 March 31, 2024, the Company's Condensed Consolidated Balance Sheet includes accrued loss contingencies of $347 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 March 31, 2024, the Company had unrecognized tax benefits totaling $880 million of which, $30 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 April 26, 2024, we had 366,796,721 issued and outstanding common shares. In addition, as of April 26, 2024, we had outstanding 10,274,174 stock options and 10,496,044 time-based restricted share units that each represent the right of a holder to receive one of the Company's common shares, and 1,796,338 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 3,385,549 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 March 31, 2024.

Interim Goodwill Assessment

No events occurred or circumstances changed during the three months ended March 31, 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 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 and Hamas; 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 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 Norwich Legal Decision (see "Xifaxan® Paragraph IV Proceedings" of Note 20, "LEGAL PROCEEDINGS" to our audited 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 of the separation transaction as a tax-free transaction for Canadian and/or U.S. federal income tax purposes (including whether or not an advance ruling from the Canada Revenue Agency and/or the Internal Revenue Service will be sought or obtained), the ability of the Company and the separated entity to satisfy the conditions required to maintain the tax-free status of the 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 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 ("Philidor")), including a number of pending non-class securities litigations (including certain pending opt-out actions in the U.S. related to the previously settled securities class action 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 recently acquired XIIDRA® product and Blink® product line and its recently launched 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 stabilize and reposition our Dermatology business to generate additional value, including the success of recently launched products and the approval of pipeline products (and the timing of such approvals);
- factors impacting our ability to achieve anticipated revenues for our products, including changes in anticipated marketing spend on such products and launch of competing products;
- factors impacting our ability to achieve anticipated market acceptance for our products, including acceptance of the pricing, effectiveness of promotional efforts, reputation of our products and launch of competing products;
- the challenges and difficulties associated with managing a large complex business, which has, in the past, grown rapidly;
- our ability to compete against companies that are larger and have greater financial, technical and human resources than we do, as well as other competitive factors, such as technological advances achieved, patents obtained and new products introduced by our competitors;
- our ability to 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 recent escalation in conflict in the Middle East, including attacks on Israel by Hamas and any related military conflict, including 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 the United States-Mexico-Canada Agreement ("USMCA") and any potential changes to other trade agreements;
- our ability to obtain, maintain and license sufficient intellectual property rights over our products and enforce and defend against challenges to such intellectual property (such as in connection with the filing by Norwich Pharmaceuticals Inc. ("Norwich") and Amneal Pharmaceuticals of New York, LLC, U.S. Agent for Amneal EU, Limited (collectively "Amneal") of their Abbreviated New Drug Applications ("ANDAs") for Xifaxan® (rifaximin) 550 mg tablets and the Company's related lawsuits filed against Norwich and Amneal in connection therewith) and the impact of the Norwich Appeal Decision 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 revenues 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 March 31, 2024, we had $14,857 million and $5,860 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 March 31, 2024 was $10,378 million. If interest rates were to increase by 100 basis-points, the fair value of our issued fixed rate debt would decrease by approximately $267 million. If interest rates were to decrease by 100 basis-points, the fair value of our issued fixed rate debt would increase by approximately $269 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 $59 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 March 31, 2024. Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of March 31, 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 March 31, 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 March 31, 2024.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

10.1*	Second Amendment to Credit and Security Agreement, dated as of March 28, 2024, amending the Credit and Security Agreement, dated June 30, 2023, by and among Bausch Receivables Funding LP, as Borrower, Bausch Receivables Funding GP ULC, Bausch Health US, LLC, as the Master Servicer, GLAS USA LLC, as Administrative Agent, GLAS Americas LLC, as Collateral Agent, KKR Capital Markets LLC, as Left Lead Arranger, KKR Credit Advisors (US) LLC, as Structuring Advisor, and the Lenders from time to time party thereto.
10.2*	Offer Letter regarding Appointment of John Barresi as Interim Chief Financial Officer, dated as of September 26, 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)

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* Filed herewith.

†† Management contract or compensatory plan or arrangement.

SIGNATURES

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

Bausch Health Companies Inc.
(Registrant)

Date: May 2, 2024

/s/ THOMAS J. APPIO

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

Date: May 2, 2024

/s/ JOHN S. BARRESI

John S. Barresi
Senior Vice President, Controller, and Chief Accounting Officer
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 10.1

SECOND AMENDMENT TO CREDIT AND SECURITY AGREEMENT

This Second Amendment to Credit and Security Agreement (this "**Amendment**"), dated as of March 28, 2024 amends the Credit and Security Agreement (as amended to date, the "**Credit and Security Agreement**"), dated as of June 30, 2023, by and among Bausch Receivables Funding LP, a limited partnership organized under the laws of the Province of Ontario, Canada (the "**Company**"), Bausch Receivables Funding GP ULC, an unlimited liability company incorporated under the laws of the Province of Nova Scotia, Bausch Health US, LLC, a Delaware limited liability company, as master servicer (in such capacity, the "**Master Servicer**"), GLAS USA LLC, as administrative agent (the "**Administrative Agent**"), GLAS Americas LLC, as collateral agent (the "**Collateral Agent**"), KKR Credit Advisors (US) LLC, as structuring advisor, KKR Capital Markets LLC, as left lead arranger and the entities set forth on Schedule I thereto as initial lenders (the "**Lenders**"). Capitalized terms used herein without definition shall have the meanings assigned thereto in the Credit and Security Agreement. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned thereto in the Credit and Security Agreement.

W I T N E S S E T H:

WHEREAS, the parties hereto have entered into the Credit and Security Agreement;

WHEREAS, Section 12.1(b) of the Credit and Security Agreement provides that the Borrower, the Master Servicer, the Administrative Agent, the Collateral Agent and each Lender may make certain amendments, supplements, waivers and other modifications to the provisions of the Credit and Security Agreement, including the amendments set forth in this Amendment;

WHEREAS, the execution and delivery of this Amendment has been duly authorized and all conditions and requirements necessary to make this Amendment a valid and binding agreement have been duly performed and complied with;

WHEREAS, the parties hereto desire to amend certain defined terms in Exhibit I of the Credit and Security Agreement as provided for herein; and

ACCORDINGLY, the Credit and Security Agreement is hereby amended as follows:

Section 1. AMENDMENTS TO THE CREDIT AND SECURITY AGREEMENT

The Credit and Security Agreement is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the bold and double-underlined text (indicated textually in the same manner as the following example: **bold and double-underlined text**) as set forth on the changed pages of the Credit and Security Agreement attached as Exhibit A hereto.

Section 2. CONDITIONS OF EFFECTIVENESS.

This Amendment shall become effective as of the date on which the following conditions shall have been satisfied:

(a) Counterparts of this Amendment shall have been executed by each of the Company, the Master Servicer, the Administrative Agent, the Collateral Agent, and the Lenders;

(b) The Company shall have paid (i) the Structuring Agent Fee and the (ii) Amendment Fee, both defined in that certain Second Amendment Fee Letter, dated as of the date hereof, among the Company, the Structuring Agent, KKR Corporate Lending LLC and the Administrative Agent; and

(c) The Company and/or Master Servicer shall have paid (i) any expenses (including reasonable and documented legal fees and expenses) incurred by the Structuring Agent and/or the Lenders required to be paid and (ii) any expenses or amounts payable under Sections 8.3 or 8.4 that shall be outstanding as of the date of the Second Amendment.

Section 3. REPRESENTATIONS AND WARRANTIES

The Company and the Borrower GP each hereby represents and warrants to the Administrative Agent, the Collateral Agent and the Lenders as of the date hereof, that:

(a) (i) It is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, (ii) it has (or, in the case of the Company, through the Borrower GP it has) all necessary power and capacity, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, and (iii) it is duly qualified or licensed to do business and is in good standing in all jurisdictions in which the ownership of its properties or the nature of its activities or both makes such qualification or licensing necessary, except to the extent that the failure to be so qualified or licensed could not reasonably be expected to have a Material Adverse Effect.

(b) The execution and delivery by it of the Amendment and the Second Amendment Fee Letter, the performance of its obligations under this Amendment and the Second Amendment Fee Letter, and the consummation of the transactions contemplated in this Amendment and the Second Amendment Fee Letter, (i) are within its power and capacity, (ii) have been duly authorized by all necessary action and (iii) do not and will not (A) require any authorization, consent, approval, order, filing, registration or qualification by or with any Governmental Authority, except those that have been obtained and are in full force and effect, (B) violate any provision of (x) any applicable Law or of any order, writ, injunction or decree having applicability to it and in effect on the date of such representation or (y) its Organizational Documents, (C) result in a breach of or constitute a default under any indenture or loan or credit agreement or any other material agreement, lease or instrument to which it is a party or by which it or its properties may be bound or affected, or (D) result in, or require, the creation or imposition of any Lien or other charge or encumbrance of any nature upon or with respect to any of the assets now owned or hereafter acquired by it; except, with respect to clauses (i) and (iii) above, where the failure to so comply with any of the foregoing could not reasonably be expected to have a Material Adverse Effect.

(c) Legal Agreements. This Amendment and the Second Amendment Fee Letter have been duly authorized, executed and delivered by it, and constitute the legal, valid and binding obligations of it, enforceable against it in accordance with their respective terms, except to the extent that such enforcement may be limited by bankruptcy, insolvency or similar Laws affecting the enforcement of creditors' rights generally or by general equitable principles.

Section 4. MISCELLANEOUS.

(a) Effect on Credit and Security Agreement. The parties hereto hereby agree that, except as specifically amended herein, the Credit and Security Agreement is and shall continue to be in full force and effect and is hereby ratified and confirmed in all respects as if such amendments were in effect as of the Closing Date. Except as specifically provided herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any party hereto under the Credit and Security Agreement, or constitute a waiver of any provision of any other agreement.

(b) Binding Effect. This Amendment shall inure to the benefit of and be binding on the respective successors and assigns of the parties to the Credit and Security Agreement.

(c) Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(d) Counterparts. This Amendment may be executed in any number of counterparts by facsimile or other written form of communication, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument.

(e) Amendments. This Amendment may not be modified or amended except in accordance with the terms of the Credit and Security Agreement. The provisions of Sections 12.8, 12.9, 12.12, 12.16 and 12.18 of the Credit and Security Agreement are incorporated herein *mutatis mutandis*, and shall survive any termination of this Amendment.

(f) Agent Direction. By their signature below, the undersigned Lenders, certify that they represent 100 percent of the Lenders, and hereby authorize and direct the Administrative Agent and the Collateral Agent to execute this Amendment. The Administrative Agent and the Collateral Agent may conclusively rely upon such signatures in entering into and performing its obligations under this Amendment and shall in no instance be liable for any loss or damages resulting from its reliance upon the same.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

BAUSCH RECEIVABLES FUNDING LP, by its general partner, Bausch Receivables Funding GP ULC, as Borrower
By: /s/ Marcello Malito
Name: Marcello Malito
Title: Director and President

BAUSCH HEALTH US, LLC, as Master Servicer
By: /s/ William N. Woodfield
Name: William N. Woodfield
Title: Senior Vice President and Treasurer

GLAS USA LLC, as Administrative Agent
By: /s/ Geoffrey Lewis
Name: Geoffrey Lewis
Title: Vice President

GLAS AMERICAS LLC, as Collateral Agent
By: /s/ Geoffrey Lewis
Name: Geoffrey Lewis
Title: Vice President

FS KKR CAPITAL CORP., as Lender
By: /s/ Joshua Gruenbaum
Name: Joshua Gruenbaum
Title: Authorized Signatory

KKR CORPORATE LENDING LLC., as Lender
By: /s/ John Knox
Name: John Knox
Title: Chief Financial Officer

KKR FS INCOME TRUST, as Lender
By: /s/ Joshua Gruenbaum
Name: Joshua Gruenbaum
Title: Authorized Signatory

Exhibit A

CREDIT AND SECURITY AGREEMENT

DATED AS OF JUNE 30, 2023

AMONG

BAUSCH RECEIVABLES FUNDING LP, AS BORROWER,

BAUSCH RECEIVABLES FUNDING GP ULC,

BAUSCH HEALTH US, LLC, AS THE MASTER SERVICER,

THE LENDERS FROM TIME TO TIME PARTY HERETO,

GLAS USA LLC, AS ADMINISTRATIVE AGENT,

GLAS AMERICAS LLC, AS COLLATERAL AGENT

KKR CAPITAL MARKETS LLC, AS LEFT LEAD ARRANGER

AND

KKR CREDIT ADVISORS (US) LLC, AS STRUCTURING ADVISOR

"***Deferred Purchase Price***" has the meaning given thereto in the Transfer Agreement.

"***Delinquent Receivable***" means a Receivable identified as an invoice (a) as to which any payment, or part thereof, remains unpaid (i) for more than 60 days from the Due Date for such Receivable or (ii) for more than 90 days past the original invoice date of such Receivable or (b) for which the related Obligor is subject to an Insolvency Proceeding.

"***Dilution***" means the amount of any reduction or cancellation of the Outstanding Balance of a Pool Receivable due to any reason, including, but limited to, (a) any defective or rejected goods or services, any cash discount or any other adjustment (whether contractual or otherwise) by the Originator or any Affiliate thereof (other than as a result of any Collections), or as a result of any governmental or regulatory action, (b) any setoff in respect of any claim by the Obligor thereof (whether such claim arises out of the same or a related or an unrelated transaction), (c) any warranty claim, rebate or refund, (d) any misstatement of the amount thereof, (e) any extension, amendment or other modification to the payment terms of any Pool Receivable or any Contract related to such Pool Receivable in any material respect other than in accordance with the Credit and Collection Policy or (f) any misrepresentation with respect to such Receivable under any of Sections 3.1(r), (s), (u) or (x); ***provided***, ***however***, that "Dilution" shall not include Pool Receivables that are uncollectible solely on account of the insolvency, bankruptcy or lack of creditworthiness or other financial or credit condition of the related Obligor.

"***Dilution Ratio***" means, for any calendar month, the quotient, expressed as a percentage, of (i) **the sum of the** Dilutions occurring during ~~such~~**each of such calendar month and the preceding calendar** month and (ii) the sum of the initial Outstanding Balances of all Pool Receivables originated during ~~such~~**each of the two calendar months preceding such calendar** month.

"***Dilution Reserve***" means, as of any date of determination, the product of (i) the aggregate Outstanding Balance of all Pool Receivables and (ii) the Dilution Reserve Percentage.

"***Dilution Reserve Percentage***" means, on any Settlement Date (and any subsequent date prior to the following Settlement Date), the greater of (x) the Average Dilution Ratio and (y) the Average Dilution Ratio as of the Initial Funding Date (or such other percent agreed to by the Borrower and the Structuring Advisor).

"***Dominion Date***" means the date on which the Collateral Agent delivers to any Collection Bank(s) a Notice of Exclusive Control pursuant to Section 6.4.

"***Dominion Period***" means the period beginning on the Dominion Date and ending on the earlier of (x) the date thereafter when all Borrower Obligations have been paid in full and all Revolving Commitments have been terminated and (y) the date thereafter that the related Notice of Exclusive Control has been withdrawn by the Collateral Agent.

"***Due Date***" means, with respect to any Receivable and as of any date of determination, the original due date for such Receivable.

BAUSCH Health

400 Somerset Corporate Blvd.
Bridgewater, NJ 08807

908 927 1400
bauschhealth.com

September 26, 2023

John Barresi
Senior Vice President, Controller and Chief Accounting Officer

Dear John:

We are pleased to appoint you as interim Chief Financial Officer of Bausch Health Companies, Inc. (the "Company"), commencing effective October 13, 2023. This letter sets forth certain terms and conditions relating to your compensation in connection with your appointment as interim Chief Financial Officer of the Company.

In connection with your appointment and effective as of October 13, 2023, you will receive a bi-weekly stipend of $5,000 in addition to your regular base salary until such time as you are no longer serving as the Company's interim Chief Financial Officer. Any stipend payments received during 2023 will be included in your base salary for purposes of calculating your bonus target under the 2023 Annual Incentive Plan.

You are also eligible to receive a special cash retention award of $100,000, which will be payable in two installments of $50,000. The first payment will be paid on the first regularly scheduled payroll date following October 1, 2023, and the second payment of $50,000 will be paid on the first regularly scheduled payroll date following October 1, 2024, in each case subject to applicable withholdings and deductions.

In order to receive the special retention award, you must be employed by the Company or one of its affiliates on the applicable payment date; provided however, that, if the Company terminates your employment other than (i) for performance or (ii) for "Cause" (as defined in the Company's Amended and Restated 2014 Omnibus Incentive Plan (the "Plan")) prior to the payment of the special retention award (or portion thereof), any unpaid special retention award will vest in full and will be paid to you as soon as administratively practicable following your termination date (but in no event later than 55 days thereafter), subject to (A) you delivering and not revoking a general release of claims in a form acceptable to the Company within 55 days following your termination of employment and (B) your continued compliance with any restrictive covenants applicable to you. If you voluntarily resign or are terminated for Cause, in either case within 12 months following receiving any payment of the special retention award, you are required to reimburse to the Company the full amount of such retention award payment (calculated on an after-tax basis).

Additionally, while you are serving as the interim Chief Financial Officer, you are eligible for enhanced severance benefits. 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 (one (1) times after December 31, 2024) 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 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 until such time as you are no longer serving as the Company's interim Chief

Financial Officer. 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	9/26/2023
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: May 2, 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, John S. Barresi, 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: May 2, 2024

/s/ JOHN S. BARRESI

John S. Barresi

Senior Vice President, Controller, and Chief Accounting Officer
Interim 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 March 31, 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: May 2, 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, John S. Barresi, Senior Vice President, Controller, and Chief Accounting Officer, Interim 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 March 31, 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: May 2, 2024

/s/ JOHN S. BARRESI

John S. Barresi

Senior Vice President, Controller, and Chief Accounting Officer
Interim 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.