

BAUSCH HEALTH COMPANIES INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Bausch Health Companies Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Bausch Health Companies Inc. and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of operations, of comprehensive income (loss), of shareholders' equity (deficit) and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Medicaid Rebates and Sales Returns Allowances

As described in Note 2 to the consolidated financial statements, 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 these deductions are recorded concurrently with the recognition of gross product sales revenue as a reduction in revenue. The variable consideration provisions, either recognized within accrued and other current liabilities or as a reduction of trade receivables, included \$348 million related to returns allowances and \$1,352 million related to rebates, including Medicaid rebates, as of December 31, 2025. For certain rebate programs, such as Medicaid, provisions recognized by management are based on the terms of state government-managed programs and estimates of outstanding and future claims for end-customer sales and the sales mix. For sales returns, management estimates provisions utilizing existing return policies with customers, historical return and exchange levels, external data with respect to inventory levels in the distribution channel, external data with respect to prescription demand for products, remaining shelf lives of products at the date of sale, and estimated returns liability to be processed by year of sale based on an analysis of lot information related to actual historical returns.

The principal considerations for our determination that performing procedures relating to Medicaid rebates and sales returns allowances is a critical audit matter are (i) the significant judgment by management when developing the estimate of Medicaid rebates and sales returns allowances; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating the terms of state government-managed Medicaid programs and existing return policies with customers and in evaluating management's significant assumptions related to estimates of outstanding and future claims for end-customer sales; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's estimation of provisions for Medicaid rebates and sales returns allowances, including controls over the assumptions used to estimate these rebates and sales returns allowances. These procedures also included, among others (i) developing an independent estimate of Medicaid rebates by utilizing third-party information on inventory levels in the distribution channel, as applicable, the terms of the specific Medicaid rebate programs and the historical trends of actual Medicaid rebate claims paid, adjusted for price and projected market conditions; (ii) comparing the independent estimate for these Medicaid rebates to management's estimates to evaluate the reasonableness of management's estimate; (iii) testing management's process for developing the estimate of sales returns allowances; (iv) evaluating the appropriateness of the method used by management for estimating the sales returns allowances; (v) testing the completeness and accuracy of underlying data used in the estimate of sales returns allowances; (vi) evaluating the reasonableness of the significant assumptions used by management in developing the estimate of sales returns allowances related to estimates of outstanding and future claims for end-customer sales by considering current and historical return trends and whether the assumptions were consistent with evidence obtained in other areas of the audit; and (vii) testing, on a sample basis, Medicaid rebates and sales returns claims processed by the Company, including evaluating those claims for consistency with the contractual terms of the Company's arrangements and policies. Professionals with specialized skill and knowledge were used to assist in evaluating whether the Company's Medicaid rebate program policies and methodology for estimating Medicaid rebates are compliant with the Center for Medicare and Medicaid Services (CMS) and federal regulations.

Goodwill Impairment Assessments – Salix and Generics Reporting Units

As described in Notes 2 and 8 to the consolidated financial statements, the Company's goodwill balance was \$11,271 million as of December 31, 2025, and the goodwill associated with the Salix and Generics reporting units was \$3,159 million and \$82 million, respectively. Goodwill is not amortized but is tested for impairment at least annually as of October 1 at the reporting unit level. Management performs its annual impairment test by first assessing qualitative factors. Where the qualitative assessment suggests that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, a quantitative fair value test is performed for that reporting unit. Goodwill impairment is measured as the amount by which a reporting unit's carrying value exceeds its fair value. Fair value of each reporting unit is estimated by management using a discounted cash flow model. During the annual goodwill impairment test as of October 1, 2025, management performed separate quantitative fair value tests for the Salix and Generics reporting units. After completing the testing, the fair value of the Salix reporting unit exceeded its carrying value and therefore, there was no impairment to goodwill. As a result of increased competition within the generic pharmaceuticals market, the carrying value of the Generics reporting unit exceeded its fair value and the Company recognized a goodwill impairment of \$145 million for the Generics reporting unit. Management's 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. As disclosed by management, in January 2026, management received the results for the double-blinded Phase 3 clinical trials for two clinical programs and both clinical trials failed to achieve their primary endpoints. As a result, management has revised its forecasts by updating assumptions and anticipates recognizing an impairment charge of approximately \$1,400 million for the Salix reporting unit in the first quarter of 2026.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessments of the Salix and Generics reporting units is a critical audit matter are (i) the significant judgment by management when developing the fair value estimate of the Salix and Generics reporting units; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumption related to revenue growth rates; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessments, including controls over the valuation of the Salix and Generics reporting units. These procedures also included, among others (i) testing management's process for developing the fair value estimate of the Salix and Generics reporting units; (ii) evaluating the appropriateness of the discounted cash flow model used by management; (iii) testing the completeness and accuracy of underlying data used in the discounted cash flow model; (iv) evaluating the reasonableness of the significant assumption used by management related to revenue growth rates; and (v) evaluating the sufficiency of the Company's disclosures in the consolidated financial statements. Evaluating management's assumption related to revenue growth rates involved evaluating whether the assumption used by management was reasonable considering (i) the current and past performance of the Salix and Generics reporting units; (ii) the consistency with external market and industry data; and (iii) whether the assumption was consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the discounted cash flow model.

/s/ PricewaterhouseCoopers LLP
Florham Park, New Jersey
February 18, 2026

We have served as the Company's auditor since 2012.

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

	December 31,	
	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,309	\$ 1,181
Restricted cash	16	20
Trade receivables, net	2,351	2,140
Inventories, net	1,629	1,595
Prepaid expenses and other current assets	852	838
Total current assets	6,157	5,774
Property, plant and equipment, net	2,074	1,780
Intangible assets, net	4,643	5,551
Goodwill	11,271	11,087
Deferred tax assets, net	1,843	1,968
Other non-current assets	378	363
Total assets	<u>\$ 26,366</u>	<u>\$ 26,523</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 600	\$ 589
Accrued and other current liabilities	3,344	3,489
Financial leases	11	—
Current portion of long-term debt	225	2,674
Total current liabilities	4,180	6,752
Acquisition-related contingent consideration	254	310
Non-current portion of financial leases	23	—
Non-current portion of long-term debt	20,592	18,942
Deferred tax liabilities, net	147	128
Other non-current liabilities	793	713
Total liabilities	<u>25,989</u>	<u>26,845</u>
Commitments and contingencies (Notes 21 and 22)		
Equity (Deficit)		
Common shares, no par value, unlimited shares authorized, 370,531,987 and 367,843,058 issued and outstanding at December 31, 2025 and 2024, respectively	10,516	10,490
Additional paid-in capital	357	234
Accumulated deficit	(9,667)	(9,824)
Accumulated other comprehensive loss	(1,760)	(2,179)
Total Bausch Health Companies Inc. shareholders' deficit	(554)	(1,279)
Noncontrolling interest	931	957
Total equity (deficit)	<u>377</u>	<u>(322)</u>
Total liabilities and equity (deficit)	<u>\$ 26,366</u>	<u>\$ 26,523</u>

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

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

	Years Ended December 31,		
	2025	2024	2023
Revenues			
Product sales	\$ 10,156	\$ 9,518	\$ 8,663
Other revenues	110	107	94
	<u>10,266</u>	<u>9,625</u>	<u>8,757</u>
Expenses			
Cost of goods sold (excluding amortization and impairments of intangible assets)	2,949	2,729	2,519
Cost of other revenues	64	53	40
Selling, general and administrative	3,438	3,296	2,917
Research and development	629	616	604
Amortization of intangible assets	1,001	1,077	1,077
Goodwill impairments	145	—	493
Asset impairments	8	29	54
Restructuring, integration and separation costs	77	32	62
Other expense, net	142	247	28
	<u>8,453</u>	<u>8,079</u>	<u>7,794</u>
Operating income	1,813	1,546	963
Interest income	48	33	26
Interest expense	(1,604)	(1,388)	(1,328)
Gain on extinguishment of debt	162	23	1
Foreign exchange and other	(52)	(47)	(52)
Income (loss) before income taxes	367	167	(390)
Provision for income taxes	(247)	(239)	(221)
Net income (loss)	120	(72)	(611)
Net loss attributable to noncontrolling interest	37	26	19
Net income (loss) attributable to Bausch Health Companies Inc.	<u>\$ 157</u>	<u>\$ (46)</u>	<u>\$ (592)</u>
Earnings (loss) per share attributable to Bausch Health Companies Inc.			
Basic	\$ 0.42	\$ (0.13)	\$ (1.62)
Diluted	\$ 0.42	\$ (0.13)	\$ (1.62)
Weighted-average common shares			
Basic	370.9	368.0	364.9
Diluted	375.0	368.0	364.9

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

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

	Years Ended December 31,		
	2025	2024	2023
Net income (loss)	\$ 120	\$ (72)	\$ (611)
Other comprehensive income (loss)			
Pension and postretirement benefit plan adjustments:			
Net actuarial gain arising during the year	7	2	2
Amortization of prior service credit	(1)	(3)	(3)
Amortization or settlement recognition of net loss	—	2	3
Income tax expense	(1)	—	(1)
Foreign currency impact	1	—	(1)
Net pension and postretirement benefit plan adjustments	6	1	—
Foreign currency translation adjustment	390	(283)	170
Other comprehensive income (loss)	396	(282)	170
Comprehensive income (loss)	516	(354)	(441)
Comprehensive loss attributable to noncontrolling interest	60	10	24
Comprehensive income (loss) attributable to Bausch Health Companies Inc.	<u>\$ 576</u>	<u>\$ (344)</u>	<u>\$ (417)</u>

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

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

Bausch Health Companies Inc. Shareholders' Equity (Deficit)								
	<u>Common Shares</u>		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Bausch Health Companies Inc. Shareholders' Equity (Deficit)	Noncontrolling Interest	Total Equity (Deficit)
	Shares	Amount						
Balance, January 1, 2023	361.9	\$ 10,391	\$ 159	\$ (9,186)	\$ (2,056)	\$ (692)	\$ 952	\$ 260
Common shares issued under share-based compensation plans	3.3	32	(32)	—	—	—	—	—
Share-based compensation	—	—	132	—	—	132	—	132
Employee withholding taxes related to share-based awards	—	—	(24)	—	—	(24)	—	(24)
Vesting of B+L equity compensation	—	—	(21)	—	—	(21)	21	—
Noncontrolling interest distributions	—	—	—	—	—	—	(9)	(9)
Net loss	—	—	—	(592)	—	(592)	(19)	(611)
Other comprehensive income (loss)	—	—	—	—	175	175	(5)	170
Balance, December 31, 2023	365.2	10,423	214	(9,778)	(1,881)	(1,022)	940	(82)
Common shares issued under share-based compensation plans	2.6	67	(67)	—	—	—	—	—
Share-based compensation	—	—	150	—	—	150	—	150
Employee withholding taxes related to share-based awards	—	—	(26)	—	—	(26)	—	(26)
Vesting of B+L equity compensation	—	—	(37)	—	—	(37)	37	—
Noncontrolling interest distributions	—	—	—	—	—	—	(10)	(10)
Net loss	—	—	—	(46)	—	(46)	(26)	(72)
Other comprehensive (loss) income	—	—	—	—	(298)	(298)	16	(282)
Balance, December 31, 2024	367.8	10,490	234	(9,824)	(2,179)	(1,279)	957	(322)
Common shares issued under share-based compensation plans	2.7	26	(26)	—	—	—	—	—
Share-based compensation	—	—	216	—	—	216	—	216
Employee withholding taxes related to share-based awards	—	—	(24)	—	—	(24)	—	(24)
Vesting of B+L equity compensation	—	—	(43)	—	—	(43)	43	—
Noncontrolling interest distributions	—	—	—	—	—	—	(9)	(9)
Net income (loss)	—	—	—	157	—	157	(37)	120
Other comprehensive income (loss)	—	—	—	—	419	419	(23)	396
Balance, December 31, 2025	370.5	\$ 10,516	\$ 357	\$ (9,667)	\$ (1,760)	\$ (554)	\$ 931	\$ 377

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

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

	Years Ended December 31,		
	2025	2024	2023
Cash Flows From Operating Activities			
Net income (loss)	\$ 120	\$ (72)	\$ (611)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization of intangible assets	1,208	1,267	1,264
Amortization and write-off of debt discounts and debt issuance costs	94	55	65
Asset impairments	8	29	54
Goodwill impairment	145	—	493
Acquisition-related contingent consideration	(36)	14	59
Allowances for losses on trade receivables and inventories	71	62	56
Deferred income taxes	80	66	51
Net gain on sale of assets	(6)	(10)	(3)
Additions to accrued legal settlements	61	220	26
Payments of accrued legal settlements	(215)	(230)	(10)
Share-based compensation	216	150	132
Gain excluded from hedge effectiveness	(10)	(13)	(13)
Gain on extinguishment of debt	(162)	(23)	(1)
Third party fees paid in connection with the 2022 Exchange	—	—	(2)
Payments of contingent consideration adjustments, including accretion	(8)	(10)	(10)
Amortization of inventory step-up resulting from acquisitions	64	82	23
Foreign exchange and other	(11)	3	41
Changes in operating assets and liabilities:			
Trade receivables	(134)	(216)	(195)
Inventories	(12)	(267)	(322)
Prepaid expenses and other current assets	3	133	(223)
Accounts payable, accrued and other liabilities	(76)	357	158
Net cash provided by operating activities	<u>1,400</u>	<u>1,597</u>	<u>1,032</u>
Cash Flows From Investing Activities			
Acquisitions and other investments	(204)	(136)	(1,890)
Purchases of property, plant and equipment	(397)	(337)	(215)
Acquisition of intangible assets and other assets	(10)	(3)	(57)
Purchases of marketable securities	(11)	(12)	(27)
Proceeds from sale of marketable securities	8	14	26
Proceeds from sale of assets and businesses, net of costs to sell	7	7	5
Interest settlements from cross-currency swaps	12	13	13
Net cash used in investing activities	<u>(595)</u>	<u>(454)</u>	<u>(2,145)</u>
Cash Flows From Financing Activities			
Issuance of long-term debt, net of discounts	10,554	661	3,291
Repayments of long-term debt	(11,191)	(1,460)	(1,710)
Payment of employee withholding taxes related to share-based awards	(24)	(26)	(24)
Payments of acquisition-related contingent consideration	(26)	(27)	(35)
Payments of financing costs	(45)	(5)	(36)
Other	(10)	(11)	(11)
Net cash (used in) provided by financing activities	<u>(742)</u>	<u>(868)</u>	<u>1,475</u>
Effect of exchange rate changes on cash and cash equivalents	61	(36)	9
Net increase in cash, cash equivalents and restricted cash	124	239	371
Cash, cash equivalents and restricted cash, beginning of year	1,201	962	591
Cash, cash equivalents and restricted cash, end of year	<u>\$ 1,325</u>	<u>\$ 1,201</u>	<u>\$ 962</u>
Cash and cash equivalents, end of year	<u>\$ 1,309</u>	<u>\$ 1,181</u>	<u>\$ 947</u>
Restricted cash, end of year	<u>16</u>	<u>20</u>	<u>15</u>
Cash, cash equivalents and restricted cash, end of year	<u><u>\$ 1,325</u></u>	<u><u>\$ 1,201</u></u>	<u><u>\$ 962</u></u>

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

BAUSCH HEALTH COMPANIES INC.
NOTES TO 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. Effective August 9, 2013, the Company continued from the federal jurisdiction of Canada to the Province of British Columbia, meaning that the Company became a company registered under the laws of the Province of British Columbia as if it had been incorporated under the laws of the Province of British Columbia. As a result of this continuance, the legal domicile of the Company became the Province of British Columbia, the Canada Business Corporations Act ceased to apply to the Company and the Company became subject to the British Columbia Business Corporations Act.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Use of Estimates

The Consolidated Financial Statements have been prepared by the Company in United States (“U.S.”) dollars and in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”), applied on a consistent basis. The 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.

Separation of the Bausch + Lomb Eye Health Business

On August 6, 2020, the Company announced its plan to separate its eye health business, consisting of its Bausch + Lomb global Vision Care, Surgical and Pharmaceuticals businesses into an independent publicly traded entity, Bausch + Lomb, from the remainder of Bausch Health Companies Inc. (the “B+L Separation”). As part of this plan, in May 2022, a wholly owned subsidiary of Bausch Health sold common shares of Bausch + Lomb pursuant to an initial public offering of Bausch + Lomb (the “B+L IPO”). Following the B+L IPO, Bausch Health indirectly holds 310,449,643 common shares of Bausch + Lomb, which represents approximately 88% of Bausch + Lomb’s outstanding common shares as of December 31, 2025.

The completion of the full B+L Separation, which may be accomplished by the monetization of all or a portion of the Company’s ownership interest in Bausch + Lomb, the transfer of all or a portion of the Company’s remaining direct or indirect equity interest in Bausch + Lomb to its shareholders, or a combination thereof, is subject to the achievement of targeted debt leverage ratios and the receipt of any applicable shareholder and other necessary approvals. The Company continues to evaluate all relevant factors and considerations related to completing the B+L Separation, including the Xifaxan® Generics Litigation (see “Xifaxan® Paragraph IV Proceedings” of Note 21, “LEGAL PROCEEDINGS”).

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

Use of Estimates

In preparing the Company’s Consolidated Financial Statements, management is required to make estimates and assumptions. This includes estimates and assumptions regarding the nature, timing and extent of certain global macroeconomic conditions, including, but not limited to, those related to inflation and supply chain, will have on the Company’s operations and cash flows. The estimates and assumptions used by the Company affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates made by management include: provisions for product returns, rebates, chargebacks, discounts and allowances and distribution fees paid to certain wholesalers; useful lives of amortizable intangible assets and property, plant and equipment; expected future cash flows used in evaluating intangible assets for impairment, assessing compliance with debt covenants and making going concern assessments; reporting unit fair values for testing goodwill for impairment; acquisition-related contingent consideration

liabilities; provisions for loss contingencies; provisions for income taxes, uncertain tax positions and realizability of deferred tax assets; fair value of cross-currency swaps; fair value of foreign currency exchange contracts; and the recognition of the fair value of assets and liabilities acquired in a business combination or asset acquisition. Under certain product manufacturing and supply agreements, management uses information from the Company's commercialization counterparties to arrive at estimates for future returns, rebates and chargebacks.

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 Consolidated Financial Statements could be materially impacted.

Reclassifications

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

Acquisitions

Acquired businesses are accounted for using the acquisition method of accounting, which requires that assets acquired and liabilities assumed be recorded at fair value, with limited exceptions. Transaction costs and costs to restructure the acquired company are expensed as incurred. The operating results of the acquired business are reflected in the Consolidated Financial Statements after the date of acquisition. Acquired in-process research and development ("IPR&D") is recognized at fair value and initially characterized as an indefinite-lived intangible asset, irrespective of whether the acquired IPR&D has an alternative future use. If the acquired net assets do not constitute a business, the transaction is accounted for as an asset acquisition and no goodwill is recognized. In an asset acquisition, the amount allocated to acquired IPR&D is charged to Other expense, net at the acquisition date and any contingent consideration is not recorded until it becomes probable and reasonably estimable.

Fair Value of Financial Instruments

The estimated fair values of cash and cash equivalents, trade receivables, accounts payable and accrued liabilities approximate their carrying values due to their short maturity periods. The fair value of acquisition-related contingent consideration is based on estimated discounted future cash flows or Monte Carlo Simulation (when appropriate) analyses and assessment of the probability of occurrence of potential future events.

Fair Value of Derivative Instruments

The accounting for changes in the fair value of a derivative instrument depends on whether the instrument has been designated and qualifies as part of a hedging relationship and on the type of hedging relationship. For derivative instruments designated and qualifying as hedging instruments, the hedging instrument must be designated, based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or a hedge of the foreign currency exposure of a net investment in a foreign operation. For derivative instruments not designated as hedging instruments, the gain or loss is recognized in the Consolidated Statements of Operations during the current period.

Bausch + Lomb's cross-currency swaps qualify for and have been designated as an accounting 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 fair value is determined via a mark-to-market analysis, using observable (Level 2) inputs. These inputs included: (i) the foreign currency exchange spot rate between the euro and U.S. dollar, (ii) the interest rate yield curves in the euro and U.S. dollar and (iii) the credit risk rating for each applicable counterparty. The net change in fair value of cross-currency swaps is reported as a gain or loss in the Consolidated Statements of Comprehensive Income (Loss) as part of Foreign currency translation adjustment to the extent they are effective, and remain in Accumulated other comprehensive income (loss) until either the sale or complete, or substantially complete liquidation of the subsidiary. No portion of the cross-currency swaps was ineffective. Bausch + Lomb uses the spot method of assessing hedge effectiveness. Bausch + Lomb has elected to amortize amounts excluded from the assessment of effectiveness over the term of its cross-currency swaps as a reduction of Interest expense in the Consolidated Statements of Operations.

The Company uses foreign currency exchange contracts to economically hedge the foreign exchange exposure on certain of the Company's intercompany and third party balances. 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. These contracts have not been designated as an accounting hedge, and therefore the net change in their fair value is reported as a gain or loss in the Consolidated Statements of Operations as part of Foreign exchange and other. Settlements of the Company's foreign currency exchange contracts are

reported as a gain or loss in the Consolidated Statements of Operations as part of Foreign exchange and other and reported as operating activities in the Consolidated Statements of Cash Flows.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in bank accounts and highly liquid investments with maturities of three months or less when purchased.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, marketable securities, trade receivables, cross-currency swaps and foreign currency exchange contracts.

The Company invests its excess cash in high-quality, money market instruments and term deposits with varying maturities, but typically less than three months. Cash deposited at banks may exceed the amount of insurance provided on such deposits. Generally, these cash deposits may be redeemed upon demand and are maintained with financial institutions with reputable credit and therefore bear minimal credit risk. The Company seeks to mitigate such risks by spreading its risk across multiple counterparties and monitoring the risk profiles of these counterparties.

The Company's trade receivables primarily represent amounts due from wholesale distributors, retail pharmacies, government entities and group purchasing organizations. Outside of the U.S., concentrations of credit risk with respect to trade receivables, which are typically unsecured, are limited due to the number of customers using the Company's products, as well as their dispersion across many different geographic regions. The Company performs periodic credit evaluations of customers and does not require collateral. The Company monitors economic conditions, including volatility associated with international economies, and related impacts on the relevant financial markets and its business, especially in light of sovereign credit issues. The credit and economic conditions within Algeria, Argentina, Belarus, Brazil, Greece, Iran, Russia, Senegal, Serbia, South Africa, Turkey, Ukraine and Venezuela have been weak in recent years. These conditions have increased, and may continue to increase the average length of time that it takes to collect on the Company's trade receivables outstanding in these countries.

As of December 31, 2025, the Company's three largest U.S. wholesaler customers accounted for approximately 43% of net trade receivables. In addition, as of December 31, 2025 and 2024, the Company's net trade receivable balance from Algeria, Argentina, Belarus, Brazil, Greece, Iran, Russia, Senegal, Serbia, South Africa, Turkey, Ukraine and Venezuela amounted to approximately \$197 million and \$144 million, respectively, the majority of which is current or less than 90 days past due. The portion of the net trade receivable from these countries that is past due more than 90 days amounted to less than \$1 million as of December 31, 2025, a portion of which is comprised of public hospitals. Based on an analysis of credit risk, including an analysis of bad debt experience and assessment of historical payment patterns for such customers, the Company has established a reserve covering more than half of the balance past due more than 90 days for such countries. Over the three-year period ended December 31, 2025, the Company has not experienced any material losses from uncollectible accounts in excess of the established reserves.

The Company does not enter into financial instruments for trading or speculative purposes. Further, the Company has a policy of only entering into contracts with parties that have at least an investment grade credit rating. The Company enters into cross-currency swaps and foreign currency exchange contracts with high credit quality financial institutions. The counter-parties to the Company's cross-currency swaps and foreign currency exchange contracts are major financial institutions, and there is no significant concentration of exposure with any one counter-party. To date, no counterparty has failed to meet its obligations to the Company and management believes the risk of loss associated with these contracts is remote. See Note 5, "FAIR VALUE MEASUREMENTS" for additional details regarding the Company's cross-currency swaps and foreign currency exchange contracts.

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 collaterals (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. Allowance for credit losses were \$31 million, \$30 million and \$34 million as of December 31, 2025, 2024 and 2023, respectively. The activity in the allowance for credit losses for trade receivables was as follows:

(in millions)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 30	\$ 34	\$ 33
Provision for expected credit losses	10	4	5
Write-offs charged against the allowance	(7)	(4)	(5)
Recoveries of amounts previously written off	(1)	3	3
Foreign exchange and other	(1)	(7)	(2)
Balance, end of year	<u>\$ 31</u>	<u>\$ 30</u>	<u>\$ 34</u>

Inventories

Inventories comprise raw materials, work in process and finished goods, which are valued at the lower of cost or net realizable value, on a first-in, first-out basis. The cost value for work in process and finished goods inventories includes materials, direct labor and an allocation of overheads.

The Company evaluates the carrying value of inventories on a regular basis, taking into account such factors as historical and anticipated future sales compared with quantities on hand, the price the Company expects to obtain for products in their respective markets compared with historical cost and the remaining shelf life of goods on hand.

Property, Plant and Equipment

Property, plant and equipment are reported at cost, less accumulated depreciation. Costs incurred on assets under construction are capitalized as construction in progress. Depreciation is calculated using the straight-line method, commencing when the assets become available for productive use, based on the following estimated useful lives:

Land improvements	15 - 30 years
Buildings and improvements	Up to 40 years
Machinery and equipment	Up to 20 years
Other equipment	3 - 10 years
Equipment on operating lease	Up to 5 years
Leasehold improvements	Lesser of term of lease or 10 years

Intangible Assets

Intangible assets are reported at cost, less accumulated amortization and impairments. Intangible assets with finite lives are amortized over their estimated useful lives. Amortization is calculated primarily using the straight-line method based on the following estimated useful lives:

Product brands	5 - 20 years
Corporate brands	1 - 20 years
Product rights/patents	3 - 15 years
Partner relationships, technology and other	1 - 9 years

Acquired In-Process Research and Development

The fair value of IPR&D acquired through a business combination is capitalized as an indefinite-lived intangible asset until the completion or abandonment of the related research and development activities. When the related research and development is completed, the asset will be assigned a useful life and amortized. Acquired IPR&D assets are tested for impairment at least annually or when triggering events are identified.

The fair value of an acquired IPR&D intangible asset is typically determined using an income approach. This approach starts with a forecast of the net cash flows expected to be generated by the asset over its estimated useful life. The net cash flows reflect the asset's stage of completion, the probability of technical success, the projected costs to complete, expected market competition and an assessment of the asset's life-cycle. The net cash flows are then adjusted to present value by applying an appropriate discount rate that reflects the risk factors associated with the expected cash flow streams. IPR&D acquired through an asset acquisition is expensed.

Impairment of Long-Lived Assets

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. If indicators of impairment are present, the asset is tested for recoverability by comparing the carrying value of the asset to the related estimated undiscounted future cash flows expected to be derived from the asset, which include the amount and timing of the projected future cash flows. If the expected undiscounted cash flows are less than the carrying value of the asset, then the asset is considered to be impaired and its carrying value is written down to fair value, based on the related estimated discounted future cash flows.

Indefinite-lived intangible assets, which includes acquired IPR&D and the corporate trademark acquired in the acquisition of Bausch & Lomb Holdings Incorporated (the “B&L Trademark”), are tested for impairment annually or more frequently if events or changes in circumstances between annual tests indicate that the asset may be impaired. Impairment losses on indefinite-lived intangible assets are recognized based on a comparison of the fair value of the asset to its carrying value.

Goodwill

Goodwill is recorded with the acquisition of a business and is calculated as the difference between the acquisition date fair value of the consideration transferred and the values assigned to the assets acquired and liabilities assumed. Goodwill is not amortized but is tested for impairment at least annually as of October 1st at the reporting unit level. Goodwill impairment is measured as the amount by which a reporting unit’s carrying value exceeds its fair value. A reporting unit is the same as, or one level below, an operating segment. An entity is permitted to first assess qualitatively whether it is necessary to perform a quantitative impairment test for any of its reporting units. The quantitative impairment test is required only when the Company concludes that it is more likely than not that a reporting unit’s fair value is less than its carrying amount. In evaluating whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company considers the totality of all relevant events or circumstances that affect the fair value or carrying amount of a reporting unit.

An interim goodwill impairment test may be required if events occur that indicate an impairment might be present. For example, a substantial decline in the Company’s market capitalization, changes in reportable segments, unexpected adverse business conditions, economic factors, including rising interest rates and unanticipated competitive activities may signal that an interim impairment test is needed. Accordingly, among other factors, the Company monitors changes in its share price between annual impairment tests. The Company considers a decline in its share price that corresponds to an overall deterioration in stock market conditions to be less of an indicator of goodwill impairment than a unilateral decline in its share price reflecting adverse changes in its underlying operating performance, cash flows, financial condition and/or liquidity. In the event that the Company’s market capitalization does decline below its book value, the Company would consider the length and severity of the decline and the reason for the decline when assessing whether potential goodwill impairment exists. The Company believes that short-term fluctuations in share prices may not necessarily reflect underlying values.

Debt Discounts and Premiums, Issuance Costs and Deferred Financing Costs

Debt discounts, premiums and issuance costs are presented in the Consolidated Balance Sheets as a direct deduction from or addition to the carrying amount of the related debt and are amortized or accreted, using the effective interest method, as interest expense over the contractual lives of the related credit facilities or notes. Deferred financing costs associated with revolving credit facility arrangements are included in the balances of Prepaid expenses and other current assets and Other non-current assets in the Consolidated Balance Sheets and are amortized as interest expense over the contractual life of the related revolving credit facility.

The Company accounts for exchanges of debt in accordance with Accounting Standards Codifications (“ASC”) 470-60 which has resulted in certain debt being carried at a premium relative to its principal amount as well as a portion of contractual interest cost being recorded as a reduction of that premium rather than as interest expense when paid.

Foreign Currency Translation

The assets and liabilities of the Company’s foreign operations having a functional currency other than the U.S. dollar are translated into U.S. dollars at the exchange rate prevailing at the balance sheet date, and at the average exchange rate for the reporting period for revenue and expense accounts. The cumulative foreign currency translation adjustment is recorded as a component of Accumulated other comprehensive loss in the Consolidated Balance Sheets.

Foreign currency exchange gains and losses on transactions occurring in a currency other than an operation’s functional currency are recognized as a component of Foreign exchange and other in the Consolidated Statements of Operations.

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 23, "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.

The Company recognizes revenue when the customer obtains control of promised goods or services and in an amount that reflects the consideration to which the Company expects to be entitled to receive in exchange for those goods or services. To achieve this core principle, the Company applies the five-step revenue model to contracts within its scope: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

Product Sales

A contract with the Company's customers exists for each product sale. Where a contract with a customer contains more than one performance obligation, the Company allocates the transaction price to each distinct performance obligation based on its relative standalone selling price. The transaction price is adjusted for variable consideration which is discussed below. The Company generally recognizes revenue for product sales at a point in time when the customer obtains control of the products.

Product Sales Provisions

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

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

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

The following table presents the activity and ending balances of the Company's variable consideration provisions for 2025 and 2024.

<i>(in millions)</i>	Discounts and Allowances	Returns	Rebates	Chargebacks	Distribution Fees	Total
Reserve balance, January 1, 2024	\$ 191	\$ 380	\$ 1,108	\$ 216	\$ 44	\$ 1,939
Current period provision	675	160	3,744	1,935	293	6,807
Payments and credits	(696)	(168)	(3,431)	(1,962)	(252)	(6,509)
Reserve balance, December 31, 2024	170	372	1,421	189	85	2,237
Current period provision	730	125	4,364	1,644	315	7,178
Payments and credits	(727)	(149)	(4,433)	(1,708)	(336)	(7,353)
Reserve balance, December 31, 2025	<u>\$ 173</u>	<u>\$ 348</u>	<u>\$ 1,352</u>	<u>\$ 125</u>	<u>\$ 64</u>	<u>\$ 2,062</u>

Included in rebates in the table above are cooperative advertising credits due to customers of approximately \$31 million and \$36 million as of December 31, 2025 and 2024, respectively, which are reflected as a reduction of Trade receivables, net in the Consolidated Balance Sheets.

Cash Discounts and Allowances

Cash discounts are offered for prompt payment and allowances for volume purchases. Provisions for cash discounts and allowances are estimated at the time of sale and recorded as direct reductions to trade receivables and revenue. Management estimates the provisions for cash discounts and allowances based on contractual sales terms with customers, an analysis of unpaid invoices and historical payment experience. Estimated cash discounts and allowances have historically been predictable and less subjective, due to the limited number of assumptions involved, the consistency of historical experience and the fact that these amounts are generally settled within one month of incurring the liability.

Returns

Consistent with industry practice, customers are generally allowed to return a product within a specified period of time before and after its expiration date, excluding European businesses which generally do not provide a right of return. The returns provision is estimated utilizing historical sales and return rates over the period during which customers have a right of return, taking into account available information on competitive products and contract changes. The information utilized to estimate the returns provision includes: (i) historical return and exchange levels, (ii) external data with respect to inventory levels in the distribution channel, (iii) external data with respect to prescription demand for products, (iv) remaining shelf lives of products at the date of sale and (v) estimated returns liability to be processed by year of sale based on an analysis of lot information related to actual historical returns.

In determining the estimate for returns, management is required to make certain assumptions regarding the timing of the introduction of new products and the potential of these products to capture market share. In addition, certain assumptions with respect to the extent and pattern of decline associated with generic competition are necessary. These assumptions are formulated using market data for similar products, past experience and other available information. These assumptions are continually reassessed, and changes to the estimates and assumptions are made as new information becomes available.

The estimate for returns may be impacted by a number of factors, but the principal factor relates to the inventory levels in the distribution channel. When management becomes aware of an increase in such inventory levels, it considers whether the increase may be temporary or other-than-temporary. Temporary increases in wholesaler inventory levels will not warrant revision to the provision for returns. Other-than-temporary increases in wholesaler inventory levels, however, may be an indication that future product returns could be higher than originally anticipated, and, as a result, estimates for returns may need to be adjusted. Factors that suggest increases in wholesaler inventory levels are temporary include: (i) recently implemented or announced price increases for certain products, (ii) new product launches or expanded indications for existing products and (iii) timing of purchases by wholesale customers. Conversely, factors that suggest increases in wholesaler inventory levels are other-than-temporary include: (i) declining sales trends based on prescription demand, (ii) introduction of new products or generic competition, (iii) increasing price competition from generic competitors and (iv) changes to the U.S. National Drug Codes ("NDC") of products. Changes in the NDC of products could result in a period of higher returns related to products with the old NDC, as U.S. customers generally permit only one NDC per product for identification and tracking within their inventory systems.

Over the last several years, the Company increased its focus on maximizing operational efficiencies and continues to take actions to reduce product returns, including but not limited to: (i) monitoring and reducing customer inventory levels, (ii) instituting disciplined pricing policies and (iii) improving contracting. These actions have had the effect of improving sales return experience, primarily related to branded and generic products. Sales return provisions for 2025 and 2024 were \$125 million and \$160 million, respectively.

Rebates and Chargebacks

Product sales made under governmental and managed-care pricing programs in the U.S. are subject to rebates. Bausch + Lomb participates in state government-managed Medicaid programs, as well as certain other qualifying federal and state government programs whereby rebates are provided to participating government entities. Medicaid rebates are generally billed 45 days to 270 days after the quarter in which the product is dispensed to the Medicaid participant. As a result, the Medicaid rebate reserve includes an estimate of outstanding claims for end-customer sales that occurred, but for which the related claim has not been billed and/or paid, and an estimate for future claims that will be made when inventory in the distribution channel is sold through to plan participants. The calculation of the Medicaid rebate reserve also requires other estimates, such as estimates of sales mix, to determine which sales are subject to rebates and the amount of such rebates. Quarterly, the Medicaid rebate reserve is adjusted based on actual claims paid. Due to the delay in billing, adjustments to actual claims paid may incorporate revisions of that reserve for several periods.

Managed Care rebates relate to contractual agreements to sell products to managed care organizations and pharmacy benefit managers at contractual rebate percentages in exchange for volume and/or market share.

Chargebacks relate to contractual agreements to sell products to government agencies, group purchasing organizations and other indirect customers at contractual prices that are lower than the list prices the Company charges wholesalers. When these group purchasing organizations or other indirect customers purchase products through wholesalers at these reduced prices, the wholesaler charges the Company for the difference between the prices they paid the Company and the prices at which they sold the products to the indirect customers.

In estimating provisions for rebates and chargebacks, management considers relevant statutes with respect to governmental pricing programs and contractual sales terms with managed-care providers and group purchasing organizations. Management estimates the amount of product sales subject to these programs based on historical utilization levels. Changes in the level of utilization of products through private or public benefit plans and group purchasing organizations will affect the amount of rebates and chargebacks that the Company is obligated to pay. Management continually updates these factors based on new contractual or statutory requirements, and any significant changes in sales trends that may impact the percentage of products subject to rebates or chargebacks.

The amount of Managed Care, Medicaid and other rebates and chargebacks has become more significant as a result of a combination of deeper discounts implemented in each of the last three years, changes in the Company's product mix and increased Medicaid utilization due to expansion of government funding for these programs. Management's estimate for chargebacks may be impacted by a number of factors, but the principal factor relates to the level of inventory in the distribution channel. In 2025, Bausch Health US, LLC ("BHUS") ceased participation in two optional Federal drug pricing programs – the Medicaid Drug Rebate Program and the 340B Drug Pricing Program ("340B"). BHUS provided notice to the Centers for Medicare & Medicaid Services and the Health Resources and Services Administration of the end of its participation in these programs effective September 30, 2025.

Rebate provisions are based on factors such as timing and terms of plans under contract, time to process rebates, product pricing, sales volumes, amount of inventory in the distribution channel and prescription trends. Adjustments to actual for the years 2025 and 2024 were not material to the Company's revenues or earnings.

Patient Co-Pay Assistance programs, Consumer Rebates and Loyalty Programs are rebates offered on many of the Company's products. Patient Co-Pay Assistance Programs are patient discount programs offered in the form of coupon cards or point of sale discounts, with which patients receive certain discounts off their prescription at participating pharmacies, as defined by the specific product program. An accrual for these programs is established, equal to management's estimate of the discount, rebate and loyalty incentives attributable to a sale. That estimate is based on historical experience and other relevant factors. The accrual is adjusted throughout each quarter based on actual experience and changes in other factors, if any.

Distribution Fees

The Company sells products primarily to wholesalers, and in some instances to large pharmacy chains such as CVS and Walmart. The Company has Distribution Services Agreements ("DSAs") with several large wholesale customers such as McKesson Corporation, Cencora Inc., Cardinal Health, Inc. and McKesson Specialty. Under the DSAs, the wholesalers

agree to provide services, and the Company pays the contracted DSA distribution service fees for these services based on product volumes. Additionally, price appreciation credits are generated when the Company increases a product's wholesaler acquisition cost ("WAC") under contracts with certain wholesalers. Under such contracts, the Company is entitled to credits from such wholesalers for the impact of that WAC increase on inventory currently on hand at the wholesalers. Such credits are offset against the total distribution service fees paid to each such wholesaler. The variable consideration associated with price appreciation credits is reflected in the transaction price of products sold when it is determined to be probable that a significant reversal will not occur. Included as a reduction of current period provisions for Distribution Fees in the table above are price appreciation credits of \$18 million for each of the years 2025 and 2024.

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.

Sales Commissions

Sales commissions are generally attributed to periods shorter than one year and therefore are expensed when incurred. Sales commissions are included in selling, general and administrative expenses.

Financing Component

The Company has elected not to adjust consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to the customer and when the customer pays for that good or service will be one year or less. The Company's global payment terms are generally between thirty to ninety days.

Leases

The Company leases certain facilities, vehicles and equipment principally under multi-year agreements generally having a lease term of one to twenty years, some of which include termination options and options to extend the lease term. The Company includes options that are reasonably certain to be exercised as part of the lease term. The Company may negotiate termination clauses in anticipation of changes in market conditions but generally, these termination options are not exercised. Certain lease agreements also include variable payments that are dependent on usage or may vary month-to-month such as insurance, taxes and maintenance costs. None of the Company's lease agreements contain material residual value guarantees or material restrictive covenants.

The Company is required to record a right-of-use asset and corresponding lease liability, equal to the present value of the lease payments at the commencement date of each lease. For all asset classes, in determining future lease payments, the Company has elected to aggregate lease components, such as payments for rent, taxes and insurance costs with non-lease components such as maintenance costs, and account for these payments as a single lease component. In limited circumstances, when the information necessary to determine the rate implicit in a lease is available, the present value of the lease payments is determined using the rate implicit in that lease. If the information necessary to determine the rate implicit in a lease is not available, the Company uses its incremental borrowing rate at the commencement of the lease, which represents the rate of interest that the Company would incur to borrow on a collateralized basis over a similar term.

All leases must be classified as either an operating lease or finance lease. The classification is determined based on whether substantive control has been transferred to the lessee. The classification governs the pattern of lease expense recognition. For leases classified as operating leases, total lease expense over the term of the lease is equal to the undiscounted payments due in accordance with the lease arrangement. Fixed lease expense is recognized periodically on a straight-line basis over the term of each lease and includes: (i) imputed interest during the period on the lease liability determined using the effective interest rate method plus (ii) amortization of the right-of-use asset for that period. Amortization of the right-of-use asset during the period is calculated as the difference between the straight-line expense and the imputed interest on the lease liability for that period. Variable lease expense is recognized when the achievement of the specific target is considered probable.

Research and Development Expenses

Costs related to internal research and development programs, including costs associated with the development of acquired IPR&D, are expensed as goods are delivered or services are performed. Under certain research and development arrangements with third parties, the Company may be required to make payments that are contingent on the achievement of specific developmental, regulatory and/or commercial milestones. Milestone payments made to third parties before a product receives regulatory approval, but after the milestone is determined to be probable, are expensed and included in

Research and development expenses. Milestone payments made to third parties after regulatory approval is received are capitalized and amortized over the estimated useful life of the approved product.

Amounts due from third parties as reimbursement of development activities conducted under certain research and development arrangements are recognized as a reduction of Research and development expenses.

Legal Costs

Legal fees and other costs related to litigation and other legal proceedings or services are expensed as incurred and are included in Selling, general and administrative expenses. Certain legal costs associated with acquisitions are included in Acquisition-related costs and certain legal costs associated with divestitures, legal settlements and other business development activities are included in Litigation and other matters or Net gain on sale of assets within Other expense, net, in the Consolidated Statements of Operations as appropriate. Legal costs expensed are reported net of expected insurance recoveries. A claim for insurance recovery is recognized when realization becomes probable.

Advertising Costs

Advertising costs comprise product samples, print media, promotional materials and television advertising and are expensed on the first use of the advertisement. Included in Selling, general and administrative expenses are advertising costs of \$766 million, \$786 million and \$625 million, for 2025, 2024 and 2023, respectively.

Share-Based Compensation

The Company recognizes all share-based payments to employees, including grants of employee stock options and restricted share units (“RSUs”), at estimated fair value. The Company amortizes the fair value of stock option or RSU grants on a straight-line basis over the requisite service period of the individual stock option or RSU grant, which generally equals the vesting period. Stock option and RSU forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Share-based compensation is recorded in Research and development expenses and Selling, general and administrative expenses, as appropriate.

Acquisition-Related Contingent Consideration

Acquisition-related contingent consideration, which primarily consists of potential milestone payments and royalty obligations, is recorded in the Consolidated Balance Sheets at its acquisition date estimated fair value, in accordance with the acquisition method of accounting. The fair value of the acquisition-related contingent consideration is remeasured each reporting period, with changes in fair value recorded in the Consolidated Statements of Operations. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement as defined in fair value measurement accounting.

Interest Expense

Interest expense includes standby fees, the amortization of debt discounts and deferred financing costs, accretion of debt premiums and the amortization of amounts excluded from the assessment of effectiveness related to the Company’s cross-currency swaps. Interest expense is generally expensed as incurred. The Company accounts for exchanges of debt in accordance with ASC 470 which has resulted in certain debt being carried at a premium relative to its principal amount as well as a portion of contractual interest cost being recorded as a reduction of that premium rather than as interest expense. Therefore, interest expense recorded in the Company’s consolidated financial statements differs significantly from the contractual interest rates of the debt subject to this accounting treatment. To the extent interest is related to construction in progress, interest is capitalized. Capitalized interest related to construction in progress as of December 31, 2025 and 2024 was \$115 million and \$91 million, respectively, and is included in Property, plant and equipment, net.

Income Taxes

Income taxes are accounted for under the liability method. Deferred tax assets and liabilities are recognized for the temporary differences between the financial statement and income tax bases of assets and liabilities, and for operating losses and tax credit carryforwards. A valuation allowance is provided for the portion of deferred tax assets that is more likely than not to remain unrealized. Deferred tax assets and liabilities are measured using enacted tax rates and laws. Deferred tax assets for outside basis differences in investments in subsidiaries are only recognized if the difference will be realized in the foreseeable future.

The tax benefit from an uncertain tax position is recognized only if it is more likely than not that the tax position will be sustained upon examination by the appropriate taxing authority, based on the technical merits of the position. The tax benefits recognized from such position are measured based on the amount for which there is a greater than 50% likelihood

of being realized upon settlement. Liabilities associated with uncertain tax positions are classified as long-term unless expected to be paid within one year. Interest and penalties related to uncertain tax positions, if any, are recorded in the provision for income taxes and classified with the related liability on the consolidated balance sheets.

Earnings (loss) per share attributable to Bausch Health Companies Inc.

Basic earnings (loss) per share attributable to Bausch Health Companies Inc. is calculated by dividing Net income (loss) attributable to Bausch Health Companies Inc. by the weighted-average number of common shares outstanding during the reporting period. Diluted income (loss) per share attributable to Bausch Health Companies Inc. is calculated by dividing Net income (loss) attributable to Bausch Health Companies Inc. by the weighted-average number of common shares outstanding during the reporting period after giving effect to dilutive potential common shares for stock options and RSUs, determined using the treasury stock method.

Comprehensive income (loss)

Comprehensive income (loss) comprises Net income (loss) and Other comprehensive income (loss). Other comprehensive income (loss) includes items such as foreign currency translation adjustments, unrealized holding gains and losses on available-for-sale and other investments and certain pension and other postretirement benefit plan adjustments. Accumulated other comprehensive loss is recorded as a component of shareholders' equity.

Contingencies

In the normal course of business, the Company is subject to loss contingencies, such as claims and assessments arising from litigation and other legal proceedings, contractual indemnities, product and environmental liabilities and tax matters. Accruals for loss contingencies are recorded when the Company determines that it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. If the estimate of the amount of the loss is a range and some amount within the range appears to be a better estimate than any other amount within the range, that amount is accrued as a liability. If no amount within the range is a better estimate than any other amount, the minimum amount of the range is accrued as a liability. These accruals are adjusted periodically as assessments change or additional information becomes available.

If no accrual is made for a loss contingency because the amount of loss cannot be reasonably estimated, the Company will disclose contingent liabilities when there is at least a reasonable possibility that a loss or an additional loss may have been incurred.

Employee Benefit Plans

The Company sponsors various retirement and pension plans, including defined benefit pension plans, defined contribution plans and a participatory defined benefit postretirement plan. The determination of defined benefit pension and postretirement plan obligations and their associated expenses requires the use of actuarial valuations to estimate the benefits employees earn while working, as well as the present value of those benefits. Net actuarial gains and losses that exceed 10 percent of the greater of the plan's projected benefit obligations or the market-related value of assets are amortized to earnings over the shorter of the estimated average future service period of the plan participants (or the estimated average future lifetime of the plan participants if the majority of plan participants are inactive) or the period until any anticipated final plan settlements.

Recently Issued Accounting Standards, Adopted as of December 31, 2025

In December 2023, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"), which requires disclosures of disaggregated income taxes paid, prescribes standard categories for the components of the effective tax rate reconciliation and modifies certain other income tax-related disclosures. ASU 2023-09 is effective beginning with the 2025 annual report for fiscal year ended December 31, 2025 and the Company has adopted ASU 2023-09 on a prospective basis. See Note 17, "INCOME TAXES" for application of this standard.

Recently Issued Accounting Standards, Not Adopted as of December 31, 2025

In September 2025, the FASB issued ASU 2025-06, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software ("ASU 2025-06"). ASU 2025-06 removes all references to software development project stages and requires entities to start capitalizing software costs when both of the following occur: (i) management has authorized and committed to funding the software project and (ii) it is probable that the project will be completed and the software will be used to perform the function intended. The amendment in ASU 2025-06 is effective for fiscal years beginning after December 15, 2027, and interim periods within those fiscal years, with

early adoption permitted. The amendments can be applied prospectively, retrospectively, or via a modified prospective transition method. The Company is evaluating the impact of adoption on its consolidated financial statements and related disclosures.

In July 2025, the FASB issued ASU 2025-05, Financial Instruments - Credit Losses (Topic 326) - Measurement of Credit Losses for Accounts Receivable and Contract Assets (“ASU 2025-05”), which simplifies the estimation of credit losses on current accounts receivable and current contract assets arising from transactions accounted for under ASC 606, Revenue from Contracts with Customers, and allows entities to elect a practical expedient to assume that the current conditions as of the balance sheet date will remain unchanged for the remaining life of the asset when developing a reasonable and supportable forecast as part of estimating expected credit losses on these assets. The guidance is effective January 1, 2026. The Company has elected the practical expedient and the application of the ASU 2025-05 will not have a material effect on its consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, Income Statement – Reporting Comprehensive Income – Expense Disaggregation (Subtopic 220-40): Disaggregation of Income Statement Expense (“ASU 2024-03”), which requires public companies to disclose, in interim and annual reporting periods, additional information about specific expenses in the financial statements. The amendments in ASU 2024-03 are effective for the Company beginning with its 2027 annual report, and its interim periods beginning in 2028. Early adoption is permitted and is effective on either a prospective basis or retrospective basis. The Company is evaluating the impact of adoption on its consolidated financial statements and related disclosures.

3. 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.

2025 Acquisitions

Acquisition of Wuhan Shibo Zhenmei Technology Co., Ltd.

During December 2025, the Company, completed the acquisition of Wuhan Shibo Zhenmei Technology Co., Ltd. (“Shibo Zhenmei”), consisting of the aesthetics distribution business of its full-service distributor in China, the Shibo Group (the “Shibo Zhenmei Acquisition”). Through this transaction, the Company assumed full responsibility for the distribution of Solta Medical’s entire product portfolio, including Thermage® FLX as well as other aesthetic devices, within the Chinese market.

The Shibo Zhenmei Acquisition was accounted for as a business combination under the acquisition method of accounting. The total estimated aggregate acquisition consideration of approximately \$87 million is calculated as follows:

(in millions)

Cash consideration paid	\$	84
Estimated fair value of contingent consideration		3
Aggregate purchase consideration	<u>\$</u>	<u>87</u>

The acquisition includes potential future payments to the sellers contingent upon the achievement of specified post-acquisition performance conditions and the continued employment of designated key personnel. These contingent payments may total up to approximately \$17 million in the aggregate. Performance-based milestone payments are linked to the acquired business’s future net sales levels over defined periods, with amounts payable on either an all-or-partial achievement basis. Retention-based payments are tied to the continued employment of certain key employees through agreed-upon dates and are recognized as compensation expense over the applicable service period. The fair value of the contingent consideration associated with the performance-based milestone which was recognized as of the acquisition date was \$3 million, which was recorded as a non-current liability. This valuation was determined using Level 3 inputs,

including probability-weighted assessments of expected outcomes and a risk-adjusted discount rate (see Note 5, “FAIR VALUE MEASUREMENTS”).

The preliminary allocation of purchase price based on estimated fair values is as follows:

(in millions)

Trade receivables	\$	3
Other current assets		1
Intangible assets		43
Inventories		34
Other liabilities		(16)
Total identifiable net assets		65
Goodwill		22
Total fair value of consideration transferred	\$	87

The assets acquired and liabilities assumed are included within the Solta Medical Segment. Goodwill associated with this acquisition is not deductible for income tax purposes. In connection with the acquisition of Shibo Zhenmei, the Company acquired inventory which it had previously sold to Shibo Zhenmei and expects to sell this reacquired inventory in the first half of 2026.

The fair value of the identifiable intangible assets is determined primarily using the “income approach,” which requires a forecast of the expected future cash flows (including revenue growth rates, cost of goods sold, operating expenses and discount rates). Customer relationships and other intangible assets related to the Shibo Zhenmei Acquisition have an estimated useful life of 15 months.

The valuation of the assets acquired and liabilities assumed, as part of this acquisition, has not been finalized as of December 31, 2025. The areas that could be subject to change primarily relate to the valuation of certain identifiable assets. The Company will finalize these amounts no later than one year from the acquisition date.

The results of operations of Shibo Zhenmei for the period December 1, 2025 through December 31, 2025 were not material to the Company’s Consolidated Financial Statements. Pro forma financial information has not been presented as the impact is not material to any of the periods presented.

Acquisition of DURECT Corporation

During September 2025, the Company acquired DURECT Corporation (“DURECT”) for total consideration of \$84 million, including \$64 million in cash, \$11 million in assumed liabilities and \$9 million in transaction costs. The agreement also includes potential future sales-based milestone payments of up to \$350 million, subject to certain adjustments.

The transaction was accounted for as an asset acquisition under ASC 805, Business Combinations, as substantially all of the value was attributed to a single in-process research and development asset related to Larsucosterol, a drug candidate for alcohol-associated hepatitis. Clinical testing for Larsucosterol is ongoing and the drug candidate has not yet received regulatory approval from the U.S. Food and Drug Administration (“FDA”). Accordingly, \$81 million of consideration was allocated to Acquired IPR&D and expensed in accordance with ASC 730, Research and Development, with the remaining \$3 million of consideration allocated to other assets. The expense was recorded in Other expense, net in the Consolidated Statements of Operations.

Acquisition of Manufacturing Equipment

During December 2025, Bausch + Lomb, through its affiliates, completed a transaction to acquire certain manufacturing equipment, other assets and the assumption of a manufacturing facility lease in Mexico for an upfront cash payment of approximately \$75 million and potential future milestone payments of up to \$35 million.

This acquisition has been accounted for as a business combination under the acquisition method of accounting. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed, as of the acquisition date:

(in millions)

Property, plant and equipment	\$	7
Intangible assets		1
Total identifiable assets		8
Goodwill		67
Total fair value of consideration transferred	\$	75

The assets acquired and liabilities assumed are included within Bausch + Lomb’s Surgical business. Goodwill associated with this acquisition is deductible for income tax purposes.

The valuation of the assets acquired and liabilities assumed, as part of this acquisition, has not been finalized as of December 31, 2025. Bausch + Lomb will finalize these amounts no later than one year from the acquisition date.

Revenues and operating results associated with this acquisition during the period from December 9, 2025 through December 31, 2025 were not material. Pro forma revenues and operating results for the years 2025 and 2024 were not material.

Acquisition of Whitecap Biosciences, LLC

During January 2025, Bausch + Lomb, through an affiliate, acquired Whitecap Biosciences, LLC (“Whitecap Biosciences”) for an upfront payment of approximately \$28 million and potential future milestone and royalty payments. The acquisition is expected to expand Bausch + Lomb’s clinical-stage pipeline as Whitecap Biosciences is currently developing two innovative therapies for potential use in glaucoma and geographic atrophy. Bausch + Lomb accounted for the transaction as an asset acquisition and during 2025, expensed the upfront payment of approximately \$28 million as acquired IPR&D costs, as included within Other expense, net on the Consolidated Statements of Operations.

Other Bausch + Lomb Acquisitions

During November 2025, Bausch + Lomb completed two acquisitions. These acquisitions have been accounted for as business combinations under the acquisition method of accounting. The aggregate cash consideration of approximately \$33 million was allocated to the assets acquired and liabilities assumed and included \$30 million of goodwill, in the aggregate.

2024 Acquisitions

Acquisition of Elios Vision, Inc.

During December 2024, Bausch + Lomb, through an affiliate, acquired Elios Vision, Inc. (“Elios Vision”) for (i) a cash payment of approximately \$99 million and (ii) potential future milestone obligations as discussed below (the “Elios Vision Acquisition”). Elios Vision, a privately held company, is the developer of the ELIOS® procedure, the first clinically validated, minimally invasive glaucoma surgery procedure using an excimer laser. This acquisition is expected to bolster Bausch + Lomb’s glaucoma treatment portfolio.

The Elios Vision Acquisition has been accounted for as a business combination under the acquisition method of accounting. The total aggregate acquisition consideration of approximately \$188 million is calculated as follows:

(in millions)

Cash consideration paid	\$	99
Estimated fair value of contingent consideration		89
Aggregate purchase consideration	\$	188

Contingent consideration included as part of the aggregate purchase consideration relates to potential future milestone obligations, including (i) regulatory approval milestones, ranging from \$50 million and up to an aggregate of \$145 million, depending on the timing of regulatory approval and (ii) sales-based milestones ranging from \$75 million and up to an aggregate of \$375 million, related to the achievement of annual net sales targets. The estimated fair value of the contingent consideration recognized on the acquisition date related to the above noted potential future milestone obligations was \$89 million, of which \$11 million was recorded as a current liability. The estimated fair value of the contingent consideration was estimated by using the inputs disclosed in Note 5, “FAIR VALUE MEASUREMENTS”. Bausch + Lomb reassesses its acquisition-related contingent consideration liabilities each quarter for changes in fair value.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed related to the Elios Vision Acquisition, as of the acquisition date:

(in millions)

Intangible assets	\$	177
Trade receivables		2
Inventories		4
Property, plant and equipment		7
Other non-current assets		1
Accrued and other current liabilities		(7)
Other non-current liabilities		(23)
Total identifiable net assets		161
Goodwill		27
Total fair value of consideration transferred	\$	<u>188</u>

Intangible assets acquired in the Elios Vision Acquisition consist of the following:

<i>(in millions)</i>	Fair Value	Estimated Useful Life (In Years)
Acquired IPR&D intangible asset	\$ 95	N/A
Product brands	63	13
Corporate brands	17	10
Other	2	9
Total Intangible assets	<u>\$ 177</u>	

The assets acquired and liabilities assumed are included within Bausch + Lomb's Surgical business. Goodwill associated with the Elios Vision acquisition represents deferred taxes as well as an acquired workforce and potential future synergies. Goodwill associated with the Elios Vision acquisition is not deductible for income tax purposes.

Revenues and operating results associated with Elios Vision during the period from December 10, 2024 through December 31, 2024 were not material. Pro forma revenues and operating results for the years 2024 and 2023 were not material.

Acquisition of Trukera Medical

In July 2024, Bausch + Lomb, through an affiliate, acquired TearLab Corporation, d/b/a Trukera Medical from its private equity owner, AccelMed Partners, and other shareholders. Trukera Medical, a U.S.-based privately held ophthalmic medical diagnostic company, commercializes ScoutPro®, a point-of-care portable device for precisely measuring osmolarity, the salt content of a person's tears. This acquisition is expected to expand Bausch + Lomb's presence in the dry eye market. The acquisition of Trukera Medical was accounted for as a business combination under the acquisition method of accounting. As of the acquisition date (July 19, 2024), Bausch + Lomb allocated the aggregate purchase consideration of approximately \$24 million based on estimated fair values, which included recording \$16 million of identifiable intangible assets, \$6 million of other net assets and \$2 million of goodwill.

The intangible assets acquired related to the acquisition of Trukera Medical, as well as their fair values and estimated useful life consist of the following:

<i>(in millions)</i>	Fair Value	Estimated Useful Life (In Years)
Product Brand	\$ 14	10
Customer Relationships	2	7
Total Intangible assets	<u>\$ 16</u>	

The assets acquired and liabilities assumed are included within Bausch + Lomb's Surgical business. Revenues and operating results associated with Trukera Medical during the period from July 19, 2024 through December 31, 2024 were not material. Pro-forma revenues and operating results for 2024 and 2023 were not material.

2023 Acquisitions

Acquisition of XIIDRA®

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

On September 29, 2023, under the terms of the Acquisition Agreement, Bausch + Lomb, through its affiliate, consummated the XIIDRA Acquisition for: (i) an upfront cash payment of \$1,750 million, (ii) the assumption of certain pre-existing milestone payments and (iii) potential future milestone obligations of up to \$750 million, as discussed below. The strategic XIIDRA Acquisition is expected to complement 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 assets acquired and liabilities assumed are included within Bausch + Lomb’s Pharmaceuticals business.

The XIIDRA Acquisition was accounted for as a business combination under the acquisition method of accounting. The estimated aggregate acquisition consideration of approximately \$1,753 million is calculated as follows:

(in millions)

Cash consideration paid to Novartis at closing, per the Acquisition Agreement	\$ 1,750
Estimated fair value of contingent consideration	3
Aggregate purchase consideration	<u>\$ 1,753</u>

The upfront cash payment of \$1,750 million was paid in September 2023, using the proceeds received from the issuance of the B+L October 2028 Senior Secured Notes and the establishment of the B+L September 2028 Term Loan B Facility, each as defined and further discussed in Note 10, “FINANCING ARRANGEMENTS”.

Contingent consideration included as part of the consideration relates to potential future milestone obligations of up to \$750 million, including: (i) up to \$475 million in cash payable upon the achievement of specified commercialization and sales milestones for certain pipeline products and (ii) up to \$275 million in cash payable upon the achievement of specified sales milestones for XIIDRA®. The fair value of the contingent consideration recognized on the acquisition date of \$3 million was estimated by using the inputs disclosed in Note 5, “FAIR VALUE MEASUREMENTS”.

Assets Acquired and Liabilities Assumed

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed related to the XIIDRA Acquisition as of the acquisition date, inclusive of measurement period adjustments:

(in millions)

Intangible assets	\$ 1,600
Prepaid expenses and other current assets	162
Accrued and other current liabilities	(1)
Other non-current liabilities	(31)
Total identifiable net assets	<u>1,730</u>
Goodwill	23
Total fair value of consideration transferred	<u>\$ 1,753</u>

Since the date of acquisition, adjustments made during the measurement period have included an increase of \$5 million to Intangible assets, net with an offset to Prepaid expenses and other current assets, which is reflected in the table above.

The fair value of the identifiable intangible assets is determined primarily using the “income approach,” which requires a forecast of the expected future cash flows (including revenue growth rates, cost of goods sold, operating expenses and discount rate). The intangible assets acquired, as well as their fair values and estimated useful life consist of the following:

<i>(in millions)</i>	Fair Value	Estimated Useful Life (In Years)
Product brand	\$ 1,595	8.75
Acquired IPR&D intangible asset	5	N/A
Total Intangible assets, net	<u>\$ 1,600</u>	

Prepaid expenses and other current assets associated with the XIIDRA Acquisition represent the terms of an interim contract to purchase inventory, as embedded within the agreements associated with the XIIDRA Acquisition. The terms of the interim contract allowed Bausch + Lomb to acquire the remaining XIIDRA® inventory from Novartis at the end of the contractual term. The remaining inventory was acquired during December 2023 and the prepaid expenses and other current assets recognized were reclassified into Inventories, net, as of December 31, 2023. The balance of this interim contract will be released to Cost of goods sold (excluding amortization and impairments of intangible assets) as Bausch + Lomb sells the acquired inventory over an assumed inventory turnover cycle of approximately two years. Cost of goods sold for 2024 and 2023 includes approximately \$81 million and \$20 million, respectively, related to the release of this interim contract.

Other non-current liabilities associated with the XIIDRA Acquisition represent the fair value of the contingent consideration liability assumed from Novartis by Bausch + Lomb as a part of the acquisition. The fair value of the assumed contingent consideration recognized on the acquisition date was \$31 million and was estimated by using a discount rate of 11%.

Goodwill associated with the XIIDRA Acquisition represents the workforce acquired as well as future operating efficiencies and cost savings. Substantially all of the goodwill associated with the XIIDRA Acquisition is deductible for income tax purposes.

Revenue and Operating Results

Net revenues and earnings attributable to the XIIDRA Acquisition from the date of acquisition through December 31, 2023 were \$106 million and \$17 million, respectively.

Pro Forma Financial Information

The following table presents the unaudited pro forma combined results of the Company and the acquired assets for the year ended December 31, 2023, as if the XIIDRA Acquisition, and the related financing, had occurred on January 1, 2022:

<i>(in millions)</i>	2023
Revenues	\$ 9,006
Net loss	\$ (822)
Net loss attributable to Bausch Health Companies Inc.	\$ (762)

The unaudited pro forma combined financial information was prepared using the acquisition method of accounting and was based on the historical financial information of the Company and the acquired assets. In order to reflect the occurrence of the acquisition on January 1, 2022 as required, the unaudited pro forma financial information includes adjustments to reflect incremental amortization expense incurred based on (i) the fair values of the identifiable intangible assets acquired, (ii) the incremental cost of products sold related to the release of an interim contract to purchase inventory, as embedded within the agreements associated with the XIIDRA Acquisition, (iii) the elimination of historical impairments and accretion expenses related to historical contingent considerations recorded by Novartis, (iv) the recording of new/assumed contingent consideration accretion expense, (v) the additional interest expense associated with the issuance of debt to finance the acquisition and (vi) the tax impact of each of the aforementioned adjustments.

Included in the Consolidated Statements of Operations for 2023 are: (i) acquisition-related transaction costs, included within Other expense, net, of \$20 million, which are directly related to the XIIDRA Acquisition, and include expenditures for representation and warranty insurance premiums, legal, valuation, accounting and other similar professional services and (ii) acquisition-related financing costs, included within Interest expense, of \$16 million, which are directly related to the XIIDRA Acquisition, and include expenditures for certain upfront financing commitment costs related to debt financing commitments in place prior to the XIIDRA Acquisition, the issuance of the B+L October 2028 Senior Secured Notes and

the establishment of the B+L September 2028 Term Loan B Facility, each as defined and further discussed in Note 10, “FINANCING ARRANGEMENTS”.

The unaudited pro forma financial information is not necessarily indicative of what the consolidated results of operations would have been, had the XIIDRA Acquisition been completed on January 1, 2022. In addition, the unaudited pro forma financial information is not a projection of future results of operations of the combined company nor does it reflect the expected realization of any synergies or cost savings associated with the acquisition.

Acquisition of Blink® Product Line

During July 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 OTC 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. The acquired assets consist of inventory and intangible assets. The intangible assets acquired and estimated useful lives consist of the following:

<i>(in millions)</i>	Fair Value	Estimated Useful Life (In Years)
Corporate brands	\$ 73	12
Product brands	12	10
Technology and other	6	9
Total Intangible assets	<u>\$ 91</u>	

Acquisition of AcuFocus, Inc.

During January 2023, Bausch + Lomb acquired AcuFocus, Inc., an ophthalmic medical device company, for an upfront payment of \$35 million, \$31 million of which was paid in January 2023, with the remaining purchase price paid during the 18 months following the date of the transaction. The acquisition of AcuFocus, Inc. 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.

As a result of this transaction, recorded within the Consolidated Balance Sheets are Intangible assets of \$28 million, Goodwill of \$2 million, other assets of \$11 million and liabilities of \$2 million.

4. RESTRUCTURING, INTEGRATION AND SEPARATION COSTS

Restructuring and integration costs

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

The Company incurred \$77 million, \$29 million and \$58 million of restructuring and integration-related costs during 2025, 2024 and 2023, respectively, which primarily consist of employee severance costs.

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 2025, 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, advisory fees and costs associated with facility

relocation and/or modification. Included in Selling, general and administrative for 2025, 2024 and 2023 are Separation-related costs of \$7 million, \$20 million and \$22 million, respectively.

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

5. FAIR VALUE MEASUREMENTS

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 as of:

<i>(in millions)</i>	December 31, 2025				December 31, 2024			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets:								
Cash equivalents	\$ 587	\$ 574	\$ 13	\$ —	\$ 567	\$ 557	\$ 10	\$ —
Restricted cash	\$ 16	\$ 16	\$ —	\$ —	\$ 20	\$ 20	\$ —	\$ —
Cross-currency swaps	\$ 5	\$ —	\$ 5	\$ —	\$ 6	\$ —	\$ 6	\$ —
Foreign currency exchange contracts	\$ 1	\$ —	\$ 1	\$ —	\$ 10	\$ —	\$ 10	\$ —
Liabilities:								
Acquisition-related contingent consideration	\$ 292	\$ —	\$ —	\$ 292	\$ 359	\$ —	\$ —	\$ 359
Cross-currency swaps	\$ 158	\$ —	\$ 158	\$ —	\$ 40	\$ —	\$ 40	\$ —
Foreign currency exchange contracts	\$ 5	\$ —	\$ 5	\$ —	\$ 5	\$ —	\$ 5	\$ —

Cash equivalents consist of highly liquid investments, primarily money market funds, with maturities of three months or less when purchased, and are reflected in the Consolidated Balance Sheets at carrying value, which approximates fair value due to their short-term nature. Cash, cash equivalents and restricted cash as presented in the Consolidated Balance Sheet as of December 31, 2025 includes \$397 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 operations, investing and financing activities of Bausch + Lomb, is expected to be retained by Bausch + Lomb entities and are generally not available to support the operations, investing and financing activities of other legal entities, including Bausch 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 during 2025 and 2024.

Cross-currency Swaps

Bausch + Lomb enters into cross-currency swaps to mitigate fluctuation in the value of a portion of its euro-denominated net investment in its consolidated financial statements from fluctuation in exchange rates. The euro-denominated net investment being hedged is Bausch + Lomb's investment in certain Bausch + Lomb euro-denominated subsidiaries. As of December 31, 2025, these swaps had an aggregate notional value of \$1,000 million.

The assets and liabilities associated with the Bausch + Lomb's cross-currency swaps as included in the Consolidated Balance Sheets as of December 31, 2025 and 2024 are as follows:

<i>(in millions)</i>	<u>2025</u>	<u>2024</u>
Other non-current liabilities	\$ (158)	\$ (40)
Prepaid expenses and other current assets	\$ 5	\$ 6
Net fair value	\$ (153)	\$ (34)

The following table presents the effect of hedging instruments on the Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income (Loss) for 2025 and 2024:

<i>(in millions)</i>	<u>2025</u>	<u>2024</u>
(Loss) gain recognized in Other comprehensive income (loss)	\$ (118)	\$ 50
Gain excluded from assessment of hedge effectiveness	\$ 10	\$ 13
Location of gain of excluded component	Interest Expense	

No portion of the cross-currency swaps were ineffective for 2025 and 2024. For 2025 and 2024, the Company received \$12 million and \$13 million, respectively, in interest settlements, which are reported as Investing activities in the Consolidated Statements of Cash Flows.

Foreign Currency Exchange Contracts

During 2025 and 2024, the Company entered into foreign currency exchange contracts. As of December 31, 2025, these contracts had an aggregate outstanding notional amount of \$648 million.

The assets and liabilities associated with the Company's foreign exchange contracts as included in the Consolidated Balance Sheets as of December 31, 2025 and 2024 are as follows:

<i>(in millions)</i>	<u>2025</u>	<u>2024</u>
Accrued and other current liabilities	\$ (5)	\$ (5)
Prepaid expenses and other current assets	\$ 1	\$ 10
Net fair value	\$ (4)	\$ 5

The following table presents the effect of the Company's foreign exchange contracts on the Consolidated Statements of Operations and the Consolidated Statements of Cash Flows for 2025 and 2024:

<i>(in millions)</i>	<u>2025</u>	<u>2024</u>
(Loss) gain related to changes in fair value	\$ (9)	\$ 8
(Loss) gain related to settlements	\$ (12)	\$ 2

Acquisition-related Contingent Consideration Obligations

The fair value measurement of contingent consideration obligations arising from business combinations is determined via a probability-weighted discounted cash flow analysis, using unobservable (Level 3) inputs. These inputs may include: (i) the estimated amount and timing of projected cash flows, (ii) the probability of the achievement of the factor(s) on which the contingency is based and (iii) the risk-adjusted discount rate used to present value the probability-weighted cash flows. Significant increases or decreases in any of those inputs in isolation could result in a significantly higher or lower fair value measurement. At December 31, 2025, the fair value measurements of acquisition-related contingent consideration were determined using risk-adjusted discount rates ranging from 6% to 16%, and a weighted average risk-adjusted discount rate of 8%. The weighted average risk-adjusted discount rate was calculated by weighting each contract's relative fair value at December 31, 2025.

The following table presents a reconciliation of contingent consideration obligations measured on a recurring basis using significant unobservable inputs (Level 3) for the years 2025 and 2024:

<i>(in millions)</i>	2025	2024
Beginning balance, January 1,	\$ 359	\$ 292
Adjustments to Acquisition-related contingent consideration:		
Accretion for the time value of money	\$ 26	\$ 20
Fair value adjustments due to changes in estimates of other future payments	(62)	(5)
Acquisition-related contingent consideration	(36)	15
Additions (Note 3)	3	89
Payments / Settlements	(34)	(37)
Ending balance, December 31,	292	359
Current portion	38	49
Non-current portion	<u>\$ 254</u>	<u>\$ 310</u>

Fair Value of Long-term Debt

The fair value of long-term debt as of December 31, 2025 and 2024 was \$19,626 million and \$18,243 million, respectively, and was estimated using the quoted market prices for the same or similar debt issuances (Level 2).

6. INVENTORIES

Inventories, net, as of December 31, 2025 and 2024 consist of:

<i>(in millions)</i>	2025	2024
Raw materials	\$ 564	\$ 540
Work in process	102	108
Finished goods	963	947
	<u>\$ 1,629</u>	<u>\$ 1,595</u>

7. PROPERTY, PLANT AND EQUIPMENT

The major components of property, plant and equipment as of December 31, 2025 and 2024 consist of:

<i>(in millions)</i>	2025	2024
Land	\$ 73	\$ 69
Buildings and improvements	962	817
Machinery and equipment	2,386	2,071
Other equipment and leasehold improvements	396	362
Equipment on operating lease	112	97
Construction in progress	569	508
	4,498	3,924
Accumulated depreciation	(2,424)	(2,144)
	<u>\$ 2,074</u>	<u>\$ 1,780</u>

Depreciation expense was \$207 million, \$190 million and \$187 million for 2025, 2024 and 2023, respectively.

8. INTANGIBLE ASSETS AND GOODWILL

Intangible Assets

The major components of intangible assets as of December 31, 2025 and 2024 consist of:

(in millions)	Weighted-Average Remaining Useful Lives (Years)	2025			2024		
		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	2	\$ 22,534	\$ (19,981)	\$ 2,553	\$ 22,446	\$ (19,026)	\$ 3,420
Corporate brands	5	1,003	(789)	214	988	(701)	287
Product rights/patents	5	3,271	(3,253)	18	3,255	(3,224)	31
Partner relationships, technology and other	6	445	(385)	60	370	(355)	15
Total finite-lived intangible assets		27,253	(24,408)	2,845	27,059	(23,306)	3,753
Acquired IPR&D	NA	100	—	100	100	—	100
B&L Trademark	NA	1,698	—	1,698	1,698	—	1,698
		<u>\$ 29,051</u>	<u>\$ (24,408)</u>	<u>\$ 4,643</u>	<u>\$ 28,857</u>	<u>\$ (23,306)</u>	<u>\$ 5,551</u>

Long-lived assets with finite lives are tested for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment charges associated with these assets are included in Asset impairments in the Consolidated 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 in 2025 and 2024 were \$5 million and \$24 million, respectively, and primarily related to lower forecasted sales and the discontinuance of certain product brands. Asset impairments in 2023 were \$54 million, and primarily related to: (i) \$37 million related to the Company's Uceris® Foam product, as discussed below, (ii) \$8 million, in aggregate, attributable to certain trade names no longer in use and (iii) \$9 million related to the discontinuance of certain product lines.

In the second quarter of 2023, the FDA approved an Abbreviated New Drug Application ("ANDA") submitted by a competitor for a budesonide (a steroid (cortisone-like) medicine) foam to help treat mild to moderate active ulcerative colitis. This product, which began to be sold by the competitor in the second quarter of 2023, is a generic version of the Company's Uceris® Foam product. During the second quarter of 2023, the Company revised its long-term outlook for the Uceris® Foam product to reflect the entrant of this, and potentially other, generic competitors. As a result, the Company recognized an impairment of \$37 million to reduce the carrying value of the Uceris® Foam product related intangible assets to their estimated fair value. The Uceris® Foam product related intangible assets had no remaining carrying value as of December 31, 2023.

Xifaxan® intangible assets had a carrying value of \$1,077 million and an estimated remaining useful life of 24 months as of December 31, 2025. The Company has filed lawsuits against third-party generic manufacturers that have sent the Company Notices of Paragraph IV Certification for Xifaxan®. See "Xifaxan® Paragraph IV Proceedings" of Note 21, "LEGAL PROCEEDINGS".

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

The other impairments and adjustments to finite-lived intangible assets are measured as the difference of the historical carrying value of these finite-lived assets as compared to the estimated fair value as determined using a discounted cash flow analysis using Level 3 unobservable inputs.

Periodically, the Company's products face the expiration of their patent or regulatory exclusivity. The Company anticipates that product sales for such products would decrease shortly following a loss of exclusivity ("LOE"), due to the possible entry of a generic competitor. Where the Company has the rights, it may elect to launch an authorized generic of such product (either as the Company's own branded generic or through a third-party). This may occur 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 could still be significant, and the effect on future revenues could be material.

Management continually assesses the useful lives related to the Company's long-lived assets to reflect the most current assumptions.

Estimated amortization expense of finite-lived intangible assets for the five years ending December 31 and thereafter are as follows:

<i>(in millions)</i>	2026	2027	2028	2029	2030	Thereafter	Total
Amortization	\$ 913	\$ 847	\$ 245	\$ 229	\$ 224	\$ 387	\$ 2,845

Goodwill

The changes in the carrying amounts of goodwill during the years ended December 31, 2025 and 2024 were as follows:

<i>(in millions)</i>	Salix	International	Solta Medical	Diversified	Bausch + Lomb	Total
Balance, January 1, 2024	\$ 3,159	\$ 862	\$ 115	\$ 1,733	\$ 5,314	\$ 11,183
Additions	—	—	—	—	29	29
Foreign exchange and other	—	(70)	—	26	(81)	(125)
Balance, December 31, 2024	3,159	792	115	1,759	5,262	11,087
Additions	—	—	22	—	97	119
Impairment	—	—	—	(145)	—	(145)
Goodwill reclassified to assets held for sale	—	(4)	—	—	—	(4)
Foreign exchange and other	—	109	—	(33)	138	214
Balance, December 31, 2025	<u>\$ 3,159</u>	<u>\$ 897</u>	<u>\$ 137</u>	<u>\$ 1,581</u>	<u>\$ 5,497</u>	<u>\$ 11,271</u>

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

The fair value of a reporting unit refers to the price that would be received to sell the unit as a whole in an orderly transaction between market participants. The Company estimates the fair values 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, the Dermatology reporting unit had remaining goodwill of \$329 million.

Neuroscience

Through the nine months ended September 30, 2023, the Neuroscience (formerly 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 Neuroscience 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 Neuroscience 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 Neuroscience reporting unit utilized the most recent cash flow projections for the Neuroscience 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 Neuroscience 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, the Neuroscience reporting unit had remaining goodwill of \$1,192 million. During 2024, no facts or circumstances were identified which would indicate that additional fair value quantitative testing was necessary.

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 expected these dynamics to intensify in the future, and as such 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, the Generics reporting unit had remaining goodwill of \$227 million.

International

The quantitative fair value test for the International reporting unit utilized the most recent cash flow projections for the reporting unit as revised in the fourth quarter of 2023 which reflected current market conditions and current trends in business performance. The quantitative assessment utilized a long-term growth rate of 3.0% and discount rate of 12.75%, in the estimation of the fair value of the reporting unit. After completing the testing, the fair value of the reporting unit exceeded its carrying value by more than 75%, and, therefore, there was no impairment to goodwill.

Bausch + Lomb Reporting Units

The annual goodwill impairment test for the Vision Care, Surgical and Pharmaceuticals reporting units of Bausch + Lomb was conducted as of October 1, 2023 by performing a quantitative assessment for each of the reporting units. The quantitative assessment utilized long-term growth rates of 2.0% and 3.0% and discount rates ranging from 10.25% and 11.50%, in estimation of the fair value of the reporting units. After completing the testing, the fair value of each of these reporting units exceeded its respective carrying value by more than 25%, and, therefore, there was no impairment to goodwill.

2024 Interim Impairment Testing

During the period January 1, 2024 through September 30, 2024, the Company continued to monitor the market conditions and trends in business performance for all its 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.

2024 Annual Impairment Test

The Company performed its annual goodwill impairment test as of October 1, 2024. Given the market conditions and trends in business performance of the Generics and Dermatology reporting units and there being no headroom resulting from the previous quantitative assessments for these reporting units, the Company elected to perform separate quantitative fair value tests. For the Company's remaining reporting units, the Company conducted its annual goodwill impairment test as of October 1, 2024, by first assessing qualitative factors. Based on its qualitative assessment as of October 1, 2024, 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 the remaining reporting units was not required.

Generics

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 2024 to reflect existing market conditions and trends in business performance. The quantitative assessment utilized a long-term growth rate of 1.0% and a discount rate of 8.50% in the estimation of the reporting unit's fair value. After completing the testing, the fair value of the Generics reporting unit exceeded its carrying value by approximately 50%, and therefore, there was no impairment to goodwill. As of December 31, 2024, the Generics reporting unit had remaining goodwill of \$227 million.

Dermatology

The quantitative fair value test for the Dermatology reporting unit utilized the most recent cash flow projections for the reporting unit as revised in the fourth quarter of 2024 to reflect existing market conditions and trends in business performance. The quantitative assessment utilized a long-term growth rate of 0% and a discount rate of 9.50% in the estimation of the reporting unit's fair value. After completing the testing, the fair value of the Dermatology reporting unit exceeded its carrying value by more than 50%, and, therefore, there was no impairment to goodwill. As of December 31, 2024, the Dermatology reporting unit had remaining goodwill of \$329 million.

December 31, 2024

During the period October 1, 2024 through December 31, 2024, the Company continued to monitor the market conditions and trends in business performance for all its 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.

June 30, 2025 Interim Assessment

As part of its interim goodwill impairment assessment, the Company considered among other matters, the decline in the market capitalization of Bausch + Lomb during the period October 1, 2024 through June 30, 2025. This decline was primarily in response to the overall volatility within the global equity markets. However, at June 30, 2025, after considering the length and lack of recovery from this decline in market capitalization, in comparison to the performance of the overall equity markets was sufficient to suggest that the decline in market capitalization could be an indicator that the fair value of a reporting unit or units of its Bausch + Lomb segment could be less than their carrying amounts.

The quantitative fair value tests utilized Bausch + Lomb's most recent cash flow projections for each of its reporting units which reflected current market conditions and current trends in business performance. The quantitative assessment utilized a long-term growth rate of 3.0% and discount rates ranging from 10.00% to 11.50%, in estimation of the fair value of the reporting units. After completing the testing, the fair value of each of these reporting units exceeded its carrying value by more than 25%, and, therefore, there was no impairment to goodwill.

2025 Interim Impairment Testing

Except for the Bausch + Lomb reporting unit as noted above, during the period January 1, 2025 through September 30, 2025, the Company continued to monitor the market conditions and trends in business performance for all its remaining 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.

2025 Annual Impairment Test

The Company performed its annual goodwill impairment test as of October 1, 2025. Given the current market conditions and trends in business performance of the Salix, Neuroscience and Generics reporting units and there being limited or no headroom resulting from the previous quantitative assessments for these reporting units, the Company elected to perform separate quantitative fair value tests for each of these reporting units. For the Company's remaining reporting units, the Company conducted its annual goodwill impairment test as of October 1, 2025, by first assessing qualitative factors. Based on its qualitative assessment as of October 1, 2025, 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 the remaining reporting units was not required.

Salix

The quantitative fair value test for the Salix reporting unit utilized the most recent cash flow projections for the reporting unit as revised in the fourth quarter of 2025 to reflect current market conditions and current trends in business performance. The quantitative assessment utilized a long-term growth rate of 2.50% and a discount rate of 9.75% in the estimation of the reporting unit's fair value. After completing the testing, the fair value of the Salix reporting unit exceeded its carrying value and therefore, there was no impairment to goodwill. As of December 31, 2025, the Salix reporting unit had remaining goodwill of \$3,159 million.

In January 2026, the Company received the results for the double-blind Phase 3 clinical trials for two global clinical programs evaluating its rifaximin soluble solid dispersion formulation, designed to prevent overt hepatic encephalopathy and related complications in patients with early-stage liver cirrhosis ("RED-C"). While safe and well-tolerated, both clinical trials failed to achieve their primary endpoints. The Company's forecasts as of October 1, 2025 used in the quantitative fair value testing discussed above, included probability weighted cash flows associated with the RED-C product. The Company performed a preliminary quantitative goodwill analysis as of January 22, 2026 using revised

forecasts, an updated discount rate, and a new long-term growth rate that reflect the impact of the Phase 3 clinical trial results. The Company anticipates recognizing an impairment charge to the goodwill of the Salix reporting unit of approximately \$1,400 million in the first quarter of 2026.

Neuroscience

The quantitative fair value test for the Neuroscience reporting unit utilized the most recent cash flow projections for the reporting unit as revised in the fourth quarter of 2025 to reflect current market conditions and current trends in business performance. The quantitative assessment utilized a long-term growth rate of -2.50% and a discount rate of 9.75% in the estimation of the reporting unit's fair value. After completing the testing, the fair value of the Neuroscience reporting unit exceeded its carrying value by approximately 100%, and therefore, there was no impairment to goodwill. As of December 31, 2025, the Neuroscience reporting unit had remaining goodwill of \$1,170 million.

Generics

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 2025 to reflect shifting market dynamics which have led to increased competition within the generic pharmaceuticals market, affecting both pricing and potential market share. The Company expects these dynamics to intensify in the future and has therefore revised its long-term forecasts, including for the sale of Company branded products upon loss of exclusivity, to reflect these developments. The quantitative assessment utilized a discount rate of 8.75% 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, 2025, and the Company recognized a goodwill impairment of \$145 million. As of December 31, 2025, the Generics reporting unit had remaining goodwill of \$82 million.

December 31, 2025

During the period October 1, 2025 through December 31, 2025, the Company continued to monitor the market conditions and trends in business performance for all its 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.

Accumulated goodwill impairment charges through December 31, 2025 were \$5,642 million.

9. ACCRUED AND OTHER CURRENT LIABILITIES

Accrued and other current liabilities as of December 31, 2025 and 2024 consist of:

<i>(in millions)</i>	2025	2024
Product rebates	\$ 1,321	\$ 1,385
Employee compensation and benefit costs	385	348
Product returns	348	372
Interest	253	217
Legal matters and related fees	178	332
Income taxes payable	38	63
Other	821	772
	<u>\$ 3,344</u>	<u>\$ 3,489</u>

10. FINANCING ARRANGEMENTS

Principal amounts of debt obligations and principal amounts of debt obligations net of premiums, discounts and issuance costs as of December 31, 2025 and 2024 consists of the following:

(in millions)	Maturity	2025		2024	
		Principal Amount	Net of Premiums, Discounts and Issuance Costs	Principal Amount	Net of Premiums, Discounts and Issuance Costs
Senior Secured Credit Facilities:					
<i>2022 Amended Credit Agreement</i>					
2027 Revolving Credit Facility	February 2027	\$ —	\$ —	\$ —	\$ —
February 2027 Term Loan B Facility	February 2027	—	—	2,187	2,166
<i>2025 Credit Agreement</i>					
2030 Revolving Credit Facility	April 2030	—	—	—	—
2030 Term Loan B Facility	October 2030	2,985	2,869	—	—
AR Credit Facility	January 2028	—	—	300	300
<i>B+L Credit Facilities</i>					
B+L Revolving Credit Facility	May 2027	—	—	110	110
B+L May 2027 Term Loan B Facility	May 2027	—	—	2,437	2,412
B+L May 2027 Incremental Term Loan B Facility	May 2027	—	—	400	396
B+L September 2028 Term Loan B Facility	September 2028	489	483	494	486
B+L 2030 Revolving Credit Facility	June 2030	100	100	—	—
B+L January 2031 Term Loan B Facility	January 2031	2,313	2,286	—	—
Senior Secured Notes:					
5.500% Secured Notes	November 2025	—	—	1,680	1,678
6.125% Secured Notes	February 2027	—	—	1,000	993
5.750% Secured Notes	August 2027	—	—	500	498
4.875% Secured Notes	June 2028	803	799	1,600	1,589
11.00% First Lien Secured Notes	September 2028	888	1,155	1,774	2,481
14.00% Second Lien Secured Notes	October 2030	352	578	352	622
10.00% Secured Notes	April 2032	6,000	6,284	—	—
B+L Senior Secured Notes:					
B+L 8.375% Secured Notes	October 2028	1,400	1,387	1,400	1,382
B+L January 2031 Senior Secured Notes	January 2031	792	781	—	—
9.00% Intermediate Holdco Secured Notes	January 2028	—	—	999	1,279
Senior Unsecured Notes:					
9.000%	December 2025	—	—	535	533
9.250%	April 2026	—	—	602	601
8.500%	January 2027	643	643	643	643
7.000%	January 2028	171	171	171	171
5.000%	January 2028	433	432	433	431
6.250%	February 2029	821	817	821	816
5.000%	February 2029	452	450	452	449
7.250%	May 2029	336	335	336	335
5.250%	January 2030	779	775	779	774
5.250%	February 2031	463	460	463	459
Other	Various	12	12	12	12
Total long-term debt and other		<u>\$ 20,232</u>	<u>20,817</u>	<u>\$ 20,480</u>	<u>21,616</u>
Less: Current portion of long-term debt and other			225		2,674
Non-current portion of long-term debt			<u>\$ 20,592</u>		<u>\$ 18,942</u>

Covenant Compliance

The 2025 Senior Secured Credit Facilities (as defined below), the B+L Senior Secured Credit Facilities (as defined below), the indentures that govern the Existing Senior Secured Notes (as defined below), the indenture that governs the 2032 Senior Secured Notes (as defined below) (collectively with the Existing Senior Secured Notes, the “Senior Secured Notes”), the indentures that govern the B+L Senior Secured Notes (as defined below), and the indentures that govern the Senior Unsecured Notes (as defined below) contain (or contained) customary affirmative and negative covenants and specified events of default. These affirmative and negative covenants include (or included), among other things, and subject to certain qualifications and exceptions, covenants that restrict the Company’s ability and the ability of certain 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 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. The 2027 Revolving Credit Facility (as defined below) also contained a financial covenant. The 2030 Revolving Credit Facility (as defined below) contains financial covenants.

As of December 31, 2025, the Company was in compliance with its covenants 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.

April 2025 Refinancing Transactions

On April 8, 2025, the Company closed a series of transactions whereby an indirect wholly-owned subsidiary of the Company, 1261229 B.C. Ltd., a company incorporated under the laws of British Columbia, Canada (“126NumberCo”): (i) entered into a credit agreement which provides for new senior secured credit facilities (the “2025 Credit Agreement”) consisting of a five-year senior secured revolving credit facility in an amount of \$500 million due April 8, 2030 (the “2030 Revolving Credit Facility”) and a \$3,000 million 5.5-year senior secured term loan B facility due October 8, 2030 (the “2030 Term Loan B Facility”, and together with the 2030 Revolving Credit Facility, the “2025 Senior Secured Credit Facilities”) and (ii) issued \$4,400 million aggregate principal amount of 10.00% senior secured notes due April 15, 2032 (the “2032 Senior Secured Notes”) (the “April 2025 Refinancing Transactions”).

The proceeds from the April 2025 Refinancing Transactions were used: (i) to repay in full and terminate the February 2027 Term Loan B Facility (as defined below), (ii) to redeem certain of the Company’s senior notes issued prior to 2025 (the “Existing Senior Notes”) and all 9.00% Intermediate Holdco Secured Notes (as defined below) listed in the table below (collectively, the “Redeemed Notes”), (iii) to pay related fees, premiums and expenses and (iv) for general corporate purposes.

The aggregate principal amounts of the February 2027 Term Loan B Facility repaid in full and terminated and the Redeemed Notes redeemed in connection with the April 2025 Refinancing Transactions are set forth below:

<i>(in millions)</i>	Principal Amount
February 2027 Term Loan B Facility	\$ 2,156
5.50% Senior Secured Notes due 2025	1,680
6.125% Senior Secured Notes due 2027	1,000
5.75% Senior Secured Notes due 2027	500
9.00% Intermediate Holdco Secured Notes due 2028	999
9.00% Senior Unsecured Notes due 2025	535
Total	\$ 6,870

December 2025 Exchange

On December 26, 2025, the Company and 126NumberCo completed offers to exchange (the “December 2025 Exchange”) \$797 million aggregate principal amount of 4.875% Senior Secured Notes due in 2028 (the “June 2028 Senior Secured Notes”) and \$886 million aggregate principal amount of 11.00% First Lien Secured Notes due in 2028 (the “11.00% First Lien Secured Notes”) (collectively, the “Exchanged December 2025 Notes”), for \$1,600 million in aggregate principal amount of new 10.00% Senior Secured Notes due April 2032, which form a single series with the 2032 Senior Secured Notes issued in April 2025. In connection with the December 2025 Exchange, 26,495,472 common shares of Bausch + Lomb were transferred to 126NumberCo, which owns, in the aggregate, 211,963,893 common shares of Bausch + Lomb

following such transfer. 126Number Co is a non-guarantor restricted subsidiary under the indentures that govern the Company's senior notes issued prior to 2025 (the "Existing Senior Notes").

The Company performed an assessment of the December 2025 Exchange and determined that it did not meet the criteria to be accounted for as a troubled debt restructuring under ASC 470-60. The December 2025 Exchange was accounted for as a modification of debt, and accordingly the unamortized premium associated with the exchanged 11.00% First Lien Secured Notes will now be amortized over the remaining term of the newly issued 2032 Senior Secured Notes.

Accounts Receivable Credit Facility Termination

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 provided for a maximum amount of up to \$600 million, subject to certain borrowing base tests. On October 27, 2025, the outstanding amount of \$300 million was repaid using cash on hand and the AR Credit Facility was terminated.

Bridge Facility Commitment Termination

On February 11, 2025, 126NumberCo entered into a commitment whereby a third-party lender agreed to provide a senior secured bridge loan facility in an aggregate principal amount of up to \$700 million, subject to customary conditions and limitations, including based on the value of the collateral (the "Bridge Facility Commitment"). In connection with the April 2025 Refinancing Transactions, on April 8, 2025, 126NumberCo terminated the Bridge Facility Commitment.

Credit Facilities

2022 Senior Secured Credit Facilities

On June 1, 2018, the Company and certain of its subsidiaries as guarantors entered into a Restatement Agreement to amend its then existing credit agreement pursuant to the Fourth Amended & Restated Credit and Guaranty Agreement, as further amended by the First Incremental Amendment to the Fourth Amended & Restated Credit and Guaranty Agreement, dated as of November 27, 2018.

On May 10, 2022, the Company and certain of its subsidiaries as guarantors entered into a Second Amendment to the Fourth Amended & Restated Credit and Guaranty Agreement (the "2022 Amended Credit Agreement"). The 2022 Amended Credit Agreement provided for a revolving credit facility of \$975 million (the "2027 Revolving Credit Facility") and term loan facilities of original principal amounts of \$2,500 million (the "February 2027 Term Loan B Facility" and together with the 2027 Revolving Credit Facility, the "Existing Senior Secured Credit Facilities").

During April 2025, the February 2027 Term Loan B Facility was repaid in full, and the Existing Senior Secured Credit Facilities were terminated, in connection with the April 2025 Refinancing Transactions as described above.

The termination of the 2022 Amended Credit Agreement was accounted for as a modification of debt, to the extent the Existing Senior Secured Credit Facilities were replaced with newly issued debt to the same creditor and the present value of the cash flows of the new debt did not exceed 10% when compared to the original debt terms, and as an extinguishment of debt if: (i) the Existing Senior Secured Credit Facilities were replaced with newly issued debt to a different creditor or in the case of newly issued debt to the same creditor and the present value of the cash flows of the new debt exceeds 10% when compared to the original debt terms or (ii) the borrowing capacity declined when issuing the 2030 Revolving Credit Facility.

2025 Senior Secured Credit Facilities

Loans under the 2025 Credit Agreement are: (i) secured, subject to customary limitations, by a first priority lien on substantially all of the assets of 126NumberCo, including a pledge of 211,963,893 common shares of Bausch + Lomb owned by 126NumberCo (the "Bausch + Lomb Share Collateral") and (ii) jointly and severally guaranteed by (x) the Company and subsidiaries of the Company that guaranteed the Existing Senior Secured Credit Facilities (the "BHC Existing Credit Agreement Guarantors"), with such guarantees secured by the assets of such guarantors, subject to customary limitations, by a first-priority lien that ranks pari passu with the liens securing the Existing Senior Secured Notes and the 2032 Senior Secured Notes and (y) certain subsidiaries that are not BHC Existing Credit Agreement Guarantors, including 1530065 B.C. Ltd. ("153NumberCo") and each subsidiary of 153NumberCo other than Bausch + Lomb and its subsidiaries (the "NumberCo Loan Guarantors", and together with the BHC Existing Credit Agreement Guarantors, the "Loan Guarantors"), with such guarantees secured by the assets of the NumberCo Loan Guarantors (including the Bausch + Lomb

Share Collateral), subject to customary limitations, by a first-priority lien that ranks pari passu with the liens securing the 2032 Senior Secured Notes.

The 2030 Term Loan B Facility will mature on October 8, 2030. The amortization rate for the 2030 Term Loan B Facility is 1.00% per annum, or \$30 million, payable in quarterly installments beginning on September 30, 2025. 126NumberCo may direct that prepayments be applied to such amortization payments in order of maturity. Aggregate mandatory quarterly amortization payments for the 2030 Term Loan B Facility will be \$143 million through October 2030.

Borrowings under the 2030 Term Loan B Facility bear interest, with respect to U.S. dollar borrowings, based on 126NumberCo's election of either (1) an alternate base rate equal to the highest of: (i) the prime rate then in effect, (ii) the greater of the Federal Funds Effective Rate and the overnight bank funding rate (each subject to a 0% floor), plus 0.500% and (iii) the Adjusted Term SOFR Rate (as defined in the 2025 Credit Agreement) for a one-month interest period, plus 1.000%, subject to a 1.000% floor, plus the Applicable Rate (as defined in the 2025 Credit Agreement) or (2) the Adjusted Term SOFR Rate for the applicable interest period, subject to a 0% floor, plus the Applicable Rate. The Applicable Rate in connection with a borrowing under the 2030 Term Loan B Facility is 5.25% per annum for alternate base rate borrowings and 6.25% per annum for Adjusted Term SOFR Rate borrowings.

The 2030 Revolving Credit Facility will mature on the earlier of April 8, 2030 and the date that is 91 calendar days prior to the scheduled maturity of indebtedness for borrowed money of the Company or 126NumberCo in an aggregate principal amount in excess of \$1,000 million. Borrowings under the 2030 Revolving Credit Facility can be made in U.S. dollars, Canadian dollars or euros. As of December 31, 2025, the Company had no outstanding borrowings and had \$32 million of issued and outstanding letters of credit on the 2030 Revolving Credit Facility.

Borrowings under the 2030 Revolving Credit Facility bear interest, with respect to U.S. dollar borrowings, based on 126NumberCo's election of either (1) an alternate base rate equal to the highest of: (i) the prime rate then in effect, (ii) the greater of the Federal Funds Effective Rate and the overnight bank funding rate (each subject to a 0% floor), plus 0.500% and (iii) the Adjusted Term SOFR Rate for a one-month interest period (subject to a 0% floor) plus 1.000%, plus the Applicable Rate or (2) the Adjusted Term SOFR Rate for the applicable interest period (subject to a 0% floor), plus the Applicable Rate.

Borrowings under the 2030 Revolving Credit Facility bear interest, with respect to Canadian Dollar borrowings, based on 126NumberCo's election of either (1) the Canadian Overnight Repo Rate Average ("Term CORRA") plus 0.29547% for a one month interest period or 0.32138% for a three-month interest period (subject to a 0% floor), plus the Applicable Rate or (2) a rate equal to the highest of: (i) the Canadian prime rate then in effect and (ii) the annual rate of interest equal to the sum of the (x) Term CORRA rate plus 0.29547% and (y) 1.00% (each subject to a 1.00% floor), plus the Applicable Rate.

Borrowings under the 2030 Revolving Credit Facility bear interest, with respect to Euro borrowings, based on the Adjusted EURIBOR Screen Rate (as defined in the 2025 Credit Agreement), subject to a 0% floor, for any applicable interest period plus the Applicable Rate.

The Applicable Rate with respect to the 2030 Revolving Credit Facility in connection with alternate base rate borrowings, Canadian prime rate loans and swingline loans is 3.25% and in connection with Adjusted Term SOFR Rate, Adjusted EURIBOR Rate and Adjusted Term CORRA Rate (each as defined in the 2025 Credit Agreement) loans is 4.25%; provided that, in connection with any borrowing, the Applicable Rate is subject to two 0.250% step-downs subject to compliance with a Blended First Lien Leverage Ratio (as defined in the 2025 Credit Agreement) of equal to or less than 2.6:1.00 and equal to or less than 2.1:1.00, respectively. In addition, 126NumberCo is required to pay commitment fees of 0.50% per annum in respect of the unutilized commitments (but in the case of swingline loans, whether utilized or unutilized) under the 2030 Revolving Credit Facility, payable quarterly in arrears, subject to two 0.125% step-downs subject to compliance with a Blended First Lien Leverage Ratio of equal to or less than 2.6:1.00 and equal to or less than 2.1:1.00, respectively. 126NumberCo 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 Rate in connection with Adjusted Term SOFR Rate loans, Adjusted EURIBOR Rate loans and Adjusted Term CORRA Rate loans under the 2030 Revolving Credit Facility on a per annum basis, payable quarterly in arrears, as well as customary fronting fees (not to exceed 0.125% per annum) for the issuance of letters of credit and agency fees.

126NumberCo is permitted to voluntarily prepay outstanding loans under the 2030 Term Loan B Facility, in whole or in part, without premium or penalty subject to customary "breakage" costs. The 2030 Term Loan B Facility includes a 100% net cash proceeds sweep, on a pro rata basis with obligations under the 2032 Senior Secured Notes, in connection with (i) the receipt of net cash proceeds from the sale or disposition of Bausch + Lomb Share Collateral, (ii) the receipt of any dividends, distributions or other amounts on account of such Bausch + Lomb Share Collateral if such amounts received exceed \$50 million, (iii) incurrence of indebtedness that is not otherwise permitted, (iv) certain asset sales or other

dispositions of any property of the Company or its restricted subsidiaries and certain casualty or condemnation events in each case, in excess of \$100 million in any fiscal year (subject to reinvestment rights and with any prepayments to be shared ratably with the 11.00% First Lien Secured Notes due September 2028, the 4.875% First Lien Secured Notes due June 2028 and the 2032 Senior Secured Notes) and (v) cash of 126NumberCo from payments under certain intercompany obligations after funding principal and interest payments (including for the subsequent six months) under the 2025 Credit Agreement and the 2032 Senior Secured Notes.

The 2025 Credit Agreement provided for an accordion feature that allowed 126NumberCo, prior to December 31, 2025, to incur incremental equivalent debt in an aggregate amount not to exceed \$1,600 million. The incurrence of such incremental term loan facilities or incremental equivalent debt was subject to certain conditions, including that a specified amount of Bausch + Lomb shares are added to the Bausch + Lomb Share Collateral based on the amount of such incremental term loan facilities or incremental equivalent debt incurred. Pursuant to the December 2025 Exchange described above, 126NumberCo issued \$1,600 million of such incremental equivalent debt in the form of new 2032 Senior Secured Notes. In addition, the Company, 126NumberCo and the guarantors are permitted to incur junior indebtedness in an amount such that after giving effect to the incurrence of any such debt, the Company would be in compliance, on a pro forma basis after giving effect to such incurrence of such indebtedness, with either a (i) Fixed Charge Coverage Ratio (as defined in the 2025 Credit Agreement) that is no less than 2.00 to 1.00 or (ii) Total Leverage Ratio (as defined in the 2025 Credit Agreement) that is no greater than 6.50 to 1.00, provided that, in each case, the terms of such junior indebtedness are not materially more favorable than the terms of the 2025 Senior Secured Credit Facilities, the weighted average life to maturity of such junior indebtedness is not shorter than the remaining weighted average life to maturity of any term loans outstanding, and the final maturity date of such junior indebtedness is no earlier than 91 days after the Latest Maturity Date (as defined in the 2025 Credit Agreement) then in effect.

The 2030 Revolving Credit Facility contains financial maintenance covenants that require the Company to maintain (1) a Blended First Lien Leverage Ratio of not greater than (i) 4.25:1.00, prior to the Covenant Step Up Date (as defined in the 2025 Credit Agreement) and (ii) 5.75:1.00 on and after such date and (2) minimum liquidity of not less than \$400 million on and after the Covenant Step Up Date.

Bausch + Lomb Senior Secured Credit Facilities

On May 10, 2022, Bausch + Lomb entered into a credit agreement (the “B+L Original Credit Agreement”), providing 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 May 2027 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 “B+L September 2023 Credit Facility Amendment”) to the B+L Original 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”).

On November 1, 2024, Bausch + Lomb entered into an additional incremental term loan facility secured on a pari passu basis with its existing B+L May 2027 Term Loan B Facility and B+L September 2028 Term Loan B Facility. This incremental term loan facility was entered into in the form of an incremental amendment (the “B+L November 2024 Credit Facility Amendment”) to the B+L Original Credit Agreement and consisted of borrowing \$400 million of new term loans with a maturity of May 2027 (the “B+L May 2027 Incremental Term Loan B Facility”).

The B+L May 2027 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 May 2027 Revolving Credit Facility are not available to fund the operations, investing and financing activities of any other subsidiaries of Bausch Health.

Bausch + Lomb 2025 Refinancing Activity

On June 26, 2025, Bausch + Lomb entered into a third amendment to its credit agreement (the “B+L 2025 Credit Facility Amendment”; the B+L Original Credit Agreement, as amended by the B+L September 2023 Credit Facility Amendment, the B+L November 2024 Credit Facility Amendment and the B+L 2025 Credit Facility Amendment, the “B+L Amended Credit Agreement”), whereby Bausch + Lomb entered into an \$800 million revolving credit facility maturing June 26, 2030 (subject to customary “springing” maturity provisions) (the “B+L 2030 Revolving Credit Facility”) and a new \$2,325 million term B loan facility maturing January 15, 2031 (the “B+L January 2031 Term Loan B Facility”, and together with the B+L September 2028 Term Loan B Facility, the “B+L Term Facilities”; the B+L Term Facilities, together with the B+L 2030 Revolving Credit Facility, the “B+L Senior Secured Credit Facilities”). The net proceeds from the B+L January 2031 Senior Secured Notes offering (as described below) and the B+L January 2031 Term Loan B Facility were used by

Bausch + Lomb to: (i) repay in full borrowings under the B+L May 2027 Revolving Credit Facility, (ii) refinance, in full, its outstanding term loans due 2027 and (iii) pay related fees and expenses (these transactions together, the “B+L 2025 Refinancing Activity”).

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 Term Facilities are denominated in U.S. dollars, and borrowings under the B+L 2030 Revolving Credit Facility can be made in U.S. dollars, euros, pounds sterling and Canadian dollars. As of December 31, 2025, the principal amounts outstanding under the B+L September 2028 Term Loan B Facility and the B+L January 2031 Term Loan B Facility were \$489 million and \$2,313 million, respectively. As of December 31, 2025, Bausch + Lomb had \$100 million of outstanding borrowings, \$36 million of issued and outstanding letters of credit and remaining availability, subject to certain customary conditions, of \$664 million under its B+L 2030 Revolving Credit Facility.

Borrowings under the B+L 2030 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 bear interest at a rate per annum equal to, at Bausch + Lomb’s option, either: (a) a term Canadian Overnight Repo Rate Average (“CORRA”)-based rate or (b) a Canadian dollar prime rate, (iii) euros bear interest at a rate per annum equal to the Euro Interbank Offered Rate (“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, term CORRA-based rate, EURIBOR and SONIA shall be no less than 0.00% per annum at any time and the U.S. dollar base rate and the Canadian dollar prime rate shall be no less than 1.00% per annum at any time), in each case, plus the Applicable Rate (as defined in the B+L Amended Credit Agreement). Term SOFR-based borrowings under the B+L 2030 Revolving Credit Facility are not subject to any credit spread adjustment.

The Applicable Rate under the B+L 2030 Revolving Credit Facility is between 0.75% to 1.75% with respect to U.S. dollar base rate or Canadian dollar prime rate borrowings and between 1.75% to 2.75% with respect to SOFR, CORRA, EURIBOR or SONIA borrowings based on Bausch + Lomb’s total net leverage ratio. 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 2030 Revolving Credit Facility, 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 2030 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 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 Loan B 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 December 31, 2025 was 7.72% per annum.

Borrowings under the B+L January 2031 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 4.25%, or (ii) a U.S. dollar base rate, plus an applicable margin of 3.25% (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 January 2031 Term Loan B Facility are not subject to any credit spread adjustment. The stated rate of interest under the B+L January 2031 Term Loan B Facility as of December 31, 2025 was 7.97% 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 Term 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, decrease based on leverage ratios and a 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 a net proceeds threshold). These mandatory prepayments may be used to satisfy future amortization.

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 December 31, 2025, the remaining mandatory quarterly amortization payments for the B+L September 2028 Term Loan B Facility were \$13 million through June 2028, with the remaining term loan balance being due in September 2028.

The amortization rate for the B+L January 2031 Term Loan B Facility is 1.00% per annum, or \$23 million, payable in quarterly installments, with the first installment to be paid on September 30, 2025. Bausch + Lomb may direct that prepayments be applied to such amortization payments in order of maturity. As of December 31, 2025, the remaining mandatory quarterly amortization payments for the B+L January 2031 Term Loan B Facility are \$116 million through December 2030, with the remaining term loan balance being due in January 2031.

Senior Secured Notes

2032 Senior Secured Notes

The 2032 Senior Secured Notes have a stated interest rate of 10.00%, payable semi-annually in arrears on each of April 15 and October 15. The 2032 Senior Secured Notes are: (i) secured, subject to customary limitations, by a first priority lien on substantially all of the assets of 126NumberCo, including the Bausch + Lomb Share Collateral and (ii) jointly and severally guaranteed by (x) the Company and subsidiaries of the Company that guarantee the Existing Senior Notes (the “BHC Existing Note Guarantors”), with such guarantees secured by the assets of such guarantors, subject to customary limitations, by a first-priority lien that ranks *pari passu* with the liens securing the Existing Senior Secured Notes (as defined below) and the 2025 Credit Agreement and (y) certain subsidiaries of the Company that do not guarantee the Existing Senior Notes (the “NumberCo Note Guarantors”), with such guarantees secured by the assets of the NumberCo Note Guarantors (including the Bausch + Lomb Share Collateral), subject to customary limitations, by a first-priority lien that ranks *pari passu* with the liens securing the 2025 Credit Agreement.

The 2032 Senior Secured Notes are redeemable at the option of 126NumberCo, in whole or in part, at any time on or after April 15, 2028, at the redemption prices set forth in the indenture that governs the 2032 Senior Secured Notes. Prior to April 15, 2028, 126NumberCo may redeem all or a portion of the 2032 Senior Secured Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the date of redemption, plus a “make-whole” premium.

The 2032 Senior Secured Notes are subject to mandatory redemption upon: (i) the receipt of net cash proceeds from the sale of Bausch + Lomb Share Collateral, (ii) the receipt of any dividends, distributions or other amounts on account of such Bausch + Lomb Share Collateral if such amounts received exceed \$50 million or (iii) the receipt of funds from any repayment of principal on certain intercompany obligations.

Upon the occurrence of a change of control (as defined in the indenture that governs the 2032 Senior Secured Notes), holders of 2032 Senior Secured Notes may require 126NumberCo to repurchase such holder’s notes, in whole or in part, at a purchase price equal to 101% of the principal amount.

Existing Senior Secured Notes

The June 2028 Senior Secured Notes and 11.00% First Lien Secured Notes (collectively, the “Existing Senior Secured Notes”) are guaranteed by the BHC Existing Note Guarantors. 126NumberCo and its direct parent, 153NumberCo are non-guarantor restricted subsidiaries with respect to the Existing Senior Secured Notes.

The Existing Senior Secured Notes and their related guarantees rank equally in right of payment with all existing and future unsubordinated indebtedness and rank senior to any future subordinated indebtedness of both the Company and the BHC Existing Note Guarantors. Additionally, the Existing Senior Secured Notes and their guarantees are effectively *pari passu* with any existing and future indebtedness of the Company and the BHC Existing Note Guarantors that is secured by a first-priority lien on the same collateral. They are effectively senior to any unsecured indebtedness, including the Company’s senior unsecured notes (the “Senior Unsecured Notes”), or indebtedness secured by junior liens, in each case to the extent of the value of the collateral securing the Existing Senior Secured Notes. Furthermore, the Existing Senior Secured Notes are structurally subordinated to: (i) all liabilities of the Company’s subsidiaries that do not guarantee the Existing Senior Secured Notes (including 153NumberCo and its subsidiary, 126NumberCo) and (ii) any of the Company’s debt that is secured by assets not included in the collateral package (such as the Bausch + Lomb Share Collateral).

Upon the occurrence of a change of control (as defined in the indentures that govern the Existing Senior Secured Notes), holders of the Existing Senior Secured Notes may require the Company to repurchase such holder’s Existing Senior Secured Notes, in whole or in part, at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest to, but not including, the purchase date applicable to the Existing Senior Secured Notes.

In connection with the issuance of the 2032 Senior Secured Notes, the Company capitalized \$64 million of payments made to third parties. These capitalized costs are being amortized as interest expense over the remaining term of the 2032 Senior Secured Notes.

5.500% Senior Secured Notes due 2025

On October 17, 2017, the Company issued \$1,000 million, and, on November 21, 2017, the Company issued \$750 million, aggregate principal amount of 5.500% Senior Secured Notes due November 2025 (the “November 2025 Secured Notes”), in a private placement. In connection with the April 2025 Refinancing Transactions, the Company repaid in full and terminated the November 2025 Secured Notes.

6.125% Senior Secured Notes due 2027

On February 10, 2022, the Company issued \$1,000 million aggregate principal amount of 6.125% Senior Secured Notes due February 2027 (the “February 2027 Secured Notes”). The proceeds from the February 2027 Secured Notes, along with proceeds from the B+L IPO, the 2027 term loan B facilities and related debt financing of B+L in connection with the B+L Revolving Credit Facility (the “B+L Debt Financing”) and cash on hand, were used to redeem the April 2025 Unsecured Notes and refinance certain other debt in connection with the 2022 Amended Credit Agreement (the “Credit Agreement Refinancing”). In connection with the April 2025 Refinancing Transactions, the Company repaid in full and terminated the February 2027 Secured Notes.

5.750% Senior Secured Notes due 2027

On March 8, 2019, the Company issued \$500 million aggregate principal amount of 5.750% Senior Secured Notes due August 2027 (the “August 2027 Secured Notes”) in a private placement. In connection with the April 2025 Refinancing Transactions, the Company repaid in full and terminated the August 2027 Secured Notes.

4.875% Senior Secured Notes due 2028

On June 8, 2021, the Company issued \$1,600 million aggregate principal amount of the June 2028 Senior Secured Notes in a private placement. The proceeds and cash on hand were used to: (i) repurchase a portion and redeem the remainder of \$1,600 million of the 7.000% Senior Secured Notes due March 15, 2024 (the “March 2024 Secured Notes”), representing the remaining outstanding principal balance of the March 2024 Secured Notes and (ii) pay all fees and expenses associated with these transactions.

The June 2028 Senior Secured Notes are redeemable at the option of the Company, in whole or in part, at the redemption prices set forth in the June 2028 Senior Secured Notes indenture, plus accrued and unpaid interest to, but not including, the date of the redemption.

On December 26, 2025, \$797 million in aggregate principal balance of the June 2028 Senior Secured Notes, were validly tendered and accepted by the Company in connection with the December 2025 Exchange. The remaining outstanding principal amount of the June 2028 Senior Secured Notes following the December 2025 Exchange is \$803 million.

2022 Exchange Notes

On September 30, 2022, the Company issued \$1,774 million aggregate principal amount of 11.00% First Lien Secured Notes, with a stated interest of 11.00% per year that is payable semi-annually in arrears on each March 30 and September 30. The 11.00% First Lien Secured Notes are redeemable, in whole or in part, at any time at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the date of redemption plus a “make-whole” premium as described in the 11.00% First Lien Secured Notes indenture.

On December 26, 2025, \$886 million in aggregate principal balance of 11.00% First Lien Secured Notes, were validly tendered and accepted by the Company in connection with the December 2025 Exchange. The remaining outstanding principal amount of 11.00% First Lien Secured Notes following the December 2025 Exchange is \$888 million.

On September 30, 2022, the Company issued \$500 million aggregate principal amount of 14.00% Second Lien Secured Notes due October 15, 2030 (the “14.00% Second Lien Secured Notes”), and have stated interest of 14.00% per year that is payable semi-annually in arrears on each April 15 and October 15. The 14.00% Second Lien Secured Notes are redeemable, in whole or in part, at the applicable redemption prices set forth in the 14.00% Second Lien Secured Notes indenture.

9.00% Intermediate Holdco Senior Secured Notes

In September 2022, 13575209 B.C. Ltd., an indirect subsidiary of the Company, issued \$999 million aggregate principal amount of 9.00% Intermediate Holdco Secured Notes due January 30, 2028 (the “9.00% Intermediate Holdco Secured Notes”).

On April 8, 2025 in connection with the April 2025 Refinancing Transactions, the Company repaid in full and terminated the 9.00% Intermediate Holdco Secured Notes. The redemption of the 9.00% Intermediate Holdco Secured Notes was accounted for as an extinguishment of debt and the Company incurred a gain on extinguishment of debt of \$226 million representing the difference between the amount paid to settle the extinguished debt and the extinguished debt’s carrying value (which represents the write-off of the unamortized premium).

Bausch + Lomb 8.375% Senior Secured Notes due 2028

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 Senior Secured Notes”). A portion of the proceeds from the B+L October 2028 Senior Secured Notes, along with the proceeds of the B+L September 2028 Term Loan B Facility, were used to finance the \$1,750 million upfront payment related to the acquisition of XIIDRA[®] and certain other ophthalmology assets from Novartis (as discussed in Note 3, “LICENSING AGREEMENTS AND ACQUISITIONS”) and related acquisition and financing costs. The B+L October 2028 Senior 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 Senior Secured Notes are guaranteed by each of Bausch + Lomb’s subsidiaries that is a guarantor under the B+L Amended Credit Agreement (the “B+L Note Guarantors”). The B+L October 2028 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 Bausch + Lomb’s obligations under the B+L Amended Credit Agreement under the terms of the indentures governing the B+L October 2028 Senior Secured Notes.

The B+L October 2028 Senior Secured Notes and their related guarantees rank equally in right of payment with all existing and future unsubordinated indebtedness and rank senior to any future subordinated indebtedness of both Bausch + Lomb and the B+L Note Guarantors. Additionally, these notes and guarantees are effectively pari passu with any existing and future indebtedness of Bausch + Lomb and the B+L Note Guarantors that is secured by a first-priority lien on the same collateral. They are effectively senior to any unsecured indebtedness or indebtedness secured by junior liens, in each case to the extent of the value of the collateral securing the B+L October 2028 Senior Secured Notes. Furthermore, the B+L October 2028 Senior Secured Notes are structurally subordinated to: (i) all liabilities of Bausch + Lomb’s subsidiaries that do not guarantee the notes and (ii) any of Bausch + Lomb’s debt secured by assets that are not included in the collateral package.

Upon the occurrence of a change in control (as defined in the indentures that govern the B+L October 2028 Senior 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 Senior Secured Notes may require Bausch + Lomb to repurchase such holders’ notes, in whole or in part, at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, but not including, the date of purchase.

The B+L October 2028 Senior 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.

Bausch + Lomb Senior Secured Notes due January 2031

On June 26, 2025, certain of Bausch + Lomb’s subsidiaries, Bausch + Lomb Netherlands B.V. and Bausch & Lomb Incorporated (the “B+L Issuers”), issued €675 million aggregate principal amount of Senior Secured Floating Rate Notes due January 2031 (the “B+L January 2031 Senior Secured Notes”, and together with the B+L October 2028 Senior Secured Notes, the “B+L Senior Secured Notes”). The proceeds from the B+L January 2031 Senior Secured Notes, along with the proceeds of the B+L January 2031 Term Loan B Facility (as described above), were used by Bausch + Lomb to: (i) repay in full, outstanding borrowings under the B+L May 2027 Revolving Credit Facility, (ii) refinance, in full, its outstanding term loans due 2027 and (iii) pay related fees and expenses. The B+L January 2031 Senior Secured Notes accrue interest at a rate per annum of: (i) three-month EURIBOR (subject to a 0% floor) plus (ii) 3.875%, reset quarterly, payable quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, which commenced on January 15, 2026. At December 31, 2025, the B+L January 2031 Senior Secured Notes bore interest at 5.87% per annum.

The B+L January 2031 Senior Secured Notes are guaranteed by Bausch + Lomb and each of its subsidiaries (other than the B+L Issuers) that is a guarantor under the B+L Amended Credit Agreement (collectively, the “B+L 2031 Note Guarantors”). The B+L January 2031 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 borrowings under the B+L Amended Credit Agreement and the obligations under the B+L October 2028 Senior Secured Notes.

The B+L January 2031 Senior Secured Notes and their related guarantees rank pari passu in right of payment with all existing and future unsubordinated indebtedness and rank senior to any existing and future indebtedness of both the B+L Issuers and the B+L 2031 Note Guarantors that is expressly subordinated to the B+L January 2031 Senior Secured Notes and the related guarantees. These notes and guarantees are effectively pari passu with the existing and future indebtedness of the B+L Issuers and the B+L 2031 Note Guarantors that is secured by a first-priority lien on the collateral securing the obligations under the B+L Senior Secured Credit Facilities and the B+L Senior Secured Notes. They are also effectively senior to any unsecured indebtedness and indebtedness secured by junior liens, in each case to the extent of the value of the shared collateral. In addition, the B+L January 2031 Senior Secured Notes are: (i) structurally subordinated to all liabilities of Bausch + Lomb's subsidiaries (other than the B+L Issuers) that do not guarantee the notes, to the extent of the value of those subsidiaries' assets and (ii) effectively subordinated to any of Bausch + Lomb's debt secured by assets that are not included in the collateral package.

Upon the occurrence of a change in control (as defined in the indenture governing the B+L January 2031 Senior Secured Notes), unless the B+L Issuers have exercised their right to redeem all of the B+L January 2031 Senior Secured Notes, holders of the B+L January 2031 Senior Secured Notes may require the B+L Issuers to repurchase such holders' B+L January 2031 Senior Secured 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 January 2031 Senior Secured Notes are redeemable at the option of the B+L Issuers, in whole or in part, at any time on or after June 30, 2026, at a redemption price of 100.000% of the principal amount thereof, redeemed plus accrued and unpaid interest to, but not including, the date of redemption. Prior to June 30, 2026, the B+L Issuers may redeem the B+L January 2031 Senior Secured Notes in whole or in part at a redemption price equal to the principal amount of the B+L January 2031 Senior Secured Notes redeemed plus a make-whole premium. Prior to June 30, 2026, the B+L Issuers may on any one or more occasions redeem up to 40% of the aggregate principal amount of the B+L January 2031 Senior Secured Notes at a redemption price of 103.875% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the date of redemption with the net cash proceeds of one or more equity offerings, subject to certain conditions.

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 Existing Senior Secured Notes. The Senior Unsecured Notes issued by Bausch Health Americas, Inc. ("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 Existing Senior Secured Notes. Future subsidiaries of the Company and BHA, if any, may be required to guarantee the Senior Unsecured Notes. 126NumberCo and 153NumberCo are non-guarantor restricted subsidiaries with respect to the Senior Unsecured Notes.

On November 29, 2022, the Company designated 126NumberCo 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 126NumberCo, including Bausch + Lomb and its subsidiaries, became 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. In March 2025, in connection with the April 2025 Refinancing Transactions, 126NumberCo was re-designated as a restricted subsidiary of the Company, however, Bausch + Lomb and its subsidiaries continue to be unrestricted subsidiaries of the Company. As of December 31, 2025, 126NumberCo, directly or indirectly, held approximately 88% of the issued and outstanding shares of Bausch + Lomb.

Upon the occurrence of a change in control (as defined in the indentures that govern the Senior Unsecured Notes), holders of the Senior Unsecured Notes may require the Company or BHA, as applicable, to repurchase such holder's Senior Unsecured Notes, in whole or in part, at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the purchase date applicable to the Senior Unsecured Notes.

In August 2025, the Company repurchased and retired its outstanding 9.25% Senior Unsecured Notes with an aggregate par value of approximately \$602 million using cash on hand, for an aggregate cost of approximately \$601 million (the “August 2025 Repurchase Activity”).

Redemption of April 2025 Unsecured Notes

On January 18, 2022, the Company issued conditional notices of redemption to redeem: (i) all of the April 2025 Unsecured Notes conditioned upon the completion of the Credit Agreement Refinancing and (ii) \$370 million in aggregate principal amount of the Company’s outstanding 9.00% Senior Unsecured Notes due 2025 (the “December 2025 Unsecured Notes”) conditioned upon the receipt of aggregate proceeds of at least \$7,000 million from: (a) the B+L IPO, (b) the B+L Debt Financing, (c) the Credit Agreement Refinancing and (d) the issuance of the February 2027 Secured Notes.

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

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

In connection with the closing of the B+L IPO, the discharge of the April 2025 Unsecured Notes Indenture and the related release in respect of the predecessor agreement to the 2022 Amended Credit Agreement (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.

9.000% Senior Unsecured Notes due 2025

On December 18, 2017, the Company issued \$1,500 million aggregate principal amount of 9.000% Senior Unsecured Notes due 2025 (the “December 2025 Unsecured Notes”) in a private placement. The related fees and expenses were paid using cash on hand.

On September 30, 2022, \$541 million in aggregate principal balance of the December 2025 Unsecured Notes were validly tendered and accepted by the Company in connection with the 2022 Exchange described below. In December 2023, \$4 million in aggregate principal balance of the December 2025 Unsecured Notes were purchased in the open market and retired. In January 2024 and May 2024, \$420 million in aggregate principal balance were purchased in the open market and in a privately negotiated transaction and retired. During April 2025, in connection with the April 2025 Refinancing Transactions, the Company repaid in full and terminated the December 2025 Unsecured Notes.

9.250% Senior Unsecured Notes due 2026

On March 26, 2018, BHA issued \$1,500 million in aggregate principal amount of 9.250% Senior Unsecured Notes due 2026 (the “April 2026 Unsecured Notes”) in a private placement, the net proceeds of which, and cash on hand, were used to repurchase \$1,500 million in aggregate principal amount of unsecured notes. All fees and expenses associated with these transactions were paid with cash on hand.

On September 30, 2022, \$752 million in aggregate principal balance of the April 2026 Unsecured Notes were validly tendered and accepted by the Company in connection with the 2022 Exchange described below. In December 2023, \$4 million in aggregate principal balance of the April 2026 Unsecured Notes were purchased in the open market and retired. In January 2024, \$135 million in aggregate principal balance were purchased in the open market and retired. During August 2025, the Company repurchased and retired the remaining outstanding April 2026 Unsecured Notes.

8.500% Senior Unsecured Notes due 2027

In June 2018, BHA issued \$750 million in aggregate principal amount of January 2027 Unsecured Notes in a private placement. The January 2027 Unsecured Notes accrue interest at the rate of 8.500% per year, payable semi-annually in arrears on each of January 31 and July 31.

In March 2019, BHA issued \$1,000 million aggregate principal amount of 8.500% Senior Unsecured Notes due January 2027. These are additional notes and form part of the same series as BHA’s existing January 2027 Unsecured Notes.

BHA may redeem all or a portion of the January 2027 Unsecured Notes at the applicable redemption prices set forth in the January 2027 Unsecured Notes indenture, plus accrued and unpaid interest to the date of redemption. On September 30, 2022, \$1,099 million in aggregate principal balance of the 8.500% January 2027 Unsecured Notes were validly tendered and accepted by the Company in connection with the 2022 Exchange described below.

7.000% Senior Unsecured Notes due 2028 and 7.250% Senior Unsecured Notes due 2029

On May 23, 2019, the Company issued: (i) \$750 million aggregate principal amount of 7.000% Senior Unsecured Notes due January 2028 (the “7.000% January 2028 Unsecured Notes”) and (ii) \$750 million aggregate principal amount of 7.250% Senior Unsecured Notes due May 2029 (the “May 2029 Unsecured Notes”), respectively, in a private placement. The proceeds and cash on hand was used to repurchase certain unsecured notes. Interest on the May 2029 Unsecured Notes is payable semi-annually in arrears on each May 30 and November 30.

The 7.000% January 2028 Unsecured Notes and the May 2029 Unsecured Notes are redeemable at the option of the Company, in whole or in part, at any time, at the redemption prices set forth in the respective indentures, plus accrued and unpaid interest to, but not including, the date of the redemption.

On September 30, 2022, \$540 million and \$373 million in aggregate principal balance of the 7.000% January 2028 Unsecured Notes and 7.250% May 2029 Unsecured Notes, respectively, were validly tendered and accepted by the Company in connection with the 2022 Exchange described below.

5.000% Senior Unsecured Notes due 2028 and 5.250% Senior Unsecured Notes due 2030

On December 30, 2019, the Company issued: (i) \$1,250 million aggregate principal amount of 5.000% Senior Unsecured Notes due January 2028 (the “5.000% January 2028 Unsecured Notes”) and (ii) \$1,250 million aggregate principal amount of 5.250% Senior Unsecured Notes due January 2030 (the “January 2030 Unsecured Notes”) in a private placement. The proceeds and cash on hand was used to repurchase certain unsecured notes.

Interest on the 5.000% January 2028 Unsecured Notes is payable semi-annually in arrears on each January 30 and July 30. Interest on the January 2030 Unsecured Notes is payable semi-annually in arrears on each January 30 and July 30. The 5.000% January 2028 Unsecured Notes and the January 2030 Unsecured Notes are redeemable at the option of the Company, in whole or in part, at any time, at the redemption prices set forth in the respective indentures, plus accrued and unpaid interest to, but not including, the date of the redemption.

On September 30, 2022, \$710 million and \$332 million in aggregate principal balance of the 5.000% January 2028 Unsecured Notes and the January 2030 Unsecured Notes, respectively, were validly tendered and accepted by the Company in connection with the 2022 Exchange described below.

6.250% Senior Unsecured Notes due 2029

On May 26, 2020, the Company issued \$1,500 million aggregate principal amount of 6.250% Senior Unsecured Notes due February 2029 (the “6.250% February 2029 Unsecured Notes”) in a private placement. The proceeds and cash on hand were used to: (i) repurchase \$1,250 million aggregate principal amount of the outstanding March 2022 Secured Notes, (ii) prepay \$303 million of mandatory amortization scheduled for payment in 2022 under the Company’s June 2025 and November 2025 Term Loan B Facility and (iii) pay all fees and expenses associated with these transactions. The 6.250% February 2029 Unsecured Notes accrue interest at the rate of 6.250% per year, payable semi-annually in arrears on each of February 15 and August 15.

The Company may redeem all or a portion of the 6.250% February 2029 Unsecured Notes at the applicable redemption prices set forth in the 6.250% February 2029 Unsecured Notes indenture, plus accrued and unpaid interest to, but not including, the date of redemption.

On September 30, 2022, \$540 million in aggregate principal balance of the 6.250% February 2029 Unsecured Notes were validly tendered and accepted by the Company in connection with the 2022 Exchange described below.

5.000% Senior Unsecured Notes due 2029 and 5.250% Senior Unsecured Notes due 2031

On December 3, 2020, the Company issued \$1,000 million aggregate principal amount of 5.000% Senior Unsecured Notes due February 2029 (the “5.000% February 2029 Unsecured Notes”) and \$1,000 million aggregate principal amount of 5.250% Senior Unsecured Notes due February 2031 (the “February 2031 Unsecured Notes”) in a private placement. The 5.000% February 2029 Unsecured Notes accrue interest at the rate of 5.000% per year, payable semi-annually in arrears on each of February 15 and August 15. The February 2031 Unsecured Notes accrue interest at the rate of 5.250% per year, payable semi-annually in arrears on each of February 15 and August 15.

The Company may redeem all or a portion of the 5.000% February 2029 Unsecured Notes at the applicable redemption prices set forth in the 5.000% February 2029 Unsecured Notes indenture, plus accrued and unpaid interest to, but not including, the date of redemption.

The Company may redeem all or a portion of the February 2031 Unsecured Notes at the applicable redemption prices set forth in the February 2031 Unsecured Notes indenture, plus accrued and unpaid interest to, but not including, the date of redemption.

On September 30, 2022, \$371 million and \$336 million in aggregate principal balance of the 5.000% February 2029 Unsecured Notes and 5.250% February 2031 Unsecured Notes, respectively, were validly tendered and accepted by the Company in connection with the 2022 Exchange described below.

2022 Exchange

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

The secured notes issued in the 2022 Exchange consisted of: (i) \$1,774 million in aggregate principal amount of the 11.00% First Lien Secured Notes issued by the Company, (ii) \$352 million in aggregate principal amount of new 14.00% Second Lien Secured Notes (the 14.00% Second Lien Secured Notes and, together with the 11.00% First Lien Secured Notes, the “2022 Exchange Notes”) issued by the Company and (iii) \$999 million in aggregate principal amount of new 9.00% Intermediate Holdco Secured Notes, together with the 2022 Exchange Notes, the “2022 Secured Notes”) issued by 1375209 B.C. Ltd, an existing indirect wholly-owned unrestricted subsidiary of the Company.

The Company performed an assessment of the 2022 Exchange and determined that it met the criteria to be accounted for as a troubled debt restructuring under ASC 470-60. As a result of the application of this accounting, the difference between the principal amount of the 2022 Secured Notes and their carrying value was recorded as a premium and is included in long-term debt on the Company’s Consolidated Balance Sheet.

As of December 31, 2025, the remaining premium on the 2022 Secured Notes was \$493 million, which is being reduced as contractual interest payments are made on the 2022 Secured Notes. During 2025 and 2024, the Company made contractual interest payments of \$312 million and \$334 million, respectively, related to the 2022 Secured Notes, of which \$276 million and \$295 million, respectively, was recorded as a reduction of the premium.

On April 8, 2025, in connection with the April 2025 Refinancing Transactions, the Company repaid in full and terminated the 9.00% Intermediate Holdco Secured Notes. The redemption of the 9.00% Intermediate Holdco Secured Notes was accounted for as an extinguishment of debt and the Company incurred a gain on extinguishment of debt of \$226 million representing the difference between the amount paid to settle the extinguished debt and the extinguished debt’s carrying value (which represents the write-off of the unamortized premium).

In connection with the December 2025 Exchange (as detailed above), the Company exchanged \$886 million in aggregate principal amount of 11.00% First Lien Secured Notes with unamortized premiums of \$263 million for \$903 million of aggregate principal amount of 2032 Senior Secured Notes. This exchange was accounted for as a modification of debt, and accordingly the unamortized premium associated with the exchanged 11.00% First Lien Secured Notes will now be amortized over the remaining term of the newly issued 2032 Senior Secured Notes.

Weighted Average Stated Rate of Interest

The weighted average stated rate of interest for the Company’s outstanding debt obligations as of December 31, 2025 and 2024 was 8.54% and 7.72%, respectively. Due to the accounting treatment for the 2022 Secured Notes, interest expense in the Company’s financial statements for 2025 and 2024, and in future periods 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 connection with the April 2025 Refinancing Transactions, the August 2025 Repurchase Activity, the AR Credit Facility termination and the B+L 2025 Refinancing Activity, the Company recognized a net gain on extinguishment of debt of \$162 million in 2025.

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

In December 2023, the Company, through a series of transactions repurchased and retired outstanding senior unsecured notes with an aggregate par value of \$8 million in the open market, for an aggregate cost of \$7 million and recognized a net gain of approximately \$1 million.

Maturities and Mandatory Payments

Maturities and mandatory payments of debt obligations for the five succeeding years ending December 31 and thereafter are as follows:

<i>(in millions)</i>	
2026	\$ 58
2027	701
2028	4,240
2029	1,662
2030	4,118
Thereafter	9,453
Total debt obligations	<u>20,232</u>
Unamortized premiums, discounts and issuance costs	585
Total long-term debt and other	<u>\$ 20,817</u>

Bausch + Lomb January 2026 Refinancing Activity

In January 2026, Bausch + Lomb entered into a refinancing transaction to extend its maturities and lower its interest rates. The refinancing transaction consisted of entering into a term loan facility in the form of a refinancing amendment (the “B+L January 2026 Credit Facility Amendment”) to the existing B+L credit agreement, and consisted of \$2,802 million of new term loans maturing on January 15, 2031 (the “B+L January 2031 Refinancing Term Facility”). The proceeds from the B+L January 2031 Refinancing Term Facility were used to refinance the B+L September 2028 Term Loan B Facility and the B+L January 2031 Term Loan B Facility. The maturity table above excludes the impact of the B+L January 2026 Credit Facility Amendment.

Borrowings under the B+L January 2031 Refinancing Term Facility bear interest at a rate per annum equal to, at the option of Bausch + Lomb, either: (i) a term SOFR-based rate, plus an applicable margin of 3.75%, or (ii) a U.S. dollar base rate, plus an applicable margin of 2.75%. The amortization rate for the B+L September 2028 Term Loan B Facility is 1.00% per annum, or \$28 million, payable in quarterly installments.

The Company regularly evaluates market conditions, its liquidity profile and available financing alternatives, and may consider executing opportunistic financing transactions, including but not limited to, refinancing or restructuring consolidated indebtedness, issuing new debt instruments, divesting of assets or businesses and issuing equity or equity-linked securities (including secondary offerings or other monetization of a portion of its holdings of common shares of Bausch + Lomb), as deemed appropriate, to manage its debt maturities and improve its capital structure and liquidity.

11. PENSION AND POSTRETIREMENT EMPLOYEE BENEFIT PLANS

The Company has defined benefit plans and a participatory defined benefit postretirement medical and life insurance plan, which covers a closed grandfathered group of legacy Bausch & Lomb Holdings Incorporated (“B&L”) U.S. employees and employees in certain other countries. The U.S. defined benefit accruals were frozen as of December 31, 2004 and benefits that were earned up to December 31, 2004 were preserved. Participants continue to earn interest credits on their cash balance at an interest crediting rate that is equal to the greater of: (i) the average annual yield on 10-year treasury bonds in effect for the November preceding the plan year or (ii) 4.50%. The most significant non-U.S. plans are two defined benefit plans in Ireland. In 2011, both Ireland defined benefit plans were closed to future service benefit accruals; however, additional accruals related to annual salary increases continued. In December 2014, one of the Ireland defined benefit plans was amended effective August 2014 to eliminate future benefit accruals related to salary increases. All of the pension benefits accrued through the plan amendment date were preserved. As a result of the plan amendment, there are no active plan participants accruing benefits under the amended Ireland defined benefit plan. The U.S. postretirement benefit plan was amended effective January 1, 2005 to eliminate employer contributions after age 65 for participants who did not meet the minimum requirements of age and service on that date. The employer contributions for medical and prescription drug benefits for participants retiring after March 1, 1989 were frozen effective January 1, 2010. Effective January 1, 2014, the Company no longer offers medical and life insurance coverage to new retirees.

In addition to the B&L benefit plans, outside of the U.S., a limited group of the Company’s employees are covered by defined benefit pension plans.

The Company uses December 31 as the year-end measurement date for all of its defined benefit pension plans and the postretirement benefit plan.

Accounting for Pension Benefit Plans and Postretirement Benefit Plan

The Company recognizes in its Consolidated Balance Sheets an asset or liability equal to the over- or under-funded benefit obligation of each defined benefit pension plan and postretirement benefit plan. Actuarial gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic cost (benefit) are recognized, net of tax, as a component of Other comprehensive income (loss).

The amounts included in Accumulated other comprehensive loss as of December 31, 2025 and 2024 were as follows:

<i>(in millions)</i>	Pension Benefit Plans				U.S. Postretirement Benefit Plan	
	U.S. Plan		Non-U.S. Plans		2025	2024
	2025	2024	2025	2024		
Unrecognized actuarial (losses) gains	\$ (26)	\$ (29)	\$ (18)	\$ (20)	\$ 5	\$ 4
Unrecognized prior service credits	\$ —	\$ —	\$ 23	\$ 21	\$ —	\$ 1

Net Periodic Cost (Benefit)

The table below provides the components of net periodic cost (benefit) for the Company’s defined benefit pension plans and postretirement benefit plan in 2025, 2024 and 2023:

<i>(in millions)</i>	Pension Benefit Plans						U.S. Postretirement Benefit Plan		
	U.S. Plan			Non-U.S. Plans			2025	2024	2023
	2025	2024	2023	2025	2024	2023			
Service cost	\$ 1	\$ 1	\$ 2	\$ 3	\$ 3	\$ 3	\$ —	\$ —	\$ —
Interest cost	8	8	9	5	5	5	1	1	1
Expected return on plan assets	(8)	(9)	(9)	(4)	(4)	(4)	—	—	—
Amortization of net loss	1	1	1	—	—	—	—	—	—
Amortization of prior service credit	—	—	—	—	(1)	(1)	(1)	(2)	(2)
Settlement loss recognized	—	—	—	—	1	2	—	—	—
Net periodic cost (benefit)	\$ 2	\$ 1	\$ 3	\$ 4	\$ 4	\$ 5	\$ —	\$ (1)	\$ (1)

Benefit Obligation, Change in Plan Assets and Funded Status

The table below presents components of the change in projected benefit obligation, change in plan assets and funded status for 2025 and 2024:

<i>(in millions)</i>	Pension Benefit Plans				U.S. Postretirement Benefit Plan	
	U.S. Plan		Non-U.S. Plans		2025	2024
	2025	2024	2025	2024		
Change in Projected Benefit Obligation						
Projected benefit obligation, beginning of year	\$ 161	\$ 170	\$ 114	\$ 123	\$ 23	\$ 25
Service cost	1	1	3	3	—	—
Interest cost	8	8	5	5	1	1
Settlements	—	—	(1)	(3)	—	—
Benefits paid	(16)	(15)	(5)	(5)	(2)	(2)
Actuarial loss (gain)	4	(3)	(12)	1	—	(1)
Currency translation adjustments	—	—	14	(10)	—	—
Projected benefit obligation, end of year	<u>158</u>	<u>161</u>	<u>118</u>	<u>114</u>	<u>22</u>	<u>23</u>
Change in Plan Assets						
Fair value of plan assets, beginning of year	155	162	95	100	—	—
Actual return on plan assets	16	6	(4)	6	—	—
Company contributions	—	2	2	3	2	2
Settlements	—	—	(1)	(3)	—	—
Benefits paid	(16)	(15)	(5)	(5)	(2)	(2)
Currency translation adjustments	—	—	12	(6)	—	—
Fair value of plan assets, end of year	<u>155</u>	<u>155</u>	<u>99</u>	<u>95</u>	<u>—</u>	<u>—</u>
Funded status, end of year	<u>\$ (3)</u>	<u>\$ (6)</u>	<u>\$ (19)</u>	<u>\$ (19)</u>	<u>\$ (22)</u>	<u>\$ (23)</u>
Recognized as:						
Other non-current assets	\$ —	\$ —	\$ 27	\$ 22	\$ —	\$ —
Accrued and other current liabilities	\$ —	\$ —	\$ 3	\$ 2	\$ 3	\$ 3
Other non-current liabilities	\$ 3	\$ 6	\$ 43	\$ 39	\$ 19	\$ 20

Included in Settlement loss recognized and Settlements in the tables above are the costs and payments associated with the conversion of a portion of the Company's defined benefit plan in Ireland to a defined contribution plan.

A number of the Company's pension benefit plans were underfunded as of December 31, 2025 and 2024, having accumulated benefit obligations exceeding the fair value of plan assets. Information for the underfunded pension benefit plans is as follows:

<i>(in millions)</i>	U.S. Plan		Non-U.S. Plans	
	2025	2024	2025	2024
Projected benefit obligation	\$ 158	\$ 161	\$ 50	\$ 46
Accumulated benefit obligation	158	161	42	39
Fair value of plan assets	155	155	4	4

The Company's policy for funding its pension benefit plans is to make contributions that meet or exceed the minimum statutory funding requirements. These contributions are determined based upon recommendations made by the actuary under accepted actuarial principles. In 2026, the Company expects to contribute \$3 million, \$4 million and \$3 million to the U.S. pension benefit plan, the non-U.S. pension benefit plans and the U.S. postretirement benefit plan, respectively. The Company plans to use postretirement benefit plan assets and cash on hand, as necessary, to fund the U.S. postretirement benefit plan benefit payments in 2026.

Estimated Future Benefit Payments

Future benefit payments over the next 10 years for the pension benefit plans and the postretirement benefit plan, which reflect expected future service, as appropriate, are expected to be paid as follows:

(in millions)	Pension Benefit Plans		U.S. Postretirement Benefit Plan
	U.S. Plan	Non-U.S. Plans	
2026	\$ 14	\$ 6	\$ 3
2027	19	6	3
2028	17	7	3
2029	16	7	2
2030	15	7	2
2031 - 2035	62	44	8

Assumptions

The weighted-average assumptions used to determine net periodic benefit costs and benefit obligations for 2025, 2024 and 2023 were as follows:

	Pension Benefit Plans			U.S. Postretirement Benefit Plan		
	2025	2024	2023	2025	2024	2023
For Determining Net Periodic Cost (Benefit)						
U.S. Plans:						
Discount rate	5.53 %	5.11 %	5.41 %	5.44 %	5.08 %	5.39 %
Expected rate of return on plan assets	5.50 %	6.00 %	6.00 %	—	—	—
Rate of compensation increase	—	—	—	—	—	—
Interest crediting rate	4.75 %	4.75 %	4.75 %			
Non-U.S. Plans:						
Discount rate	6.69 %	6.59 %	6.67 %			
Expected rate of return on plan assets	7.32 %	7.06 %	6.80 %			
Rate of compensation increase	3.74 %	3.71 %	3.71 %			

	Pension Benefit Plans		U.S. Postretirement Benefit Plan	
	2025	2024	2025	2024
For Determining Benefit Obligation				
U.S. Plans:				
Discount rate	5.19 %	5.53 %	5.01 %	5.44 %
Rate of compensation increase	—	—	—	—
Interest crediting rate	4.75 %	4.75 %		
Non-U.S. Plans:				
Discount rate	6.61 %	6.69 %		
Rate of compensation increase	3.72 %	3.74 %		

The expected long-term rate of return on plan assets was developed based on a capital markets model that uses expected asset class returns, variance and correlation assumptions. The expected asset class returns were developed starting with current Treasury (for the U.S. pension plan) or Eurozone (for the Ireland pension plans) government yields and then adding corporate bond spreads and equity risk premiums to develop the return expectations for each asset class. The expected asset class returns are forward-looking. The variance and correlation assumptions are also forward-looking. They take into account historical relationships, but are adjusted to reflect expected capital market trends.

The discount rate used to determine benefit obligations represents the current rate at which the benefit plan liabilities could be effectively settled considering the timing of expected payments for plan participants.

The 2026 expected rate of return for the U.S. pension benefit plan will be 5.50%. The 2026 expected rate of return for the Ireland pension benefit plans will be 4.50%.

Pension Benefit Plan Assets

Pension benefit plan assets are invested in several asset categories. The following presents the actual asset allocation as of December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
U.S. Plan		
Cash and cash equivalents	1 %	1 %
Equity securities	30 %	29 %
Fixed income securities	69 %	70 %
Non-U.S. Plans		
Cash and cash equivalents	24 %	12 %
Equity securities	20 %	26 %
Fixed income securities	15 %	14 %
Other	41 %	48 %

The investment strategy underlying pension plan asset allocation is to manage the assets of the plan to provide for the non-current liabilities while maintaining sufficient liquidity to pay current benefits. Pension plan assets are diversified to protect against large investment losses and to reduce the probability of excessive performance volatility. Diversification of assets is achieved by allocating funds to various asset classes and investment styles within asset classes, and retaining investment management firm(s) with complementary investment philosophies, styles and approaches.

The Company's pension plan assets are managed by outside investment managers using a total return investment approach, whereby a mix of equity and debt securities investments are used to maximize the long-term rate of return on plan assets. A significant portion of the assets of the U.S. and Ireland pension plans have been invested in equity securities, as equity portfolios have historically provided higher returns than debt and other asset classes over extended time horizons. Correspondingly, equity investments also entail greater risks than other investments. Equity risks are balanced by investing a significant portion of plan assets in broadly diversified fixed income securities.

Fair Value of Plan Assets

The Company measured the fair value of plan assets based on the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5, "FAIR VALUE MEASUREMENTS" for details on the Company's fair value measurements based on a three-tier hierarchy.

The table below presents total plan assets by investment category as of December 31, 2025 and 2024 and the classification of each investment category within the fair value hierarchy with respect to the inputs used to measure fair value. There were no transfers between Level 1, Level 2 or Level 3 during 2025 and 2024.

<i>(in millions)</i>	Pension Benefit Plans - U.S. Plans							
	December 31, 2025				December 31, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 2	\$ —	\$ —	\$ 2	\$ 1	\$ —	\$ —	\$ 1
Commingled funds:								
Equity securities:								
U.S. broad market	—	25	—	25	—	24	—	24
Emerging markets	—	5	—	5	—	5	—	5
Worldwide developed markets	—	11	—	11	—	11	—	11
Other assets	—	6	—	6	—	6	—	6
Fixed income securities:								
Investment grade	—	106	—	106	—	108	—	108
	<u>\$ 2</u>	<u>\$ 153</u>	<u>\$ —</u>	<u>\$ 155</u>	<u>\$ 1</u>	<u>\$ 154</u>	<u>\$ —</u>	<u>\$ 155</u>

Pension Benefit Plans - Non-U.S. Plans

<i>(in millions)</i>	December 31, 2025				December 31, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ —	\$ 23	\$ —	\$ 23	\$ —	\$ 11	\$ —	\$ 11
Commingled funds:								
Equity securities:								
Emerging markets	—	1	—	1	—	1	—	1
Worldwide developed markets	—	19	—	19	—	23	—	23
Fixed income securities:								
Investment grade	—	1	—	1	—	1	—	1
Government bond funds	1	13	—	14	1	11	—	12
Other assets	—	31	9	40	—	32	13	45
	\$ 1	\$ 88	\$ 9	\$ 98	\$ 1	\$ 79	\$ 13	\$ 93

Cash equivalents consisted primarily of term deposits and money market instruments. The fair value of the term deposits approximates their carrying amounts due to their short-term maturities. The money market instruments also have short maturities and are valued using a market approach based on the quoted market prices of identical instruments.

Commingled funds are not publicly traded. The underlying assets in these funds are publicly traded on the exchanges and have readily available price quotes. The Ireland pension plans held approximately 89% and 90% of the non-U.S. commingled funds in 2025 and 2024, respectively. The commingled funds held by the U.S. and Ireland pension plans are primarily invested in index funds.

The underlying assets in the fixed income funds are generally valued using the net asset value per fund share, which is derived using a market approach with inputs that include broker quotes, benchmark yields, base spreads and reported trades.

Defined Contribution Plans

The Company sponsors defined contribution plans in the U.S., Ireland and certain other countries. Under these plans, employees are allowed to contribute a portion of their salaries to the plans and the Company matches a portion of the employee contributions. The Company contributed \$54 million, \$51 million and \$49 million to these plans during the years ended December 31, 2025, 2024 and 2023, respectively.

12. LEASES

As disclosed in detail in Note 2, “SIGNIFICANT ACCOUNTING POLICIES”, the Company leases certain facilities, vehicles and equipment principally under multi-year agreements. In 2025, Bausch + Lomb entered into a sale and master lease agreement with a third party. Under this agreement, in October 2025, Bausch + Lomb sold various fixed asset equipment, for a sale price of \$36 million, and then leased the equipment back through a three-year leaseback transaction. This transaction did not qualify as a sale under the applicable accounting guidance, and, as such, the associated equipment remained included within Property, plant and equipment, net. The Company refers to these failed sale-leasebacks as “financial leases” and recorded the related obligations in Financial leases and Non-current portion of Financial leases in the Consolidated Balance Sheets.

Right-of-use assets and lease liabilities associated with the Company's operating leases and fixed asset equipment and financial lease associated with Bausch + Lomb's lease back transaction are included in the Consolidated Balance Sheets as of December 31, 2025 and 2024 as follows:

<i>(in millions)</i>	<u>2025</u>	<u>2024</u>
Right-of-use assets included in:		
Other non-current assets	<u>\$ 215</u>	<u>\$ 211</u>
Fixed asset equipment included in:		
Property, plant and equipment, net	<u>\$ 36</u>	<u>\$ —</u>
Lease liabilities included in:		
Accrued and other current liabilities	\$ 61	\$ 58
Other non-current liabilities	167	165
Financial leases	11	—
Non-current portion of financial leases	<u>23</u>	<u>—</u>
Total lease liabilities	<u>\$ 262</u>	<u>\$ 223</u>

As of December 31, 2025, 2024 and 2023 the Company's finance leases were not material and for the years 2025, 2024 and 2023, sub-lease income and short-term lease expense were not material. In December 2023, the Company exercised an option to early terminate the lease period for an office building in Bridgewater, New Jersey. As a result, the Company recognized a net charge of \$12 million, representing adjustment to the lease liability to reduce it to the amount related to the remaining lease term, write-off of the right-of-use asset and a charge for a required termination payment.

Lease expense for the years 2025, 2024 and 2023 include:

<i>(in millions)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating lease costs	\$ 83	\$ 74	\$ 65
Variable operating lease costs	\$ 21	\$ 21	\$ 16
Interest on financial leases	\$ 1	\$ —	\$ —

Other information related to operating leases and other financial liabilities for 2025, 2024 and 2023 is as follows:

<i>(in millions)</i>	2025	2024	2023
Cash paid from operating cash flows for amounts included in the measurement of lease liabilities	\$ 86	\$ 85	\$ 73
Cash paid from operating cash flows for financial leases	\$ 1	\$ —	\$ —
Cash paid from financing cash flows for financial leases	\$ 2	\$ —	\$ —
Cash received from financing cash flows for financial leases	\$ 36	\$ —	\$ —
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 60	\$ 86	\$ 27
Weighted-average remaining lease term - operating leases	6.1 years	6.2 years	5.5 years
Weighted-average remaining lease term - financial leases	2.8 years	—	—
Weighted-average discount rate - operating leases	8.1 %	7.9 %	7.1 %
Weighted-average discount rate - financial leases	7.5 %	—	—

As of December 31, 2025, future payments under noncancelable operating leases, and under the leaseback agreement that did not qualify as a sale, for each of the five succeeding years ending December 31 and thereafter are as follows:

<i>(in millions)</i>	Operating Leases	Financial Leases
2026	\$ 77	\$ 13
2027	63	13
2028	44	12
2029	22	—
2030	14	—
Thereafter	72	—
Total	292	38
Less: Imputed interest	64	4
Present value of remaining lease payments	228	34
Less: Current portion	61	11
Non-current portion	\$ 167	\$ 23

13. SHARE-BASED COMPENSATION

In May 2014, shareholders approved Bausch Health’s 2014 Omnibus Incentive Plan (the “2014 Plan”) which has been amended from time to time to, among other things, increase the number of common shares authorized for issuance under the 2014 Plan. Effective May 14, 2024, Bausch Health further amended and restated the 2014 Plan, as subsequently amended and restated (the “Amended and Restated 2014 Plan”).

Approximately 25,890,000 common shares were available for future grants as of December 31, 2025. The Company uses reserved and unissued common shares to satisfy its obligations under its share-based compensation plans.

Bausch Health’s Long-Term Incentive Plan

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 may consist of time-based stock options, time-based restricted stock units (“RSUs”) and performance-based RSUs. Performance-based RSUs are comprised of awards that vest upon the attainment of certain targets that are based on the Company’s adjusted operating cash flow (“Adjusted Operating Cash Flow”) with a TSR modifier.

The following table summarizes the components and classification of the Company's share-based compensation expense related to stock options and RSUs for the years 2025, 2024 and 2023:

<i>(in millions)</i>	2025	2024	2023
Stock options	\$ 15	\$ 13	\$ 17
RSUs	201	137	115
Share-based compensation expense	<u>\$ 216</u>	<u>\$ 150</u>	<u>\$ 132</u>
Research and development expenses	\$ 13	\$ 11	\$ 11
Selling, general and administrative expenses	203	139	121
Share-based compensation expense	<u>\$ 216</u>	<u>\$ 150</u>	<u>\$ 132</u>

Stock Options

Stock options granted under the 2011 Plan and the Amended and Restated 2014 Plan generally expire on tenth anniversary of the grant date. The exercise price of any stock option granted under the 2011 Plan and the Amended and Restated 2014 Plan will not be less than the closing price per common share on the date of grant. Stock options generally vest 33% each year over a three-year period, on the anniversary of the date of grant.

There were no stock options granted in 2025 and 2024. The fair values of all stock options granted in 2023 were estimated as of the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2023
Expected stock option life (years)	3.0
Expected volatility	76.1 %
Risk-free interest rate	4.8 %
Expected dividend yield	— %

The expected stock option life was determined based on historical exercise and forfeiture patterns. The expected volatility was determined based on implied volatility in the market traded options of the Company's common stock. The risk-free interest rate was determined based on the rate at the time of grant for zero-coupon U.S. government bonds with maturity dates equal to the expected life of the stock option. The expected dividend yield was determined based on the stock option's exercise price and expected annual dividend rate at the time of grant.

The Black-Scholes option-pricing model used by the Company to calculate stock option values was developed to estimate the fair value of freely tradeable, fully transferable stock options without vesting restrictions, which significantly differ from the Company's stock option awards. This model also requires highly subjective assumptions, including future stock price volatility and expected time until exercise, which greatly affect the calculated values.

The following table summarizes stock option activity during 2025:

<i>(in millions, except per share amounts)</i>	Options	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding, January 1, 2025	8.1	\$ 22.96		
Expired or forfeited	(2.7)	\$ 24.89		
Outstanding, December 31, 2025	<u>5.4</u>	\$ 21.96	4.3	\$ —
Vested and expected to vest, December 31, 2025	<u>5.3</u>	\$ 22.03	4.2	\$ —
Vested and exercisable, December 31, 2025	<u>5.1</u>	\$ 22.43	4.2	\$ —

The weighted-average fair values of all stock options granted in 2023 were \$4.87. No stock options were exercised in 2025, 2024 and 2023.

As of December 31, 2025, the total remaining unrecognized compensation expense related to non-vested stock options amount to less than \$1 million, which will be amortized over the weighted-average remaining requisite service period of approximately 0.2 years.

RSUs

RSUs generally vest 33% a year over a three-year period. Annual RSUs granted to non-management directors vest immediately prior to the next Annual Meeting of Shareholders. Pursuant to the applicable RSU agreement, certain RSUs may be subject to the attainment of any applicable performance goals specified by the Board of Directors. If the vesting of the RSUs is conditional upon the attainment of performance goals, any RSUs that do not vest as a result of a determination that the prescribed performance goals failed to be attained will be forfeited immediately upon such determination. RSUs are credited with dividend equivalents, in the form of additional RSUs, when dividends are paid on the Company's common shares. Such additional RSUs will have the same vesting dates and will vest under the same terms as the RSUs in respect of which such additional RSUs are credited.

To the extent provided for in a RSU agreement, the Company may, in lieu of all or a portion of the common shares which would otherwise be provided to a holder, elect to pay a cash amount equivalent to the market price of the Company's common shares on the vesting date for each vested RSU. The amount of cash payment will be determined based on the average market price of the Company's common shares on the vesting date. The Company's current intent is to settle vested RSUs through the issuance of common shares.

Time-Based RSUs

Each vested time-based RSU represents the right of a holder to receive one of the Company's common shares. The fair value of each RSU granted is estimated based on the trading price of the Company's common shares on the date of grant.

The following table summarizes non-vested time-based RSU activity during 2025:

<i>(in millions, except per share amounts)</i>	Time-Based RSUs	Weighted- Average Grant-Date Fair Value Per Share
Non-vested, January 1, 2025	8.1	\$ 9.34
Granted	6.3	\$ 7.40
Vested	(4.2)	\$ 9.59
Forfeited	(1.0)	\$ 7.79
Non-vested, December 31, 2025	<u>9.2</u>	<u>\$ 8.05</u>

As of December 31, 2025, the total remaining unrecognized compensation expense related to non-vested time-based RSUs amounted to \$33 million, which will be amortized over the weighted-average remaining requisite service period of approximately 1.6 years. The total fair value of time-based RSUs vested in 2025, 2024 and 2023 were \$40 million, \$55 million and \$74 million, respectively.

Performance-Based RSUs

Each vested performance-based RSU represents the right of a holder to receive a number of the Company's common shares up to a specified maximum. Performance-based RSUs vest upon the attainment of certain performance targets and the achievement of certain share price appreciation conditions. If the Company's performance is below a specified performance level, no common shares will be paid.

The fair value of each Adjusted Operating Cash Flow performance-based RSU granted during 2025, 2024 and 2023 respectively, 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 performance-based RSUs in each reporting period reflects the Company's latest estimate of the number of performance-based RSUs that are expected to vest. If the performance-based RSUs do not ultimately vest due to the targets not being met, no compensation expense is recognized and any previously recognized compensation expense is reversed.

The fair values of performance-based RSUs granted during 2025, 2024 and 2023 were estimated with the following assumptions:

	2025	2024	2023
Contractual term (years)	2.2	3.0	3.0
Expected Company share volatility	64%	64%	76%
Risk-free interest rate	4%	4%	5%

The expected company share volatility was determined based on implied volatility in the market traded options of the Company's common stock. The risk-free interest rate was determined based on the rate at the time of grant for zero-coupon U.S. government bonds with maturity dates equal to the contractual term of the performance-based RSUs.

The following table summarizes non-vested performance-based RSU activity during 2025:

<i>(in millions, except per share amounts)</i>	Performance-based RSUs	Weighted-Average Grant-Date Fair Value Per Share
Non-vested, January 1, 2025	1.9	\$ 9.87
Granted	2.0	\$ 7.36
Vested	—	\$ —
Forfeited	(0.1)	\$ 8.46
Non-vested, December 31, 2025	3.8	\$ 8.51

As of December 31, 2025, the total remaining unrecognized compensation expense related to non-vested performance-based RSUs amounted to \$24 million, which will be amortized over the weighted-average remaining requisite service period of approximately 1.4 years. A maximum of approximately 6,606,000 common shares could be issued upon vesting of the performance-based RSUs outstanding as of December 31, 2025.

Bausch Health 2025 Employee Stock Purchase Plan

On May 13, 2025, the shareholders of the Company approved the Bausch Health Companies Inc. 2025 Employee Stock Purchase Plan (the "ESPP"). The ESPP provides eligible employees with an opportunity to purchase common shares from the Company at a discount through accumulated payroll deductions. The ESPP will be implemented through a series of offering periods to eligible employees. Under the ESPP, the offering periods will have a duration of six months commencing on June 1 or December 1 and ending on November 30 or May 31, respectively. The purchase price will be specified pursuant to the offering, but cannot, under the terms of the ESPP, be less than 85% of the lower of the fair market value per common share on either the grant date or the purchase date.

The first offering period to purchase common shares under the ESPP is December 1, 2025 through May 31, 2026. The fair value of all ESPP awards expected to be granted for the period December 1, 2025 through May 31, 2026 was less than \$1 million and was estimated as of the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Expected term (years)	0.5
Expected volatility	54.7 %
Risk-free interest rate	3.7 %
Expected dividend yield	— %

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 subsequently amended and restated, the "B+L Plan") and a total of 28,000,000 common shares of Bausch + Lomb were originally authorized for issuance under the B+L Plan. The B+L Plan was amended and restated effective April 24, 2023, and further amended and restated on May 29, 2024, to increase the number of shares authorized for issuance thereunder, resulting in an aggregate 52,000,000 common shares of Bausch + Lomb authorized for issuance under the B+L Plan.

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 B+L 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.

Share-based awards granted to senior management align with Bausch + Lomb’s focus on enhancing its revenue growth while maintaining focus on total shareholder return over the long-term. The share-based awards granted under this long-term incentive program consist of time-based stock options, time-based RSUs and performance-based RSUs (“PSUs”). The PSUs are comprised of awards that vest upon: (i) achievement of certain share price appreciation conditions, including absolute and relative TSR (the “TSR PSUs”), (ii) attainment of certain performance targets that are based on Bausch + Lomb’s Organic Revenue Growth (the “Organic Revenue Growth PSUs”) and (iii) outperformance of performance goals, based on the level of achievement of: (a) a revenue metric (measured for fiscal year 2026) and (b) relative TSR metric (if applicable) (“OPG PSU”). If Bausch + Lomb’s performance is below a specified performance level, no common shares will be paid. Each vested PSU represents the right of a holder to receive a number of Bausch + Lomb’s common shares up to a specified maximum.

Approximately 13,800,000 Bausch + Lomb common shares were available for future grants as of December 31, 2025 under the B+L Plan. Bausch + Lomb uses reserved and unissued common shares to satisfy its obligations under its share-based compensation plans.

In July 2025, the Talent and Compensation Committee of Bausch + Lomb approved certain amendments to the employment agreement by and between Brent Saunders, Chief Executive Officer (the “B+L CEO”) and Chair of the Board of Directors of Bausch + Lomb, and Bausch + Lomb, dated as of February 14, 2023, and the award agreement underlying certain performance stock units previously granted to Mr. Saunders in connection with his appointment as the B+L CEO (the “New Hire PSUs”). The amendments to the New Hire PSUs provided that the New Hire PSUs will now vest and payout between 120% - 330% of the target award on February 23, 2029 (the “New Performance End Date”), based on the level of achievement of (x) specified share-price hurdle goals ranging from \$26.57 per share to \$39.06 per share measured as of the New Performance End Date and (y) a new cumulative Adjusted EBITDA performance modifier goal for Bausch + Lomb’s 2025 - 2028 fiscal years measured against specified cumulative targets (which modifies the payout between a range of -40% to +40% of the payout level under the share-price hurdle performance goal, subject to Mr. Saunders’ continued employment through the New Performance End Date (subject to certain exceptions).

Stock Options

Stock options granted under the B+L Plan generally expire on the tenth anniversary of the grant date. The exercise price of any stock option granted under the B+L Plan will not be less than the closing price per common share on the date of grant. Stock options generally vest 33% each year over a three-year period, on the anniversary of the date of grant.

The fair values of all stock options granted under the Bausch + Lomb Plan for the years 2025, 2024 and 2023 were estimated as of the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2025	2024	2023
Expected stock option life (years)	3.0	3.0	3.0
Expected volatility	36.8 %	35.1 %	35.3 %
Risk-free interest rate	3.8 %	4.5 %	4.6 %
Expected dividend yield	— %	— %	— %

The expected stock option life was determined based on historical exercise and forfeiture patterns associated with historical stock options granted to Bausch + Lomb employees under the Company’s long-term incentive plan. The expected volatility was determined based on implied and historical volatility of Bausch + Lomb’s selected peer companies. Bausch + Lomb will continue to leverage the Company’s historical stock option experience and peer company data until it has sufficient experience with its own equity awards and market data. The risk-free interest rate was determined based on the rate at the time of grant for zero-coupon U.S. government bonds with maturity dates equal to the expected life of the stock option. The expected dividend yield was determined based on the stock option’s exercise price and expected Bausch + Lomb annual dividend rate at the time of grant.

The Black-Scholes option-pricing model used by the Company to calculate stock option values was developed to estimate the fair value of freely tradable, fully transferable stock options without vesting restrictions, which significantly differ from Bausch + Lomb’s stock option awards. This model also requires highly subjective assumptions, including future stock price volatility and expected time until exercise, which greatly affect the calculated values.

The following table summarizes stock option activity under Bausch + Lomb's Plan during 2025:

<i>(in millions, except per share amounts)</i>	Options	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding, January 1, 2025	9.0	\$ 17.90		
Granted	1.4	\$ 15.86		
Expired or forfeited	(0.4)	\$ 18.00		
Outstanding, December 31, 2025	<u>10.0</u>	\$ 17.62	6.3	\$ 2.0
Vested and expected to vest, December 31, 2025	<u>9.6</u>	\$ 17.62	6.2	\$ 1.9
Vested and exercisable, December 31, 2025	<u>4.2</u>	\$ 17.97	4.7	\$ 0.1

The weighted-average fair values of stock options granted to Bausch + Lomb employees in 2025, 2024 and 2023 were \$4.66, \$4.94 and \$5.33, respectively. There were no stock options exercised in 2025 and 2023. The stock options exercised in 2024 were not material.

As of December 31, 2025, the total remaining unrecognized compensation expense related to non-vested stock options amounted to \$8 million, which will be amortized over the weighted-average remaining requisite service period of approximately 1.1 years.

Time-Based RSUs

RSUs under the Bausch + Lomb Corporation Plan generally vest 33% a year over a three-year period with the exception of the RSUs granted pursuant to the IPO Founder Grants and the RSUs granted to B+L's Chief Executive Officer in connection with his appointment, which vest in two equal installments, such that 50% vest on the second anniversary and 50% vest on the third anniversary of the grant date. RSUs are credited with dividend equivalents, in the form of additional RSUs, when dividends are paid on Bausch + Lomb's common shares. Such additional RSUs will have the same vesting dates and will vest under the same terms as the RSUs in respect of which such additional RSUs are credited.

To the extent provided for in a RSU agreement, Bausch + Lomb may, in lieu of all or a portion of the common shares which would otherwise be provided to a holder, elect to pay a cash amount equivalent to the market price of Bausch + Lomb's common shares on the vesting date for each vested RSU. The amount of cash payment will be determined based on the average market price of Bausch + Lomb's common shares on the vesting date. Bausch + Lomb's current intent is to settle vested RSUs through the issuance of common shares.

Each vested RSU represents the right of a holder to receive one of Bausch + Lomb's common shares. The fair value of each RSU granted is estimated based on the trading price of Bausch + Lomb's common shares on the date of grant.

The following table summarizes non-vested RSU activity under Bausch + Lomb's Plan during 2025:

<i>(in millions, except per share amounts)</i>	RSUs	Weighted-Average Grant-Date Fair Value Per Share
Non-vested, January 1, 2025	6.2	\$ 16.89
Granted	4.0	\$ 15.47
Vested	(2.7)	\$ 17.04
Forfeited	(0.7)	\$ 15.98
Non-vested, December 31, 2025	<u>6.8</u>	<u>\$ 16.08</u>

As of December 31, 2025, the total remaining unrecognized compensation expense related to non-vested RSUs amounted to \$48 million, which will be amortized over the weighted-average remaining requisite service period of approximately 1.4 years. The total fair value of RSUs vested in 2025, 2024 and 2023 was \$47 million, \$41 million and \$27 million, respectively.

Performance-Based RSUs

Each vested PSU represents the right of a holder to receive a number of Bausch + Lomb's common shares up to a specified maximum. The performance-based PSUs are comprised of awards that vest upon: (i) achievement of certain share price appreciation conditions, including absolute and relative total shareholder return, (ii) attainment of certain performance targets that are based on Bausch + Lomb's Organic Revenue Growth and (iii) level of achievement of: (a) a revenue metric and (b) a relative TSR metric (if applicable). If Bausch + Lomb's performance is below a specified performance level, no common shares will be paid. The maximum level of achievement of the performance goals is 200% - 300% of the target.

The fair value of the TSR PSUs granted during 2025, 2024 and 2023 and the OPG PSUs granted during 2025 and 2024 were estimated using a Monte Carlo Simulation model, which utilizes multiple input variables to estimate the probability that the performance condition will be achieved. The fair value of the Organic Revenue Growth PSUs is estimated based on the trading price of Bausch + Lomb's common shares on the date of grant. Expense recognized for the Organic Revenue Growth PSUs in each reporting period reflects Bausch + Lomb's latest estimate of Organic Revenue Growth in determining the number of PSUs that are expected to vest. Expense recognized for the OPG PSUs in each reporting period reflects the latest probability of Bausch + Lomb's achieving certain revenue targets in determining the number of PSUs that are expected to vest. If the Organic Revenue Growth PSUs do not ultimately vest due to the Organic Revenue Growth not being met and/or the OPG PSUs do not ultimately vest due to certain revenue targets not being met, no compensation expense is recognized and any previously recognized compensation expense is reversed.

The fair values of TSR PSUs and OPG PSUs granted during 2025, 2024 and 2023 were estimated with the following assumptions:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Contractual term (years)	3.0	3.0	3.6
Expected volatility	36.7%	35.1%	35.4%
Risk-free interest rate	3.8%	4.5%	4.5%

The expected volatility was determined based on implied and historical volatility of Bausch + Lomb's selected peer companies. The risk-free interest rate was determined based on the rate at the time of grant for zero-coupon U.S. government bonds with maturity dates equal to the contractual terms of the TSR PSU and OPG PSU.

The following table summarizes the performance-based PSU activity during 2025:

<i>(in millions, except per share amounts)</i>	Performance- based RSUs	Weighted- Average Grant-Date Fair Value Per Share
Non-vested, January 1, 2025	4.1	\$ 20.61
Granted	1.2	\$ 15.90
Forfeited	(0.2)	\$ 16.59
Non-vested, December 31, 2025	<u>5.1</u>	<u>\$ 19.67</u>

During 2025, Bausch + Lomb granted approximately 1,166,000 performance-based RSUs, consisting of: (i) approximately 753,000 Organic Revenue Growth PSUs with a weighted-average grant date fair value of \$15.98 per RSU, (ii) approximately 388,000 TSR PSUs with an average grant date fair value of \$15.86 per RSU and (iii) approximately 25,000 OPG PSUs with a weighted-average grant date fair value of \$14.06 per RSU.

As of December 31, 2025, the total remaining unrecognized compensation expense related to non-vested performance-based RSUs amounted to \$79 million, which will be amortized over the weighted-average remaining requisite service period of approximately 1.8 years. A maximum of approximately 11,900,000 common shares could be issued upon vesting of the performance-based RSUs outstanding as of December 31, 2025. There were no performance-based RSUs that vested during 2025, 2024 and 2023.

14. ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss as of December 31, 2025 and 2024 consists of:

<i>(in millions)</i>	2025	2024
Foreign currency translation adjustment	\$ (1,749)	\$ (2,162)
Pension adjustment, net of tax	(11)	(17)
Accumulated other comprehensive loss	<u>\$ (1,760)</u>	<u>\$ (2,179)</u>

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

15. 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 for the years 2025, 2024 and 2023 consists of:

<i>(in millions)</i>	2025	2024	2023
Product related research and development	\$ 612	\$ 598	\$ 573
Quality assurance	17	18	31
Research and development	<u>\$ 629</u>	<u>\$ 616</u>	<u>\$ 604</u>

16. OTHER EXPENSE, NET

Other expense, net for the years 2025, 2024 and 2023 consists of:

<i>(in millions)</i>	2025	2024	2023
Acquired IPR&D costs	\$ 114	\$ 18	\$ —
Litigation and other matters, net of insurance recoveries and restitutions	61	220	(53)
Acquisition-related transaction costs	9	4	24
Net gain on sale of assets	(6)	(10)	(3)
Acquisition-related contingent consideration	(36)	15	59
Other, net	—	—	1
Other expense, net	<u>\$ 142</u>	<u>\$ 247</u>	<u>\$ 28</u>

Acquired IPR&D costs in 2025 are primarily related to the DURECT acquisition and certain Bausch + Lomb acquisitions.

Litigation and other matters, net of insurance recoveries and restitutions primarily relates to adjustments to provisions for certain legal matters. Litigation and other matters, net of insurance recoveries and restitutions for 2025, also includes restitution received in connection with a certain legal matter. For 2023, Litigation and other matters, net of insurance recoveries and restitutions is primarily related to insurance recoveries regarding certain litigation matters.

Acquisition-related contingent consideration for 2025 and 2024 reflects adjustments for changes in estimates in the timing and amounts of the expected future royalty and milestone payments and in 2024, also includes other adjustments of \$18 million related to certain branded products.

17. INCOME TAXES

The components of Income (loss) before income taxes for 2025, 2024 and 2023 consist of:

<i>(in millions)</i>	2025	2024	2023
Domestic	\$ (743)	\$ (596)	\$ (382)
Foreign	1,110	763	(8)
	<u>\$ 367</u>	<u>\$ 167</u>	<u>\$ (390)</u>

The components of Provision for income taxes for 2025, 2024 and 2023 consist of:

<i>(in millions)</i>	2025	2024	2023
Current:			
Domestic	\$ 25	\$ (9)	\$ (21)
Foreign	(140)	(161)	(194)
	<u>(115)</u>	<u>(170)</u>	<u>(215)</u>
Deferred:			
Domestic	(3)	(4)	(21)
Foreign	(129)	(65)	15
	<u>(132)</u>	<u>(69)</u>	<u>(6)</u>
	<u>\$ (247)</u>	<u>\$ (239)</u>	<u>\$ (221)</u>

Provision for income taxes differs from the expected amount calculated by applying the Company's Canadian statutory federal rate of 25% to Income (loss) before income taxes for 2025. The provincial impacts in the reconciliation below reflect the impact of a full valuation allowance on the net deferred tax assets in Canada. A reconciliation of the differences is as follows:

<i>(in millions)</i>		2025	Percent
Income before income taxes		<u>\$ 367</u>	
Expected provision for income taxes at Canadian statutory rate		\$ (92)	25 %
Provincial and local income tax, net of federal (national) income tax effect		—	— %
Foreign Tax Effects			
Germany	Foreign tax rate differences	8	(2)%
	Other	(2)	(1)%
Ireland	Foreign tax rate differences	157	(43)%
	Changes in valuation allowances	(11)	3 %
	Nondeductible expense	(17)	5 %
	Other	(22)	6 %
Netherlands	Loss carryforwards	10	(3)%
	Changes in valuation allowances	(16)	4 %
	Other	(6)	2 %
Poland	Unremitted Earnings — Withholding tax	5	(1)%
	Nondeductible interest	(8)	2 %
	Other	15	(4)%
United States	Foreign tax rate differences	(17)	5 %
	Loss carryforwards	72	(20)%
	Research and development tax credits	12	(3)%
	Changes in valuation allowances	(87)	24 %
	State and local tax provision net of valuation allowances	(41)	11 %
	Contingent consideration fair value adjustments	6	(2)%
	Non-deductible impairment	(47)	13 %
	Other	(10)	3 %
Colombia	Other	(6)	2 %
Other countries	Other	(13)	4 %
Effect of cross-border tax laws — Foreign accrual property income		(7)	2 %
Changes in valuation allowances		(61)	17 %
Nontaxable or nondeductible items			
	Share based compensation	(23)	6 %
	Nondeductible interest	(24)	7 %
Other			
	Original issue discount and debt financing costs	119	(32)%
	Foreign exchange gain	(175)	48 %
	Other	(13)	4 %
Changes in unrecognized tax benefits		47	(13)%
Provision for income taxes		<u>\$ (247)</u>	(67)%

As a Canadian domiciled company, the Company's applicable tax rate prior to 2025 was the Canadian combined tax rate for its federal and provincial filings. The Provision for income taxes differs from the expected amount calculated by applying the Company's Canadian statutory federal plus provincial rate of 26.9% to Income (loss) before income taxes for 2024 and 2023 as follows:

<i>(in millions)</i>	2024	2023
Income (loss) before income taxes	<u>\$ 167</u>	<u>\$ (390)</u>
Provision for income taxes		
Expected (provision for) benefit from income taxes at Canadian statutory rate	\$ (45)	\$ 105
Non-deductible amount of share-based compensation	(19)	(19)
Adjustments to tax attributes	(4)	32
Change in valuation allowance related to foreign tax credits and NOLs	(21)	(6)
Change in valuation allowance on Canadian deferred tax assets and tax rate changes	(82)	(158)
Change in uncertain tax positions	(62)	(28)
Foreign tax rate differences	(4)	(42)
Non-deductible portion of Goodwill impairments	—	(104)
Other	(2)	(1)
	<u>\$ (239)</u>	<u>\$ (221)</u>

Other consists of adjustments affecting the tax provision such as those related to the filing of tax returns which are not material.

Deferred tax assets and liabilities as of December 31, 2025 and 2024 consist of:

<i>(in millions)</i>	2025	2024
Deferred tax assets:		
Tax loss carryforwards	\$ 3,346	\$ 3,243
Provisions	515	633
Debt discounts and deferred financing costs	197	282
Restricted interest and financing expenses	363	148
Research and development tax credits	70	69
Scientific Research and Experimental Development pool	41	40
Tax credit carryforwards	13	12
Deferred revenue	2	5
Prepaid expenses	56	56
Share-based compensation	30	23
Other	18	9
Total deferred tax assets	4,651	4,520
Less valuation allowance	(2,576)	(2,284)
Deferred tax assets net of valuation allowance	<u>2,075</u>	<u>2,236</u>
Deferred tax liabilities:		
Intangible assets	171	201
Plant, equipment and technology	63	62
Outside basis differences	145	133
Total deferred tax liabilities	<u>379</u>	<u>396</u>
Net deferred tax asset	<u>\$ 1,696</u>	<u>\$ 1,840</u>

The following table presents a reconciliation of the deferred tax asset valuation allowance:

<i>(in millions)</i>	2025	2024	2023
Balance, beginning of year	\$ 2,284	\$ 2,254	\$ 2,023
Charged to Benefit from income taxes	201	103	164
Charged to other accounts	91	(73)	67
Balance, end of year	<u>\$ 2,576</u>	<u>\$ 2,284</u>	<u>\$ 2,254</u>

The Company has provided for income taxes in accordance with guidance issued by accounting regulatory bodies, the U.S. Internal Revenue Service and state and local governments through the date of the issuance of these Consolidated Financial Statements. Additional guidance and interpretations can be expected and such guidance, if any, could impact future results. While management continues to monitor these matters, the ultimate impact, if any, as a result of the application of any guidance issued in the future cannot be determined at this time.

The realization of deferred tax assets is dependent on the Company generating sufficient domestic and foreign taxable income in the years that the temporary differences become deductible. A valuation allowance has been provided for the portion of the deferred tax assets that the Company determined is more likely than not to remain unrealized based on estimated future taxable income and tax planning strategies. In 2025, the valuation allowance increased \$292 million primarily due to losses in Canada and a change in the expected realizability of net deferred tax assets in the United States. In 2024, the valuation allowance increased \$30 million primarily due to an increase for state tax losses expected to be unusable in the United States.

The Company's U.S. interest expense is subject to limitation rules which limit U.S. interest expense to 30% of adjusted taxable income, defined similar to EBITA. Disallowed interest can be carried forward indefinitely and any unused interest deduction is assessed for recoverability. In 2025, a valuation allowance was established against this carryforward.

As of December 31, 2025 and 2024, the Company had accumulated taxable losses available to offset future years' federal and provincial taxable income in Canada of approximately \$6,607 million and \$6,341 million, respectively. As of December 31, 2025 and 2024, unclaimed input tax credits available to offset future federal taxes in Canada were approximately \$15 million and \$19 million, respectively, which expire in the years 2026 through 2043. In addition, as of December 31, 2025 and 2024, pooled scientific research and experimental development expenditures available to offset against future taxable income in Canada were approximately \$157 million and \$150 million, respectively, which may be carried forward indefinitely. As of December 31, 2025 and 2024, a full valuation allowance against the net Canadian federal and provincial deferred tax assets on the parent company (BHCI) and the Bausch + Lomb parent company (B+L Corporate Canada) has been provided of \$2,182 million and \$2,045 million, respectively.

As of December 31, 2025 and 2024, the Company had accumulated taxable losses available to offset future years' federal taxable income in the U.S. of approximately \$539 million and \$427 million, respectively, including acquired losses that expire in the years 2026 through 2033. As of December 31, 2025, the remaining taxable losses are subject to multiple annual loss limitations as a result of previous ownership changes, and the Company believes that the recoverability of the deferred tax assets associated with these taxable losses is not more likely than not to be realized. As of December 31, 2025 and 2024, U.S. research and development credits available to offset future years' federal income taxes in the U.S. were approximately \$15 million and \$10 million, respectively, which include acquired research and development credits and which expire in the years 2026 through 2045.

As of December 31, 2025 and 2024, the Company had accumulated taxable losses available to offset future years' taxable income in Ireland of approximately \$12,101 million and \$12,437 million, respectively.

The Company provides for income taxes on the unremitted earnings of its direct foreign affiliates except for its investment in the Bausch Health Americas group. The Company continues to assert that the unremitted earnings of its Bausch Health Americas group will be permanently reinvested and not repatriated. As of December 31, 2025, the Company estimates that there will be no tax liability attributable to unremitted earnings of its BHC U.S. subsidiaries. However, future distributions could be subject to U.S. withholding tax. Income Taxes are accrued on the Solta U.S. subsidiaries in accordance with the US-Canada tax treaty.

As of December 31, 2025 and 2024, unrecognized tax benefits (including interest and penalties) were \$914 million and \$924 million, of which \$368 million and \$405 million would affect the effective income tax rate, respectively. In 2025 and 2024, the remaining unrecognized tax benefits would not impact the effective tax rate as the tax positions are offset against existing tax attributes or are timing in nature.

The Company provides for interest and penalties related to unrecognized tax benefits in the provision for income taxes. As of December 31, 2025 and 2024, accrued interest and penalties related to unrecognized tax benefits were approximately \$68 million for both years. In 2025, the amount of interest and penalties recognized by the Company was not material. In 2024, the Company recognized a net increase of \$17 million of interest and penalties.

The Company and one or more of its subsidiaries file federal income tax returns in Canada, the U.S. and other foreign jurisdictions, as well as various provinces and states in Canada and the U.S. The Company and its subsidiaries have open tax years, primarily from 2012 to 2025, with significant taxing jurisdictions, respectively, including Canada and the U.S. These open years contain certain matters that could be subject to differing interpretations of applicable tax laws and regulations and tax treaties, as they relate to the amount, timing, or inclusion of revenues and expenses, or the sustainability of income tax positions of the Company and its subsidiaries. Certain of these tax years are expected to remain open indefinitely.

Jurisdiction:	Open Years
United States - Federal	2017 - 2025
Canada	2012 - 2025
Germany	2017 - 2025
France	2013 - 2015, 2022 - 2025
Ireland	2018 - 2025
Luxembourg	2018 - 2021

In June 2025, the Company and the Internal Revenue Service (the “IRS”) concluded the tax audit of its short period 2017 tax years closing all federal tax periods through the short period 2017. As a result of the settlement, the Company recorded a tax benefit of approximately \$64 million. The IRS has begun the next audit cycle starting with the stub period ending December 31, 2017.

The Company is currently under examination by the Canada Revenue Agency (“CRA”) for seven separate cycles ranging from years 2012 through 2024. During 2025, the Company received various assessments by the CRA to which the Company has responded.

During the fourth quarter of 2025, the Company and the CRA settled certain transfer pricing matters related to the Canadian distribution business for 2019, resulting in a tax payment of CAD 5.5 million. A reserve had previously been established for this.

The Company’s subsidiaries in Germany are under audit for tax years 2017 through 2019. During the three months ended September 30, 2023, the Company received a preliminary assessment from the German taxing authority for the 2014 through 2016 period that would disallow certain transfer pricing adjustments. The Company contested this alleged tax deficiency through the appropriate appeals process, and reached a preliminary settlement with the German taxing authority during the year ended December 31, 2024. The settlement was then finalized with the taxing authority and resulted in the accrual of an immaterial tax cost that will close out the 2014 to 2016 audit period.

On November 8, 2022, the Company’s affiliate in Netherlands received an assessment from the Luxembourg Tax Authorities as successor in interest to its affiliate in Luxembourg for tax years 2018 – 2019 for €271.7 million. The Company is vigorously defending its position and no reserves have been recorded.

On January 9, 2025, the Company’s affiliate in Switzerland received a decision by the Tax Chamber of the Administrative Court of the Canton of Zug denying the affiliate’s objection to certain transfer pricing adjustments proposed by the Swiss Tax Authorities for its 2018 tax year. The Company is preparing to pursue the resolution of this dispute through the mutual agreement procedure and is expecting the impact of the decision to be immaterial.

The Company’s U.S. affiliates remain under examination for various state tax audits in the U.S. for years 2017 through 2024.

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 Consolidated Financial Statements.

The following table presents a reconciliation of the unrecognized tax benefits not including interest and penalties:

<i>(in millions)</i>	2025	2024	2023
Balance, beginning of year	\$ 856	\$ 867	\$ 849
Additions based on tax positions related to the current year	6	60	5
Additions for tax positions of prior years	40	—	29
Reductions for tax positions of prior years	(53)	(53)	(14)
Lapse of statute of limitations	(2)	(18)	(2)
Balance, end of year	<u>\$ 847</u>	<u>\$ 856</u>	<u>\$ 867</u>

Additions for tax positions of prior years includes a currency translation adjustment for tax positions that are denominated in a currency other than U.S. dollars.

Income taxes paid (net of refunds) exceeding 5 percent of total income taxes paid (net of refunds) in the following jurisdictions for 2025 were as follows:

<i>(in millions)</i>	2025
Federal	\$ 9
Provincial	3
Foreign	
Mexico	29
Ireland	28
Germany	27
France	16
United States	15
China	10
Other	26
	<u>\$ 163</u>

18. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share attributable to Bausch Health Companies Inc. for 2025, 2024 and 2023 was calculated as follows:

<i>(in millions, except per share amounts)</i>	2025	2024	2023
Net income (loss) attributable to Bausch Health Companies Inc.	<u>\$ 157</u>	<u>\$ (46)</u>	<u>\$ (592)</u>
Basic weighted-average common shares outstanding	370.9	368.0	364.9
Diluted effect of stock options and RSUs	4.1	—	—
Diluted weighted-average common shares outstanding	<u>\$ 375.0</u>	<u>\$ 368.0</u>	<u>\$ 364.9</u>
Earnings (loss) per share attributable to Bausch Health Companies Inc.			
Basic	\$ 0.42	\$ (0.13)	\$ (1.62)
Diluted	\$ 0.42	\$ (0.13)	\$ (1.62)

In 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 3,142,000 and 2,719,000 common shares for 2024 and 2023, respectively.

During 2025, 2024 and 2023, time-based RSUs, performance-based RSUs and stock options to purchase approximately 5,607,000, 8,031,000 and 13,864,000 common shares of the Company, 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 2023, an additional 596,000 performance-based RSUs respectively, were not included in the computation of diluted earnings per share as the required performance conditions had not been met.

19. SHAREHOLDER RIGHTS PLAN

On April 14, 2025, the Board of Directors of the Company adopted a shareholder rights plan (the “SRP”), which the Board subsequently amended and restated to remove provisions related to a director appointment and nomination agreement that terminated on August 14, 2025. The SRP is intended to ensure, to the extent possible, that all shareholders of the Company are treated fairly in connection with an offer to acquire common shares of the Company which, if acquired and beneficially owned (as defined in the SRP) by an Acquiring Person (as defined in the SRP), would result in such person owning 20% or more of the outstanding common shares of the Company. Pursuant to the SRP, one right (each, a “Right”) attached to each common share outstanding on April 14, 2025, and to each common share issued after such time and prior to the earlier of the Separation Time (as defined in the SRP) and Expiration (as defined in the SRP). Each Right entitles its holder, from and after the Separation Time, to purchase common shares of the Company, pursuant to the conditions set forth in the SRP, at a discount to the then market price of the Company’s common shares. On October 7, 2025, the Company’s shareholders approved the ordinary resolution ratifying, confirming and approving the adoption of the SRP, as amended, and the shareholders will be asked to reconfirm the SRP at every third annual meeting of the shareholders thereafter.

20. SUPPLEMENTAL CASH FLOW DISCLOSURES

Supplemental cash flow disclosures for 2025, 2024 and 2023 are as follows:

<i>(in millions)</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Other payments			
Interest paid	\$ 1,810	\$ 1,674	\$ 1,533
Income taxes paid (net of refunds)	\$ 163	\$ 61	\$ 237

Interest paid includes \$276 million, \$295 million and \$282 million of interest which was recorded as a reduction of the premium on the 2022 Secured Notes.

21. 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 below.

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 December 31, 2025, the Company’s Consolidated Balance Sheets includes accrued current loss contingencies of \$178 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.

Securities Litigation and Related Matters

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, as amended (the “Exchange Act”) and Rule 10b-5 promulgated thereunder. Plaintiffs allege that defendants made various misrepresentations and omissions regarding the Company’s proposed spin-off of Bausch + Lomb, and allege that those purported misrepresentations and omissions concealed that the spin-off was executed as part of a strategy to subvert the pending opt-out lawsuits and leave plaintiffs in those actions without viable means to a potential recovery. An amended complaint was filed on January 19, 2024. The amended complaint also alleges that defendants made various misrepresentations and omissions regarding the strength of the Company’s patents protecting its product, Xifaxan®, from generic competitors. Defendants moved to dismiss the amended complaint on March 20, 2024. On February 12, 2025, the District Court granted Defendants’ motion to dismiss the amended complaint in full without prejudice. On March 14, 2025,

Plaintiffs filed a second amended complaint. Defendants moved to dismiss the second amended complaint on April 28, 2025. On November 20, 2025, the District Court granted Defendant's motion to dismiss the second amended complaint with prejudice. Plaintiffs filed a notice of appeal on December 22, 2025.

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.

Canadian Securities Litigation – Opt-Out Litigation

In 2015, several putative class actions were filed against the Company and certain current or former officers and directors in Canada in the provinces of British Columbia, Ontario and Quebec.

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

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

The Catucci action was settled in 2020, and the proceeding has been discontinued against the Company, its current and former directors and officers, its underwriters and its insurers. As part of the settlement, the Company and the other defendants admitted no liability as to the claims against it and denied all allegations of wrongdoing.

The Company is aware that certain other members of the Catucci class exercised their opt-out rights prior to a 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. 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 application of CalSTRS for leave to pursue its respective action asserting claims under the Quebec Securities Act. On June 16, 2020, the Quebec Court of Appeal granted the defendants leave to appeal that decision. By judgment dated October 29, 2021, the appeals were dismissed.

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

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

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

Canadian Securities Litigation – Ren Statement of Claim

On December 23, 2024, a putative class action Statement of Claim captioned *Ren v. Bausch Health Companies, Inc., Joseph Papa (“Papa”) and Thomas Appio (“Appio”)* (CV-24-00098326-CP) was filed in the Ontario Superior Court of Justice against the Company, Papa and Appio. The claim generally alleges violations of Ontario securities legislation and common law on behalf of putative classes of persons who purchased or otherwise acquired securities of the Company between April 2, 2020 and May 2, 2024. The alleged violations relate to the Company’s disclosures regarding the U.S. and Canadian Securities opt-out litigation described above and below.

On January 17, 2025, the Company was served with a Notice of Motion seeking leave to pursue the proposed action under the relevant provisions of the Ontario Securities Act.

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

Antitrust Litigation

Generic Pricing Antitrust Litigation

The Company and its subsidiaries, Oceanside Pharmaceuticals, Inc., Bausch Health US, LLC (formerly Valeant Pharmaceuticals North America LLC) (“BHUS”) and Bausch Health Americas, Inc. (formerly Valeant Pharmaceuticals International) (“BHA”) (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 U.S. District Court for the Eastern District of Pennsylvania (MDL 2724, 16- MD-2724). Bausch + Lomb Corporation had been named as a defendant in the MDL in one complaint, but this complaint has been amended to remove Bausch + Lomb Corporation and, as a result, Bausch + Lomb Corporation is no longer a party to the MDL. 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.*, (D. CT, C.A. No. 3:20-00802), in which BHUS and BHA are defendants, was remanded to the U.S. District Court for the District of Connecticut. BHUS and BHA have reached an agreement in principle to settle the Connecticut case which remains subject to court approval. There are cases pending in the Court of Common Pleas of Philadelphia County and New York State Supreme Court against the Company and other defendants related to the multidistrict litigation. The Company disputes the claims against it and continues to defend itself vigorously.

Additionally, Bausch Health Companies Inc. and certain U.S. and Canadian subsidiaries (for the purposes of this paragraph, collectively the “Company”) have been named as defendants in a proposed class proceeding entitled *Kathryn Eaton v. Teva Canada Limited, et al.* in the Federal Court in Toronto, Ontario, Canada (Court File No. T-607-20). The plaintiff seeks to certify a proposed class action on behalf of persons in Canada who purchased generic drugs in the private sector, alleging that the Company and other defendants violated the Competition Act (Canada) 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 U.S. Court for the Eastern District of Pennsylvania. At the certification hearing in late October 2025, before the Federal Court, class counsel advised that they intend to seek approval to have the action dismissed as against the Company. The Company is awaiting a formal dismissal order.

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. 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 dated as of March 30, 2022, governing the separation between Bausch Health and Bausch + Lomb.

Xifaxan Antitrust Litigation

Between September 2025 and December 2025, five antitrust complaints were filed in the U.S. District Court for the District of Rhode Island against the Company among other defendants. Among other claims, the plaintiffs allege generally that a 2018 patent settlement with Actavis Laboratories FL, Inc. regarding Xifaxan® 550 mg is unlawful and anticompetitive.

On September 22, 2025, Rhode Island Laborers Health & Welfare Fund filed an indirect purchaser class-action antitrust lawsuit against Bausch Health Companies Inc., Bausch Health Ireland Ltd., Salix Pharmaceuticals, Ltd., Salix

Pharmaceuticals, Inc., Teva Pharmaceuticals USA, Inc. and Actavis Laboratories FL, Inc. On January 28, 2026, the plaintiff voluntarily dismissed lawsuit without prejudice.

On October 7, 2025, Walgreen Co., The Kroger Co., Albertsons Companies, Inc., H-E-B, L.P. and Supervalu, Inc. filed a direct purchaser antitrust lawsuit against Bausch Health Companies Inc., Salix Pharmaceuticals, Ltd., Salix Pharmaceuticals, Inc., Teva Pharmaceutical Industries Ltd. and Teva Pharmaceuticals USA, Inc.

On October 21, 2025, KPH Healthcare Services, Inc. a/k/a Kinney Drugs, Inc. filed a direct purchaser class-action antitrust lawsuit against Bausch Health Companies Inc., Bausch Health Ireland Ltd., Salix Pharmaceuticals, Ltd., Salix Pharmaceuticals, Inc., Teva Pharmaceutical Industries Ltd., Teva Pharmaceuticals USA, Inc., and Actavis Laboratories FL, Inc.

On October 23, 2025, Value Drug Company filed a direct purchaser class-action antitrust lawsuit against Bausch Health Companies Inc., Bausch Health Ireland Ltd., Salix Pharmaceuticals, Ltd., Salix Pharmaceuticals, Inc., Teva Pharmaceutical Industries Ltd., Teva Pharmaceuticals USA, Inc., and Actavis Laboratories FL, Inc.

On December 23, 2025, CVS Pharmacy, Inc. filed a direct purchaser antitrust lawsuit against Bausch Health Companies Inc., Salix Pharmaceuticals, Ltd., Salix Pharmaceuticals, Inc., Teva Pharmaceutical Industries Ltd., and Teva Pharmaceuticals USA, Inc.

The Company and its affiliates named in these cases dispute the asserted claims and intend to vigorously defend these matters.

Intellectual Property Litigation

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, Cabtreo[®], Lotemax[®] SM, Lumify[®], Trulance[®] and Vyzulta[®] in the United States and Zaxine[®] in Canada.

Xifaxan[®] Paragraph IV Proceedings

The Company filed lawsuits against Norwich Pharmaceuticals Inc. (“Norwich”) and Amneal Pharmaceuticals of New York LLC concerning the Company’s Xifaxan[®] (rifaximin) 550 mg tablets. The foregoing lawsuits and related litigation are referred to collectively as the “Xifaxan[®] Generics Litigation”. The lawsuits against Zydus Pharmaceuticals (USA) Inc. (“Zydus”), Carnegie Pharmaceuticals LLC (“Carnegie”), SABA Ilac Sanayi ve Ticaret A.S. (“SABA”), Mylan Pharmaceuticals Inc. (“Mylan”), Alkem Laboratories Ltd. (“Alkem”), Cipla USA, Inc. and Ajanta Pharma Limited (“Ajanta”) are now settled, see “- Completed or Inactive Matters” below.

The Norwich I Xifaxan[®] Litigation

On February 17, 2020, the Company and Alfasigma S.p.A. (“Alfasigma”) received a Notice of Paragraph IV Certification from Norwich, in which Norwich asserted that the U.S. patents listed in the FDA’s Orange Book for the Company’s Xifaxan[®] tablets, 550 mg, are invalid, unenforceable and/or will not be infringed by the commercial manufacture, use or sale of Norwich’s generic rifaximin tablets, 550 mg, for which Norwich filed an abbreviated new drug application (an “ANDA”, and such ANDA, the “Norwich First ANDA”). The Company, through its subsidiaries Salix Pharmaceuticals, Inc. and Bausch Health Ireland Limited, holds the New Drug Application for Xifaxan[®] and owns or exclusively licenses (from Alfasigma) these patents. On March 26, 2020, certain of the Company’s subsidiaries and Alfasigma filed suit against Norwich in the U.S. District Court for the District of Delaware (Case No. 20-cv-00430) pursuant to the Hatch-Waxman Act, alleging infringement by Norwich of one or more claims of the Xifaxan[®] patents, thereby triggering a 30-month stay of the approval of the Norwich First ANDA for rifaximin tablets, 550 mg. Trial in this matter was held in March 2022. The court issued a final judgment on August 10, 2022 (the “Norwich Legal Decision”), finding that the U.S. Patents protecting the use of Xifaxan[®] (rifaximin) 550 mg tablets for the reduction in risk of HE recurrence valid and infringed and the U.S. patents protecting the composition, and use of Xifaxan[®] for treating IBS-D invalid. The Norwich Legal Decision prevents FDA approval of the Norwich First ANDA until October 2029. The Company appealed the Norwich Legal Decision to the U.S. Court of Appeals for the Federal Circuit on August 16, 2022. Following the Company’s appeal, Norwich claimed to have removed the HE indication from the Norwich First ANDA and then filed a motion in the District Court requesting modification of the Norwich Legal Decision to permit the FDA to approve the Norwich First ANDA before October 2029. The Company opposed the motion. On May 17, 2023, the District Court denied Norwich’s motion and confirmed that the

FDA remained enjoined from granting final approval to the Norwich First ANDA until October 2029. Norwich filed its appeal to the U.S. Court of Appeals for the Federal Circuit on May 19, 2023. The Company's and Norwich's appeals were consolidated (the "Norwich Appeal"). The Federal Circuit heard oral arguments on January 8, 2024 in the Norwich Appeal. On April 11, 2024, the Federal Circuit issued an opinion affirming the Norwich Legal Decision and the District Court's denial of Norwich's motion requesting modification of the Norwich Legal Decision (the "Norwich Appeal Decision"). In May 2024, both the Company and Norwich petitioned for panel and en banc rehearing of the Norwich Appeal Decision. The Federal Circuit denied the Company's and Norwich's rehearing petitions on June 13, 2024 and issued its mandate to the District Court on June 20, 2024. Under the Norwich Appeal Decision, the FDA remains enjoined from approving the Norwich First ANDA until October 2029. On September 11, 2024, the Company and Norwich filed petitions for writ of certiorari with the United States Supreme Court appealing certain aspects of the Norwich Appeal Decision. The Supreme Court denied Norwich's and the Company's petitions for writ of certiorari on November 18, 2024 and December 16, 2024, respectively.

In a letter to Norwich on June 2, 2023, the FDA granted tentative approval to the Norwich First ANDA, but confirmed that it is enjoined from granting final approval until October 2029. On June 5, 2023, Norwich brought a lawsuit against the FDA in the U.S. District Court for the District of Columbia (the "DC District Court"), alleging that the FDA acted improperly by only granting tentative approval to the Norwich First ANDA rather than final approval (the "First Norwich DC Lawsuit"). In June 2023, the Company intervened in the First Norwich DC Lawsuit. A hearing was held on October 6, 2023. On November 1, 2023, the DC District Court granted the Company's and FDA's motions for summary judgment, thereby ending the lawsuit. In December 2023, Norwich appealed the DC District Court's November 1st decision to the U.S. Court of Appeals for the District of Columbia Circuit (the "DC Circuit"). Although the DC Circuit held the appeal in abeyance on February 2, 2024, the DC circuit returned the case to the court's active docket on December 17, 2024. The Court held oral arguments on December 11, 2025.

The Norwich II Xifaxan® Litigation

The Company received a Notice of Paragraph IV Certification from Norwich, dated May 10, 2024, in which Norwich asserted that certain U.S. Patents listed in the FDA's Orange Book for the Company's Xifaxan® tablets, 550 mg, are invalid, unenforceable and/or will not be infringed by the manufacture, use, or sale of Norwich's generic rifaximin tablets, 550 mg, for which Norwich filed an amended ANDA (the "Norwich Second ANDA"). On June 20, 2024, the Company filed suit against Norwich in the U.S. District Court for the District of New Jersey pursuant to the Hatch-Waxman Act, alleging infringement by Norwich of one or more claims of U.S. Patent Nos. 11,564,912 and 11,779,571. While no trial date has been set, we anticipate a potential motion for summary judgment by the second quarter of 2026 and an estimated trial date summer of 2026.

In a letter to Norwich on January 10, 2025, the FDA granted tentative approval to the Norwich Second ANDA. In the January 10 letter, the FDA confirmed that the first ANDA applicant for rifaximin 550 mg tablets is eligible for 180-day exclusivity. The 180-day exclusivity precludes the FDA from granting final approval to the Norwich Second ANDA. On January 13, 2025, Norwich brought a lawsuit against the FDA in the DC District Court, alleging that the FDA acted improperly by only granting tentative approval to the Norwich Second ANDA rather than final approval (the "Second Norwich DC Lawsuit"). In the Second Norwich DC Lawsuit, Norwich asserts (1) that the Norwich Second ANDA is not subject to a 30-month stay of approval and (2) that the first ANDA applicant for rifaximin 550 mg tablets forfeited their 180-day exclusivity. Teva Pharmaceuticals USA, Inc. ("Teva") and Salix intervened in the Second Norwich DC Lawsuit as defendants. On April 17, 2025, the DC District Court granted summary judgment in favor of the FDA, Teva, and the Company. The DC District Court confirmed that the FDA's decision to only tentatively approve the Norwich Second ANDA was not arbitrary, capricious, or contrary to law because Teva had not forfeited its 180-day exclusivity. On April 18, 2025, Norwich appealed the judgment to the DC Circuit. The Court held oral arguments on December 11, 2025. On December 12, 2025, the Court issued an order requesting supplemental briefing from the parties. After supplemental briefing concluded in the DC Circuit, the Company filed a motion for leave and a cross-claim against the FDA on February 6, 2026 in the DC District Court.

The Amneal Xifaxan® Litigation

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

ANDA on January 16, 2025. While no trial date has been set, we anticipate a potential motion for summary judgment by the second quarter of 2026 and an estimated trial date summer of 2026.

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

The MSN Trulance[®] Paragraph IV Proceedings

In April 2021, the Company commenced litigation against MSN Laboratories Private Ltd. (“MSN”) in the U.S. District Court for the District of New Jersey alleging patent infringement by MSN’s filing of an ANDA for generic Trulance[®] (plecanatide) 3 mg tablets. The Company filed the lawsuit following receipt of a Notice of Paragraph IV Certification from Mylan, in which MSN asserted that the U.S. patents listed in the FDA’s Orange Book for Trulance[®] tablets, 3 mg, were invalid, unenforceable and/or would not be infringed by the commercial manufacture, use or sale of MSN’s generic plecanatide tablets, 3 mg. Beginning November 10, 2025, the Court held a 3-day bench trial. Post-trial briefing is ongoing.

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

The Cabtreo[®] Paragraph IV Proceedings

The Company received a Notice of Paragraph IV Certification from Taro Pharmaceuticals Inc. (“Taro”), dated February 5, 2025, in which Taro asserted that U.S. Patents listed in the FDA’s Orange Book for the Company’s Cabtreo[®] (clindamycin phosphate, adapalene, benzoyl peroxide) gel, 1.2%/0.15%/3.1%, are invalid, unenforceable and/or will not be infringed by the manufacture, use, sale, offer for sale, and/or importation of Taro’s generic clindamycin phosphate/adapalene/benzoyl peroxide gel, 1.2%/0.15%/3.1%, for which Taro filed an ANDA. On March 20, 2025, the Company filed suit against Taro pursuant to the Hatch-Waxman Act, alleging infringement by Taro of one or more claims of the Cabtreo[®] patents, thereby triggering a 30-month stay of the approval of Taro’s ANDA for clindamycin phosphate/adapalene/benzoyl peroxide gel, 1.2%/0.15%/3.1%.

The Company remains confident in the strength of the Cabtreo[®] patents and intends to vigorously 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. On February 14, 2024, the court issued an order administratively terminating the case pending completion of mediation on or before April 14, 2024. Mediation was held on April 11, 2024, but no agreement was reached. On April 22, 2024, the court reopened the case. On May 1, 2024, the Court entered a stipulation and order of non-infringement for U.S. Patent Nos. 10,556,915, 10,745,415 and 10,961,257. On September 20, 2024, the Court entered a stipulation and order of non-infringement for the ’099 Patent. The Company disputes Curia’s infringement claims against Xifaxan[®] 200 mg and 550 mg tablets and will continue to defend this matter.

Zaxine[®] Notice of Allegation in Canada

The Company received a Notice of Allegation in Canada, dated January 14, 2025, from Sandoz Canada Inc. (“Sandoz Canada”) concerning Zaxine[®] (rifaximin) 550 mg tablets, under the Patented Medicines (Notice of Compliance) Regulations. On March 5, 2025, the Company filed a Statement of Claim against Sandoz Canada asserting infringement of one or more claims of Canadian Patent No. 2,739,436.

Lumify[®] Paragraph IV Proceedings - DRL, Somerset, Gland & Granules

On August 16, 2021, Bausch & Lomb Incorporated (“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 in the U.S. District Court for the District of New Jersey against Slayback pursuant to the Hatch-Waxman Act, alleging infringement by Slayback of one or more claims of the Lumify Patents (the “Slayback Lawsuit”), 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 (IPR2022-00142). This decision was appealed to the United States Court of Appeals for the Federal Circuit (the “Federal Circuit”). The Federal Circuit issued its opinion on June 30, 2025, which reversed the PTAB’s claim construction of certain limitation, vacated its obviousness finding, and remanded for further proceedings.

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 in the U.S. District Court for the District of New Jersey against Slayback and its licensees, Dr. Reddy’s Laboratories S.A. and Dr. Reddy’s Laboratories, Inc. (collectively, “DRL”) (the “DRL Lawsuits”). The Slayback Lawsuit and DRL Lawsuits were subsequently consolidated into one district court action before the U.S. District Court for the District of New Jersey (3:21-cv-16766-RK-RLS). On December 15, 2023, B&L Inc., Bausch + Lomb Ireland Limited, and Eye Therapies filed a Motion for a Preliminary Injunction requesting the court to enjoin any infringing activities by DRL and a hearing was held in January 2024. On May 10, 2024, the Court denied Plaintiffs’ Motion, finding that Plaintiffs had not proven that they would be “irreparably harmed” absent a preliminary injunction.

Additionally, on December 18, 2023, B&L Inc., Bausch + Lomb Ireland Limited, and Eye Therapies amended its complaint in the consolidated district court action to add claims for copyright infringement, as well as claims under the Lanham Act, including trademark and trade dress infringement. DRL subsequently petitioned for inter partes review (“IPR”) of the U.S. Patent Nos. 11,596,600 and 11,833,245; the PTAB instituted both petitions (IPR2024-00467 and IPR2024-00563). Oral argument was held before the PTAB on May 13, 2025.

On July 9, 2025, settlement was reached with DRL and B&L Inc., Bausch + Lomb Ireland Limited, Eye Therapies and DRL entered into a settlement agreement effective as of July 9, 2025, providing for, among other things, a market entry date of June 30, 2027 (or earlier subject to certain acceleration clauses) for DRL’s generic drops. On July 14, 2025, the consolidated district court action (3:21-cv-16766-RK-RLS) was dismissed without prejudice and on July 22, 2025, the PTAB terminated IPR2024-00467 and IPR2024-00563. On August 13, 2025, the PTAB terminated IPR2022-00142 following remand from the Federal Circuit.

On March 28, 2025, B&L Inc. received a Notice of Paragraph IV Certification from Somerset Therapeutics, LLC (“Somerset”), in which Somerset asserted that U.S. Patent Nos. 8,293,742, 9,259,425, 11,596,600 and 11,833,245, are either invalid, unenforceable and/or will not be infringed by the commercial manufacture, use or sale of Somerset’s generic drops, for which an ANDA has been filed by Somerset (the “Somerset ANDA”). On April 28, 2025, B&L Inc., Bausch + Lomb Ireland Limited and Eye Therapies filed suit against Somerset and certain affiliates pursuant to the Hatch-Waxman Act, alleging infringement by Somerset of one or more claims of the Lumify Patents, thereby triggering a 30-month stay of the approval of the Somerset ANDA. A stipulation and order of dismissal was filed on January 8, 2026.

On April 25, 2025, B&L Inc. and Bausch + Lomb Ireland Limited received a Notice of Paragraph IV Certification from Gland Pharma Limited (“Gland”), in which Gland asserted that U.S. Patent Nos. 8,293,742, 9,259,425, 11,596,600 and 11,833,245, each of which is listed in the FDA’s Orange Book for Lumify® (brimonidine tartrate solution) drops, are either invalid, unenforceable and/or will not be infringed by the commercial manufacture, use or sale of Gland’s generic drops, for which an ANDA has been filed by Gland. On April 28, 2025, B&L Inc., Bausch + Lomb Ireland Limited and Eye Therapies filed suit against Gland pursuant to the Hatch-Waxman Act, alleging infringement by Gland of one or more claims of such Lumify patents, thereby triggering a 30-month stay of the approval of the Gland ANDA. A stipulation and order of dismissal was entered by the court on December 23, 2025.

On November 6, 2025, B&L Inc. and Bausch + Lomb Ireland Limited received a Notice of Paragraph IV Certification from Granules India Ltd. (“Granules”), in which Granules asserted that U.S. Patent Nos. 8,293,742, 9,259,425, 11,596,600 and 11,833,245, each of which is listed in the FDA’s Orange Book for Lumify® (brimonidine tartrate solution) drops, are either invalid, unenforceable and/or will not be infringed by the commercial manufacture, use or sale of Granules’ generic drops, for which an ANDA has been filed by Granules. On December 9, 2025, B&L Inc., Bausch + Lomb Ireland Limited and Eye Therapies filed suit against Granules pursuant to the Hatch-Waxman Act, alleging infringement by Granules of one or more claims of such Lumify patents, thereby triggering a 30-month stay of the approval of the Granules ANDA. This matter is ongoing and Granules is expected to be served with the summons and complaint during the first quarter of 2026.

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 Vyzulta[®] and Lotemax[®] SM products, Bausch + Lomb previously commenced infringement proceedings against potential generic competitors in the U.S., certain of which are ongoing. In connection with Vyzulta[®], two matters have been resolved and dismissed and one matter was recently filed in the U.S. District Court for the District of New Jersey and is ongoing. In connection with Lotemax[®] SM, one matter resulted in a four-day bench trial starting January 13, 2025, and the case was dismissed without prejudice on January 5, 2026; another matter was recently filed in the U.S. District Court for the District of New Jersey and is ongoing.

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

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 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 a 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 Federal Circuit. The Federal Circuit held oral arguments on April 7, 2025. On June 20, 2025, the Federal Circuit issued a decision vacating the PTAB's September 8, 2023 decision and remanded the matter back to the PTAB for additional fact-finding. On remand, the PTAB issued a decision on January 27, 2026, finding that MSN had not shown that the '786 Patent is unpatentable.

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

Product Liability Litigation

Shower to Shower[®] Products Liability Litigation

Since 2016, the Company and its affiliates, including Bausch + Lomb, have been named in a number of product liability lawsuits involving the Shower to Shower[®] body powder product acquired in September 2012 from Johnson & Johnson; due to dismissals, twenty-three (23) of such product liability suits currently remain pending. In three (3) cases pending in the Atlantic County, New Jersey Multi-County Litigation, agreed stipulations of dismissal have been entered by the Court, thus dismissing the Company from those cases. One (1) case was also dismissed with prejudice in its entirety for failure of plaintiff to comply with court orders requiring plaintiff fact sheets. Two (2) cases in the federal multidistrict litigation were dismissed recently for failure to comply with orders requiring plaintiff profile forms. Potential liability (including its attorneys' fees and costs) arising out of these remaining suits is subject to full indemnification obligations of Johnson & Johnson owed to the Company and its affiliates, including Bausch + Lomb, and legal fees and costs will be paid by Johnson & Johnson. Twenty-two (22) 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 U.S. Bankruptcy Court for the Western District of North Carolina, which in November 2021 was transferred to the U.S. Bankruptcy Court for the District of New Jersey (the "New Jersey Bankruptcy Court"). The first bankruptcy case was dismissed on April 4, 2023, after a decision by the Third Circuit Court of Appeals, and LTL re-filed a new Chapter 11 case on the same day. Several motions to dismiss were again filed, and on August 11, 2023, the second Chapter 11 case was dismissed. LTL and certain supporting creditors and tort claimants appealed, and on July 25, 2024, the Third Circuit affirmed the dismissal order, and LTL's second bankruptcy case was closed. During the pendency of LTL's bankruptcy cases, the New Jersey Bankruptcy Court extended a preliminary injunction that had stayed substantially all cases subject to the indemnification agreement related to Johnson & Johnson's talc liability, which injunction was terminated in connection with the bankruptcy case dismissal.

In December 2023, LTL changed its name to LLT Management LLC ("LLT"). In June and July 2024, LLT solicited votes for a new "pre-packaged" Chapter 11 plan, and after the reported successful solicitation of votes to commence the planned bankruptcy, LLT and certain affiliates underwent another corporate restructuring that resulted in two entities, Red River Talc LLC ("Red River") and Pecos River Talc LLC ("Pecos River"), assuming the talc liabilities of LLT. On September 20, 2024, Red River filed for Chapter 11 bankruptcy protection in the U.S. Bankruptcy Court for the Southern District of Texas (the "Texas Bankruptcy Court"), seeking to resolve all ovarian cancer related talc claims. On October 21, 2024, the Texas Bankruptcy Court agreed to enter a temporary restraining order and preliminary injunction staying all ovarian cancer-related talc claims at least through December 2024, which it has since extended through March 15, 2025. On December 9, 2024, Red River filed a Second Amended Chapter 11 plan incorporating the settlement with the Talc Claimants' Committee. A hearing on confirmation of the plan and any objections thereto began on February 18, 2025. Johnson & Johnson has reported that the entity Pecos River will be responsible for resolving all non-ovarian cancer-related talc claims outside of bankruptcy. After the conclusion of the confirmation hearing, on March 31, 2025, the Texas Bankruptcy Court issued a memorandum decision denying confirmation of the plan, ordering the dismissal of Red River's bankruptcy case and vacating the preliminary injunction. The debtor's time to appeal has expired. Certain claimants filed motions to reconsider the dismissal of the bankruptcy case. Those motions were denied and the time to appeal has expired.

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

General Civil Litigation

Doctors Allergy Formula Lawsuit

In April 2018, Doctors Allergy Formula, LLC ("Doctors Allergy"), filed a lawsuit against BHA 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 BHA. Doctors Allergy claims its damages are not less than \$23 million. BHA has asserted counterclaims against Doctors Allergy. BHA filed a motion seeking an order granting BHA's motion for summary judgment on its counterclaims against Doctors Allergy and dismissing Doctors Allergy's claims against BHA. The motion was fully briefed as of May 2021. The Court held a hearing on the motion on January 25, 2022. On May 12, 2023, the Court issued a Decision and Order denying the motion. On June 14, 2023, BHA filed a Notice of Appeal as to the Decision and Order. On March 13, 2024, BHA filed its appellate brief with the Appellate Division of the New York Supreme Court, First Department, appealing the trial court's denial of BHA's motion for summary judgment. Doctors Allergy filed its answering brief on July 26, 2024, and BHA filed its reply brief on September 13, 2024. The Appellate Division heard oral argument on November 7, 2024. On December 5, 2024, the Appellate Division denied BHA's appeal as to Doctors Allergy's second cause of action (breach of contract) and BHA's counterclaims, but it granted the appeal as to Doctors Allergy's third cause of action (breach of the implied duty of good faith and fair dealing) and dismissed that claim. On December 13, 2024, the Appellate Division remitted this action back to the trial court. Trial has been set, with jury selection beginning on April 20, 2026, and trial scheduled for April 24 to May 8, 2026. BHA disputes the claims against it and this lawsuit will be defended vigorously.

Apriso[®] Qui Tam Litigation

In 2018, a qui tam complaint, captioned United States ex rel. Silbersher v. Valeant Pharmaceuticals Int'l, Inc., et al. (No. 4:18-cv-01496), was filed in the U.S. District Court for the Northern District of California against the Company, certain of its subsidiaries (collectively, the "Company"), and a third party, claiming that their alleged misrepresentations before the U.S. Patent Office ultimately resulted in false claims for payment being made to federal and state healthcare payors for

Apriso®. The complaint asserts claims seeking, inter alia, damages, civil penalties and attorneys' fees under the federal False Claims Act and the false claims acts of several states.

In May 2020, the District Court granted defendants' motion to dismiss, holding that Plaintiff-relator's qui tam action was precluded by the False Claims Act's public disclosure bar. Plaintiff-relator appealed to the U.S. Court of Appeals for the Ninth Circuit. In August 2023, the Court of Appeals reversed the District Court's order and remanded to the District Court for further proceedings. In September 2023, the Company filed a petition for rehearing or rehearing en banc with the Court of Appeals. On January 5, 2024, the Court of Appeals panel denied the petition and issued an amended opinion, still reversing the District Court's order and remanding the case to the District Court for further proceedings. On April 4, 2024, the Company filed a petition for a writ of certiorari to the Supreme Court, which was denied on October 7, 2024. Mandate issued and the case returned to the District Court. On November 27, 2024, Plaintiff-relator filed an amended complaint. The Company filed a motion to dismiss the amended complaint on February 5, 2025. On July 22, 2025, the District Court granted the motion to dismiss with leave to amend, holding that the amended complaint did not adequately differentiate between the multiple named defendants. Plaintiff-relator filed his amended complaint on August 11, 2025. The Company filed a motion to dismiss the third amended complaint on August 26, 2025. The motion remains pending. The Company disputes the claims against it and intends to defend itself vigorously.

Completed or Inactive Matters

The following matters have concluded, have settled, are the subject of an agreement to settle or have otherwise been closed during or prior to the three months ended December 31, 2025 or have been inactive from the Company's perspective for several fiscal quarters or the Company anticipates that no further material activity will take place with respect thereto. Due to the closure, settlement, inactivity or change in status of the matters referenced below, these matters will no longer appear in the Company's future public reports and disclosures, unless required or as deemed appropriate. With respect to inactive matters, to the extent material activity takes place in subsequent quarters with respect thereto, the Company will provide updates as required or as deemed appropriate.

U.S. Securities Litigation - Opt-Out Litigation

Beginning October 2015, four putative securities class actions were filed in the U.S. District Court for the District of New Jersey against the Company and certain current or former officers and directors. The allegations related to, among other things, allegedly false and misleading statements and/or failures to disclose information about the Company's business and prospects, including relating to drug pricing, the Company's use of specialty pharmacies, and the Company's relationship with Philidor Rx Services LLC. The Court consolidated the matters in 2016 and they were later settled with final court approval in 2021 (the "Securities Class Action Settlement").

In addition to the consolidated putative class action, thirty-seven groups of individual investors in the Company's stock and debt securities chose 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 described and defined in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed on February 19, 2025.

These individual shareholder actions assert claims under Sections 10(b) and 20(a) of the Exchange Act. Certain of these individual actions assert additional claims, including claims under Section 18 of the Exchange Act, Sections 11, 12(a)(2) and 15 of the Securities Act. 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.

As of January 2026, the Company has settled all opt-out cases. As part of the settlements, the Company and the other settling defendants admitted no liability as to the claims against them and denied all allegations of wrongdoing.

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. In early August 2025, a settlement was reached, and, on August 29, 2025, the Court issued an order staying this action pending satisfaction of certain conditions to that settlement. On January 21, 2026, the Court entered a consent order dismissing the claims with prejudice.

Hound Partners Lawsuit

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

The Mylan Xifaxan® Litigation

The Company received a Notice of Paragraph IV Certification from Mylan, dated February 11, 2025, in which Mylan 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 Mylan's generic rifaximin tablets, 550 mg, for which Mylan filed an ANDA. On March 26, 2025, the Company filed suit against Mylan pursuant to the Hatch-Waxman Act, alleging infringement by Mylan of one or more claims of the Xifaxan® patents, thereby triggering a 30-month stay of the approval of Mylan's ANDA for rifaximin tablets, 550 mg. On September 30, 2025, the parties executed a confidential settlement agreement to resolve the lawsuit. The court dismissed the lawsuit on October 2, 2025.

The Cipla Xifaxan® Litigation

The Company received a Notice of Paragraph IV Certification from Cipla USA, Inc., U.S. Agent for Cipla Limited (collectively "Cipla"), dated September 18, 2024, in which Cipla asserted that certain U.S. Patents listed in the FDA's Orange Book for the Company's Xifaxan® tablets, 550 mg, are invalid, unenforceable and/or will not be infringed by the manufacture, use, sale, offer for sale, and/or importation of Cipla's generic rifaximin tablets, 550 mg, for which Cipla filed an ANDA. On November 1, 2024, the Company filed suit against Cipla pursuant to the Hatch-Waxman Act, alleging infringement by Cipla of one or more claims of the Xifaxan® patents, thereby triggering a 30-month stay of the approval of Cipla's ANDA for rifaximin tablets, 550 mg. The Company and Cipla executed a confidential settlement agreement on October 15, 2025. The court dismissed the lawsuit on October 21, 2025.

The Ajanta Xifaxan® Litigation

The Company received a Notice of Paragraph IV Certification from Ajanta, dated October 6, 2025, in which Ajanta 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 Ajanta's generic rifaximin tablets, 550 mg, for which Ajanta filed an ANDA. The Company filed a lawsuit against Ajanta on November 20, 2025, pursuant to the Hatch-Waxman Act, alleging infringement by Ajanta of one or more claims of the Xifaxan® patents, thereby triggering a 30-month stay of approval of Ajanta's ANDA for rifaximin tablets, 550 mg. The

Company and Ajanta executed a confidential settlement agreement on January 9, 2026. On January 13, 2026, the Court dismissed the lawsuit.

22. COMMITMENTS AND CONTINGENCIES

The Company has commitments related to capital expenditures of approximately \$129 million as of December 31, 2025.

Under certain agreements, the Company may be required to make payments contingent upon the achievement of specific developmental, regulatory, or commercial milestones. As of December 31, 2025, the Company believes it is reasonably possible that it may potentially make milestone and license fee payments, including sales-based milestone payments, of approximately \$300 million over time, in the aggregate, to third parties for products currently under development or being marketed, primarily consisting of the following:

- Under the terms of a June 2013 distribution and supply agreement with Mylan Pharmaceuticals Inc. (as assignee of Spear Pharmaceuticals, Inc and Spear Dermatology Products Inc.), the Company may be required to make sales-based milestone payments. The Company believes it is reasonably possible that these payments over time may approximate \$35 million, in the aggregate.
- Under the terms of a December 2019 agreement with Novaliq GmbH, Bausch + Lomb has acquired an exclusive license for the commercialization and development in the U.S. and Canada of MIEBO® (perfluorohexyloctane), formerly known as NOV03, for the treatment of the signs and symptoms of dry eye disease and may be required to make sales-based milestone payments. The Company believes it is reasonably possible that these payments over time may approximate \$88 million, in the aggregate.
- Under the terms of a January 2025 agreement with Whitecap Biosciences, as disclosed in Note 3, “LICENSING AGREEMENTS AND ACQUISITIONS”, Bausch + Lomb may be required to make certain development and sales-based milestones and believes it is reasonably possible that these payments over time may approximate \$64 million, in the aggregate.
- Under the terms of a December 2025 manufacturing acquisition agreement, as disclosed in Note 3, “LICENSING AGREEMENTS AND ACQUISITIONS”, Bausch + Lomb may be required to make certain milestone payments and believes it is reasonably possible that these payments over time may approximate \$35 million, in the aggregate.

Due to the nature of these arrangements, the future potential payments related to the attainment of the specified milestones over a period of several years are inherently uncertain. As of December 31, 2025, the Company has accrued \$37 million related to future milestones, with the remaining milestones related to the aforementioned agreements, being not yet probable of being achieved.

Indemnification Provisions

In the normal course of business, the Company enters into agreements that include indemnification provisions for product liability and other matters. These provisions are generally subject to maximum amounts, specified claim periods and other conditions and limits. In addition, the Company is obligated to indemnify its officers and directors in respect of any legal claims or actions initiated against them in their capacity as officers and directors of the Company in accordance with applicable law. Pursuant to such indemnities, the Company is indemnifying certain former officers and directors in respect of certain litigation and regulatory matters. As of December 31, 2025 and 2024, no material amounts were accrued for the Company’s obligations under these indemnification provisions.

23. 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 currently represent approximately 85% 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. 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.

Resources are allocated and performance is assessed by the Company's Chief Executive Officer, whom the Company has determined to be the Company's Chief Operating Decision Maker (the "CODM"). The CODM evaluates the performance of its segments and allocates resources to them based on segment profit. Segment profit is based on operating income after the elimination of intercompany transactions. Certain costs, such as Amortization of intangible assets, Goodwill impairments, Asset impairments, Restructuring, integration and separation costs, and Other expense, net, are not included in the measure of segment profit, as management excludes these items in assessing segment financial performance.

The CODM uses segment profit in the annual budgeting and forecasting process. The CODM considers budget-to-actual variances on a monthly basis for segment profit when making decisions about allocating capital and personnel to the segments. The CODM uses segment profit in determining the compensation of certain employees. In assessing segment performance and managing operations, the CODM does not review segment assets.

Corporate includes the finance, treasury, certain research and development programs, tax and legal operations of the Company's businesses and certain expenses, gains and losses related to the overall management of the Company, which are not allocated to the other business segments. 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.

Revenues by Segment and Product Category and Segment Profits

Segment revenues by product category and segment profits for the years 2025, 2024 and 2023 were as follows:

<i>(in millions)</i>	For the year ended December 31, 2025					Total
	Salix	International	Solta Medical	Diversified	Bausch + Lomb	
Revenues:						
Pharmaceuticals	\$ 2,578	\$ 249	\$ —	\$ 839	\$ 1,081	\$ 4,747
Devices	—	—	517	—	1,922	2,439
OTC	—	168	—	6	1,834	2,008
Branded and Other generics	—	642	—	77	243	962
Other revenues	—	73	1	15	21	110
Total revenues	<u>2,578</u>	<u>1,132</u>	<u>518</u>	<u>937</u>	<u>5,101</u>	<u>\$ 10,266</u>
Less:						
Cost of goods sold ^(a)	172	476	129	127	2,045	
Costs of other revenues	—	59	—	—	5	
Selling, general and administrative	402	236	131	169	1,782	
Research and development	79	27	26	14	144	
Segment profit	<u>\$ 1,925</u>	<u>\$ 334</u>	<u>\$ 232</u>	<u>\$ 627</u>	<u>\$ 1,125</u>	4,243
Corporate						(1,057)
Amortization of intangible assets						(1,001)
Goodwill impairments						(145)
Asset impairments						(8)
Restructuring, integration and separation costs						(77)
Other expense, net						(142)
Operating income						1,813
Interest income						48
Interest expense						(1,604)
Gain on extinguishment of debt						162
Foreign exchange and other						(52)
Income before income taxes						<u>\$ 367</u>

For the year ended December 31, 2024

<i>(in millions)</i>	Salix	International	Solta Medical	Diversified	Bausch + Lomb	Total
Revenues:						
Pharmaceuticals	\$ 2,330	\$ 248	\$ —	\$ 849	\$ 969	\$ 4,396
Devices	—	—	440	—	1,800	2,240
OTC	—	173	—	6	1,724	1,903
Branded and Other generics	—	624	—	74	281	979
Other revenues	3	66	—	21	17	107
Total revenues	\$ 2,333	\$ 1,111	\$ 440	\$ 950	\$ 4,791	\$ 9,625
Less:						
Cost of goods sold ^(a)	174	449	98	140	1,868	
Costs of other revenues	—	48	1	—	4	
Selling, general and administrative	458	214	110	169	1,690	
Research and development	99	24	18	15	121	
Segment profit	\$ 1,602	\$ 376	\$ 213	\$ 626	\$ 1,108	3,925
Corporate						(994)
Amortization of intangible assets						(1,077)
Asset impairments						(29)
Restructuring, integration and separation costs						(32)
Other expense, net						(247)
Operating income						1,546
Interest income						33
Interest expense						(1,388)
Gain on extinguishment of debt						23
Foreign exchange and other						(47)
Income before income taxes						\$ 167

For the year ended December 31, 2023

<i>(in millions)</i>	Salix	International	Solta Medical	Diversified	Bausch + Lomb	Total
Revenues:						
Pharmaceuticals	\$ 2,251	\$ 250	\$ —	\$ 790	\$ 618	\$ 3,909
Devices	—	—	347	—	1,650	1,997
OTC	—	179	—	7	1,611	1,797
Branded and Other generics	—	588	—	120	252	960
Other revenues	(1)	54	—	26	15	94
Total revenues	2,250	1,071	347	943	4,146	\$ 8,757
Less:						
Cost of goods sold ^(a)	182	470	78	149	1,640	
Costs of other revenues	—	38	—	—	2	
Selling, general and administrative	416	205	88	190	1,402	
Research and development	104	23	20	18	122	
Segment profit	\$ 1,548	\$ 335	\$ 161	\$ 586	\$ 980	3,610
Corporate						(933)
Amortization of intangible assets						(1,077)
Goodwill impairments						(493)
Asset impairments						(54)
Restructuring, integration and separation costs						(62)
Other expense, net						(28)
Operating income						963
Interest income						26
Interest expense						(1,328)
Gain on extinguishment of debt						1
Foreign exchange and other						(52)
Loss before income taxes						\$ (390)

(a) Cost of goods sold excludes amortization and impairments of intangible assets.

Revenues for the Company's top ten products for the years 2025, 2024 and 2023 represented 51%, 50% and 48% of total product sales, respectively.

Geographic Information

Revenues are attributed to a geographic region based on the location of the customer and for the years 2025, 2024 and 2023, were as follows:

<i>(in millions)</i>	2025	2024	2023
U.S.	\$ 6,138	\$ 5,767	\$ 5,194
China	493	496	441
Canada	417	402	366
Poland	382	350	319
Mexico	278	315	322
France	249	230	214
South Korea	234	146	93
Russia	198	161	148
Japan	192	188	194
Germany	176	159	152
United Kingdom	141	135	125
Spain	109	99	92
Italy	106	94	86
Other	1,153	1,083	1,011
	<u>\$ 10,266</u>	<u>\$ 9,625</u>	<u>\$ 8,757</u>

Long-lived assets consisting of property, plant and equipment, net of accumulated depreciation, are attributed to geographic regions based on their physical location and as of December 31, 2025 and 2024 were as follows:

<i>(in millions)</i>	2025	2024
U.S.	\$ 898	\$ 876
Ireland	544	425
Germany	162	104
Other	470	375
	<u>\$ 2,074</u>	<u>\$ 1,780</u>

Major Customers

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

	2025	2024	2023
Cencora Inc.	18%	19%	19%
McKesson Corporation	16%	15%	15%
Cardinal Health, Inc.	14%	14%	13%

24. SUBSEQUENT EVENT

Salix Goodwill

In January 2026, the Company received the results for the double-blind Phase 3 clinical trials for two global RED-C clinical programs evaluating its rifaximin soluble solid dispersion formulation, designed to prevent overt hepatic encephalopathy and related complications in patients with early-stage liver cirrhosis. While safe and well-tolerated, both clinical trials failed to achieve their primary endpoints. The Company performed a preliminary quantitative goodwill analysis as of January 22, 2026 for the Salix reporting unit using revised forecasts, an updated discount rate, and a new long-term growth rate that reflect the impact of the Phase 3 clinical trial results. The Company anticipates recognizing an impairment charge to the goodwill of the Salix reporting unit of approximately \$1,400 million in the first quarter of 2026.