

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

**FORM 10-Q**

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

**For the Quarterly Period Ended    September 30, 2024**

**OR**

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

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number: 001-41380**

**Bausch + Lomb Corporation**

(Exact name of registrant as specified in its charter)

**Canada**

**98-1613662**

(State or other jurisdiction of incorporation or  
organization)

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

**520 Applewood Crescent, Vaughan, Ontario, Canada L4K 4B4**

(Address of Principal Executive Offices) (Zip Code)

**(905) 695-7700**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class                    | Trading<br>Symbol(s) | Name of each exchange on which registered |                                   |
|----------------------------------------|----------------------|-------------------------------------------|-----------------------------------|
| <b>Common Shares, No Par<br/>Value</b> | <b>BLCO</b>          | <b>New York Stock<br/>Exchange</b>        | <b>Toronto Stock<br/>Exchange</b> |

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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

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

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

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

Common shares, no par value — 352,164,025 shares outstanding as of October 23, 2024.

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**BAUSCH + LOMB CORPORATION**  
**FORM 10-Q**  
**FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2024**

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**BAUSCH + LOMB CORPORATION**  
**FORM 10-Q**  
**FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2024**

**Introductory Note**

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

**Forward-Looking Statements**

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

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

*These forward-looking statements relate to, among other things: our business strategy, business plans, business prospects and forecasts and changes thereto; product pipeline, prospective products and product approvals, expected launches of new products, product development and results of current and anticipated products; anticipated revenues for our products, including XIIDRA®; expected R&D and marketing spend; our expected primary cash and working capital requirements for the remainder of 2024 and beyond; our plans for continued improvement in operational efficiency and the anticipated impact of such plans; expected risks of loss of patent or regulatory exclusivity; our liquidity and our ability to satisfy our debt maturities as they become due; our ability to comply with the covenants contained in our credit agreement, as amended (the “Amended Credit Agreement”) and in the indenture governing our October 2028 Secured Notes (as defined below); any proposed pricing actions; exposure to foreign currency exchange rate changes and interest rate changes; the outcome of contingencies, such as litigation, subpoenas, investigations, reviews, audits and regulatory proceedings and any expected indemnifications therefrom; the anticipated impact of the adoption of new accounting standards; general market conditions and economic uncertainty; our expectations regarding our financial performance, including our future financial and operating performance, revenues, expenses, gross margins and income taxes; our impairment assessments, including the assumptions used therein and the results thereof; the anticipated effect of current market conditions and recessionary pressures in one or more of our markets; the anticipated effect of macroeconomic factors, including inflation; the anticipated impact from the ongoing conflicts between Russia and Ukraine and in the Middle East involving Israel, Hamas and other countries and militant groups in the region; and the anticipated separation from Bausch Health Companies Inc. (“BHC”), including the structure and expected timetable for completing such separation transaction.*

*Forward-looking statements can generally be identified by the use of words such as “believe,” “anticipate,” “expect,” “intend,” “estimate,” “plan,” “schedule,” “continue,” “future,” “will,” “may,” “can,” “might,” “could,” “would,” “should,” “target,” “potential,” “opportunity,” “designed,” “create,” “predict,” “project,” “timeline,” “forecast,” “outlook,” “guidance,” “seek,” “strive,” “suggest,” “prospective,” “strategy,” “indicative,” “ongoing,” “decrease” or “increase” and positive and negative variations thereof or other similar expressions. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances are forward-looking statements. These forward-looking statements may not be appropriate for other purposes. Although we have previously indicated certain of these statements set out herein, all of the statements in this Form 10-Q that contain forward-looking statements are qualified by these cautionary statements. These statements are based upon the current expectations and beliefs of management. Although we believe that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and*

*uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making such forward-looking statements, including, but not limited to, factors and assumptions regarding the items previously outlined, those factors, risks and uncertainties outlined below and the assumption that none of these factors, risks and uncertainties will cause actual results or events to differ materially from those described in such forward-looking statements. Actual results may differ materially from those expressed or implied in such statements. Important factors, risks and uncertainties that could cause actual results to differ materially from these expectations include, among other things, the following:*

- adverse economic conditions and other macroeconomic factors, including inflation, slower growth or a potential recession, which could adversely impact our revenues, expenses and resulting margins;*
- the effect of current market conditions and recessionary pressures in one or more of our markets;*

- *the challenges the Company faces following its initial public offering (the “B+L IPO”), including the challenges and difficulties associated with managing an independent, complex business, the transitional services being provided by and to BHC, and any potential, actual or perceived conflict of interest of some of our directors and officers because of their equity ownership in BHC and/or because they also serve as directors of BHC;*
- *our status as a controlled company, and the possibility that BHC’s interest may conflict with our interests and the interests of our other securityholders and other stakeholders;*
- *the risks and uncertainties associated with the proposed plan to separate Bausch + Lomb from BHC, which include, but are not limited to, the expected benefits and costs of the Separation (as defined herein), the expected timing of completion of the Separation and its terms (including the expectation that if the Separation is to be effected through the Distribution (as defined herein), it will be completed following the achievement of targeted debt leverage ratios, subject to receipt of applicable shareholder and other necessary approvals and other factors, including those factors described in BHC’s public filings), the ability to complete the Distribution considering the various conditions to the completion of the Distribution (some of which are outside the Company’s and BHC’s control, including conditions related to regulatory matters and receipt of applicable shareholder approvals), the impact of any potential sales of our common shares by BHC, that market or other conditions are no longer favorable to completing the transaction, that applicable shareholder, stock exchange, regulatory or other approval is not obtained on the terms or timelines anticipated or at all, business disruption during the pendency of, or following, the Separation, diversion of management time on Separation-related issues, retention of existing management team members, the reaction of customers and other parties to the Separation, the structure of the Distribution, the qualification of the Distribution as a tax-free transaction for Canadian and/or U.S. federal income tax purposes (including whether or not an advance ruling from the Canada Revenue Agency and/or the Internal Revenue Service will be sought or obtained), the ability of the Company and BHC to satisfy the conditions required to maintain the tax-free status of the Distribution (some of which are beyond their control), other potential tax or other liabilities that may arise as a result of the Distribution, the potential dis-synergy costs resulting from the Separation, the impact of the Separation on relationships with customers, suppliers, employees and other business counterparties, general economic conditions, conditions in the markets the Company is engaged in, behavior of customers, suppliers and competitors, technological developments, as well as legal and regulatory rules affecting the Company’s business. In particular, the Company can offer no assurance that the Separation will occur at all, or that any such transaction will occur on the timelines or in the manner anticipated by the Company and BHC;*
- *ongoing litigation and potential additional litigation, claims, challenges and/or regulatory investigations challenging or otherwise relating to the B+L IPO and the proposed Separation from BHC and the costs, expenses, use of resources, diversion of management time and efforts, liability and damages that may result therefrom;*
- *pricing decisions that we have implemented or may in the future elect to implement at the direction of our pricing committees or otherwise;*
- *legislative or policy efforts, including those that may be introduced and passed by the U.S. Congress, designed to reduce patient out-of-pocket costs for medicines and other products, which could result in new mandatory rebates and discounts or other pricing restrictions, controls or regulations (including mandatory price reductions);*
- *ongoing oversight and review of our products and facilities by regulatory and governmental agencies, including periodic audits by the U.S. Food and Drug Administration (the “FDA”) and equivalent agencies outside of the United States and the results thereof;*
- *actions by the FDA or other regulatory authorities with respect to our products or facilities;*

- *compliance with the legal and regulatory requirements of our marketed products;*
- *our ability to comply with the financial and other covenants contained in our Amended Credit Agreement, the indenture governing our October 2028 Secured Notes and other current or future debt agreements, including the limitations, restrictions and prohibitions such covenants may impose on the way we conduct our business, including prohibitions on incurring additional debt if certain financial covenants are not met, our ability to draw under the revolving credit facility under our Amended Credit Agreement (the “Revolving Credit Facility”) and restrictions on our ability to make certain investments and other restricted payments;*
- *any downgrade or additional downgrade by rating agencies in our or BHC's credit ratings, which may impact, among other things, our ability to raise debt and the cost of capital for additional debt issuances;*
- *changes in the assumptions used in connection with our impairment analyses or assessments, which would lead to a change in such impairment analyses and assessments and which could result in an impairment in the goodwill*

*associated with any of our reporting units or impairment charges related to certain of our products or other intangible assets;*

- the risks and uncertainties relating to acquisitions and other business development transactions we may pursue, seek to complete and/or complete (such as the acquisition of XIIDRA® and certain other ophthalmology assets (the “XIIDRA Acquisition”)), including risks that we may not realize the expected benefits of such acquisitions and transactions on a timely basis or at all and risks relating to any increased levels of debt as a result of debt incurred to finance such acquisitions and transactions;*
- the uncertainties associated with the acquisition and launch of new products, assets and businesses, including, but not limited to, our ability to provide the time, resources, expertise and funds required for the commercial launch of new products, the acceptance and demand for new products, the failure to obtain required regulatory approvals, clearances or authorizations, and the impact of competitive products and pricing, which could lead to material impairment charges;*
- our ability or inability to extend the profitable life of our products, including through line extensions and other life-cycle programs;*
- our ability to retain, motivate and recruit executives and other key employees;*
- our ability to implement effective succession planning for our executives and other key employees;*
- our ability to manage the transition to any new executive officers and key employees, the success of such individuals in assuming their respective roles and the ability of such individuals to implement and achieve the strategies and goals of the Company as they develop;*
- factors impacting our ability to achieve anticipated revenues for our products, including changes in anticipated marketing spend on such products and launch of competing products;*
- factors impacting our ability to achieve anticipated market acceptance for our products, including the pricing of such products, effectiveness of promotional efforts, reputation of our products and launch of competing products;*
- our ability to compete against companies that are larger and have greater financial, technical and human resources than we do, as well as other competitive factors, such as technological advances achieved, patents obtained and new products introduced by our competitors;*
- the extent to which our products are reimbursed by government authorities, pharmacy benefit managers (“PBMs”) and other third-party payors; the impact our distribution, pricing and other practices may have on the decisions of such government authorities, PBMs and other third-party payors to reimburse our products; and the impact of obtaining or maintaining such reimbursement on the price and sales of our products;*
- the inclusion of our products on formularies or our ability to achieve favorable formulary status, as well as the impact on the price and sales of our products in connection therewith;*
- the consolidation of wholesalers, retail drug chains and other customer groups and the impact of such industry consolidation on our business;*
- our ability to maintain strong relationships with physicians and other health care professionals;*
- our eligibility for benefits under tax treaties and the continued availability of low effective tax rates for the business profits of certain of our subsidiaries;*
- the implementation of the Organisation for Economic Co-operation and Development inclusive framework on Base Erosion and Profit Shifting, including the global minimum corporate tax rate, by the countries in which we operate;*

- *the actions of our third-party partners or service providers of research, development, manufacturing, marketing, distribution or other services, including their compliance with applicable laws and contracts, which actions may be beyond our control or influence, and the impact of such actions on us;*
- *the risks associated with the international scope of our operations, including our presence in emerging markets and the challenges we face when entering and operating in new and different geographic markets (including the challenges created by new and different regulatory regimes in such countries and the need to comply with applicable anti-bribery and economic sanctions, laws and regulations);*
- *adverse global economic conditions and credit markets and foreign currency exchange uncertainty and volatility in certain of the countries in which we do business;*

- *trade conflicts, including current and future trade disputes between the United States and China;*
- *risks associated with the ongoing conflict between Russia and Ukraine and the export controls, sanctions and other restrictive actions that have been or may be imposed by the United States, Canada, the EU and other countries against governmental and other entities and individuals in or associated with Russia, Belarus and parts of Ukraine, including its potential escalation and the potential impact on sales, earnings, market conditions and the ability of the Company to manage resources and historical investment in Russia;*
- *risks associated with the ongoing conflict in the Middle East involving Israel, Hamas and other countries and militant groups in the region, including its potential continued escalation and expansion and the potential impact on our operations, sale of products and revenues in this region;*
- *our ability to obtain, maintain and license sufficient intellectual property rights over our products and enforce and defend against challenges to such intellectual property;*
- *the introduction of generic, biosimilar or other competitors of our branded products and other products, including the introduction of products that compete against our products that do not have patent or data exclusivity rights;*
- *the expense, timing and outcome of pending or future legal and governmental proceedings, arbitrations, investigations, subpoenas, tax and other regulatory audits, examinations, reviews and regulatory proceedings against us or relating to us and settlements thereof;*
- *our ability to obtain components, raw materials or finished products supplied by third parties (some of which may be single-sourced) and other manufacturing and related supply difficulties, interruptions and delays;*
- *the disruption of delivery of our products and the routine flow of manufactured goods;*
- *potential work stoppages, slowdowns or other labor problems at our facilities and the resulting impact on our manufacturing, distribution and other operations;*
- *economic factors over which we have no control, including inflationary pressures as a result of historically high domestic and global inflation and otherwise, interest rates, foreign currency rates, and the potential effect of such factors on revenues, expenses and resulting margins;*
- *interest rate risks associated with our floating rate debt borrowings;*
- *our ability to effectively distribute our products and the effectiveness and success of our distribution arrangements;*
- *our ability to effectively promote our own products and those of our co-promotion partners;*
- *our ability to secure and maintain third-party research, development, manufacturing, licensing, marketing or distribution arrangements;*
- *the risk that our products could cause, or be alleged to cause, personal injury and adverse effects, leading to potential lawsuits, product liability claims and damages and/or recalls or withdrawals of products from the market;*
- *the mandatory or voluntary recall or withdrawal of our products from the market and the costs associated therewith;*
- *the availability of, and our ability to obtain and maintain, adequate insurance coverage and/or our ability to cover or insure against the total amount of the claims and liabilities we face, whether through third-party insurance or self-insurance;*
- *our indemnity agreements, which may result in an obligation to indemnify or reimburse the relevant counterparty, which amounts may be material;*

- *the difficulty in predicting the expense, timing and outcome within our legal and regulatory environment, including with respect to approvals by the FDA, Health Canada, the European Medicines Agency (“EMA”) and similar agencies in other jurisdictions, legal and regulatory proceedings and settlements thereof, the protection afforded by our patents and other intellectual and proprietary property, successful generic challenges to our products and infringement or alleged infringement of the intellectual property of others;*
- *the results of continuing safety and efficacy studies by industry and government agencies;*

- *the success of preclinical and clinical trials for our drug development pipeline or delays in clinical trials that adversely impact the timely commercialization of our pipeline products, as well as other factors impacting the commercial success of our products, which could lead to material impairment charges;*
- *uncertainties around the successful improvement and modification of our existing products and development of new products, which may require significant expenditures and efforts;*
- *the results of management reviews of our research and development portfolio (including following the receipt of clinical results or feedback from the FDA or other regulatory authorities), which could result in terminations of specific projects which, in turn, could lead to material impairment charges;*
- *the seasonality of sales of certain of our products;*
- *declines in the pricing and sales volume of certain of our products that are distributed or marketed by third parties, over which we have no or limited control;*
- *compliance by us or our third-party partners and service providers (over whom we may have limited influence), or the failure by us or these third parties to comply, with health care “fraud and abuse” laws and other extensive regulation of our marketing, promotional and business practices (including with respect to pricing), worldwide anti-bribery laws (including the U.S. Foreign Corrupt Practices Act and the Canadian Corruption of Foreign Public Officials Act), worldwide economic sanctions and/or export laws, worldwide environmental laws and regulation and privacy and security regulations;*
- *the impacts of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (the “Health Care Reform Act”) and any potential amendment thereof and other legislative and regulatory health care reforms in the countries in which we operate, including with respect to recent government inquiries on pricing;*
- *the impact of any changes in or reforms to the legislation, laws, rules, regulation and guidance that apply to us and our businesses and products or the enactment of any new or proposed legislation, laws, rules, regulations or guidance that will impact or apply to us or our businesses or products;*
- *the impact of changes in federal laws and policy that may be undertaken under the Biden administration;*
- *illegal distribution or sale of counterfeit versions of our products;*
- *interruptions, breakdowns or breaches in our information technology systems; and*
- *risks in Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the U.S. Securities and Exchange Commission (“SEC”) and the Canadian Securities Administrators (the “CSA”) on February 21, 2024 and risks detailed from time to time in our other filings with the SEC and the CSA, as well as our ability to anticipate and manage the risks associated with the foregoing.*

*Additional information about these factors and about the material factors or assumptions underlying such forward-looking statements may be found in our Annual Report on Form 10-K for the year ended December 31, 2023, filed on February 21, 2024, under Item 1A. “Risk Factors” and in the Company’s other filings with the SEC and the CSA. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. These forward-looking statements speak only as of the date made. We undertake no obligation to update or revise any of these forward-looking statements to reflect events or circumstances after the date of this Form 10-Q or to reflect actual outcomes, except as required by law. We caution that, as it is not possible to predict or identify all relevant factors that may impact forward-looking*

*statements, the foregoing list of important factors that may affect future results is not exhaustive and should not be considered a complete statement of all potential risks and uncertainties.*

## PART I. FINANCIAL INFORMATION

### Item 1. Financial Statements

#### BAUSCH + LOMB CORPORATION CONDENSED CONSOLIDATED BALANCE SHEETS (in millions, except share amounts) (Unaudited)

|                                                                                                                                                                        | September 30,<br>2024 | December 31,<br>2023 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------|
| <b>Assets</b>                                                                                                                                                          |                       |                      |
| Current assets:                                                                                                                                                        |                       |                      |
| Cash and cash equivalents                                                                                                                                              | \$ 329                | \$ 331               |
| Restricted cash                                                                                                                                                        | 21                    | 3                    |
| Trade receivables, net                                                                                                                                                 | 943                   | 839                  |
| Inventories, net                                                                                                                                                       | 1,119                 | 1,028                |
| Prepaid expenses and other current assets (Note 4)                                                                                                                     | 416                   | 541                  |
| Total current assets                                                                                                                                                   | 2,828                 | 2,742                |
| Property, plant and equipment, net                                                                                                                                     | 1,481                 | 1,390                |
| Intangible assets, net                                                                                                                                                 | 3,384                 | 3,589                |
| Goodwill                                                                                                                                                               | 4,581                 | 4,575                |
| Deferred tax assets, net                                                                                                                                               | 931                   | 921                  |
| Other non-current assets (Note 4)                                                                                                                                      | 310                   | 225                  |
| Total assets                                                                                                                                                           | <u>\$ 13,515</u>      | <u>\$ 13,442</u>     |
| <b>Liabilities</b>                                                                                                                                                     |                       |                      |
| Current liabilities:                                                                                                                                                   |                       |                      |
| Accounts payable (Note 4)                                                                                                                                              | \$ 455                | \$ 522               |
| Accrued and other current liabilities                                                                                                                                  | 1,316                 | 1,027                |
| Current portion of long-term debt                                                                                                                                      | 30                    | 30                   |
| Total current liabilities                                                                                                                                              | 1,801                 | 1,579                |
| Deferred tax liabilities, net                                                                                                                                          | 12                    | 14                   |
| Other non-current liabilities                                                                                                                                          | 442                   | 397                  |
| Long-term debt                                                                                                                                                         | 4,599                 | 4,532                |
| Total liabilities                                                                                                                                                      | 6,854                 | 6,522                |
| Commitments and contingencies (Note 16)                                                                                                                                |                       |                      |
| <b>Equity</b>                                                                                                                                                          |                       |                      |
| Common shares, no par value, unlimited shares authorized, 352,077,427 and 350,913,804 issued and outstanding at September 30, 2024 and December 31, 2023, respectively | —                     | —                    |
| Additional paid-in capital                                                                                                                                             | 8,405                 | 8,349                |
| Accumulated deficit                                                                                                                                                    | (568)                 | (254)                |
| Accumulated other comprehensive loss                                                                                                                                   | (1,248)               | (1,245)              |
| Total Bausch + Lomb Corporation shareholders' equity                                                                                                                   | 6,589                 | 6,850                |
| Noncontrolling interest                                                                                                                                                | 72                    | 70                   |
| Total equity                                                                                                                                                           | 6,661                 | 6,920                |
| Total liabilities and equity                                                                                                                                           | <u>\$ 13,515</u>      | <u>\$ 13,442</u>     |

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



**BAUSCH + LOMB CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in millions, except per share amounts)  
(Unaudited)

|                                                                                            | <b>Three Months Ended<br/>September 30,</b> |                  | <b>Nine Months Ended<br/>September 30,</b> |                  |
|--------------------------------------------------------------------------------------------|---------------------------------------------|------------------|--------------------------------------------|------------------|
|                                                                                            | <b>2024</b>                                 | <b>2023</b>      | <b>2024</b>                                | <b>2023</b>      |
| <b>Revenues</b>                                                                            |                                             |                  |                                            |                  |
| Product sales                                                                              | \$ 1,192                                    | \$ 1,004         | \$ 3,499                                   | \$ 2,963         |
| Other revenues                                                                             | 4                                           | 3                | 12                                         | 10               |
|                                                                                            | <u>1,196</u>                                | <u>1,007</u>     | <u>3,511</u>                               | <u>2,973</u>     |
| <b>Expenses</b>                                                                            |                                             |                  |                                            |                  |
| Cost of goods sold (excluding amortization and impairments of intangible assets)           | 464                                         | 391              | 1,369                                      | 1,179            |
| Cost of other revenues                                                                     | —                                           | 1                | 2                                          | 2                |
| Selling, general and administrative (Note 4)                                               | 511                                         | 418              | 1,550                                      | 1,253            |
| Research and development                                                                   | 84                                          | 82               | 250                                        | 244              |
| Amortization of intangible assets                                                          | 72                                          | 47               | 220                                        | 160              |
| Other expense, net                                                                         | 22                                          | 28               | 45                                         | 54               |
|                                                                                            | <u>1,153</u>                                | <u>967</u>       | <u>3,436</u>                               | <u>2,892</u>     |
| <b>Operating income</b>                                                                    | <u>43</u>                                   | <u>40</u>        | <u>75</u>                                  | <u>81</u>        |
| Interest income                                                                            | 4                                           | 4                | 10                                         | 12               |
| Interest expense                                                                           | (100)                                       | (76)             | (301)                                      | (184)            |
| Foreign exchange and other                                                                 | (5)                                         | (3)              | (8)                                        | (18)             |
| <b>Loss before provision for income taxes</b>                                              | <u>(58)</u>                                 | <u>(35)</u>      | <u>(224)</u>                               | <u>(109)</u>     |
| Benefit from (provision for) income taxes                                                  | 66                                          | (45)             | (79)                                       | (88)             |
| <b>Net income (loss)</b>                                                                   | <u>8</u>                                    | <u>(80)</u>      | <u>(303)</u>                               | <u>(197)</u>     |
| Net income attributable to noncontrolling interest                                         | (4)                                         | (4)              | (11)                                       | (9)              |
| <b>Net income (loss) attributable to Bausch + Lomb Corporation</b>                         | <u>\$ 4</u>                                 | <u>\$ (84)</u>   | <u>\$ (314)</u>                            | <u>\$ (206)</u>  |
| <b>Basic and diluted income (loss) per share attributable to Bausch + Lomb Corporation</b> | <u>\$ 0.01</u>                              | <u>\$ (0.24)</u> | <u>\$ (0.89)</u>                           | <u>\$ (0.59)</u> |
| <b>Basic weighted-average common shares</b>                                                | <u>351.9</u>                                | <u>350.8</u>     | <u>351.7</u>                               | <u>350.4</u>     |
| <b>Diluted weighted-average common shares</b>                                              | <u>353.9</u>                                | <u>350.8</u>     | <u>351.7</u>                               | <u>350.4</u>     |

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

**BAUSCH + LOMB CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(in millions)  
(Unaudited)

|                                                                              | <b>Three Months Ended<br/>September 30,</b> |                        | <b>Nine Months Ended<br/>September 30,</b> |                        |
|------------------------------------------------------------------------------|---------------------------------------------|------------------------|--------------------------------------------|------------------------|
|                                                                              | <b>2024</b>                                 | <b>2023</b>            | <b>2024</b>                                | <b>2023</b>            |
| <b>Net income (loss)</b>                                                     | <u>\$ 8</u>                                 | <u>\$ (80)</u>         | <u>\$ (303)</u>                            | <u>\$ (197)</u>        |
| <b>Other comprehensive income (loss)</b>                                     |                                             |                        |                                            |                        |
| Foreign currency translation adjustment                                      | 61                                          | (70)                   | (1)                                        | (59)                   |
| Pension and postretirement benefit plan adjustments, net of income taxes     | (1)                                         | (1)                    | (1)                                        | (2)                    |
| Other comprehensive income (loss)                                            | <u>60</u>                                   | <u>(71)</u>            | <u>(2)</u>                                 | <u>(61)</u>            |
| <b>Comprehensive income (loss)</b>                                           | <u>68</u>                                   | <u>(151)</u>           | <u>(305)</u>                               | <u>(258)</u>           |
| Comprehensive income attributable to noncontrolling interest                 | <u>(6)</u>                                  | <u>(3)</u>             | <u>(12)</u>                                | <u>(7)</u>             |
| <b>Comprehensive income (loss) attributable to Bausch + Lomb Corporation</b> | <u><u>\$ 62</u></u>                         | <u><u>\$ (154)</u></u> | <u><u>\$ (317)</u></u>                     | <u><u>\$ (265)</u></u> |

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

**BAUSCH + LOMB CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**  
(in millions)  
(Unaudited)

|                                                              | Common Shares |        | Additional<br>Paid in<br>Capital | Accumulated<br>Deficit | Accumulated<br>Other<br>Comprehensive<br>Loss | Bausch +<br>Lomb<br>Corporation<br>Shareholders'<br>Equity | Non-<br>controlling<br>Interest | Total<br>Equity |
|--------------------------------------------------------------|---------------|--------|----------------------------------|------------------------|-----------------------------------------------|------------------------------------------------------------|---------------------------------|-----------------|
|                                                              | Shares        | Amount |                                  |                        |                                               |                                                            |                                 |                 |
| Three Months Ended September 30, 2024                        |               |        |                                  |                        |                                               |                                                            |                                 |                 |
| Balances, July 1, 2024                                       | 351.8         | \$ —   | \$ 8,382                         | \$ (572)               | \$ (1,306)                                    | \$ 6,504                                                   | \$ 76                           | \$ 6,580        |
| Common shares issued under<br>share-based compensation plans | 0.3           | —      | —                                | —                      | —                                             | —                                                          | —                               | —               |
| Share-based compensation                                     | —             | —      | 24                               | —                      | —                                             | 24                                                         | —                               | 24              |
| Employee withholding taxes<br>related to share-based awards  | —             | —      | (1)                              | —                      | —                                             | (1)                                                        | —                               | (1)             |
| Noncontrolling interest<br>distributions                     | —             | —      | —                                | —                      | —                                             | —                                                          | (10)                            | (10)            |
| Net income                                                   | —             | —      | —                                | 4                      | —                                             | 4                                                          | 4                               | 8               |
| Other comprehensive income                                   | —             | —      | —                                | —                      | 58                                            | 58                                                         | 2                               | 60              |
| Balances, September 30, 2024                                 | 352.1         | \$ —   | \$ 8,405                         | \$ (568)               | \$ (1,248)                                    | \$ 6,589                                                   | \$ 72                           | \$ 6,661        |
| Three Months Ended September 30, 2023                        |               |        |                                  |                        |                                               |                                                            |                                 |                 |
| Balances, July 1, 2023                                       | 350.5         | \$ —   | \$ 8,321                         | \$ (116)               | \$ (1,247)                                    | \$ 6,958                                                   | \$ 72                           | \$ 7,030        |
| Common shares issued under<br>share-based compensation plans | 0.3           | —      | —                                | —                      | —                                             | —                                                          | —                               | —               |
| Share-based compensation                                     | —             | —      | 16                               | —                      | —                                             | 16                                                         | —                               | 16              |
| Employee withholding taxes<br>related to share-based awards  | —             | —      | (3)                              | —                      | —                                             | (3)                                                        | —                               | (3)             |
| Noncontrolling interest<br>distributions                     | —             | —      | —                                | —                      | —                                             | —                                                          | (9)                             | (9)             |
| Net (loss) income                                            | —             | —      | —                                | (84)                   | —                                             | (84)                                                       | 4                               | (80)            |
| Other comprehensive loss                                     | —             | —      | —                                | —                      | (70)                                          | (70)                                                       | (1)                             | (71)            |
| Balances, September 30, 2023                                 | 350.8         | \$ —   | \$ 8,334                         | \$ (200)               | \$ (1,317)                                    | \$ 6,817                                                   | \$ 66                           | \$ 6,883        |
| Nine Months Ended September 30, 2024                         |               |        |                                  |                        |                                               |                                                            |                                 |                 |
| Balances, January 1, 2024                                    | 350.9         | \$ —   | \$ 8,349                         | \$ (254)               | \$ (1,245)                                    | \$ 6,850                                                   | \$ 70                           | \$ 6,920        |
| Common shares issued under<br>share-based compensation plans | 1.2           | —      | —                                | —                      | —                                             | —                                                          | —                               | —               |
| Share-based compensation                                     | —             | —      | 65                               | —                      | —                                             | 65                                                         | —                               | 65              |
| Employee withholding taxes<br>related to share-based awards  | —             | —      | (9)                              | —                      | —                                             | (9)                                                        | —                               | (9)             |
| Noncontrolling interest<br>distributions                     | —             | —      | —                                | —                      | —                                             | —                                                          | (10)                            | (10)            |
| Net (loss) income                                            | —             | —      | —                                | (314)                  | —                                             | (314)                                                      | 11                              | (303)           |
| Other comprehensive (loss)<br>income                         | —             | —      | —                                | —                      | (3)                                           | (3)                                                        | 1                               | (2)             |
| Balances, September 30, 2024                                 | 352.1         | \$ —   | \$ 8,405                         | \$ (568)               | \$ (1,248)                                    | \$ 6,589                                                   | \$ 72                           | \$ 6,661        |
| Nine Months Ended September 30, 2023                         |               |        |                                  |                        |                                               |                                                            |                                 |                 |
| Balances, January 1, 2023                                    | 350.0         | \$ —   | \$ 8,285                         | \$ 6                   | \$ (1,258)                                    | \$ 7,033                                                   | \$ 68                           | \$ 7,101        |
| Common shares issued under<br>share-based compensation plans | 0.8           | —      | —                                | —                      | —                                             | —                                                          | —                               | —               |
| Share-based compensation                                     | —             | —      | 58                               | —                      | —                                             | 58                                                         | —                               | 58              |
| Employee withholding taxes<br>related to share-based awards  | —             | —      | (9)                              | —                      | —                                             | (9)                                                        | —                               | (9)             |
| Noncontrolling interest<br>distributions                     | —             | —      | —                                | —                      | —                                             | —                                                          | (9)                             | (9)             |
| Net (loss) income                                            | —             | —      | —                                | (206)                  | —                                             | (206)                                                      | 9                               | (197)           |
| Other comprehensive loss                                     | —             | —      | —                                | —                      | (59)                                          | (59)                                                       | (2)                             | (61)            |
| Balances, September 30, 2023                                 | 350.8         | \$ —   | \$ 8,334                         | \$ (200)               | \$ (1,317)                                    | \$ 6,817                                                   | \$ 66                           | \$ 6,883        |

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

**BAUSCH + LOMB CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(in millions)**  
**(Unaudited)**

|                                                                                    | <b>Nine Months Ended<br/>September 30,</b> |                      |
|------------------------------------------------------------------------------------|--------------------------------------------|----------------------|
|                                                                                    | <b>2024</b>                                | <b>2023</b>          |
| <b>Cash Flows From Operating Activities</b>                                        |                                            |                      |
| Net loss                                                                           | \$ (303)                                   | \$ (197)             |
| Adjustments to reconcile net loss to net cash provided by operating activities:    |                                            |                      |
| Depreciation and amortization of intangible assets                                 | 330                                        | 266                  |
| Amortization and write-off of debt premiums, discounts and issuance costs          | 15                                         | 25                   |
| Asset impairments                                                                  | 5                                          | —                    |
| Allowances for losses on trade receivables and inventories                         | 17                                         | 13                   |
| Deferred income taxes                                                              | (38)                                       | (9)                  |
| Gain on sale of assets                                                             | (5)                                        | —                    |
| Share-based compensation                                                           | 65                                         | 58                   |
| Foreign exchange gain                                                              | 7                                          | 11                   |
| Gain excluded from hedge effectiveness                                             | (10)                                       | (10)                 |
| Amortization of interim contract and inventory step-up resulting from acquisitions | 61                                         | —                    |
| Other                                                                              | (29)                                       | (2)                  |
| Changes in operating assets and liabilities:                                       |                                            |                      |
| Trade receivables                                                                  | (108)                                      | (82)                 |
| Inventories                                                                        | (161)                                      | (144)                |
| Prepaid expenses and other current assets                                          | 131                                        | (18)                 |
| Accounts payable, accrued and other liabilities                                    | 233                                        | 57                   |
| Net cash provided by (used in) operating activities                                | <u>210</u>                                 | <u>(32)</u>          |
| <b>Cash Flows From Investing Activities</b>                                        |                                            |                      |
| Acquisitions and other investments                                                 | (47)                                       | (1,892)              |
| Purchases of property, plant and equipment                                         | (199)                                      | (97)                 |
| Purchases of marketable securities                                                 | (7)                                        | (13)                 |
| Proceeds from sale of marketable securities                                        | 11                                         | 14                   |
| Proceeds from sale of assets and businesses, net of costs to sell                  | 2                                          | 1                    |
| Interest settlements from cross-currency swaps                                     | 13                                         | 13                   |
| Net cash used in investing activities                                              | <u>(227)</u>                               | <u>(1,974)</u>       |
| <b>Cash Flows From Financing Activities</b>                                        |                                            |                      |
| Issuance of long-term debt, net of discounts                                       | 125                                        | 2,180                |
| Repayments of debt                                                                 | (73)                                       | (154)                |
| Payment of employee withholding taxes related to share-based awards                | (9)                                        | (9)                  |
| Payments of financing costs                                                        | —                                          | (16)                 |
| Payments of noncontrolling interest distributions                                  | (10)                                       | (9)                  |
| Other                                                                              | (1)                                        | —                    |
| Net cash provided by financing activities                                          | <u>32</u>                                  | <u>1,992</u>         |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash   | <u>1</u>                                   | <u>(6)</u>           |
| Net increase (decrease) in cash and cash equivalents and restricted cash           | 16                                         | (20)                 |
| Cash and cash equivalents and restricted cash, beginning of period                 | 334                                        | 380                  |
| <b>Cash and cash equivalents and restricted cash, end of period</b>                | <u><u>\$ 350</u></u>                       | <u><u>\$ 360</u></u> |
| <b>Non-cash Investing and Financing Activities</b>                                 |                                            |                      |
| Accrued purchases of property, plant and equipment                                 | <u>\$ 47</u>                               | <u>\$ 34</u>         |

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



**BAUSCH + LOMB CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**1. DESCRIPTION OF BUSINESS**

*Overview*

Bausch + Lomb Corporation (“Bausch + Lomb” or the “Company”) is a leading global eye health company dedicated to protecting and enhancing the gift of sight for millions of people around the world – from the moment of birth through every phase of life. The Company operates in three reportable segments: (i) Vision Care segment which includes both a contact lens business and a consumer eye care business that consists of contact lens care products, over-the-counter (“OTC”) eye drops and eye vitamins, (ii) Pharmaceuticals segment which consists of a broad line of proprietary and generic pharmaceutical products for post-operative treatments and treatments for a number of eye conditions, such as glaucoma, eye inflammation, ocular hypertension, dry eyes and retinal diseases and (iii) Surgical segment which consists of medical device equipment, consumables, instruments and technologies for the treatment of cataracts, corneal and vitreous and retinal eye conditions, which includes intraocular lenses (“IOLs”) and delivery systems, phacoemulsification equipment and other surgical instruments and devices necessary for ophthalmic surgery. See Note 17, “SEGMENT INFORMATION” for additional information regarding these reportable segments. Bausch + Lomb is a subsidiary of Bausch Health Companies Inc. (“BHC”), with BHC holding, directly or indirectly, approximately 88.2% of the issued and outstanding common shares of Bausch + Lomb as of October 23, 2024.

*Separation of Bausch + Lomb from BHC*

On August 6, 2020, BHC announced its plan to separate Bausch + Lomb into an independent, publicly traded company, separate from the remainder of BHC (the “Separation”), commencing with an initial public offering of Bausch + Lomb’s common shares (as further described below). Prior to January 1, 2022, Bausch + Lomb had nominal assets and liabilities. In connection with the B+L IPO (as defined below), BHC transferred to Bausch + Lomb, in a series of steps, all the entities, assets, liabilities and obligations that Bausch + Lomb held upon completion of the B+L IPO pursuant to a Master Separation Agreement (the “MSA”) with BHC.

The registration statement related to the initial public offering (the “IPO”) of Bausch + Lomb’s common shares (the “B+L IPO”) was declared effective on May 5, 2022, and Bausch + Lomb’s common shares began trading on the New York Stock Exchange and the Toronto Stock Exchange, in each case under the ticker symbol “BLCO”, on May 6, 2022. Bausch + Lomb also obtained a final receipt to its Canadian base PREP prospectus on May 5, 2022. Prior to the B+L IPO, Bausch + Lomb was a wholly-owned subsidiary of BHC. As of October 23, 2024, BHC directly or indirectly held 310,449,643 common shares of Bausch + Lomb, which represented approximately 88.2% of the issued and outstanding common shares of Bausch + Lomb.

The completion of the full Separation of Bausch + Lomb may be accomplished by the transfer of all or a portion of BHC’s remaining direct or indirect equity interest in Bausch + Lomb to its shareholders (the “Distribution”). The Distribution is subject to the achievement of targeted debt leverage ratios and the receipt of applicable shareholder and other necessary approvals and other factors and is subject to various risk factors. Bausch + Lomb understands that BHC continues to believe that completing the Separation makes strategic sense and that BHC continues to evaluate all relevant factors and considerations related to completing the Separation, including those factors described in BHC’s public statements.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Presentation**

The unaudited financial statements for all periods presented are referred to as “Condensed Consolidated Financial Statements”, and 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”) for interim financial reporting and pursuant to the rules and regulations for reporting on Form 10-Q, which do not conform in all respects to the requirements of U.S. GAAP for annual financial statements. Accordingly, certain information and disclosures required by U.S. GAAP for complete Consolidated Financial Statements are not included herein. Accordingly, these notes to the unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements prepared in accordance with U.S. GAAP that are contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023, filed with the U.S. Securities and Exchange Commission (“SEC”) and the Canadian Securities Administrators (the “CSA”) on February 21, 2024. The unaudited Condensed Consolidated Financial Statements have been prepared using accounting policies that are consistent with the policies used in preparing the Company’s audited Consolidated Financial Statements for the year ended December 31, 2023. The unaudited Condensed Consolidated Financial Statements reflect all normal and recurring adjustments necessary for a fair statement of the Company’s financial position and results of operations for the interim periods. The operating results for the interim periods presented are not necessarily indicative of the results expected for the full year.

Following the B+L IPO, certain functions that BHC provided to Bausch + Lomb prior to the B+L IPO were provided and, in some limited cases, continue to be provided to Bausch + Lomb by BHC under a Transition Services Agreement (the “TSA”) or are performed using Bausch + Lomb’s own resources or third-party service providers. Bausch + Lomb has incurred certain costs in its establishment as a standalone public company, and expects additional ongoing costs associated with operating as an independent, publicly traded company. See Note 4, “RELATED PARTIES” for further information regarding agreements between Bausch + Lomb and BHC.

### **Use of Estimates**

In preparing the unaudited Condensed Consolidated Financial Statements, management is required to make estimates and assumptions. This includes estimates and assumptions regarding the nature, timing and extent of the impacts that 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 liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

All estimates in these Condensed Consolidated Financial Statements are based on assumptions that management believes are reasonable. 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 business, financial condition, cash flows and results of operations could be materially impacted.

### **Adoption of New Accounting Standards**

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

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

In November 2023, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The ASU expands public entities’ segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other

segment items, and interim disclosures of a reportable segment's profit or loss and assets. The ASU is effective for the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024, and subsequent interim periods, with early adoption permitted. Retrospective application is required for all periods presented in the financial statements. The Company does not expect the adoption of this ASU to have a material impact on its unaudited Condensed Consolidated Financial Statements, other than with respect to expanded disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires disclosure of disaggregated income taxes paid, prescribes standard categories for the components of the effective tax rate reconciliation, and modifies other income tax-related disclosures. The ASU is effective for the Company's Annual Report on Form 10-K for fiscal year ended December 31, 2025. Early adoption is permitted and may be applied prospectively or retrospectively. The Company is currently evaluating the impact of adopting this ASU on its disclosures.

### 3. REVENUE RECOGNITION

#### **Revenue Recognition**

The Company's revenues are primarily generated from product sales in the therapeutic areas of eye health that consist of: (i) branded prescription eye-medications and pharmaceuticals, (ii) generic and branded generic prescription eye medications and pharmaceuticals, (iii) OTC vitamin and supplement products and (iv) medical devices (contact lenses, IOLs and ophthalmic surgical equipment). Other revenues include alliance and service revenue from the licensing and co-promotion of products and contract service revenue. Contract service revenue is derived primarily from contract manufacturing for third parties and is not material. See Note 17, "SEGMENT INFORMATION" for the disaggregation of revenues.

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 further below. The Company recognizes revenue for product sales at a point in time, when the customer obtains control of the products in accordance with contracted delivery terms, which is generally upon shipment or customer receipt. Contracted delivery terms will vary by customer and geography. In the U.S., control is generally transferred to the customer upon receipt.

Revenue from sales of surgical equipment and related software is generally recognized upon delivery and installation of the equipment. IOLs and delivery systems, disposable surgical packs and other surgical instruments are distinct from the surgical equipment and may be sold together with the surgical equipment in a single contract or on a standalone basis. Revenue from the sale of delivery systems, disposable surgical packs and other surgical instruments is recognized in accordance with the contracted delivery terms, generally upon shipment or customer receipt. IOLs are sold primarily on a consignment basis and revenue is recognized upon notification of use, which typically occurs when a replacement order is placed.

When a sale transaction in the Surgical segment contains multiple performance obligations, the transaction price is allocated to each performance obligation based on the relative standalone sales price and revenue is recognized upon satisfaction of each performance obligation.

#### ***Product Sales Provisions***

As is customary in the eye health industry, gross product sales of certain product categories are subject to a variety of deductions in arriving at reported net product sales. The transaction price for such product categories 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 the 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 following tables present the activity and ending balances of the Company's variable consideration provisions for the nine months ended September 30, 2024 and 2023:

| Nine Months Ended September 30, 2024 |                          |              |               |              |                   |               |
|--------------------------------------|--------------------------|--------------|---------------|--------------|-------------------|---------------|
| (in millions)                        | Discounts and Allowances | Returns      | Rebates       | Chargebacks  | Distribution Fees | Total         |
| Reserve balance, January 1, 2024     | \$ 141                   | \$ 66        | \$ 226        | \$ 67        | \$ 18             | \$ 518        |
| Current period provision             | 315                      | 74           | 1,046         | 468          | 57                | 1,960         |
| Payments and credits                 | (316)                    | (56)         | (823)         | (479)        | (46)              | (1,720)       |
| Reserve balance, September 30, 2024  | <u>\$ 140</u>            | <u>\$ 84</u> | <u>\$ 449</u> | <u>\$ 56</u> | <u>\$ 29</u>      | <u>\$ 758</u> |

Included in Rebates in the table above are cooperative advertising credits due to customers of approximately \$38 million and \$35 million as of September 30, 2024 and January 1, 2024, respectively, which are reflected as a reduction of Trade receivables, net in the Condensed Consolidated Balance Sheets. For the nine months ended September 30, 2024, included in Payments and credits in the table above, are payments made, or to be made, by Novartis, on behalf of the Company, in accordance with the agreements associated with the XIIDRA Acquisition (as defined below).

| Nine Months Ended September 30, 2023 |                          |              |               |              |                   |               |
|--------------------------------------|--------------------------|--------------|---------------|--------------|-------------------|---------------|
| (in millions)                        | Discounts and Allowances | Returns      | Rebates       | Chargebacks  | Distribution Fees | Total         |
| Reserve balance, January 1, 2023     | \$ 146                   | \$ 59        | \$ 188        | \$ 73        | \$ 18             | \$ 484        |
| Current period provision             | 272                      | 58           | 415           | 402          | 18                | 1,165         |
| Payments and credits                 | (281)                    | (51)         | (419)         | (418)        | (11)              | (1,180)       |
| Reserve balance, September 30, 2023  | <u>\$ 137</u>            | <u>\$ 66</u> | <u>\$ 184</u> | <u>\$ 57</u> | <u>\$ 25</u>      | <u>\$ 469</u> |

Included in Rebates in the table above are cooperative advertising credits due to customers of approximately \$41 million and \$35 million as of September 30, 2023 and January 1, 2023, respectively, which are reflected as a reduction of Trade receivables, net in the Condensed Consolidated Balance Sheets.

#### **Contract Assets and Contract Liabilities**

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

#### **Allowance for Credit Losses**

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

The activity in the allowance for credit losses for trade receivables for the nine months ended September 30, 2024 and 2023 is as follows:

|                                     | Nine Months Ended<br>September 30, |              |
|-------------------------------------|------------------------------------|--------------|
|                                     | 2024                               | 2023         |
| <i>(in millions)</i>                |                                    |              |
| <b>Balance, beginning of period</b> | \$ 21                              | \$ 22        |
| Provision                           | 2                                  | 3            |
| Write-offs                          | (3)                                | (2)          |
| Foreign exchange and other          | (1)                                | (1)          |
| <b>Balance, end of period</b>       | <u>\$ 19</u>                       | <u>\$ 22</u> |

#### 4. RELATED PARTIES

Prior to May 10, 2022, Bausch + Lomb had been managed and operated in the ordinary course of business with other affiliates of BHC. Accordingly, certain corporate and shared costs prior to May 10, 2022 were allocated to Bausch + Lomb and reflected as expenses in the unaudited Condensed Consolidated Financial Statements. On May 10, 2022, Bausch + Lomb became an independent publicly traded company. As of October 23, 2024, BHC directly or indirectly held 310,449,643 common shares of Bausch + Lomb, which represented approximately 88.2% of the issued and outstanding common shares of Bausch + Lomb.

Additionally, there have been no sales made to related parties for all periods presented.

##### *Accounts Receivable and Payable*

Certain transactions between Bausch + Lomb and BHC and affiliate businesses are cash-settled on a current basis and, therefore, are reflected in the Condensed Consolidated Balance Sheets. Amounts payable to BHC and its affiliates related to related party transactions were \$31 million and \$43 million as of September 30, 2024 and December 31, 2023, respectively, and are included within Accounts payable in the Condensed Consolidated Balance Sheets. Amounts due from BHC and its affiliates related to related party transactions were \$47 million and \$55 million as of September 30, 2024 and December 31, 2023, respectively, of which \$28 million and \$36 million are included within Prepaid expenses and other current assets and \$19 million and \$19 million are included within Other non-current assets on the Condensed Consolidated Balance Sheets as of September 30, 2024 and December 31, 2023, respectively. These amounts are inclusive of the receivables and payables associated with the separation agreements entered into in connection with the B+L IPO, as discussed below.

##### **Separation Agreement with BHC**

In connection with the completion of the B+L IPO, the Company entered into the MSA, that, together with the other agreements summarized herein, govern the relationship between BHC and the Company following the completion of the B+L IPO.

Other agreements that the Company entered into with BHC that govern aspects of Bausch + Lomb's relationship with BHC following the B+L IPO include:

- **Transition Services Agreement** - In connection with the completion of the B+L IPO, Bausch + Lomb has entered into the TSA with BHC to provide each other, on a transitional basis, certain administrative, human resources, treasury and support services and other assistance, for a limited time to help ensure an orderly transition following the B+L IPO. The TSA specifies the calculation of Bausch + Lomb costs and receipts for these services. Under the TSA, Bausch + Lomb has received certain services from BHC, including information technology services, technical and engineering support, application support for operations, legal, payroll, finance, tax and accounting, general administrative services and other support services, and has also provided certain similar services to BHC. Individual services provided under the TSA have been scheduled for a specific period, generally ranging from six to twelve months, depending on the nature of the services. As of the date of this filing, a number of these transitional services have either expired or been terminated; however, a limited number of these transitional services are still being provided by the parties.
- **Tax Matters Agreement** - In connection with the completion of the B+L IPO, Bausch + Lomb has entered into a Tax Matters Agreement with BHC that governs the parties' respective rights, responsibilities and obligations with respect to tax liabilities and benefits, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings and other matters regarding taxes following the B+L IPO.
- **Employee Matters Agreement** - In connection with the completion of the B+L IPO, Bausch + Lomb has entered into an Employee Matters Agreement with BHC that governs, among other things, the allocation of employee-related liabilities, the mechanics for the transfer of Bausch + Lomb employees, the treatment of outstanding BHC equity awards solely in connection with the

Distribution and the treatment of Bausch + Lomb employees' participation in BHC's retirement and health and welfare plans. On July 31, 2024, Bausch + Lomb and BHC entered into an Amended and Restated Employee Matters Agreement which, among other things, sets forth revised terms for the treatment of certain BHC equity awards solely in connection with the Distribution.

In addition to the previously discussed agreements, Bausch + Lomb has entered into certain other agreements with BHC including, but not limited to, the Intellectual Property Matters Agreement and the Real Estate Matters Agreement that provide a framework for the ongoing relationship with BHC.

Charges incurred related to the above agreements were \$5 million and \$2 million for the nine months ended September 30, 2024 and 2023, respectively, and are primarily reflected within Selling, general and administrative in the Condensed Consolidated Statements of Operations.

## 5. ACQUISITIONS

### 2024 Acquisitions

During July 2024, the Company, through an affiliate, acquired TearLab Corporation, d/b/a Trukera Medical ("Trukera Medical") from its private equity owner, AccelMed Partners, and other shareholders. Trukera Medical, a U.S.-based privately held ophthalmic medical diagnostic company, commercializes ScoutPro®, a point-of-care portable device for precisely measuring osmolarity, the salt content of a person's tears. This acquisition is expected to expand the Company's presence in the dry eye market. The acquisition of Trukera Medical has been accounted for as a business combination under the acquisition method of accounting. As of the acquisition date (July 19, 2024), the Company 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, as well as their fair values and estimated useful life consist of the following:

| <i>(in millions)</i>         | <b>Fair Value</b> | <b>Estimated Useful Life<br/>(In Years)</b> |
|------------------------------|-------------------|---------------------------------------------|
| Product brand                | \$ 14             | 10                                          |
| Customer relationships       | 2                 | 7                                           |
| Total Intangible assets, net | <u>\$ 16</u>      |                                             |

The assets acquired and liabilities assumed are included within the Company's Surgical segment. Revenues and operating results associated with Trukera Medical during the period from July 19, 2024 through September 30, 2024 were not material. Pro forma revenues and operating results for the three and nine months ended September 30, 2024 and 2023 were not material.

### 2023 Acquisitions

#### Acquisition of XIIDRA®

On June 30, 2023, a wholly owned subsidiary of the Company, 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, the Company, 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, the Company, through its affiliate, consummated the XIIDRA Acquisition for: (i) an up-front cash payment of \$1,750 million, (ii) the assumption of certain pre-existing milestone payments and (iii) potential future milestone obligations. As of the acquisition date, the Company recognized contingent consideration liabilities of \$34 million, in the aggregate, related to assumed pre-existing milestones and potential future milestones. The Company reassesses its acquisition-related contingent consideration liabilities each quarter for changes in fair value. See Note 6, "FAIR VALUE MEASUREMENTS" for additional information regarding the fair value assessment of the acquisition-related contingent consideration liabilities. The XIIDRA Acquisition complements Bausch + Lomb's existing dry eye franchise that includes eye and contact lens drops from the Company's consumer brand franchises and novel treatments within its pharmaceutical business, such as MIEBO® (perfluorohexyloctane ophthalmic solution). The XIIDRA Acquisition has been accounted for as a business combination under the acquisition method of accounting. The assets acquired and liabilities assumed are included within the Company's Pharmaceuticals segment.

As of the acquisition date, the Company allocated the aggregate purchase consideration of \$1,753 million based on estimated fair values, which included recording \$1,600 million of identifiable intangible assets, \$130 million of other net assets, and \$23 million of goodwill. See Note 4, "ACQUISITIONS AND

LICENSING AGREEMENTS” in the Annual Report for additional information regarding the XIIDRA Acquisition, including further detail regarding the assets acquired and liabilities assumed.

### *Pro Forma Financial Information*

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

| <i>(in millions)</i>                               | <b>Three Months</b>       |       | <b>Nine Months Ended</b>  |       |
|----------------------------------------------------|---------------------------|-------|---------------------------|-------|
|                                                    | <b>Ended</b>              |       | <b>September 30, 2023</b> |       |
|                                                    | <b>September 30, 2023</b> |       | <b>September 30, 2023</b> |       |
| Revenues                                           | \$                        | 1,071 | \$                        | 3,222 |
| Net loss attributable to Bausch + Lomb Corporation | \$                        | (168) | \$                        | (425) |

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

### *Acquisition of Blink® Product Line*

On July 6, 2023, the Company announced that it had consummated a transaction with Johnson & Johnson Vision, pursuant to which the Company, through an affiliate, had 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 the Company to continue to grow its global over-the-counter business. Under the terms of the purchase agreement, the Company, through an affiliate, acquired the Blink® product line of eye and contact lens drops for an up-front cash payment of \$107 million, which was paid on the closing of the transaction. The Company accounted for the transaction as an asset acquisition. The acquired assets are included within the Company's Vision Care segment. See Note 4, "ACQUISITIONS AND LICENSING AGREEMENTS" in the Annual Report for additional information regarding the acquisition of the Blink® product line.

### *Acquisition of AcuFocus, Inc.*

On January 17, 2023, the Company acquired AcuFocus, Inc. ("AcuFocus") for an up-front 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. AcuFocus is an ophthalmic medical device company. The acquisition was made by the Company to acquire breakthrough small aperture intraocular technology for certain cataract patients. The acquisition of AcuFocus has been accounted for as a business combination under the acquisition method of accounting. The AcuFocus business is included within the Surgical segment. Additional contingent payments may become due upon achievement of future sales milestones. At the time of acquisition, the acquisition-related contingent consideration liability related to this transaction was approximately \$5 million, which the Company reassesses each quarter for changes in fair value. See Note 6, "FAIR VALUE MEASUREMENTS" for additional information regarding the fair value assessment of the acquisition-related contingent consideration liabilities.

## 6. 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:

| (in millions)                                | September 30, 2024 |         |         |         | December 31, 2023 |         |         |         |
|----------------------------------------------|--------------------|---------|---------|---------|-------------------|---------|---------|---------|
|                                              | Carrying Value     | Level 1 | Level 2 | Level 3 | Carrying Value    | Level 1 | Level 2 | Level 3 |
| Assets:                                      |                    |         |         |         |                   |         |         |         |
| Cash equivalents                             | \$ 88              | \$ 81   | \$ 7    | \$ —    | \$ 44             | \$ 36   | \$ 8    | \$ —    |
| Foreign currency exchange contracts          | \$ 1               | \$ —    | \$ 1    | \$ —    | \$ 1              | \$ —    | \$ 1    | \$ —    |
| Liabilities:                                 |                    |         |         |         |                   |         |         |         |
| Acquisition-related contingent consideration | \$ 46              | \$ —    | \$ —    | \$ 46   | \$ 44             | \$ —    | \$ —    | \$ 44   |
| Foreign currency exchange contracts          | \$ 4               | \$ —    | \$ 4    | \$ —    | \$ 4              | \$ —    | \$ 4    | \$ —    |
| Cross-currency swaps                         | \$ 94              | \$ —    | \$ 94   | \$ —    | \$ 84             | \$ —    | \$ 84   | \$ —    |

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

There were no transfers into or out of Level 3 during the nine months ended September 30, 2024 and 2023.

#### Cross-currency Swaps

The Company uses cross-currency swaps to mitigate fluctuation in the value of a portion of its euro-denominated net investment in its Condensed Consolidated Financial Statements from fluctuation in exchange rates. The euro-denominated net investment being hedged is the Company's investment in certain euro-denominated subsidiaries. As of September 30, 2024, these swaps had an aggregate notional value of \$1,000 million.

The assets and liabilities associated with the Company's cross-currency swaps as included in the Condensed Consolidated Balance Sheets are as follows:

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

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

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

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

***Foreign Currency Exchange Contracts***

The Company enters into foreign currency exchange contracts to economically hedge the foreign exchange exposure on certain of the Company's intercompany balances. As of September 30, 2024, these contracts had an aggregate notional amount of \$333 million.

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

| <i>(in millions)</i>                      | <b>September 30,<br/>2024</b> | <b>December 31,<br/>2023</b> |
|-------------------------------------------|-------------------------------|------------------------------|
| Accrued and other current liabilities     | \$ (4)                        | \$ (4)                       |
| Prepaid expenses and other current assets | \$ 1                          | \$ 1                         |
| Net fair value                            | \$ (3)                        | \$ (3)                       |

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

| <i>(in millions)</i>                  | <b>Three Months Ended<br/>September 30,</b> |             | <b>Nine Months Ended<br/>September 30,</b> |             |
|---------------------------------------|---------------------------------------------|-------------|--------------------------------------------|-------------|
|                                       | <b>2024</b>                                 | <b>2023</b> | <b>2024</b>                                | <b>2023</b> |
| Loss related to changes in fair value | \$ (3)                                      | \$ —        | \$ —                                       | \$ (2)      |
| (Loss) gain related to settlements    | \$ (1)                                      | \$ (1)      | \$ —                                       | \$ 2        |

#### ***Acquisition-related Contingent Consideration Obligations***

Acquisition-related contingent consideration, which primarily consists of potential milestone payments, is recorded in the Condensed 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 Condensed 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.

The fair value measurement of contingent consideration obligations arising from business combinations is determined via a probability-weighted discounted cash flow analysis, using unobservable (Level 3) inputs. These inputs may include: (i) the estimated amount and timing of projected cash flows, (ii) the probability of the achievement of the factor(s) on which the contingency is based and (iii) the risk-adjusted discount rate used to present value the probability-weighted cash flows. Significant increases or decreases in any of those inputs in isolation could result in a significantly higher or lower fair value measurement. At September 30, 2024, the fair value measurements of acquisition-related contingent consideration were determined using risk-adjusted discount rates ranging from 11% to 28%, and a weighted average risk-adjusted discount rate of 11%. The weighted average risk-adjusted discount rate was calculated by weighting each contract's relative fair value at September 30, 2024.

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

(in millions)

|                                                                       | <u>2024</u>  | <u>2023</u>  |
|-----------------------------------------------------------------------|--------------|--------------|
| Balance, as of January 1,                                             | \$ 44        | \$ 4         |
| Adjustments to Acquisition-related contingent consideration:          |              |              |
| Accretion for the time value of money                                 | \$ 3         | \$ 1         |
| Fair value adjustments due to changes in estimates of future payments | <u>(1)</u>   | <u>(1)</u>   |
| Acquisition-related contingent consideration adjustments              | 2            | —            |
| Additions (Note 5)                                                    | 1            | 38           |
| Payments/Settlements                                                  | <u>(1)</u>   | <u>—</u>     |
| Balance, as of September 30,                                          | 46           | 42           |
| Current portion included in Accrued and other current liabilities     | 4            | 4            |
| Non-current portion                                                   | <u>\$ 42</u> | <u>\$ 38</u> |

***Fair Value of Long-term Debt***

The fair value of long-term debt as of September 30, 2024 and December 31, 2023 was \$4,753 million and \$4,668 million, respectively, and was estimated using the quoted market prices for similar debt issuances (Level 2).

## 7. INVENTORIES

Inventories, net consist of:

| <i>(in millions)</i> | September<br>30,<br>2024 | December 31,<br>2023 |
|----------------------|--------------------------|----------------------|
| Raw materials        | \$ 284                   | \$ 261               |
| Work in process      | 97                       | 100                  |
| Finished goods       | 738                      | 667                  |
|                      | <u>\$ 1,119</u>          | <u>\$ 1,028</u>      |

## 8. INTANGIBLE ASSETS AND GOODWILL

### Intangible Assets

The major components of intangible assets consist of:

| <i>(in millions)</i>                                          | September 30, 2024          |                                                   |                           | December 31, 2023           |                                                   |                           |
|---------------------------------------------------------------|-----------------------------|---------------------------------------------------|---------------------------|-----------------------------|---------------------------------------------------|---------------------------|
|                                                               | Gross<br>Carrying<br>Amount | Accumulated<br>Amortization<br>and<br>Impairments | Net<br>Carrying<br>Amount | Gross<br>Carrying<br>Amount | Accumulated<br>Amortization<br>and<br>Impairments | Net<br>Carrying<br>Amount |
| Finite-lived intangible assets:                               |                             |                                                   |                           |                             |                                                   |                           |
| Product brands                                                | \$ 4,360                    | \$ (2,788)                                        | \$ 1,572                  | \$ 4,342                    | \$ (2,581)                                        | \$ 1,761                  |
| Corporate brands                                              | 85                          | (16)                                              | 69                        | 85                          | (11)                                              | 74                        |
| Product rights/patents                                        | 997                         | (970)                                             | 27                        | 993                         | (954)                                             | 39                        |
| Other                                                         | 78                          | (65)                                              | 13                        | 75                          | (63)                                              | 12                        |
| Total finite-lived intangible assets                          | 5,520                       | (3,839)                                           | 1,681                     | 5,495                       | (3,609)                                           | 1,886                     |
| Acquired in-process research and development intangible asset | 5                           | —                                                 | 5                         | 5                           | —                                                 | 5                         |
| B&L Trademark                                                 | 1,698                       | —                                                 | 1,698                     | 1,698                       | —                                                 | 1,698                     |
|                                                               | <u>\$ 7,223</u>             | <u>\$ (3,839)</u>                                 | <u>\$ 3,384</u>           | <u>\$ 7,198</u>             | <u>\$ (3,609)</u>                                 | <u>\$ 3,589</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 Other expense, net in the Condensed Consolidated Statements of Operations. Bausch + Lomb continues to monitor the recoverability of its finite-lived intangible assets and tests the intangible assets for impairment if indicators of impairment are present.

Asset impairments during the nine months ended September 30, 2024 were \$5 million related to a product brand discontinuation. Asset impairments during the nine months ended September 30, 2023 were not material.

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

| <i>(in millions)</i> | Remainder<br>of 2024 | 2025   | 2026   | 2027   | 2028   | 2029   | Thereafter | Total    |
|----------------------|----------------------|--------|--------|--------|--------|--------|------------|----------|
| Amortization         | \$ 68                | \$ 242 | \$ 212 | \$ 210 | \$ 209 | \$ 207 | \$ 533     | \$ 1,681 |



## Goodwill

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

| <i>(in millions)</i>               | <b>Vision Care</b>     | <b>Pharmaceuticals</b> | <b>Surgical</b>      | <b>Total</b>           |
|------------------------------------|------------------------|------------------------|----------------------|------------------------|
| <b>Balance, January 1, 2023</b>    | \$ 3,549               | \$ 645                 | \$ 313               | \$ 4,507               |
| Acquisitions (Note 5)              | —                      | 23                     | 8                    | 31                     |
| Foreign exchange                   | 7                      | 25                     | 5                    | 37                     |
| <b>Balance, December 31, 2023</b>  | <u>3,556</u>           | <u>693</u>             | <u>326</u>           | <u>4,575</u>           |
| Acquisitions (Note 5)              | —                      | —                      | 2                    | 2                      |
| Foreign exchange                   | (5)                    | 7                      | 2                    | 4                      |
| <b>Balance, September 30, 2024</b> | <u><u>\$ 3,551</u></u> | <u><u>\$ 700</u></u>   | <u><u>\$ 330</u></u> | <u><u>\$ 4,581</u></u> |

Goodwill is not amortized but is tested for impairment at least annually as of October 1st at the reporting unit level. A reporting unit is the same as, or one level below, an operating segment. Bausch + Lomb 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).

### *2023 Annual Goodwill Impairment Test*

The Company conducted its annual goodwill impairment test as of October 1, 2023 by performing a quantitative assessment for each of its 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 carrying value by more than 25%, and, therefore, there was no impairment to goodwill.

### *September 30, 2024 Interim Assessment*

No events occurred or circumstances changed during the period from October 1, 2023 (the last time goodwill was tested for all reporting units) through September 30, 2024 that would indicate that the fair value of any reporting unit might be below its carrying value.

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.

There were no goodwill impairment charges from October 1, 2023 through September 30, 2024.

## 9. ACCRUED AND OTHER CURRENT LIABILITIES

Accrued and other current liabilities consist of:

| <i>(in millions)</i>                    | <b>September<br/>30,<br/>2024</b> | <b>December 31,<br/>2023</b> |
|-----------------------------------------|-----------------------------------|------------------------------|
| Product Rebates                         | \$ 411                            | \$ 191                       |
| Employee Compensation and Benefit Costs | 221                               | 233                          |
| Product Returns                         | 84                                | 66                           |
| Discounts and Allowances                | 74                                | 84                           |
| Income Taxes Payable                    | 67                                | 19                           |
| Interest                                | 66                                | 44                           |
| Other                                   | 393                               | 390                          |
|                                         | <u><u>\$ 1,316</u></u>            | <u><u>\$ 1,027</u></u>       |

## 10. FINANCING ARRANGEMENTS

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

|                                         |                | September 30, 2024 |                       | December 31, 2023 |                       |
|-----------------------------------------|----------------|--------------------|-----------------------|-------------------|-----------------------|
| (in millions)                           | Maturity       | Principal Amount   | Net of Issuance Costs | Principal Amount  | Net of Issuance Costs |
| Senior Secured Credit Facilities        |                |                    |                       |                   |                       |
| Revolving Credit Facility               | May 2027       | \$ 350             | \$ 350                | \$ 275            | \$ 275                |
| May 2027 Term Facility                  | May 2027       | 2,444              | 2,413                 | 2,462             | 2,423                 |
| September 2028 Term Facility            | September 2028 | 495                | 485                   | 499               | 487                   |
| Senior Secured Notes                    |                |                    |                       |                   |                       |
| 8.375% Secured Notes                    | October 2028   | 1,400              | 1,381                 | 1,400             | 1,377                 |
| Total long-term debt                    |                | \$ 4,689           | 4,629                 | \$ 4,636          | 4,562                 |
| Less: Current portion of long-term debt |                |                    | 30                    |                   | 30                    |
| Non-current portion of long-term debt   |                |                    | \$ 4,599              |                   | \$ 4,532              |

#### Senior Secured Credit Facilities

On May 10, 2022, Bausch + Lomb entered into a credit agreement (the “Credit Agreement”, and the credit facilities thereunder, the “Credit Facilities”). Prior to the September 2023 Credit Facility Amendment (as defined below), the Credit Agreement provided for a term loan of \$2,500 million with a five-year term to maturity (the “May 2027 Term Facility”) and a five-year revolving credit facility of \$500 million (the “Revolving Credit Facility”).

On September 29, 2023, Bausch + Lomb entered into an incremental term loan facility secured on a pari passu basis with the Company’s existing May 2027 Term Facility. This incremental term loan facility was entered into in the form of an incremental amendment (the “September 2023 Credit Facility Amendment”) to the Company’s existing Credit Agreement (the Credit Agreement, as amended by the September 2023 Credit Facility Amendment, the “Amended Credit Agreement”) and consisted of borrowings of \$500 million in new term B loans with a five-year term to maturity (the “September 2028 Term Facility” and, together with the May 2027 Term Facility and the Revolving Credit Facility, the “Senior Secured Credit Facilities”). A portion of the proceeds from the September 2028 Term Facility and October 2028 Secured Notes (as defined below) were used to finance the \$1,750 million upfront payment related to the XIIDRA Acquisition (as discussed further in Note 5, “ACQUISITIONS”) and related acquisition and financing costs.

On April 19, 2024, Bausch + Lomb entered into a Suspension of Rights Agreement (the “Suspension of Rights Agreement”) with respect to the Credit Agreement, pursuant to which Canadian dollar-denominated loans ceased to be available from June 28, 2024 until such date as the parties enter into an amendment of the Credit Agreement (a “CDOR Replacement Amendment”) to replace the Canadian Dollar Offered Rate with an alternative benchmark with respect to Canadian dollar-denominated loans.

The 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 May 2027 Term Facility and September 2028 Term Facility are denominated in U.S. dollars, and borrowings under the Revolving Credit Facility may be made available in U.S. dollars, euros and pounds sterling (and, subject to effectiveness of a CDOR Replacement Amendment, Canadian dollars). As of September 30, 2024, the principal amounts outstanding under the May 2027 Term Facility and September 2028 Term Facility were \$2,444 million and \$495 million, respectively. As of September 30, 2024, the Company had \$350 million of outstanding borrowings, \$29 million of issued and outstanding letters of credit and remaining availability, subject to certain customary conditions, of \$121 million under its Revolving Credit Facility.

Borrowings under the Revolving Credit Facility in: (i) U.S. dollars bear interest at a rate per annum equal to, at Bausch + Lomb’s option, either: (a) a term Secured Overnight Financing Rate (“SOFR”)-based rate or

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

The applicable interest rate margins for borrowings under the Revolving Credit Facility are: (i) between 0.75% to 1.75% with respect to U.S. dollar base rate borrowings and between 1.75% to 2.75% with respect to SOFR, EURIBOR or SONIA

borrowings based on Bausch + Lomb's total net leverage ratio and (ii) after: (x) Bausch + Lomb's senior unsecured non-credit-enhanced long-term indebtedness for borrowed money receives an investment grade rating from at least two of Standard & Poor's ("S&P"), Moody's and Fitch and (y) the May 2027 Term Facility and September 2028 Term Facility have been repaid in full in cash (the "IG Trigger"), between 0.015% to 0.475% with respect to U.S. dollar base rate borrowings and between 1.015% to 1.475% with respect to SOFR, EURIBOR or SONIA borrowings based on Bausch + Lomb's debt rating. The stated rate of interest for borrowings under the Revolving Credit Facility at September 30, 2024 ranges from 7.70% to 7.97% per annum. In addition, Bausch + Lomb is required to pay commitment fees of 0.25% per annum in respect of the unutilized commitments under the Revolving Credit Facility, payable quarterly in arrears until the IG Trigger and, thereafter, a facility fee between 0.110% to 0.275% of the total revolving commitments, whether used or unused, based on Bausch + Lomb's debt rating and payable quarterly in arrears. Bausch + Lomb is also required to pay letter of credit fees on the maximum amount available to be drawn under all outstanding letters of credit in an amount equal to the applicable margin on SOFR borrowings under the 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 May 2027 Term Facility bear interest at a rate per annum equal to, at Bausch + Lomb's option, either: (i) a term SOFR-based rate, plus an applicable margin of 3.25% or (ii) a U.S. dollar base rate, plus an applicable margin of 2.25% (provided, however, that the term SOFR-based rate shall be no less than 0.50% per annum at any time and the U.S. dollar base rate shall not be lower than 1.50% per annum at any time). Term SOFR-based borrowings under the May 2027 Term Facility are subject to a credit spread adjustment of 0.10%. The stated rate of interest under the May 2027 Term Facility at September 30, 2024 was 8.27% per annum.

Borrowings under the September 2028 Term 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 September 2028 Term Facility are not subject to any credit spread adjustment. The stated rate of interest under the September 2028 Term Facility at September 30, 2024 was 8.85% per annum.

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

The amortization rate for the May 2027 Term Facility is 1.00% per annum, or \$25 million, payable in quarterly installments, and the first installment was paid on September 30, 2022. Bausch + Lomb may direct that prepayments be applied to such amortization payments in order of maturity. As of September 30, 2024, the remaining mandatory quarterly amortization payments for the May 2027 Term Facility were \$63 million through March 2027, with the remaining term loan balance being due in May 2027.

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

#### **Senior Secured Notes**

On September 29, 2023, Bausch + Lomb issued \$1,400 million aggregate principal amount of 8.375% Senior Secured Notes due October 2028 (the "October 2028 Secured Notes"). A portion of the proceeds from the October 2028 Secured Notes, along with the proceeds of September 2028 Term Facility, were used to finance the \$1,750 million upfront payment related to the XIIDRA Acquisition (as discussed further in Note 5, "ACQUISITIONS") and related acquisition-related transaction and financing costs. The October 2028 Secured Notes accrue interest at a rate of 8.375% per year, payable semi-annually in arrears on each April 1 and October 1, which commenced on April 1, 2024.

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

secure the Company's obligations under the Amended Credit Agreement under the terms of the indenture governing the October 2028 Secured Notes.

The October 2028 Secured Notes and the guarantees related thereto rank equally in right of repayment with all of the Company's and Note Guarantors' respective existing and future unsubordinated indebtedness and senior to the Company's and Note Guarantors' respective future subordinated indebtedness. The October 2028 Secured Notes and the guarantees related thereto are effectively pari passu with the Company's and the Note Guarantors' respective existing and future indebtedness secured by a first priority lien on the collateral securing the October 2028 Secured Notes and effectively senior to the Company's and the Note Guarantors' respective existing and future indebtedness that is unsecured, or that is secured by junior liens, in each case to the extent of the value of the collateral. In addition, the October 2028 Secured Notes are structurally subordinated to: (i) all liabilities of any of the Company's subsidiaries that do not guarantee the October 2028 Secured Notes and (ii) any of the Company's debt that is secured by assets that are not collateral.

Upon the occurrence of a change in control (as defined in the indenture governing the October 2028 Secured Notes), unless the Company has exercised its right to redeem all of the notes of a series, holders of the October 2028 Secured Notes may require the Company 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 October 2028 Secured Notes are redeemable at the option of the Company, in whole or in part, at any time on or after October 1, 2025, at the redemption prices set forth in the indenture. Prior to October 1, 2025, the Company may redeem the October 2028 Secured Notes in whole or in part at a redemption price equal to the principal amount of the Notes redeemed plus a make-whole premium. Prior to October 1, 2025, the Company may on any one or more occasions redeem up to 40% of the aggregate principal amount of the October 2028 Secured Notes at a redemption price of 108.375% of the principal amount thereof, redeemed plus accrued and unpaid interest to, but not including, the date of redemption with the proceeds of one or more equity offerings.

#### **Weighted Average Stated Rate of Interest**

The weighted average stated rate of interest for the Company's outstanding debt obligations as of September 30, 2024 and December 31, 2023 was 8.34% and 8.65%, respectively.

#### **Maturities and Mandatory Payments**

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

|                                |                 |
|--------------------------------|-----------------|
| <i>(in millions)</i>           |                 |
| Remainder of 2024              | \$ 8            |
| 2025                           | 30              |
| 2026                           | 30              |
| 2027                           | 2,742           |
| 2028                           | 1,879           |
| 2029                           | —               |
| Thereafter                     | —               |
| Total gross maturities         | 4,689           |
| Unamortized discounts          | (60)            |
| Total long-term debt and other | <u>\$ 4,629</u> |

#### **Covenant Compliance**

The Credit Facilities contain customary affirmative and negative covenants and specified events of default. These affirmative and negative covenants include, among other things, and subject to certain qualifications and exceptions, covenants that restrict Bausch + Lomb's ability and the ability of its subsidiaries to: incur or guarantee additional indebtedness; create or permit liens on assets; pay dividends on capital stock or redeem, repurchase or retire capital stock or subordinated indebtedness; make certain investments and other restricted payments; engage in mergers, acquisitions, consolidations and amalgamations; transfer and sell certain assets; and engage in transactions with affiliates. The Revolving Credit Facility also contains financial covenants that: (1) prior to the IG Trigger, require Bausch + Lomb to, if, as of the last day of any fiscal quarter of Bausch + Lomb (commencing with the fiscal quarter ending December 31, 2022), loans under the Revolving Credit Facility and swingline loans are outstanding in an aggregate amount greater than 40% of the total commitments in

respect of the Revolving Credit Facility at such time, maintain a maximum first lien net leverage ratio of not greater than 4.50:1.00 and (2) after the IG Trigger, require Bausch + Lomb to, as of the last day of each fiscal quarter ending after the IG Trigger, (a) maintain a total leverage ratio of not greater than 4.00:1.00 (provided that such ratio will increase to 4.50:1.00 in connection with certain acquisitions for the four fiscal quarter period commencing with the quarter in which such acquisition is consummated) and (b) maintain an interest coverage ratio of not less than 3.00:1.00. The financial covenant in effect prior to the IG Trigger may be waived or amended without the consent of the term loan facility lenders and contains a customary term loan facility standstill and customary cure rights. The indenture governing the October 2028 Secured Notes also contains negative covenants and events of default that are similar to those contained in the Credit Facilities.

As of September 30, 2024, the Company was in compliance with its financial covenants related to its debt obligations. Bausch + Lomb, based on its current forecast for the next twelve months from the date of issuance of these Condensed Consolidated Financial Statements, expects to remain in compliance with its financial covenants and meet its debt service obligations over that same period.

## **11. SHARE-BASED COMPENSATION**

### *Bausch + Lomb Corporation 2022 Omnibus Incentive Plan*

Effective May 5, 2022, Bausch + Lomb established the Bausch + Lomb Corporation 2022 Omnibus Incentive Plan (as amended and restated by the 2023 Plan Amendment (as described below) and as further amended and restated by the 2024 Plan Amendment (as described below), the “Plan”). A total of 28,000,000 common shares of Bausch + Lomb were originally authorized for issuance under the Plan. Effective April 24, 2023, Bausch + Lomb’s shareholders approved an amendment and restatement of the Plan to increase the number of shares authorized for issuance thereunder by an additional 10,000,000 common shares, resulting in an aggregate 38,000,000 common shares of Bausch + Lomb authorized for issuance under the Plan (the “2023 Plan Amendment”). At the Company’s annual meeting of shareholders held on May 29, 2024, Bausch + Lomb’s shareholders approved a further amendment and restatement of the Plan to increase the number of shares authorized for issuance thereunder by an additional 14,000,000 common shares, resulting in an aggregate 52,000,000 common shares of Bausch + Lomb authorized for issuance under the Plan (the “2024 Plan Amendment”).

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

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

The Talent and Compensation Committee of the Board of Directors approved a Performance Share Unit (“PSU”) award for a limited number of key senior leaders (the “Executives”) as of February 28, 2024, including each of the Company’s current named executive officers (Brent Saunders, Sam Eldessouky, Bob Bailey, Yehia Hashad and Andrew Stewart) whose compensation is required to be disclosed pursuant to applicable U.S. securities laws (the “OPG PSU”). This OPG PSU award is designed to reward the Executives for achieving significant outperformance of performance goals that the Company believes would ultimately deliver substantial value to the Company’s shareholders if achieved.

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

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

During July 2024, the Talent and Compensation Committee of the Board of Directors approved certain amendments to: (i) the TSR performance metric of certain PSU awards, including the previously granted OPG PSU and (ii) the time-based vesting conditions of awards previously granted to certain eligible recipients in connection with the B+L IPO (the "IPO Founder Grants"). The Company began accounting for these modifications during the quarter ended September 30, 2024. These modifications did not have a material impact on the Condensed Consolidated Financial Statements during the three and nine months ended September 30, 2024.

The components and classification of share-based compensation expense related to stock options, PSUs and RSUs directly attributable to those employees specifically identified as Bausch + Lomb employees for the three and nine months ended

September 30, 2024 and 2023 were as follows:

| <i>(in millions)</i>                         | <b>Three Months Ended<br/>September 30,</b> |              | <b>Nine Months Ended<br/>September 30,</b> |              |
|----------------------------------------------|---------------------------------------------|--------------|--------------------------------------------|--------------|
|                                              | <b>2024</b>                                 | <b>2023</b>  | <b>2024</b>                                | <b>2023</b>  |
| Stock options                                | \$ 3                                        | \$ 3         | \$ 7                                       | \$ 9         |
| PSUs/RsUs                                    | 21                                          | 13           | 58                                         | 49           |
| Share-based compensation expense             | <u>\$ 24</u>                                | <u>\$ 16</u> | <u>\$ 65</u>                               | <u>\$ 58</u> |
| Research and development expenses            | \$ 1                                        | \$ 3         | \$ 3                                       | \$ 7         |
| Selling, general and administrative expenses | 23                                          | 13           | 62                                         | 51           |
| Share-based compensation expense             | <u>\$ 24</u>                                | <u>\$ 16</u> | <u>\$ 65</u>                               | <u>\$ 58</u> |

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

|                                        | <b>Nine Months Ended<br/>September 30,</b> |             |
|----------------------------------------|--------------------------------------------|-------------|
|                                        | <b>2024</b>                                | <b>2023</b> |
| Stock options                          |                                            |             |
| Granted                                | 1,317,000                                  | 3,453,000   |
| Weighted-average exercise price        | \$ 16.85                                   | \$ 18.21    |
| Weighted-average grant date fair value | \$ 4.92                                    | \$ 5.33     |
| RSUs                                   |                                            |             |
| Granted                                | 3,652,000                                  | 3,165,000   |
| Weighted-average grant date fair value | \$ 16.77                                   | \$ 17.97    |
| TSR performance-based RSUs             |                                            |             |
| Granted                                | 826,000                                    | 1,175,000   |
| Weighted-average grant date fair value | \$ 21.21                                   | \$ 27.65    |
| Organic Revenue Growth PSUs            |                                            |             |
| Granted                                | 379,000                                    | 142,000     |
| Weighted-average grant date fair value | \$ 16.08                                   | \$ 17.96    |
| OPG PSUs                               |                                            |             |
| Granted                                | 1,792,000                                  | —           |
| Weighted-average grant date fair value | \$ 17.03                                   | \$ —        |

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

## 12. ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss consists of:

| <i>(in millions)</i>                    | <b>September 30,<br/>2024</b> | <b>December 31,<br/>2023</b> |
|-----------------------------------------|-------------------------------|------------------------------|
| Foreign currency translation adjustment | \$ (1,219)                    | \$ (1,217)                   |
| Pension adjustment, net of tax          | (29)                          | (28)                         |
|                                         | <u>\$ (1,248)</u>             | <u>\$ (1,245)</u>            |

Income taxes are not provided for foreign currency translation adjustments arising on the translation of Bausch + Lomb's operations having a functional currency other than the U.S. dollar, except to the extent of

translation adjustments related to Bausch + Lomb's retained earnings for foreign jurisdictions in which Bausch + Lomb is not considered to be permanently reinvested.

### 13. OTHER EXPENSE, NET

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

| (in millions)                                      | Three Months Ended<br>September 30, |              | Nine Months Ended<br>September 30, |              |
|----------------------------------------------------|-------------------------------------|--------------|------------------------------------|--------------|
|                                                    | 2024                                | 2023         | 2024                               | 2023         |
| Asset impairments                                  | \$ —                                | \$ —         | \$ 5                               | \$ —         |
| Restructuring, integration and separation costs    | 3                                   | 11           | 20                                 | 33           |
| Gain on sale of assets                             | —                                   | —            | (5)                                | —            |
| Litigation and other matters                       | 1                                   | 2            | 2                                  | 2            |
| Acquired in-process research and development costs | 15                                  | —            | 18                                 | —            |
| Acquisition-related costs                          | 2                                   | 16           | 3                                  | 19           |
| Acquisition-related contingent consideration       | 1                                   | (1)          | 2                                  | —            |
| Other expense, net                                 | <u>\$ 22</u>                        | <u>\$ 28</u> | <u>\$ 45</u>                       | <u>\$ 54</u> |

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 include expenses associated with the implementation of these cost savings programs and include expenses associated with reducing headcount and other cost reduction initiatives. Restructuring and integration costs for the nine months ended September 30, 2024 and 2023 were \$20 million and \$32 million, respectively, and primarily consist of employee severance costs. These severance costs were provided under an ongoing benefit arrangement and were therefore recorded once they were both probable and reasonably estimable in accordance with the provisions of ASC 712-10, "Nonretirement Postemployment Benefits".

### 14. INCOME TAXES

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

Provision for income taxes for the nine months ended September 30, 2024 was \$79 million. The difference between the statutory tax rate and the effective tax rate was primarily attributable to jurisdictional mix of earnings and the discrete tax effects of: (a) the filing of certain tax returns, (b) a change in the deduction for stock compensation and (c) the release of uncertain tax positions where the statute of limitations in certain jurisdictions lapsed. Provision for income taxes for the nine months ended September 30, 2023 was \$88 million. The difference between the statutory tax rate and the effective tax rate was primarily attributable to jurisdictional mix of earnings and discrete tax effects of: (a) establishing a valuation allowance in Canada, (b) the impact of a change in tax attributes and (c) a change in the deduction for stock compensation.

The Company records a valuation allowance against its deferred tax assets to reduce the net carrying value to an amount that it believes is more likely than not to be realized. When the Company establishes or reduces the valuation allowance against its deferred tax assets, the provision for income taxes will increase or decrease, respectively, in the period such determination is made. The valuation allowance against deferred tax assets was \$174 million and \$150 million as of September 30, 2024 and December 31, 2023, respectively. The increase is related to the losses incurred during the quarter in jurisdictions for which the Company has established a full valuation allowance.

The Company's U.S. affiliates remain under examination for various state tax audits in the U.S. for years 2015 through 2022.

The Company's subsidiaries in Germany are under audit for tax years 2014 through 2022. During the three months ended September 30, 2023, the Company received a preliminary assessment from the German taxing authority that would disallow certain transfer pricing adjustments. The Company contested this alleged tax deficiency through the appropriate appeals process, and reached a preliminary settlement with the German taxing authority during the three months ended June 30, 2024. As of September 30, 2024, the Company is awaiting the final assessment. The preliminary settlement resulted in the accrual of an immaterial tax cost and will close out the 2014 to 2016 audit period. The Company continues to believe this liability will be indemnified by BHC pursuant to the Tax Matters Agreement.

As of September 30, 2024 and December 31, 2023, the Company had \$68 million and \$68 million of unrecognized tax benefits, which included \$9 million and \$9 million of interest and penalties, respectively. Of the total unrecognized tax benefits as of September 30, 2024, \$60 million would reduce the Company's effective tax rate, if recognized. The Company

believes that it is reasonably possible that the total amount of unrecognized tax benefits at September 30, 2024 could decrease by \$1 million in the next 12 months as a result of the resolution of certain tax audits and other events.

## 15. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share attributable to Bausch + Lomb Corporation for the three and nine months ended September 30, 2024 and 2023 were calculated as follows:

|                                                                                     | Three Months<br>Ended September<br>30, |           | Nine Months Ended<br>September 30, |           |
|-------------------------------------------------------------------------------------|----------------------------------------|-----------|------------------------------------|-----------|
|                                                                                     | 2024                                   | 2023      | 2024                               | 2023      |
| <i>(in millions, except per share amounts)</i>                                      |                                        |           |                                    |           |
| Net income (loss) attributable to Bausch + Lomb Corporation                         | \$ 4                                   | \$ (84)   | \$ (314)                           | \$ (206)  |
| Basic weighted-average common shares outstanding                                    | 351.9                                  | 350.8     | 351.7                              | 350.4     |
| Diluted effect of stock options and RSUs                                            | 2.0                                    | —         | —                                  | —         |
| Diluted weighted-average common shares outstanding                                  | 353.9                                  | 350.8     | 351.7                              | 350.4     |
| Basic and diluted income (loss) per share attributable to Bausch + Lomb Corporation | \$ 0.01                                | \$ (0.24) | \$ (0.89)                          | \$ (0.59) |

During the nine months ended September 30, 2024 and the three and nine months ended September 30, 2023, all potential common shares issuable for RSUs, PSUs and stock options 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 RSUs, PSUs and stock options on the weighted-average number of common shares outstanding would have been approximately 1,592,000 common shares for the nine months ended September 30, 2024. The dilutive effect of potential common shares issuable for RSUs, PSUs and stock options on the weighted-average number of common shares outstanding would have been approximately 1,862,000 and 1,589,000 common shares for the three and nine months ended September 30, 2023, respectively.

During the nine months ended September 30, 2024, RSUs, PSUs and stock options to purchase approximately 10,815,000 common shares were not included in the computation of diluted earnings per share because the effect would have been anti-dilutive under the treasury stock method. During the three and nine months ended September 30, 2024, an additional 2,865,000 PSUs were not included in the computation of diluted earnings per share as they are either linked to the completion of the Separation or the required performance conditions had not yet been met.

During the three and nine months ended September 30, 2023, RSUs, PSUs and stock options to purchase approximately 3,345,000 and 3,365,000 common shares, respectively, were not included in the computation of diluted earnings per share because the effect would have been anti-dilutive under the treasury stock method. During the three and nine months ended September 30, 2023, an additional 4,874,000 IPO Founders Grants in the form of stock options and RSUs, which were granted to certain eligible recipients in connection with the B+L IPO, and an additional 873,000 PSUs were not included in the computation of diluted earnings per share as they are either linked to the completion of the Separation or the required performance conditions had not yet been met.

## 16. LEGAL PROCEEDINGS

Bausch + Lomb is involved, and, from time to time, may become involved, in various legal and administrative proceedings, which include or may 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, Bausch + Lomb also initiates or may initiate actions or file counterclaims. Bausch + Lomb could be subject to counterclaims or other suits in response to

actions it may initiate. Bausch + Lomb believes that the prosecution of these actions and counterclaims is important to preserve and protect Bausch + Lomb, its reputation and its assets.

On a quarterly basis, Bausch + Lomb evaluates developments in legal proceedings, potential settlements and other matters that could increase or decrease the amount of the liability accrued. As of September 30, 2024, Bausch + Lomb's Condensed Consolidated Balance Sheets includes accrued current loss contingencies of \$4 million related to matters which are both probable and reasonably estimable. For all other matters, unless otherwise indicated, Bausch + Lomb 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 Bausch + Lomb's business, financial condition and results of operations, and could cause the market price or value of its common shares and/or debt securities to decline.

**Antitrust**

### *Generic Pricing Antitrust Litigation*

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

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

These lawsuits cover products of both Bausch + Lomb and BHC's other businesses. It is anticipated that Bausch + Lomb and BHC 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 MSA.

### **Product Liability**

#### *Shower to Shower® Products Liability Litigation*

Since 2016, BHC and its affiliates, including Bausch + Lomb, have been named in a number of product liability lawsuits involving the Shower to Shower® body powder product acquired in September 2012 from Johnson & Johnson; due to dismissals, twenty-five (25) of such product liability suits currently remain pending. In three (3) cases pending in the Atlantic County, New Jersey Multi-County Litigation, agreed stipulations of dismissal have been entered by the Court, thus dismissing the Company from those cases. One (1) case was also recently dismissed with prejudice in its entirety for failure of plaintiff to comply with court orders requiring plaintiff fact sheets. Potential liability (including its attorneys' fees and costs) arising out of these remaining suits is subject to full indemnification obligations of Johnson & Johnson owed to BHC and its affiliates, including Bausch + Lomb, and legal fees and costs will be paid by Johnson & Johnson. Twenty-four (24) of these lawsuits filed by individual plaintiffs allege that the use of Shower to Shower® caused the plaintiffs to develop ovarian cancer, mesothelioma or breast cancer. The allegations in these cases include failure to warn, design defect, manufacturing defect, negligence, gross negligence, breach of express and implied warranties, civil conspiracy concert in action, negligent misrepresentation, wrongful death, loss of consortium and/or punitive damages. The damages sought include compensatory damages, including medical expenses, lost wages or earning capacity, loss of consortium and/or

compensation for pain and suffering, mental anguish anxiety and discomfort, physical impairment and loss of enjoyment of life. Plaintiffs also seek pre- and post-judgment interest, exemplary and punitive damages, and attorneys' fees. Additionally, two proposed class actions were filed in Canada against BHC 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<sup>®</sup>. 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 BHC or Shower to Shower<sup>®</sup>, 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 BHC as a defendant; as a result, the British Columbia class action is concluded as to BHC.

In October 2021, Johnson & Johnson, through one or more subsidiaries purported to complete a Texas divisional merger with respect to any talc liabilities at Johnson & Johnson Consumer, Inc. ("JJCI"). LTL Management, LLC ("LTL"), the resulting

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

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

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

### **General Civil Actions**

#### *New Mexico Attorney General Consumer Protection Action*

BHC and Bausch Health US were named in an action brought by State of New Mexico ex rel. Hector H. Balderas, Attorney General of New Mexico, in the County of Santa Fe New Mexico First Judicial District Court (New Mexico ex rel. Balderas v. Johnson & Johnson, et al., Civil Action No. D-101-CV-2020-00013, filed on January 2, 2020), alleging consumer protection claims against Johnson & Johnson and Johnson & Johnson Consumer, Inc., BHC and Bausch Health US related to Shower to Shower<sup>®</sup> and its alleged causal link to mesothelioma and other cancers. In April 2020, Bausch Health US filed a motion to dismiss, which in September 2020, the Court granted in part as to the New Mexico Medicaid Fraud Act and New Mexico Fraud Against Taxpayers Act claims and denied as to all other claims. The State of New Mexico brings claims against all defendants under the New Mexico Unfair Practices Act and other common law and equitable causes of action, alleging defendants engaged in wrongful marketing, sale and promotion of talcum powder products. The lawsuit seeks to recover the cost of the talcum powder products as well as the cost of treating asbestos-related cancers allegedly caused by those products. Bausch Health US filed its answer on November 16, 2020. On December 30, 2020, Johnson & Johnson filed a Motion for Partial Judgment on the Pleadings and on January 4, 2021, Bausch Health US filed a joinder to that motion, which was denied on March 8, 2021. Trial was scheduled to begin on May 30, 2023, until the case was stayed by an interlocutory appeal to the New Mexico Supreme Court by Johnson & Johnson. That stay was lifted on October 21, 2024 when the New Mexico Supreme Court ruled in favor of Johnson & Johnson and reversed the trial court, remanding the case back for further proceedings.

On July 14, 2022, LTL filed an adversary proceeding in the Bankruptcy Court (Case No. 21-30589, Adv. Pro. No. 22-01231) against the State of New Mexico ex rel. Hector H. Balderas, Attorney General, and

obtained an injunction from the Bankruptcy Court barring the New Mexico Attorney General from continuing to prosecute the action while the bankruptcy case was pending. Because the Bankruptcy Court has ultimately dismissed both LTL's first and second bankruptcy cases, this suit has returned to its status quo prior to LTL's filing.

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

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

On March 24, 2022, BHC 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 BHC's common shares and debt

securities who are also maintaining individual securities fraud claims against BHC 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 BHC 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 BHC in the individual opt-out actions. The declaratory judgment action also alleges that the potential future separation of Bausch + Lomb from BHC by distribution of Bausch + Lomb stock to BHC's shareholders would leave BHC 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 BHC in the underlying individual opt-out actions and BHC 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 Securities Exchange Act of 1934 (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 BHC 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 BHC and/or failures to disclose information about BHC's business and prospects, including relating to drug pricing and the use of specialty pharmacies. On March 31, 2022, BHC 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 BHC's and Bausch + Lomb's forthcoming motions to dismiss, while instructing BHC 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, BHC and Bausch + Lomb moved to dismiss the amended complaint. Briefing was complete on February 24, 2023, and the motion to dismiss was heard on March 3, 2023. On April 3, 2023, the Court issued a decision granting in part and denying in part the motion to dismiss. Discovery is ongoing.

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

#### *Doctors Allergy Formula Lawsuit*

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

#### **Intellectual Property Matters**

##### *PreserVision® AREDS Patent Litigation*

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

#### *Lumify® Paragraph IV Proceedings - DRL*

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

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

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

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

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

#### **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 September 30, 2024 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.

#### *California Proposition 65 Related Matter*

On June 19, 2019, plaintiffs filed a proposed class action in California state court against Bausch Health US and Johnson & Johnson (Gutierrez, et al. v. Johnson & Johnson, et al., Case No. 37-2019-00025810-CU-NP-CTL), asserting claims for purported violations of the California Consumer Legal Remedies Act, False Advertising Law and Unfair Competition Law in connection with their sale of talcum powder products that the plaintiffs allege violated Proposition 65 and/or the California Safe Cosmetics Act. This lawsuit was served on Bausch Health US in June 2019 and was subsequently removed to the United States District

Court for the Southern District of California. Plaintiffs sought damages, disgorgement of profits, injunctive relief, and reimbursement/restitution. Bausch Health US filed a motion to dismiss Plaintiffs' claims, which was granted in April 2020 without prejudice. In May 2020, Plaintiffs filed an amended complaint and in June 2020, filed a motion for leave to amend the complaint further, which was granted. On January 22, 2021, the Court granted the motion to dismiss with prejudice. On February 19, 2021, Plaintiffs filed a Notice of Appeal with the Ninth Circuit Court of Appeals. This matter was stayed by the Ninth Circuit on December 7, 2021, due to the preliminary injunction entered by the Bankruptcy Court in the LTL bankruptcy proceeding. On September 13, 2023, the Ninth Circuit lifted the stay. On April 8, 2024, the Ninth Circuit heard oral argument on Plaintiffs' appeal of the lower court's dismissal of the case with prejudice, and, on April 29, 2024, the Ninth Circuit issued a memorandum disposition that affirmed the dismissal of the case in full. Plaintiffs have not filed a further appeal and the time to do so has passed.

*California Consumer Protection Action*

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

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

## 17. SEGMENT INFORMATION

### Reportable Segments

The Company's CEO, who is the Company's Chief Operating Decision Maker, manages the business through operating and reportable segments consistent with how the Company's CEO: (i) assesses operating performance on a regular basis, (ii) makes resource allocation decisions and (iii) designates responsibilities of his direct reports. The Company operates in the following reportable segments which are generally determined based on the decision-making structure of Bausch + Lomb and the grouping of similar products and services: (i) Vision Care, (ii) Pharmaceuticals and (iii) Surgical.

- **The Vision Care segment** consists of: (i) sales of contact lenses that span the spectrum of wearing modalities, including daily disposable and frequently replaced contact lenses, and (ii) sales of contact lens care products, OTC eye drops that address various conditions, including eye allergies, conjunctivitis, dry eye and redness relief, and eye vitamin and mineral supplements.
- **The Pharmaceuticals segment** consists of sales of a broad line of proprietary and generic pharmaceutical products for post-operative treatments and the treatment of a number of eye conditions, such as glaucoma, eye inflammation, ocular hypertension, dry eyes and retinal diseases.
- **The Surgical segment** consists of sales of medical device equipment, consumables and technologies for the treatment of cataracts, corneal, vitreous and retinal eye conditions, which includes IOLs and delivery systems, phacoemulsification equipment and other surgical instruments and devices necessary for cataract surgery.

Segment profit is based on operating income after the elimination of intercompany transactions. Certain costs, such as Amortization of intangible assets, and Other expense (income), net, are not included in the measure of segment profit, as management excludes these items in assessing segment financial performance.

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

### Segment Revenues and Profit

Segment revenues and profits for the three and nine months ended September 30, 2024 and 2023 were as follows:

| <i>(in millions)</i>                          | <b>Three Months<br/>Ended September<br/>30,</b> |                       | <b>Nine Months<br/>Ended September<br/>30,</b> |                        |
|-----------------------------------------------|-------------------------------------------------|-----------------------|------------------------------------------------|------------------------|
|                                               | <b>2024</b>                                     | <b>2023</b>           | <b>2024</b>                                    | <b>2023</b>            |
| Revenues:                                     |                                                 |                       |                                                |                        |
| Vision Care                                   | \$ 684                                          | \$ 648                | \$ 2,016                                       | \$ 1,881               |
| Pharmaceuticals                               | 306                                             | 174                   | 883                                            | 529                    |
| Surgical                                      | 206                                             | 185                   | 612                                            | 563                    |
| Total revenues                                | <u>\$ 1,196</u>                                 | <u>\$ 1,007</u>       | <u>\$ 3,511</u>                                | <u>\$ 2,973</u>        |
| Segment profit:                               |                                                 |                       |                                                |                        |
| Vision Care                                   | \$ 201                                          | \$ 182                | \$ 571                                         | \$ 503                 |
| Pharmaceuticals                               | 69                                              | 53                    | 200                                            | 167                    |
| Surgical                                      | 13                                              | 9                     | 28                                             | 29                     |
| Total segment profit                          | <u>283</u>                                      | <u>244</u>            | <u>799</u>                                     | <u>699</u>             |
| Corporate                                     | (146)                                           | (129)                 | (459)                                          | (404)                  |
| Amortization of intangible assets             | (72)                                            | (47)                  | (220)                                          | (160)                  |
| Other expense, net                            | <u>(22)</u>                                     | <u>(28)</u>           | <u>(45)</u>                                    | <u>(54)</u>            |
| <b>Operating income</b>                       | <b>43</b>                                       | <b>40</b>             | <b>75</b>                                      | <b>81</b>              |
| Interest income                               | 4                                               | 4                     | 10                                             | 12                     |
| Interest expense                              | (100)                                           | (76)                  | (301)                                          | (184)                  |
| Foreign exchange and other                    | <u>(5)</u>                                      | <u>(3)</u>            | <u>(8)</u>                                     | <u>(18)</u>            |
| <b>Loss before provision for income taxes</b> | <b><u>\$ (58)</u></b>                           | <b><u>\$ (35)</u></b> | <b><u>\$ (224)</u></b>                         | <b><u>\$ (109)</u></b> |

### Revenues by Segment and by Product Category

Revenues by segment and product category were as follows:

|                               | Vision Care                      |                 | Pharmaceuticals |               | Surgical      |               | Total           |                 |
|-------------------------------|----------------------------------|-----------------|-----------------|---------------|---------------|---------------|-----------------|-----------------|
|                               | Three Months Ended September 30, |                 |                 |               |               |               |                 |                 |
| (in millions)                 | 2024                             | 2023            | 2024            | 2023          | 2024          | 2023          | 2024            | 2023            |
| Pharmaceuticals               | \$ 1                             | \$ 1            | \$ 246          | \$ 112        | \$ —          | \$ —          | \$ 247          | \$ 113          |
| Devices                       | 250                              | 227             | —               | —             | 205           | 184           | 455             | 411             |
| OTC                           | 420                              | 408             | —               | —             | —             | —             | 420             | 408             |
| Branded and Other<br>Generics | 11                               | 10              | 59              | 62            | —             | —             | 70              | 72              |
| Other revenues                | 2                                | 2               | 1               | —             | 1             | 1             | 4               | 3               |
|                               | <u>\$ 684</u>                    | <u>\$ 648</u>   | <u>\$ 306</u>   | <u>\$ 174</u> | <u>\$ 206</u> | <u>\$ 185</u> | <u>\$ 1,196</u> | <u>\$ 1,007</u> |
|                               | Nine Months Ended September 30,  |                 |                 |               |               |               |                 |                 |
|                               | <u>2024</u>                      | <u>2023</u>     | <u>2024</u>     | <u>2023</u>   | <u>2024</u>   | <u>2023</u>   | <u>2024</u>     | <u>2023</u>     |
| Pharmaceuticals               | \$ 3                             | \$ 3            | \$ 698          | \$ 352        | \$ —          | \$ —          | \$ 701          | \$ 355          |
| Devices                       | 716                              | 666             | —               | —             | 608           | 559           | 1,324           | 1,225           |
| OTC                           | 1,262                            | 1,182           | —               | —             | —             | —             | 1,262           | 1,182           |
| Branded and Other<br>Generics | 29                               | 24              | 183             | 177           | —             | —             | 212             | 201             |
| Other revenues                | 6                                | 6               | 2               | —             | 4             | 4             | 12              | 10              |
|                               | <u>\$ 2,016</u>                  | <u>\$ 1,881</u> | <u>\$ 883</u>   | <u>\$ 529</u> | <u>\$ 612</u> | <u>\$ 563</u> | <u>\$ 3,511</u> | <u>\$ 2,973</u> |

The top ten products/franchises represented 55% and 53% of total revenues for the nine months ended September 30, 2024 and 2023, respectively.

### Geographic Information

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

| <i>(in millions)</i> | <b>Three Months Ended<br/>September 30,</b> |                 | <b>Nine Months Ended<br/>September 30,</b> |                 |
|----------------------|---------------------------------------------|-----------------|--------------------------------------------|-----------------|
|                      | <b>2024</b>                                 | <b>2023</b>     | <b>2024</b>                                | <b>2023</b>     |
| U.S. and Puerto Rico | \$ 609                                      | \$ 471          | \$ 1,756                                   | \$ 1,341        |
| China                | 92                                          | 87              | 262                                        | 250             |
| France               | 52                                          | 47              | 176                                        | 165             |
| Japan                | 45                                          | 45              | 130                                        | 139             |
| Germany              | 38                                          | 33              | 120                                        | 115             |
| United Kingdom       | 33                                          | 31              | 97                                         | 89              |
| Canada               | 33                                          | 27              | 93                                         | 80              |
| Russia               | 31                                          | 26              | 88                                         | 76              |
| Italy                | 22                                          | 19              | 68                                         | 61              |
| Spain                | 20                                          | 18              | 66                                         | 62              |
| Mexico               | 18                                          | 19              | 55                                         | 50              |
| Poland               | 17                                          | 11              | 50                                         | 37              |
| South Korea          | 12                                          | 12              | 35                                         | 35              |
| Other                | 174                                         | 161             | 515                                        | 473             |
|                      | <u>\$ 1,196</u>                             | <u>\$ 1,007</u> | <u>\$ 3,511</u>                            | <u>\$ 2,973</u> |

### Major Customers

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

|                      | <b>Nine Months Ended<br/>September 30,<br/>2024</b> |
|----------------------|-----------------------------------------------------|
| McKesson Corporation | 10 %                                                |

For the nine months ended September 30, 2023, no individual customer accounted for 10% or more of total revenues.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

### **INTRODUCTION**

*Unless the context otherwise indicates, as used in this "Management's Discussion and Analysis of Financial Condition and Results of Operations," the terms "we," "us," "our," "Bausch + Lomb," the "Company," and similar terms refer to Bausch + Lomb Corporation and its subsidiaries. This "Management's Discussion and Analysis of Financial Condition and Results of Operations" has been updated through October 30, 2024 and should be read in conjunction with the unaudited interim Condensed Consolidated Financial Statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024 (this "Form 10-Q"). The matters discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" contain certain forward-looking statements within the meaning of Section 27A of The Securities Act of 1933, as amended (the "Act"), and Section 21E of The Securities Exchange Act of 1934, as amended, and that may be forward-looking information within the meaning defined under applicable Canadian securities laws (collectively, "Forward-Looking Statements"). See "Forward-Looking Statements" at the end of this discussion.*

*Our accompanying unaudited interim Condensed Consolidated Financial Statements as of September 30, 2024 and for the three and nine months ended September 30, 2024 and 2023 have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the rules and regulations of the United States Securities and Exchange Commission (the "SEC") for interim financial statements, and should be read in conjunction with our Consolidated Financial Statements for the year ended December 31, 2023, which were included in our Annual Report on Form 10-K filed with the SEC and the Canadian Securities Administrators (the "CSA") on February 21, 2024 (the "Annual Report"). In our opinion, the unaudited interim Condensed Consolidated Financial Statements reflect all adjustments, consisting of normal and recurring adjustments, necessary for a fair statement of the financial condition, results of operations and cash flows for the periods indicated. Additional Company information is available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com) and on the SEC website at [www.sec.gov](http://www.sec.gov). All currency amounts are expressed in U.S. dollars, unless otherwise noted. Certain defined terms used herein have the meaning ascribed to them in the accompanying unaudited interim Condensed Consolidated Financial Statements as of September 30, 2024 and for the three and nine months ended September 30, 2024 and 2023.*

### **OVERVIEW**

Bausch + Lomb develops, manufactures and markets a range of products, primarily in the areas of eye health, which are marketed directly or indirectly in approximately 100 countries. As a fully integrated eye health business, Bausch + Lomb has a comprehensive portfolio of approximately 400 products, which includes an established line of contact lenses, intraocular lenses ("IOLs") and other medical devices, surgical systems and devices, vitamin and mineral supplements, lens care products, prescription eye-medications and other consumer products that positions us to compete in all areas of the eye health market.

Bausch + Lomb is a subsidiary of Bausch Health Companies Inc. ("BHC"), with BHC holding, directly or indirectly, approximately 88.2% of the issued and outstanding common shares of Bausch + Lomb, as of October 23, 2024. On August 6, 2020, BHC, announced its plan to separate our eye health business into an independent publicly traded entity, separate from the remainder of BHC (the "Separation"). This resulted in the initial public offering of Bausch + Lomb (the "B+L IPO"), and our common shares began trading on the New York Stock Exchange and the Toronto Stock Exchange, in each case under the ticker symbol "BLCO", on May 6, 2022. The completion of the full Separation may be accomplished by the transfer of all or a portion of BHC's remaining direct or indirect equity interest in Bausch + Lomb to its shareholders (the "Distribution"). The Distribution is subject to the achievement of targeted debt leverage ratios and the receipt of applicable shareholder and other necessary approvals and other factors and is subject to various risk factors. Bausch + Lomb understands that BHC continues to believe that completing the Separation makes strategic sense and that BHC continues to evaluate all relevant factors and considerations related to completing the Separation, including those factors described in BHC's public

filings. For additional information on the risks related to the Separation, see Item 1A. “Risk Factors — Risks Relating to the Separation” of our Annual Report.

### **Reportable Segments**

Our portfolio of products falls into three operating and reportable segments: (i) Vision Care, (ii) Pharmaceuticals and (iii) Surgical.

*The Vision Care segment*—includes both our contact lens and consumer eye care businesses.

Our contact lens portfolio spans the spectrum of wearing modalities, including daily disposable and frequently replaced contact lenses, and contact lenses that are indicated for therapeutic use and that can also provide optical correction during healing, if required. In particular, our Vision Care contact lens portfolio includes our Bausch + Lomb INFUSE® (silicone

hydrogel (“SiHy”) daily disposable contact lenses, Biotrue® ONEday daily disposables, PureVision® SiHy contact lenses, SofLens® daily disposables and Bausch + Lomb ULTRA® contact lenses.

Our consumer eye care business consists of contact lens care products, over-the-counter (“OTC”) eye drops that address various conditions, including eye allergies, conjunctivitis, dry eye and redness relief, and eye vitamins and mineral supplements. Within our consumer eye care business, our lens care product portfolio includes Biotrue® and Renu® multipurpose solutions and Boston® cleaning and conditioning solutions, our eye drops include Lumify®, Soothe®, Artelac®, Alaway® and Mioclear® and our eye vitamins include PreserVision® and Ocuvite®.

*The Pharmaceuticals segment*—consists of a broad line of proprietary and generic pharmaceutical products for post-operative treatments and treatments for a number of eye conditions, such as glaucoma, eye inflammation, ocular hypertension, dry eyes and retinal diseases. Key proprietary pharmaceutical brands are MIEBO®, XIIDRA®, Vyzulta®, Lotemax®, Prolensa® and Minims®.

*The Surgical segment*—consists of medical device equipment, consumables and technologies for the treatment of cataracts, corneal, vitreous and retinal eye conditions, which includes IOLs and delivery systems, phacoemulsification equipment and other surgical instruments and devices necessary for cataract surgery. Key surgical brands include Akreos®, AMVISC®, IC-8® Aphera™, Crystalens® IOLs, enVista® IOLs, Millennium®, Stellaris Elite® vision enhancement system, Synergetics®, ClearVisc®, StableVisc™, Storz® ophthalmic instruments, VICTUS® femtosecond laser, Teneo™, Eyefill® and Zyoptix®.

## **Product Development**

We continuously search for new product opportunities through internal development, strategic licensing agreements and acquisitions, that, if successful, will allow us to leverage our commercial footprint and supplement our existing product portfolio and address specific unmet needs in the market.

Our team of approximately 850 dedicated Research and Development (“R&D”) employees is focused on advancing our pipeline and identifying new product opportunities and we believe we have a significant innovation opportunity today. We plan to develop and, where applicable, commercialize our global pipeline of approximately 60 projects, many of which are global projects being developed in and for multiple countries. These global and individual projects are in various stages of pre-clinical and clinical development, including new contact lenses for myopia, next-generation cataract equipment, premium IOLs, investigational treatments for dry eye, novel formulation for eye vitamins and preservative free formulation of eye drops, among others, that are designed to grow our portfolio and accelerate future growth.

Our internal R&D organization focuses on the development of products through robust bench testing that is designed to comply with international standards and through clinical trials. Certain key near-term pipeline products that have received a significant portion of our R&D investment in current and prior periods are listed below.

- SiHy Daily - A silicone hydrogel daily disposable contact lens designed to provide outstanding comfort and clear vision throughout the day. To date SiHy Daily has been launched in over 50 countries, under the brand names INFUSE®, BAUSCH + LOMB ULTRA® ONE DAY and AQUALOX® ONE DAY and we are continuing our global roll out. In addition, we launched our first silicone hydrogel daily disposable multifocal contact lens in May 2023, and launched a toric lens in the U.S. in June 2024.
- Lumify® (brimonidine tartrate ophthalmic solution, 0.025%) - An OTC redness reliever eye drop that significantly reduces redness to help eyes look whiter and brighter, revealing eyes’ natural beauty. To date, we have launched and acquired the right to launch Lumify® in various countries. A new line extension formulation, Lumify® Preservative Free, for which the New Drug Application (“NDA”) was approved by the U.S. Food and Drug Administration (the “FDA”) in April 2024, is anticipated to begin launching in the first quarter of 2025.

- Blink™ NutriTears® - During June 2024, we expanded our over-the-counter dry eye portfolio with the launch of Blink™ NutriTears®, a clinically proven OTC supplement that targets the key root causes of dry eyes, promotes healthy tear production and provides noticeable relief of eye dryness symptoms.
- MIEBO® (perfluorohexyloctane) (formerly known as NOV03) – In December 2019, we acquired an exclusive license from Novaliq GmbH (the “Novaliq License”) for the commercialization and development in the U.S. and Canada of MIEBO® for the treatment of the signs and symptoms of dry eye disease (“DED”). MIEBO® launched in the U.S. in September 2023 and was approved in Canada during September 2024. MIEBO® is the first and only FDA-approved treatment for DED that directly targets tear evaporation and the addition of MIEBO® will help build upon our strong portfolio of integrated eye health products.

- LuxLife® – We are expanding our portfolio of premium IOLs built on the “Lux” platform with the LuxLife® Trifocal IOL with two options, non-Toric and Toric for astigmatic patients. This product is expected to be launched in various European markets in 2025.
- enVista® – We are expanding our portfolio of premium IOLs built on the enVista® platform with enVista® Aspire® (Monofocal Plus), enVista® Envy™ Trifocal and enVista Beyond™ (extended depth of focus (“EDOF”)) optical designs with two options: non-Toric and Toric for astigmatism patients. enVista® Aspire® monofocal and toric IOLs with Intermediate Optimized optics launched in the U.S. during October 2023 and we anticipate launching in Europe and Canada in 2025. enVista® Envy™ launched in Canada in June 2024 and the U.S. launch is in-process, after receiving FDA approval in October 2024. We anticipate launching enVista® Envy™ in Europe in 2025. We anticipate launching enVista® Beyond™ in the U.S. in 2026.

### **Strategic Acquisitions and Licensing Agreements**

To supplement our internal R&D initiatives and to build-out and refresh our product portfolio, we also search for opportunities to augment our pipeline through arrangements that allow us to gain access to unique products and investigational treatments, by strategically aligning ourselves with other innovative product solutions. In addition to licensing agreements, we selectively consider acquisitions that we believe align well with our current organization and strategic plan to help drive profitable growth and advance our mission of helping people see better to live better. Certain recent strategic acquisitions and licensing agreements that we have entered into include the following:

- Acquisition of Trukera Medical – In July 2024, we acquired TearLab Corporation, d/b/a Trukera Medical (“Trukera Medical”) from its private equity owner, AccelMed Partners, and other shareholders. Trukera Medical, a U.S.-based privately held ophthalmic medical diagnostic company, commercializes ScoutPro®, a point-of-care portable device for precisely measuring osmolarity, the salt content of a person’s tears. This acquisition is expected to expand the Company's presence in the dry eye market.
- Acquisition of XIIDRA® – In September 2023, the Company acquired XIIDRA®, the first and only non-steroid eye drop specifically approved to treat the signs and symptoms of dry eye disease focusing on inflammation associated with dry eye, and certain other ophthalmology assets from Novartis Pharma AG and Novartis Finance Corporation (together with Novartis Pharma AG, “Novartis”) (the “XIIDRA Acquisition”). The XIIDRA Acquisition complements and grows our existing dry eye franchise.
- Acquisition of Blink® Product Line – In July 2023, we acquired the Blink® OTC product line of eye and contact lens drops from Johnson & Johnson Vision, which consists of Blink® Tears Lubricating Eye Drops, Blink® Tears Preservative Free Lubricating Eye Drops, Blink GelTears® Lubricating Eye Drops, Blink® Triple Care Lubricating Eye Drops, Blink Contacts® Lubricating Eye Drops and Blink-N-Clean® Lens Drops (collectively, the “Blink® Product Line”). This acquisition has enabled us to continue to grow our global OTC business.
- Acquisition of AcuFocus – During January 2023, we acquired AcuFocus, Inc. (“AcuFocus”). AcuFocus is an ophthalmic medical device company that has delivered breakthrough small aperture intraocular technology to address diverse unmet needs in eye care. The IC-8® Aphthera™ IOL was approved by the FDA in July 2022 as the first and only small aperture non-toric EDOF IOL for certain cataract patients who have as much as 1.5 diopters of corneal astigmatism and wish to address presbyopia at the same time. We believe that the IC-8® Aphthera™ IOL will bolster our surgical portfolio by enhancing our IOL offerings, which is a strategic area of focus for the Company.

We regularly consider further strategic licensing and acquisition opportunities, some of which could be material in size.

### **Business Trends**

In addition to the actions previously outlined, the events described below have affected and may affect our business trends. The matters discussed in this section contain Forward-Looking Statements. Please see “Forward-Looking Statements” for additional information.

*Russia-Ukraine War*

In February 2022, Russia invaded Ukraine. As military activity and sanctions against Russia, Belarus and specific areas of Ukraine have continued, the war has continued to affect economic and global financial markets and placed further pressure on ongoing economic challenges, including issues such as inflation and global supply-chain disruption.

The Biden administration has imposed U.S. sanctions and export controls against Russia and Belarus in response to the ongoing war. These sanctions temporarily impacted our ability to distribute our U.S. manufactured contact lenses and our U.S. surgical products to Russia and Belarus. However, in response to these sanctions, we applied for licenses with the U.S. Department of Commerce’s Bureau of Industry and Security for both Russia and Belarus and we have all licenses, or other

applicable governmental authorizations, necessary to allow us to sell the applicable currently sanctioned products in each of these countries.

In addition, the EU has also imposed several rounds of sanctions against Russia. We have obtained licenses, where required, for products and services provided to Russia from the EU and from the relevant EU member states.

To date, the challenges associated with the Russia-Ukraine War and related sanctions from the U.S., EU and elsewhere have not yet had a material impact on our operations; although, as noted above, we continue to review recent EU sanctions and are still assessing their impact on our operations.

Our revenues attributable to Russia, Ukraine and Belarus, in the aggregate, were approximately 3% of our total revenues for, both, the nine months ended September 30, 2024 and year ended December 31, 2023. In addition, we do not have any research or manufacturing facilities in Russia, Ukraine or Belarus. While we have been monitoring this conflict, and will continue to do so as this conflict continues to evolve, we are unable to predict the impact of this conflict on the Company's business.

For a further discussion of these and other risks relating to our international business, see "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations-Business Trends" of our Annual Report.

#### *Conflict in the Middle East*

The conflict between Israel and Hamas began during October 2023 and has since expanded to include other countries and militant groups and continues to impact the region. Our revenues attributable to the impacted regions for the nine months ended September 30, 2024 and year ended December 31, 2023 were less than 1% of our total revenues in each period. Sales in Iran are covered by a general OFAC license. While we have been monitoring this conflict, and will continue to do so as this conflict continues to evolve, we are unable to predict the impact of this conflict on the Company's business.

For a further discussion of these and other risks relating to our international business, see "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations-Business Trends" of our Annual Report.

#### *Supply Chain*

Over the past few years we had experienced supply chain challenges, which had caused disruptions in availability and delays in shipping. We therefore implemented actions to help mitigate those challenges, including strategically spot buying key components of inventory and securing multiple supply sources. While we will continue to monitor any future supply chain challenges, the actions taken to mitigate our previous challenges had resulted in higher cost of inventory, which in turn had put pressure on our margins, primarily within our surgical business.

#### *Global Minimum Corporate Tax Rate*

On October 8, 2021, the Organisation for Economic Co-operation and Development ("OECD")/G20 inclusive framework on Base Erosion and Profit Shifting (the "Inclusive Framework") published a statement updating and finalizing the key components of a two-pillar plan on global tax reform originally agreed on July 1, 2021, and a timetable for implementation by 2023. The timetable for implementation has since been extended to 2024 or, with respect to certain components of the plan, to 2025. The Inclusive Framework plan has now been agreed to by 147 OECD members, including several countries which did not agree to the initial plan. Under pillar one, a portion of the residual profits of multinational businesses with global turnover above €20 billion and a profit margin above 10% will be allocated to market countries where such allocated profits would be taxed. Under pillar two, the Inclusive Framework has agreed on a global minimum corporate tax rate of 15% for companies with revenue above €750 million, calculated on a country-by-country basis. On October 30, 2021, the G20 formally endorsed the new global minimum corporate tax rate rules. The Inclusive Framework agreement must now be implemented by the OECD Members who have agreed to the plan, effective in 2024. Many members of the Inclusive Framework have

either introduced or announced their intention to introduce certain components of the global minimum tax in line with the model rules for fiscal years beginning on or after December 31, 2023. For example, on December 15, 2022, the European Union member states unanimously adopted the directive to implement pillar two rules. According to the directive, the member states were expected to enact pillar two rules into domestic law in 2023, with certain elements becoming effective for fiscal years beginning on or after December 31, 2023. On August 4, 2023, Canada released draft legislation to enact certain components of the pillar two proposals into Canadian law as the Global Minimum Tax Act (“GMTA”), which was enacted on June 20, 2024. The GMTA is generally aligned with the model rules proposed by the OECD and is effective for fiscal years beginning on or after December 31, 2023. The United States did not announce plans to enact the tax measures under the two-pillar plan. On February 1, 2023, the U.S. Financial Accounting Standards Board indicated that they believe the minimum tax imposed under pillar two is an alternative minimum tax, and, accordingly, deferred tax assets and liabilities

associated with the minimum tax would not be recognized or adjusted for the estimated future effects of the minimum tax but would be recognized in the period incurred. The OECD has published model rules and other guidance with respect to pillar two, which are generally consistent with the agreement reached by the Inclusive Framework in October 2021. On February 1, 2023, the Inclusive Framework released a package of technical and administrative guidance on the implementation of pillar two, including the scope of companies that will be subject to the Global Anti-Base Erosion Rules, transition rules, and guidance on domestic minimum taxes that countries may choose to adopt, among other topics. On December 18, 2023 the OECD announced plans to release additional guidance on model rules and to start the peer review process in 2024. On June 17, 2024, the OECD published further administrative guidance to clarify the operation of the model rules. While many jurisdictions in which the Company operates have adopted the global minimum tax provision of the OECD pillar two effective for tax years beginning in January 2024, the Company has concluded that there is minimal impact to its 2024 tax rate due to the accounting for the tax effects of intercompany transactions. The Company expects that there is risk that the impact of the global minimum tax may eventually result in an increase to its overall effective tax rate.

#### *Health Care Reform*

The U.S. federal and state governments continue to propose and pass legislation designed to regulate the health care industry. Many of these changes focus on health care cost containment, which result in pricing pressures relating to the sales and reimbursements of health care products. The Biden administration and Congress continue to focus on health care cost containment which could result in legislative and regulatory changes that may negatively impact our businesses.

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

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

#### *Generic Competition and Loss of Exclusivity*

Certain of our products face the expiration of their patent or regulatory exclusivity, following which we anticipate generic competition of these products. Following a loss of exclusivity (“LOE”) of and/or generic competition for a product, we would anticipate that product sales for such product would decrease significantly shortly following the LOE or entry of a generic competitor. Where we have the rights, we may elect to launch an authorized generic (“AG”) of such product (either ourselves or through a third party) prior to, upon or following generic entry, which may mitigate the anticipated decrease in product sales.

Prolensa® began facing LOE in the fourth quarter of 2023, which accounted for approximately 1% of our total revenues in 2023. While we expect our risk of LOE to be limited over the next five years, this could change based on, among other things, successful challenge to our patents, settlement of existing or future patent litigation and at-risk generic launches. We believe the entry into the market of generic competition generally would have an adverse impact on the volume and/or pricing of the affected products, however we are unable to predict the magnitude or timing of this impact.

In addition, in connection with our Lumify®, PreserVision®, Vyzulta® and Lotemax® SM products, we have commenced ongoing infringement proceedings against potential generic competitors or other potential infringers in the U.S. If we are not successful in these proceedings, we may face increased generic competition for these products.

In addition, the PreserVision® U.S. formulation patent expired in March 2021, but a patent covering methods of using the formulation remains in force into 2026. PreserVision® products accounted for approximately 7% and 7% of our total revenues in 2023 and 2022, respectively. PreserVision® is (or was)

the subject of certain ongoing and past patent infringement proceedings. While the Company cannot predict the magnitude or timing of the impact from the PreserVision® patent expiry, this is an OTC product and thus, the impact is not expected to be as significant as the LOE of a branded pharmaceutical product.

See Note 16, “LEGAL PROCEEDINGS” to our unaudited interim Condensed Consolidated Financial Statements included elsewhere in this Form 10-Q, as well as Note 20, “LEGAL PROCEEDINGS” of our audited Consolidated Financial Statements for the year ended December 31, 2023, included in our Annual Report, for further details regarding certain of these infringement proceedings.

The risks of generic competition are a fact of the eye health industry and are not specific to our operations or product portfolio. These risks are not avoidable, but we believe they are manageable. To manage these risks, our leadership team routinely evaluates the impact that generic competition may have on future profitability and operations. In addition to aggressively defending our patents and other intellectual property, our leadership team makes operational and investment

decisions regarding these products and businesses at risk, including decisions regarding our pipeline. Our leadership team actively manages our pipeline in order to identify innovative and realizable projects that are expected to provide incremental and sustainable revenues and growth into the future. We believe that we have a well-established product portfolio that is diversified within our core businesses. We also believe that we have a robust pipeline that not only provides for the next generation of our existing products, but also brings new solutions into the market.

See the section entitled “Risk Factors” included in our Annual Report, for additional information on the risks associated with our intellectual property and our competition risks.

## RESULTS OF OPERATIONS

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

| (in millions)                                                                    | Three Months Ended<br>September 30, |                |              | Nine Months Ended<br>September 30, |                 |                 |
|----------------------------------------------------------------------------------|-------------------------------------|----------------|--------------|------------------------------------|-----------------|-----------------|
|                                                                                  | 2024                                | 2023           | Change       | 2024                               | 2023            | Change          |
| <b>Revenues</b>                                                                  |                                     |                |              |                                    |                 |                 |
| Product sales                                                                    | \$ 1,192                            | \$ 1,004       | \$ 188       | \$ 3,499                           | \$ 2,963        | \$ 536          |
| Other revenues                                                                   | 4                                   | 3              | 1            | 12                                 | 10              | 2               |
|                                                                                  | <u>1,196</u>                        | <u>1,007</u>   | <u>189</u>   | <u>3,511</u>                       | <u>2,973</u>    | <u>538</u>      |
| <b>Expenses</b>                                                                  |                                     |                |              |                                    |                 |                 |
| Cost of goods sold (excluding amortization and impairments of intangible assets) | 464                                 | 391            | 73           | 1,369                              | 1,179           | 190             |
| Cost of other revenues                                                           | —                                   | 1              | (1)          | 2                                  | 2               | —               |
| Selling, general and administrative (Note 4)                                     | 511                                 | 418            | 93           | 1,550                              | 1,253           | 297             |
| Research and development                                                         | 84                                  | 82             | 2            | 250                                | 244             | 6               |
| Amortization of intangible assets                                                | 72                                  | 47             | 25           | 220                                | 160             | 60              |
| Other expense, net                                                               | 22                                  | 28             | (6)          | 45                                 | 54              | (9)             |
|                                                                                  | <u>1,153</u>                        | <u>967</u>     | <u>186</u>   | <u>3,436</u>                       | <u>2,892</u>    | <u>544</u>      |
| <b>Operating income</b>                                                          | 43                                  | 40             | 3            | 75                                 | 81              | (6)             |
| Interest income                                                                  | 4                                   | 4              | —            | 10                                 | 12              | (2)             |
| Interest expense                                                                 | (100)                               | (76)           | (24)         | (301)                              | (184)           | (117)           |
| Foreign exchange and other                                                       | (5)                                 | (3)            | (2)          | (8)                                | (18)            | 10              |
| <b>Loss before provision for income taxes</b>                                    | (58)                                | (35)           | (23)         | (224)                              | (109)           | (115)           |
| Benefit from (provision for) income taxes                                        | 66                                  | (45)           | 111          | (79)                               | (88)            | 9               |
| <b>Net income (loss)</b>                                                         | 8                                   | (80)           | 88           | (303)                              | (197)           | (106)           |
| Net income attributable to noncontrolling interest                               | (4)                                 | (4)            | —            | (11)                               | (9)             | (2)             |
| <b>Net income (loss) attributable to Bausch + Lomb Corporation</b>               | <u>\$ 4</u>                         | <u>\$ (84)</u> | <u>\$ 88</u> | <u>\$ (314)</u>                    | <u>\$ (206)</u> | <u>\$ (108)</u> |

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

**Revenues**

Our revenues are primarily generated from product sales in the therapeutic areas of eye health that consist of: (i) branded prescription eye-medications and pharmaceuticals, (ii) generic and branded generic prescription eye medications and pharmaceuticals, (iii) OTC vitamin and supplement products and (iv) medical devices (contact lenses, IOLs and ophthalmic surgical equipment). Other revenues include alliance and service revenue from the licensing and co-promotion of products and contract service revenue. Contract service revenue is derived primarily from contract manufacturing for third parties and is not material. See Note 17, "SEGMENT INFORMATION" to our unaudited interim Condensed Consolidated Financial Statements for the disaggregation of revenues 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.

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

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

|                         | 2024            |              | 2023            |              | Change        |             |
|-------------------------|-----------------|--------------|-----------------|--------------|---------------|-------------|
|                         | Amount          | Pct.         | Amount          | Pct.         | Amount        | Pct.        |
| <i>(in millions)</i>    |                 |              |                 |              |               |             |
| <b>Segment Revenues</b> |                 |              |                 |              |               |             |
| Vision Care             | \$ 684          | 57 %         | \$ 648          | 64 %         | \$ 36         | 6 %         |
| Pharmaceuticals         | 306             | 26 %         | 174             | 17 %         | 132           | 76 %        |
| Surgical                | 206             | 17 %         | 185             | 19 %         | 21            | 11 %        |
| Total revenues          | <u>\$ 1,196</u> | <u>100 %</u> | <u>\$ 1,007</u> | <u>100 %</u> | <u>\$ 189</u> | <u>19 %</u> |

*Constant Currency Revenues and Constant Currency Revenue Growth (non-GAAP)*

Constant Currency Revenue Growth, a non-GAAP measure, is defined as a change in Revenues (its most directly comparable GAAP financial measure) on a period-over-period basis adjusted for changes in foreign currency exchange rates (if applicable). The Company uses Constant Currency Revenues (non-GAAP) and Constant Currency Revenue Growth (non-GAAP) to assess performance of its reportable segments, and the Company in total, without the impact of foreign currency exchange fluctuations. The Company believes that such measures are useful to investors as they provide a supplemental period-to-period comparison.

Although changes in foreign currency exchange rates are part of our business, they are not within management's control. Changes in foreign currency exchange rates, however, can mask positive or negative trends in the underlying business performance. The impact for changes in foreign currency exchange rates is determined as the difference in the current period reported revenues at their current period currency exchange rates and the current period reported revenues revalued using the monthly average currency exchange rates during the comparable prior period.

Non-GAAP financial measures and non-GAAP ratios are not prepared in accordance with GAAP nor do they have any standardized meaning under GAAP. In addition, other companies may use similarly titled non-GAAP financial measures and ratios that are calculated differently from the way we calculate such

measures and ratios. Accordingly, the Company's non-GAAP financial measures and ratios may not be comparable to such similarly titled non-GAAP financial measures and ratios used by other companies.

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

| (in millions)   | Three Months Ended September 30, 2024 |                           |                                      | Three Months Ended September 30, 2023 | Change in Constant Currency Revenue (Non-GAAP) |      |
|-----------------|---------------------------------------|---------------------------|--------------------------------------|---------------------------------------|------------------------------------------------|------|
|                 | Revenue as Reported                   | Changes in Exchange Rates | Constant Currency Revenue (Non-GAAP) | Revenue as Reported                   | Amount                                         | Pct. |
|                 |                                       |                           |                                      |                                       |                                                |      |
| Vision Care     | \$ 684                                | \$ 4                      | \$ 688                               | \$ 648                                | \$ 40                                          | 6 %  |
| Pharmaceuticals | 306                                   | —                         | 306                                  | 174                                   | 132                                            | 76 % |
| Surgical        | 206                                   | 1                         | 207                                  | 185                                   | 22                                             | 12 % |
| Total           | \$ 1,196                              | \$ 5                      | \$ 1,201                             | \$ 1,007                              | \$ 194                                         | 19 % |

#### *Vision Care Segment Revenue*

The Vision Care segment revenue was \$684 million and \$648 million for the three months ended September 30, 2024 and 2023, respectively, an increase of \$36 million, or 6%. The increase was primarily driven by sales from our dry eye portfolio within our consumer eye care business and SiHy Daily lenses within our contact lens business. This increase included: (i) an increase in volumes of \$24 million and (ii) an increase in net pricing of \$16 million, partially offset by the unfavorable impact of foreign currencies of \$4 million, primarily in Latin America.

Our 2023 revenues were negatively impacted due to previously unfulfilled orders at our Lynchburg distribution facility. During the second quarter of 2023, we put into place a system upgrade; however, we incurred disruptions during the implementation of this upgrade, which resulted in slower than normal processing of certain orders, thereby negatively impacting our revenues for the three months ended September 30, 2023. We substantially resolved the Lynchburg implementation disruptions during the first quarter of 2024.

#### *Pharmaceuticals Segment Revenue*

The Pharmaceuticals segment revenue was \$306 million and \$174 million for the three months ended September 30, 2024 and 2023, respectively, an increase of \$132 million, or 76%. The increase was primarily driven by: (i) the XIIDRA Acquisition and (ii) the launch of MIEBO® in September 2023. This increase included: (i) incremental sales from the XIIDRA Acquisition of \$92 million and (ii) an increase in volumes of \$44 million, partially offset by: (i) the impact of discontinuations of \$3 million and (ii) a decrease in net realized pricing of \$1 million.

#### *Surgical Segment Revenue*

The Surgical segment revenue was \$206 million and \$185 million for the three months ended September 30, 2024 and 2023, respectively, an increase of \$21 million, or 11%. The increase was primarily driven by: (i) increased demand of consumables, (ii) increased system sales and (iii) increased demand of implantables, driven by our premium IOL portfolio. This increase included: (i) an increase in volumes of \$13 million, (ii) an increase in net realized pricing of \$5 million and (iii) incremental sales from acquisitions of \$4 million, partially offset by the unfavorable effect of foreign currencies of \$1 million.

#### **Cash Discounts and Allowances, Chargebacks and Distribution Fees**

As is customary in the health care industry, gross product sales are subject to a variety of deductions in arriving at net product sales. Provisions for these deductions are recognized concurrently with the recognition of gross product sales. These provisions include cash discounts and allowances, chargebacks and distribution fees, which are paid or credited to direct customers, as well as rebates and returns, which can be paid or credited to direct and indirect customers. Provision balances relating to amounts payable to direct customers are netted against trade receivables and balances relating to indirect customers are included in accrued liabilities.

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

|                                                               | Three Months Ended September 30, |         |          |         |
|---------------------------------------------------------------|----------------------------------|---------|----------|---------|
|                                                               | 2024                             |         | 2023     |         |
|                                                               | Amount                           | Pct.    | Amount   | Pct.    |
| (in millions)                                                 |                                  |         |          |         |
| Gross product sales                                           | \$ 1,853                         | 100.0 % | \$ 1,394 | 100.0 % |
| Provisions to reduce gross product sales to net product sales |                                  |         |          |         |
| Discounts and allowances                                      | 107                              | 5.8 %   | 92       | 6.6 %   |
| Returns                                                       | 26                               | 1.4 %   | 22       | 1.6 %   |
| Rebates                                                       | 358                              | 19.3 %  | 136      | 9.8 %   |
| Chargebacks                                                   | 150                              | 8.1 %   | 134      | 9.6 %   |
| Distribution fees                                             | 20                               | 1.1 %   | 6        | 0.4 %   |
| Total provisions                                              | 661                              | 35.7 %  | 390      | 28.0 %  |
| Net product sales                                             | 1,192                            | 64.3 %  | 1,004    | 72.0 %  |
| Other revenues                                                | 4                                |         | 3        |         |
| Revenues                                                      | \$ 1,196                         |         | \$ 1,007 |         |

Cash discounts and allowances, returns, rebates, chargebacks and distribution fees as a percentage of gross product sales were 35.7% and 28.0% for the three months ended September 30, 2024 and 2023, respectively, an increase of 7.7% percentage points, and is primarily attributable to the increase in rebates from XIIDRA® and MIEBO®.

#### Operating Expenses

##### *Cost of Goods Sold (exclusive of amortization and impairments of intangible assets)*

Cost of goods sold primarily includes: manufacturing and packaging; the cost of products we purchase from third parties; royalty payments we make to third parties; depreciation of manufacturing facilities and equipment; and lower of cost or market adjustments to inventories. Cost of goods sold typically vary between periods as a result of product mix, volume, royalties, changes in foreign currency and inflation. Cost of goods sold excludes the amortization and impairments of intangible assets.

Cost of goods sold was \$464 million and \$391 million for the three months ended September 30, 2024 and 2023, respectively, an increase of \$73 million, or 19%. The increase was primarily driven by: (i) costs of sales associated with acquisitions entered into subsequent to September 30, 2023, which includes the amortization of inventory step-up and (ii) higher volumes.

Contribution (product sales revenue less cost of goods sold, exclusive of amortization and impairments of intangible assets) increased by \$115 million, primarily driven by: (i) contribution associated with acquisitions entered into subsequent to September 30, 2023, (ii) the increase in volumes, including related to the launch of MIEBO® during September 2023 and (iii) the increase in net realized pricing, as previously discussed.

Cost of goods sold as a percentage of Product sales was 38.9% and 38.9% for the three months ended September 30, 2024 and 2023, respectively.

##### *Selling, General and Administrative Expenses*

Selling, general and administrative ("SG&A") expenses primarily include: employee compensation associated with sales and marketing, finance, legal, information technology, human resources and other administrative functions; certain outside legal fees and consultancy costs; product promotion expenses; overhead and occupancy costs; depreciation of corporate facilities and equipment; and other general and administrative costs.

SG&A expenses were \$511 million and \$418 million for the three months ended September 30, 2024 and 2023, respectively, an increase of \$93 million, or 22%. The increase was primarily attributable to higher

selling and advertising and promotion costs, primarily attributable to XIIDRA® and the launch of MIEBO®.

***Research and Development Expenses***

Included in R&D are costs related to our product development and quality assurance programs. Expenses related to product development include: employee compensation costs; overhead and occupancy costs; depreciation of research and development facilities and equipment; clinical trial costs; clinical manufacturing and scale-up costs; and other third-party

development costs. Quality assurance are the costs incurred to meet evolving customer and regulatory standards and include: employee compensation costs; overhead and occupancy costs; amortization of software; and other third-party costs.

R&D expenses were \$84 million and \$82 million for the three months ended September 30, 2024 and 2023, respectively, an increase of \$2 million, or 2%.

#### ***Amortization of Intangible Assets***

Intangible assets with finite lives are amortized using the straight-line method over their estimated useful lives, generally 3 to 17 years. Management continually assesses the useful lives related to our long-lived assets to reflect the most current assumptions.

Amortization of Intangible assets was \$72 million and \$47 million for the three months ended September 30, 2024 and 2023, respectively, an increase of \$25 million, or 53%, primarily due to assets acquired through acquisitions, as previously discussed.

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

#### ***Other expense, net***

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

| <i>(in millions)</i>                               | <b>Three Months Ended<br/>September 30,</b> |              |
|----------------------------------------------------|---------------------------------------------|--------------|
|                                                    | <b>2024</b>                                 | <b>2023</b>  |
| Restructuring, integration and separation costs    | \$ 3                                        | \$ 11        |
| Litigation and other matters                       | 1                                           | 2            |
| Acquired in-process research and development costs | 15                                          | —            |
| Acquisition-related costs                          | 2                                           | 16           |
| Acquisition-related contingent consideration       | 1                                           | (1)          |
| Other expense, net                                 | <u>\$ 22</u>                                | <u>\$ 28</u> |

#### **Operating income**

Operating income was \$43 million and \$40 million for the three months ended September 30, 2024 and 2023, respectively, an increase of \$3 million. This increase primarily reflects the increase in contribution, partially offset by increases in SG&A and amortization expense, each as previously discussed.

#### ***Segment Profit***

Segment profit is based on operating income after the elimination of intercompany transactions. Certain costs, such as Amortization of intangible assets and Other expense, net, are not included in the measure of segment profit, as management excludes these items in assessing segment financial performance. Segment profit is a measure of operating performance of our reportable segments and may not be comparable to similar measures reported by other companies. Segment profit is a performance metric utilized by the Company's CEO, who is the Company's Chief Operating Decision Maker, to allocate resources to and assess performance of the Company's segments. See Note 17, "SEGMENT INFORMATION" to our unaudited interim Condensed Consolidated Financial Statements for a reconciliation of segment profit to Income before provision for income taxes.

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

|                                                 | 2024   |      | 2023   |      | Change |      |
|-------------------------------------------------|--------|------|--------|------|--------|------|
|                                                 | Amount | Pct. | Amount | Pct. | Amount | Pct. |
| <i>(in millions)</i>                            |        |      |        |      |        |      |
| <b>Segment Profits / Segment Profit Margins</b> |        |      |        |      |        |      |
| Vision Care                                     | \$ 201 | 29 % | \$ 182 | 28 % | \$ 19  | 10 % |
| Pharmaceuticals                                 | 69     | 23 % | 53     | 30 % | 16     | 30 % |
| Surgical                                        | 13     | 6 %  | 9      | 5 %  | 4      | 44 % |

#### *Vision Care Segment Profit*

The Vision Care segment profit was \$201 million and \$182 million for the three months ended September 30, 2024 and 2023, respectively, an increase of \$19 million, or 10%. The increase was primarily driven by: (i) increased contribution, driven by the increases in volume and pricing, as previously discussed and (ii) lower R&D expense to strategically position our portfolio within our consumer eye care business. The increase in contribution was partially offset by higher advertising and promotional expenses in our consumer eye care business driven by the Blink® OTC product line, acquired in July 2023.

#### *Pharmaceuticals Segment Profit*

The Pharmaceuticals segment profit was \$69 million and \$53 million for the three months ended September 30, 2024 and 2023, respectively, an increase of \$16 million, or 30%. The increase was primarily driven by increased contribution, primarily driven by XIIDRA® and MIEBO®, partially offset by selling and advertising and promotional expenses related to MIEBO® and XIIDRA®.

#### *Surgical Segment Profit*

The Surgical segment profit was \$13 million and \$9 million for the three months ended September 30, 2024 and 2023, respectively, an increase of \$4 million, or 44%, primarily due to the increase in revenues, partially offset by higher cost of sales and higher selling expenses.

### **Non-Operating Income and Expense**

#### ***Interest Expense***

Interest expense primarily consists of interest payments due, amortization of debt discounts and deferred issuance costs on indebtedness under our credit facilities.

Interest expense was \$100 million and \$76 million for the three months ended September 30, 2024 and 2023, respectively, an increase of \$24 million. The increase is primarily attributable to interest expense associated with our October 2028 Secured Notes and September 2028 Term Facility (each as defined and discussed in further detail, under Item “— Liquidity and Capital Resources — Liquidity and Debt — Long-term Debt”), partially offset by certain upfront financing commitment costs incurred in connection with the XIIDRA Acquisition during the prior period. See Note 10, “FINANCING ARRANGEMENTS” to our unaudited interim Condensed Consolidated Financial Statements for further details regarding the October 2028 Secured Notes and September 2028 Term Facility.

#### ***Foreign Exchange and Other***

Foreign exchange and other primarily includes translation gains/losses on intercompany balances and third-party liabilities and the gain/loss due to the change in fair value of foreign currency exchange contracts. Foreign exchange and other was a net loss of \$5 million and \$3 million for the three months ended September 30, 2024 and 2023, respectively.

#### ***Income Taxes***

Benefit from income taxes was \$66 million for the three months ended September 30, 2024, as compared to a provision for income taxes of \$45 million for the three months ended September 30, 2023, a favorable change of \$111 million. The change in income taxes was primarily related to: (i) a change in the jurisdictional and seasonal mix of earnings and (ii) discrete tax effects of: (a) a reduction of certain tax attributes recorded in the previous year and (b) the filings of certain tax returns.

See Note 14, “INCOME TAXES” to our unaudited interim Condensed Consolidated Financial Statements for further details.

### **Net income (loss) attributable to Bausch + Lomb Corporation**

Net income attributable to Bausch + Lomb Corporation was \$4 million for the three months ended September 30, 2024, as compared to a net loss attributable to Bausch + Lomb Corporation of \$84 million for the three months ended September 30, 2023, an increase in our results of \$88 million and was primarily due to: (i) the decrease in the provision for income taxes of \$111 million and (ii) the increase in our operating results of \$3 million, partially offset by the increase in interest expense of \$24 million, each as previously discussed.

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

**Revenues**

Our revenues were \$3,511 million and \$2,973 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of \$538 million, or 18%. The increase was attributable to: (i) incremental sales attributable to acquisitions of \$288 million, primarily within our Pharmaceuticals segment, (ii) increased volumes of \$226 million across each of our segments and (iii) increased net realized pricing of \$83 million, primarily driven by our Vision Care segment. The increase in revenues were partially offset by: (i) the unfavorable impact of foreign currencies of \$52 million, primarily in Asia and Latin America and (ii) the impact of divestitures and discontinuations of \$7 million, particularly the discontinuation of certain products within our Pharmaceuticals and Vision Care segments.

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

| <i>(in millions)</i>    | 2024            |              | 2023            |              | Change        |             |
|-------------------------|-----------------|--------------|-----------------|--------------|---------------|-------------|
|                         | Amount          | Pct.         | Amount          | Pct.         | Amount        | Pct.        |
| <b>Segment Revenues</b> |                 |              |                 |              |               |             |
| Vision Care             | \$ 2,016        | 57 %         | \$ 1,881        | 63 %         | \$ 135        | 7 %         |
| Pharmaceuticals         | 883             | 25 %         | 529             | 18 %         | 354           | 67 %        |
| Surgical                | 612             | 18 %         | 563             | 19 %         | 49            | 9 %         |
| Total revenues          | <u>\$ 3,511</u> | <u>100 %</u> | <u>\$ 2,973</u> | <u>100 %</u> | <u>\$ 538</u> | <u>18 %</u> |

***Constant Currency Revenues and Constant Currency Revenue Growth (non-GAAP)***

The following table presents a reconciliation of Revenues to constant currency revenues (non-GAAP) and the period-over-period changes in constant currency revenue (non-GAAP) for the nine months ended September 30, 2024 and 2023. Constant Currency Revenues (non-GAAP) and Constant Currency Revenue Growth (non-GAAP) are defined in the previous section titled “Constant Currency Revenues and Constant Currency Revenue Growth (non-GAAP)”.

| <i>(in millions)</i> | Nine Months Ended September 30, 2024 |                           |                                      | Nine Months Ended September 30, 2023 | Change in Constant Currency Revenue (Non GAAP) |             |
|----------------------|--------------------------------------|---------------------------|--------------------------------------|--------------------------------------|------------------------------------------------|-------------|
|                      | Revenue as Reported                  | Changes in Exchange Rates | Constant Currency Revenue (Non-GAAP) | Revenue as Reported                  | Amount                                         | Pct.        |
|                      |                                      |                           |                                      |                                      |                                                |             |
| Vision Care          | \$ 2,016                             | \$ 42                     | \$ 2,058                             | \$ 1,881                             | \$ 177                                         | 9 %         |
| Pharmaceuticals      | 883                                  | 4                         | 887                                  | 529                                  | 358                                            | 68 %        |
| Surgical             | 612                                  | 6                         | 618                                  | 563                                  | 55                                             | 10 %        |
| Total                | <u>\$ 3,511</u>                      | <u>\$ 52</u>              | <u>\$ 3,563</u>                      | <u>\$ 2,973</u>                      | <u>\$ 590</u>                                  | <u>20 %</u> |

***Vision Care Segment Revenue***

The Vision Care segment revenue was \$2,016 million and \$1,881 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of \$135 million, or 7%. The increase was primarily driven by sales from our dry eye portfolio and Lumify® within our consumer eye care business and SiHy Daily lenses within our contact lens business. This increase included: (i) an increase in net pricing of \$79 million, (ii) an increase in volumes of \$75 million and (iii) incremental sales attributable to acquisitions driven by the acquisition of the Blink® Product Line in July 2023, partially offset by: (i) the unfavorable impact of foreign currencies of \$42 million, primarily in Russia, Asia and Latin America, and (ii) the impact of discontinuations.

Our 2023 revenues were negatively impacted due to previously unfulfilled orders at our Lynchburg distribution facility. During the second quarter of 2023, we put into place a system upgrade; however, we incurred disruptions during the implementation of this upgrade, which resulted in slower than normal processing of certain orders, thereby negatively impacting our revenues for the nine months ended September 30, 2023. We substantially resolved the Lynchburg implementation disruptions during the first quarter of 2024.

*Pharmaceuticals Segment Revenue*

The Pharmaceuticals segment revenue was \$883 million and \$529 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of \$354 million, or 67%. The increase was primarily driven by: (i) the XIIDRA Acquisition, (ii) the launch of MIEBO® in September 2023 and (iii) increased demand of certain products within our generics business. This increase included: (i) incremental sales from the XIIDRA Acquisition of \$260 million and (ii) an increase in

volumes of \$116 million, partially offset by: (i) a decrease in net realized pricing of \$12 million, (ii) the impact of discontinuations of \$6 million and (iii) the unfavorable effect of foreign currencies of \$4 million.

#### *Surgical Segment Revenue*

The Surgical segment revenue was \$612 million and \$563 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of \$49 million, or 9%. The increase was primarily driven by: (i) increased demand of consumables, (ii) increased system sales and (iii) increased demand of implantables, driven by our premium IOL portfolio. This increase included: (i) an increase in volumes of \$35 million, (ii) an increase in net realized pricing of \$16 million and (iii) incremental sales from acquisitions of \$4 million, partially offset by the unfavorable effect of foreign currencies of \$6 million.

#### **Cash Discounts and Allowances, Chargebacks and Distribution Fees**

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

| <i>(in millions)</i>                                          | <b>Nine Months Ended September 30,</b> |             |               |             |
|---------------------------------------------------------------|----------------------------------------|-------------|---------------|-------------|
|                                                               | <b>2024</b>                            |             | <b>2023</b>   |             |
|                                                               | <b>Amount</b>                          | <b>Pct.</b> | <b>Amount</b> | <b>Pct.</b> |
| Gross product sales                                           | \$ 5,459                               | 100.0 %     | \$ 4,128      | 100.0 %     |
| Provisions to reduce gross product sales to net product sales |                                        |             |               |             |
| Discounts and allowances                                      | 315                                    | 5.8 %       | 272           | 6.6 %       |
| Returns                                                       | 74                                     | 1.4 %       | 58            | 1.4 %       |
| Rebates                                                       | 1,046                                  | 19.1 %      | 415           | 10.1 %      |
| Chargebacks                                                   | 468                                    | 8.6 %       | 402           | 9.7 %       |
| Distribution fees                                             | 57                                     | 1.0 %       | 18            | 0.4 %       |
| Total provisions                                              | 1,960                                  | 35.9 %      | 1,165         | 28.2 %      |
| Net product sales                                             | 3,499                                  | 64.1 %      | 2,963         | 71.8 %      |
| Other revenues                                                | 12                                     |             | 10            |             |
| Revenues                                                      | \$ 3,511                               |             | \$ 2,973      |             |

Cash discounts and allowances, returns, rebates, chargebacks and distribution fees as a percentage of gross product sales were 35.9% and 28.2% for the nine months ended September 30, 2024 and 2023, respectively, an increase of 7.7% percentage points, and is primarily attributable to the increase in rebates from XIIDRA® and MIEBO®.

#### **Operating Expenses**

##### *Cost of Goods Sold (exclusive of amortization and impairments of intangible assets)*

Cost of goods sold was \$1,369 million and \$1,179 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of \$190 million, or 16%. The increase was primarily driven by: (i) costs of sales associated with acquisitions entered into subsequent to September 30, 2023, which includes the amortization of inventory step-up and (ii) higher volumes.

Contribution (product sales revenue less cost of goods sold, exclusive of amortization and impairments of intangible assets) increased by \$346 million, primarily driven by: (i) contribution associated with acquisitions entered into subsequent to September 30, 2023, (ii) the increase in volumes, including related to the launch of MIEBO® during September 2023 and (iii) the increase in net realized pricing, as previously discussed. These increases were partially offset by the unfavorable impact of foreign currencies.

Cost of goods sold as a percentage of Product sales was 39.1% and 39.8% for the nine months ended September 30, 2024 and 2023, respectively.

***Selling, General and Administrative Expenses***

SG&A expenses were \$1,550 million and \$1,253 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of \$297 million, or 24%. The increase was primarily attributable to higher selling and advertising

and promotion costs, primarily attributable to XIIDRA®, the launch of MIEBO® within our Pharmaceuticals segment and Lumify® and the Blink® product line within our U.S. consumer business.

#### ***Research and Development Expenses***

R&D expenses were \$250 million and \$244 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of \$6 million, or 2%, primarily due to certain products in development, as previously discussed.

#### ***Amortization of Intangible Assets***

Amortization of Intangible assets was \$220 million and \$160 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of \$60 million, or 38%, primarily due to assets acquired through acquisitions, as previously discussed, partially offset by fully amortized intangible assets no longer being amortized in 2024.

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

#### ***Other expense, net***

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

|                                                    | <b>Nine Months Ended<br/>September 30,</b> |              |
|----------------------------------------------------|--------------------------------------------|--------------|
|                                                    | <b>2024</b>                                | <b>2023</b>  |
| <i>(in millions)</i>                               |                                            |              |
| Asset impairments                                  | \$ 5                                       | \$ —         |
| Restructuring, integration and separation costs    | 20                                         | 33           |
| Gain on sale of assets                             | (5)                                        | —            |
| Litigation and other matters                       | 2                                          | 2            |
| Acquired in-process research and development costs | 18                                         | —            |
| Acquisition-related costs                          | 3                                          | 19           |
| Acquisition-related contingent consideration       | 2                                          | —            |
| Other expense, net                                 | <u>\$ 45</u>                               | <u>\$ 54</u> |

#### **Operating Income**

Operating income for the nine months ended September 30, 2024 and 2023 was \$75 million and \$81 million, respectively, a decrease of \$6 million, or 7%. This decrease primarily reflects the increases in SG&A and amortization expense, partially offset by the increase in contribution, each as previously discussed.

#### ***Segment Profit***

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

|                                                 | <b>2024</b>   |             | <b>2023</b>   |             | <b>Change</b> |             |
|-------------------------------------------------|---------------|-------------|---------------|-------------|---------------|-------------|
|                                                 | <b>Amount</b> | <b>Pct.</b> | <b>Amount</b> | <b>Pct.</b> | <b>Amount</b> | <b>Pct.</b> |
| <i>(in millions)</i>                            |               |             |               |             |               |             |
| <b>Segment Profits / Segment Profit Margins</b> |               |             |               |             |               |             |
| Vision Care                                     | \$ 571        | 28 %        | \$ 503        | 27 %        | \$ 68         | 14 %        |
| Pharmaceuticals                                 | 200           | 23 %        | 167           | 32 %        | 33            | 20 %        |
| Surgical                                        | 28            | 5 %         | 29            | 5 %         | (1)           | (3)%        |

*Vision Care Segment Profit*

The Vision Care segment profit was \$571 million and \$503 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of \$68 million, or 14%. The increase was primarily driven by: (i) increased contribution, driven by the increases in pricing and volume, as previously discussed and (ii) lower R&D expense within our consumer eye care business. The increase in contribution was partially offset by higher advertising and promotional expenses in our consumer eye care business driven by Lumify®, Blink® OTC product line, acquired in July 2023 and Blink™ NutriTears®, which began launching in June 2024.

#### *Pharmaceuticals Segment Profit*

The Pharmaceuticals segment profit was \$200 million and \$167 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of \$33 million, or 20%. The increase was primarily driven by increased contribution, primarily driven by XIIDRA® and MIEBO®, partially offset by selling and advertising and promotional expenses related to MIEBO® and XIIDRA®.

#### *Surgical Segment Profit*

The Surgical segment profit was \$28 million and \$29 million for the nine months ended September 30, 2024 and 2023, respectively, a decrease of \$1 million, or 3%, primarily due to the increase in revenues being offset by: (i) higher cost of sales and (ii) higher selling expenses.

#### **Non-Operating Income and Expense**

##### *Interest Expense*

Interest expense was \$301 million and \$184 million for the nine months ended September 30, 2024 and 2023, respectively, an increase of \$117 million. The increase was primarily attributable to: (i) interest expense associated with our October 2028 Secured Notes and September 2028 Term Facility (each as defined and discussed in further detail, under Item “— Liquidity and Capital Resources — Liquidity and Debt — Long-term Debt”), (ii) interest expense related to the outstanding balance under our Revolving Credit Facility (as defined and discussed in further detail, under Item “— Liquidity and Capital Resources — Liquidity and Debt — Long-term Debt”) and (iii) increased interest expense associated with the May 2027 Term Facility (as defined and discussed in further detail, under Item “— Liquidity and Capital Resources — Liquidity and Debt — Long-term Debt”), partially offset by certain upfront financing commitment costs incurred in connection with the XIIDRA Acquisition during the prior period. See Note 10, “FINANCING ARRANGEMENTS” to our unaudited interim Condensed Consolidated Financial Statements for further details regarding the May 2027 Term Facility and the Revolving Credit Facility.

##### *Foreign Exchange and Other*

Foreign exchange and other was a net loss of \$8 million and \$18 million for the nine months ended September 30, 2024 and 2023, respectively.

##### *Income Taxes*

Provision for income taxes was \$79 million and \$88 million for the nine months ended September 30, 2024 and 2023, respectively, a decrease of \$9 million. The decrease in income taxes was primarily related to: (i) a change in the jurisdictional mix of earnings and (ii) discrete tax effects of: (a) establishing a valuation allowance in Canada during the previous year and (b) an increase of certain tax attributes recorded in the previous year.

See Note 14, “INCOME TAXES” to our unaudited interim Condensed Consolidated Financial Statements for further details.

#### **Net loss attributable to Bausch + Lomb Corporation**

Net loss attributable to Bausch + Lomb Corporation for the nine months ended September 30, 2024 and 2023 was \$314 million and \$206 million, respectively, a decrease in our results of \$108 million, and was primarily due to: (i) the increase in interest expense of \$117 million and (ii) the decrease in our operating results of \$6 million, partially offset by the decrease in the provision for income taxes of \$9 million, each as previously discussed.



## LIQUIDITY AND CAPITAL RESOURCES

### Cash Flows

| (in millions)                                                                    | Nine Months Ended September 30, |               |                |
|----------------------------------------------------------------------------------|---------------------------------|---------------|----------------|
|                                                                                  | 2024                            | 2023          | Change         |
| Net cash provided by (used in) operating activities                              | \$ 210                          | \$ (32)       | \$ 242         |
| Net cash used in investing activities                                            | (227)                           | (1,974)       | 1,747          |
| Net cash provided by financing activities                                        | 32                              | 1,992         | (1,960)        |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash | 1                               | (6)           | 7              |
| Net increase (decrease) in cash and cash equivalents and restricted cash         | 16                              | (20)          | 36             |
| Cash and cash equivalents and restricted cash, beginning of period               | 334                             | 380           | (46)           |
| Cash and cash equivalents and restricted cash, end of period                     | <u>\$ 350</u>                   | <u>\$ 360</u> | <u>\$ (10)</u> |

### Operating Activities

Net cash provided by operating activities was \$210 million for the nine months ended September 30, 2024, as compared to net cash used by operating activities of \$32 million for the nine months ended September 30, 2023, an increase of \$242 million.

Net cash provided by operating activities for the nine months ended September 30, 2024 was positively impacted by: (i) our net earnings, excluding non-cash expenses and other adjustments primarily for depreciation and amortization, deferred income taxes and share-based compensation, and (ii) changes in our operating assets and liabilities driven by the timing of payments, partially offset by an increase in inventories and interest payments.

Net cash used in operating activities for the nine months ended September 30, 2023 was negatively impacted by: (i) ongoing operating expenses, (ii) interest payments and (iii) the change in our operating assets and liabilities, due to: (a) a strategic increase in inventories, (b) the timing of payments in the ordinary course of business and (c) growth in sales volumes, as previously discussed, which drove an increase in our trade receivables.

### Investing Activities

Net cash used in investing activities was \$227 million and \$1,974 million for the nine months ended September 30, 2024 and 2023, respectively, a decrease of \$1,747 million and was primarily driven by payments related to acquisitions during the nine months ended September 30, 2023 of \$1,892 million primarily related to the XIIDRA Acquisition, the acquisition of the Blink® Product Line and the acquisition of AcuFocus, each as previously discussed, partially offset by an increase in purchases of property, plant and equipment during the nine months ended September 30, 2024. Payments related to acquisitions during the nine months ended September 30, 2024 of \$47 million primarily related to the acquisition of Trukera Medical, as previously discussed, and certain other investments.

### Financing Activities

Net cash provided by financing activities was \$32 million and \$1,992 million for the nine months ended September 30, 2024 and 2023, respectively, a decrease of \$1,960 million. The decrease is primarily attributable to less borrowings of debt. For the nine months ended September 30, 2024, issuances of long-term debt, net of discounts were \$125 million, representing borrowings under the Revolving Credit Facility. For the nine months ended September 30, 2023, issuances of long-term debt, net of discounts were \$2,180 million, related to the September 2028 Term Facility, the October 2028 Secured Notes and borrowings under the Revolving Credit Facility (each as defined below).

### Liquidity and Debt

#### Future Sources of Liquidity

Our primary sources of liquidity are expected to be our cash and cash equivalents, cash collected from customers, funds as needed from our Revolving Credit Facility, and issuances of other long-term debt, additional equity and equity-linked securities. We believe these sources will be sufficient to meet our current liquidity needs for the next twelve months, from the date of issuance of the Condensed Consolidated Financial Statements included elsewhere in this Form 10-Q, and be sufficient to support our future cash needs, however, we can provide no assurance that our liquidity and capital resources will meet future funding requirements.

The global financial markets recently have undergone and may continue to experience significant volatility and disruption. The timing and sustainability of an economic recovery is uncertain and additional macroeconomic, business and

financial disruptions may arise. As markets change, there can be no assurance that the challenging economic environment or a further economic downturn would not impact our liquidity or our ability to obtain future financing on reasonable terms or at all.

We regularly evaluate market conditions, our liquidity profile, and various financing alternatives for opportunities to enhance our capital structure. If opportunities are favorable, we may from time to time enter into new financing arrangements, refinance the Credit Facilities (as defined below) or repurchase debt, or issue additional equity and equity-linked securities.

### ***Long-term Debt***

On May 10, 2022, in connection with the B+L IPO and in order to properly capitalize our business, Bausch + Lomb entered into a credit agreement (the “Credit Agreement”, and the credit facilities thereunder, the “Credit Facilities”). Prior to the September 2023 Credit Facility Amendment (as defined below), the Credit Agreement provided for a term loan of \$2,500 million with a five-year term to maturity (the “May 2027 Term Facility”) and a five-year revolving credit facility of \$500 million (the “Revolving Credit Facility”).

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

On April 19, 2024, Bausch + Lomb entered into a Suspension of Rights Agreement (the “Suspension of Rights Agreement”) with respect to the Credit Agreement, pursuant to which Canadian dollar-denominated loans ceased to be available from June 28, 2024 until such date as the parties enter into an amendment of the Credit Agreement to replace the Canadian Dollar Offered Rate with an alternative benchmark with respect to Canadian dollar-denominated loans.

The 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 May 2027 Term Facility and September 2028 Term Facility are denominated in U.S. dollars, and borrowings under the Revolving Credit Facility may be made available in U.S. dollars, euros and pounds sterling (and, subject to the Suspension of Rights Agreement, Canadian dollars). As of September 30, 2024, the principal amounts outstanding under the May 2027 Term Facility and September 2028 Term Facility were \$2,444 million and \$495 million, respectively. As of September 30, 2024, the Company had \$350 million of outstanding borrowings, \$29 million of issued and outstanding letters of credit and remaining availability, subject to certain customary conditions of \$121 million under its Revolving Credit Facility.

### ***Description of Credit Facilities***

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

The applicable interest rate margins for borrowings under the Revolving Credit Facility are (i) between 0.75% to 1.75% with respect to U.S. dollar base rate borrowings and between 1.75% to 2.75% with respect to SOFR, EURIBOR or SONIA borrowings based on the Company's total net leverage ratio and (ii) after (x) Bausch + Lomb's senior unsecured non-credit-enhanced long-term indebtedness for borrowed money receives an investment grade rating from at least two of Standard & Poor's ("S&P"), Moody's and Fitch and (y) the May 2027 Term Facility and September 2028 Term Facility have been repaid in full in cash (the "IG Trigger"), between 0.015% to 0.475% with respect to U.S. dollar base rate borrowings and between 1.015% to 1.475% with respect to SOFR, EURIBOR or SONIA borrowings based on the Company's debt rating. The stated rate of interest for borrowings under the Revolving Credit Facility at September 30, 2024 ranges from 7.70% to 7.97% per annum. In addition, we are required to pay commitment fees of 0.25% per annum in respect of the unutilized commitments under the Revolving Credit Facility, payable quarterly in arrears until the IG Trigger and, thereafter, a facility fee between 0.110% to 0.275% of the total revolving commitments, whether used or unused, based on the Company's debt rating and payable quarterly in arrears. We are 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 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 May 2027 Term Facility bear interest at a rate per annum equal to, at our option, either (i) a term SOFR-based rate, plus an applicable margin of 3.25% or (ii) a U.S. dollar base rate, plus an applicable margin of 2.25% (provided, however, that the term SOFR-based rate shall be no less than 0.50% per annum at any time and the U.S. dollar base rate shall not be lower than 1.50% per annum at any time). Term SOFR-based borrowings under the May 2027 Term Facility are subject to a credit spread adjustment of 0.10%. The stated rate of interest under the May 2027 Term Facility at September 30, 2024 was 8.27% per annum.

Borrowings under the September 2028 Term Facility bear interest at a rate per annum equal to, at our 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 September 2028 Term Facility are not subject to any credit spread adjustment. The stated rate of interest under the September 2028 Term Facility at September 30, 2024 was 8.85% per annum.

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

The amortization rate for the May 2027 Term Facility is 1.00% per annum, or \$25 million, payable in quarterly installments, and the first installment was paid on September 30, 2022. Bausch + Lomb may direct that prepayments be applied to such amortization payments in order of maturity. As of September 30, 2024, the remaining mandatory quarterly amortization payments for the May 2027 Term Facility were \$63 million through March 2027, with the remaining term loan balance being due in May 2027.

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

#### *Description of Senior Secured Notes*

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

The October 2028 Secured Notes are guaranteed by each of the Company's subsidiaries that is a guarantor under the Amended Credit Agreement (the "Note Guarantors"). The October 2028 Secured Notes and the guarantees related thereto are senior obligations and are secured, subject to permitted liens and

certain other exceptions, by the same first priority liens that secure the Company's obligations under the Amended Credit Agreement under the terms of the indenture governing the October 2028 Secured Notes.

The October 2028 Secured Notes and the guarantees related thereto rank equally in right of repayment with all of the Company's and Note Guarantors' respective existing and future unsubordinated indebtedness and senior to the Company's and Note Guarantors' respective future subordinated indebtedness. The October 2028 Secured Notes and the guarantees related thereto are effectively pari passu with the Company's and the Note Guarantors' respective existing and future indebtedness secured by a first priority lien on the collateral securing the October 2028 Secured Notes and effectively senior to the Company's and the Note Guarantors' respective existing and future indebtedness that is unsecured, or that is secured by junior liens, in each case to the extent of the value of the collateral. In addition, the October 2028 Secured Notes are structurally subordinated to: (i) all liabilities of any of the Company's subsidiaries that do not guarantee the October 2028 Secured Notes and (ii) any of the Company's debt that is secured by assets that are not collateral for the October 2028 Notes.

Upon the occurrence of a change in control (as defined in the indenture governing the October 2028 Secured Notes), unless the Company has exercised its right to redeem all of the notes of a series, holders of the October 2028 Secured Notes may require the Company 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 redemption.

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

#### *Weighted Average Stated Rate of Interest*

The weighted average stated rate of interest for the Company's outstanding debt obligations as of September 30, 2024 and December 31, 2023 was 8.34% and 8.65%, respectively.

#### **Credit Ratings**

As of the date of this filing, October 30, 2024, the credit ratings and outlook from Moody's, S&P and Fitch for certain outstanding obligations of Bausch + Lomb were as follows:

| <b>Rating Agency</b> | <b>Corporate Rating</b> | <b>Senior Secured Rating</b> | <b>Outlook</b>        |
|----------------------|-------------------------|------------------------------|-----------------------|
| Moody's              |                         | B1                           | Stable                |
| Standard & Poor's    | B-                      | B-                           | Positive              |
| Fitch                | B-                      | BB-                          | Rating Watch Evolving |

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

Upon full Separation, we expect to refinance the Bausch + Lomb debt, and to transition to a longer-term capital structure.

#### **OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS**

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

#### **Other Future Cash Requirements**

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

In addition to our working capital requirements, as of the date of this filing, October 30, 2024, we expect our primary cash requirements for the period October 1, 2024 through December 31, 2024 to include:

- *Debt repayments and interest*—We expect to make interest payments of approximately \$130 million and mandatory debt amortization payments of \$8 million for the period October 1, 2024 through December 31, 2024 under our Senior Secured Credit Facilities and may elect to make additional principal payments under certain circumstances. Further, in the ordinary course of

business, we may borrow and repay amounts under our Revolving Credit Facility to meet business needs, see Item 1A. Risk Factors—"Our indebtedness could adversely affect our business and our ability to meet our obligations" included in our Annual Report;

- *Capital expenditures*—We expect to make payments of approximately \$50 million for property, plant and equipment for the period October 1, 2024 through December 31, 2024.

*Cost Savings Programs*

The Company has been launching certain initiatives that may result in certain changes to, and investment in, its organizational structure and operations. The Company refers to the charges related to these initiatives as "Business Transformation Costs". These costs are recorded in SG&A in the unaudited Condensed Consolidated Statements of Operations and include third-party advisory costs, as well as certain compensation-related costs associated with changes in

the Company's executive officers, such as severance-related costs associated with the departure of the Company's former executives and the costs associated with the appointment of the Company's new executives.

Further, we continue to evaluate opportunities to improve our operating performance and may initiate cost savings programs to streamline our operations and eliminate redundant processes and expenses. These cost savings programs may include, but are not limited to: (i) reducing headcount, (ii) eliminating real estate costs associated with unused or under-utilized facilities and (iii) implementing contribution margin improvement and other cost reduction initiatives. Although a specific plan does not exist at this time, we may identify and take additional exit and cost-rationalization restructuring actions in the future, the costs of which could be material.

#### *Future Litigation*

In the ordinary course of business, we are involved in litigation, claims, government inquiries, investigations, charges and proceedings. See Note 16, "LEGAL PROCEEDINGS" to our unaudited interim Condensed Consolidated Financial Statements for further details of these matters. Our ability to successfully defend the Company against pending and future litigation may impact cash flows.

#### *Future Licensing Payments*

In the ordinary course of business, we may enter into select licensing and collaborative agreements for the commercialization and/or development of unique products. In connection with these agreements, the Company may pay an up-front fee to secure the agreement. See Note 21, "COMMITMENTS AND CONTINGENCIES" to our audited Consolidated Financial Statements for the year ended December 31, 2023, included in our Annual Report.

### **OUTSTANDING SHARE DATA**

Our common shares are listed on the TSX and the NYSE under the ticker symbol "BLCO".

At October 23, 2024, we had 352,164,025 issued and outstanding common shares. In addition, as of October 23, 2024, we had outstanding approximately 9,000,000 stock options and 6,800,000 restricted share units that each represent the right of a holder to receive one of Bausch + Lomb's common shares and 4,100,000 performance-based restricted share units that represent the right of a holder to receive a number of the Company's common shares up to a specified maximum. A maximum of 10,600,000 common shares could be issued upon vesting of the performance-based restricted share units outstanding.

### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

Critical accounting policies and estimates are those policies and estimates that are most important and material to the preparation of our Condensed Consolidated Financial Statements, and which require management's most subjective and complex judgment due to the need to select policies from among alternatives available, and to make estimates about matters that are inherently uncertain. Management has reassessed the critical accounting policies and estimates as disclosed in Note 2 to the audited Consolidated Financial Statements included in our Annual Report, and determined that there were no significant changes in our critical accounting policies and estimates during the nine months ended September 30, 2024.

### **NEW ACCOUNTING STANDARDS**

None.

### **FORWARD-LOOKING STATEMENTS**

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

*To the extent any statements made in this Form 10-Q contain information that is not historical, these statements are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933,*

*as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and may be forward-looking information within the meaning defined under applicable Canadian securities laws (collectively, “forward-looking statements”).*

*These forward-looking statements relate to, among other things: our business strategy, business plans, business prospects and forecasts and changes thereto; product pipeline, prospective products and product approvals, expected launches of new products, product development and results of current and anticipated products; anticipated revenues for our products, including XIIDRA®; expected R&D and marketing spend; our expected primary cash and working capital requirements for the remainder of 2024 and beyond; our plans for continued improvement in operational efficiency and the anticipated impact of such plans; expected risks of loss of patent or regulatory exclusivity; our liquidity and our ability to satisfy our debt maturities as they become due; our ability to comply with the covenants contained in our credit agreement,*

as amended (the “Amended Credit Agreement”) and in the indenture governing our October 2028 Secured Notes; any proposed pricing actions; exposure to foreign currency exchange rate changes and interest rate changes; the outcome of contingencies, such as litigation, subpoenas, investigations, reviews, audits and regulatory proceedings and any expected indemnifications therefrom; the anticipated impact of the adoption of new accounting standards; general market conditions and economic uncertainty; our expectations regarding our financial performance, including our future financial and operating performance, revenues, expenses, gross margins and income taxes; our impairment assessments, including the assumptions used therein and the results thereof; the anticipated effect of current market conditions and recessionary pressures in one or more of our markets; the anticipated effect of macroeconomic factors, including inflation; the anticipated impact from the ongoing conflicts between Russia and Ukraine and in the Middle East involving Israel, Hamas and other countries and militant groups in the region; and the anticipated separation from Bausch Health Companies Inc. (“BHC”), including the structure and expected timetable for completing such separation transaction.

Forward-looking statements can generally be identified by the use of words such as “believe,” “anticipate,” “expect,” “intend,” “estimate,” “plan,” “schedule,” “continue,” “future,” “will,” “may,” “can,” “might,” “could,” “would,” “should,” “target,” “potential,” “opportunity,” “designed,” “create,” “predict,” “project,” “timeline,” “forecast,” “outlook,” “guidance,” “seek,” “strive,” “suggest,” “prospective,” “strategy,” “indicative,” “ongoing,” “decrease” or “increase” and positive and negative variations thereof or other similar expressions. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances are forward looking statements. These forward looking statements may not be appropriate for other purposes. Although we have previously indicated certain of these statements set out herein, all of the statements in this Form 10-Q that contain forward-looking statements are qualified by these cautionary statements. These statements are based upon the current expectations and beliefs of management. Although we believe that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making such forward-looking statements, including, but not limited to, factors and assumptions regarding the items previously outlined, those factors, risks and uncertainties outlined below and the assumption that none of these factors, risks and uncertainties will cause actual results or events to differ materially from those described in such forward-looking statements. Actual results may differ materially from those expressed or implied in such statements. Important factors, risks and uncertainties that could cause actual results to differ materially from these expectations include, among other things, the following:

- adverse economic conditions and other macroeconomic factors, including inflation, slower growth or a potential recession, which could adversely impact our revenues, expenses and resulting margins;
- the effect of current market conditions and recessionary pressures in one or more of our markets;
- the challenges the Company faces following its initial public offering (the “B+L IPO”), including the challenges and difficulties associated with managing an independent, complex business, the transitional services being provided by and to BHC, and any potential, actual or perceived conflict of interest of some of our directors and officers because of their equity ownership in BHC and/or because they also serve as directors of BHC;
- our status as a controlled company, and the possibility that BHC’s interest may conflict with our interests and the interests of our other securityholders and other stakeholders;
- the risks and uncertainties associated with the proposed plan to separate Bausch + Lomb from BHC, which include, but are not limited to, the expected benefits and costs of the Separation (as defined herein), the expected timing of completion of the Separation and its terms (including the expectation that if the Separation is to be effected through the Distribution (as defined herein), it will be completed following the achievement of targeted debt leverage ratios, subject to receipt of applicable shareholder and other necessary approvals and other factors, including those factors

*described in BHC's public filings), the ability to complete the Distribution considering the various conditions to the completion of the Distribution (some of which are outside the Company's and BHC's control, including conditions related to regulatory matters and receipt of applicable shareholder approvals), the impact of any potential sales of our common shares by BHC, that market or other conditions are no longer favorable to completing the transaction, that applicable shareholder, stock exchange, regulatory or other approval is not obtained on the terms or timelines anticipated or at all, business disruption during the pendency of, or following, the Separation, diversion of management time on Separation-related issues, retention of existing management team members, the reaction of customers and other parties to the Separation, the structure of the Distribution, the qualification of the Distribution as a tax-free transaction for Canadian and/or U.S. federal income tax purposes (including whether or not an advance ruling from the Canada Revenue Agency and/or the Internal Revenue Service will be sought or obtained), the ability of the Company and BHC to satisfy the conditions required to maintain the tax-free status of the Distribution (some of which are beyond their control), other potential tax or other liabilities that may arise as a result of the Distribution, the potential dis-synergy costs resulting from the Separation, the impact of the Separation on relationships with customers, suppliers, employees and other business counterparties, general economic*

*conditions, conditions in the markets the Company is engaged in, behavior of customers, suppliers and competitors, technological developments, as well as legal and regulatory rules affecting the Company's business. In particular, the Company can offer no assurance that the Separation will occur at all, or that any such transaction will occur on the timelines or in the manner anticipated by the Company and BHC;*

- ongoing litigation and potential additional litigation, claims, challenges and/or regulatory investigations challenging or otherwise relating to the B+L IPO and the proposed Separation from BHC and the costs, expenses, use of resources, diversion of management time and efforts, liability and damages that may result therefrom;*
- pricing decisions that we have implemented or may in the future elect to implement at the direction of our pricing committees or otherwise;*
- legislative or policy efforts, including those that may be introduced and passed by the U.S. Congress, designed to reduce patient out-of-pocket costs for medicines and other products, which could result in new mandatory rebates and discounts or other pricing restrictions, controls or regulations (including mandatory price reductions);*
- ongoing oversight and review of our products and facilities by regulatory and governmental agencies, including periodic audits by the U.S. Food and Drug Administration (the "FDA") and equivalent agencies outside of the United States and the results thereof;*
- actions by the FDA or other regulatory authorities with respect to our products or facilities;*
- compliance with the legal and regulatory requirements of our marketed products;*
- our ability to comply with the financial and other covenants contained in our Amended Credit Agreement, the indenture governing our October 2028 Secured Notes and other current or future debt agreements, including the limitations, restrictions and prohibitions such covenants may impose on the way we conduct our business, including prohibitions on incurring additional debt if certain financial covenants are not met, our ability to draw under the revolving credit facility under our Amended Credit Agreement (the "Revolving Credit Facility") and restrictions on our ability to make certain investments and other restricted payments;*
- any downgrade or additional downgrade by rating agencies in our or BHC's credit ratings, which may impact, among other things, our ability to raise debt and the cost of capital for additional debt issuances;*
- changes in the assumptions used in connection with our impairment analyses or assessments, which would lead to a change in such impairment analyses and assessments and which could result in an impairment in the goodwill associated with any of our reporting units or impairment charges related to certain of our products or other intangible assets;*
- the risks and uncertainties relating to acquisitions and other business development transactions we may pursue, seek to complete and/or complete (such as the acquisition of XIIDRA® and certain other ophthalmology assets (the "XIIDRA Acquisition")), including risks that we may not realize the expected benefits of such acquisitions and transactions on a timely basis or at all and risks relating to any increased levels of debt as a result of debt incurred to finance such acquisitions and transactions;*
- the uncertainties associated with the acquisition and launch of new products, assets and businesses, including, but not limited to, our ability to provide the time, resources, expertise and funds required for the commercial launch of new products, the acceptance and demand for new products, the failure to obtain required regulatory approvals, clearances or authorizations, and the impact of competitive products and pricing, which could lead to material impairment charges;*

- *our ability or inability to extend the profitable life of our products, including through line extensions and other life-cycle programs;*
- *our ability to retain, motivate and recruit executives and other key employees;*
- *our ability to implement effective succession planning for our executives and other key employees;*
- *our ability to manage the transition to any new executive officers and key employees, the success of such individuals in assuming their respective roles and the ability of such individuals to implement and achieve the strategies and goals of the Company as they develop;*
- *factors impacting our ability to achieve anticipated revenues for our products, including changes in anticipated marketing spend on such products and launch of competing products;*

- *factors impacting our ability to achieve anticipated market acceptance for our products, including the pricing of such products, effectiveness of promotional efforts, reputation of our products and launch of competing products;*
- *our ability to compete against companies that are larger and have greater financial, technical and human resources than we do, as well as other competitive factors, such as technological advances achieved, patents obtained and new products introduced by our competitors;*
- *the extent to which our products are reimbursed by government authorities, pharmacy benefit managers (“PBMs”) and other third-party payors; the impact our distribution, pricing and other practices may have on the decisions of such government authorities, PBMs and other third-party payors to reimburse our products; and the impact of obtaining or maintaining such reimbursement on the price and sales of our products;*
- *the inclusion of our products on formularies or our ability to achieve favorable formulary status, as well as the impact on the price and sales of our products in connection therewith;*
- *the consolidation of wholesalers, retail drug chains and other customer groups and the impact of such industry consolidation on our business;*
- *our ability to maintain strong relationships with physicians and other health care professionals;*
- *our eligibility for benefits under tax treaties and the continued availability of low effective tax rates for the business profits of certain of our subsidiaries;*
- *the implementation of the Organisation for Economic Co-operation and Development inclusive framework on Base Erosion and Profit Shifting, including the global minimum corporate tax rate, by the countries in which we operate;*
- *the actions of our third-party partners or service providers of research, development, manufacturing, marketing, distribution or other services, including their compliance with applicable laws and contracts, which actions may be beyond our control or influence, and the impact of such actions on us;*
- *the risks associated with the international scope of our operations, including our presence in emerging markets and the challenges we face when entering and operating in new and different geographic markets (including the challenges created by new and different regulatory regimes in such countries and the need to comply with applicable anti-bribery and economic sanctions, laws and regulations);*
- *adverse global economic conditions and credit markets and foreign currency exchange uncertainty and volatility in certain of the countries in which we do business;*
- *trade conflicts, including current and future trade disputes between the United States and China;*
- *risks associated with the ongoing conflict between Russia and Ukraine and the export controls, sanctions and other restrictive actions that have been or may be imposed by the United States, Canada, the EU and other countries against governmental and other entities and individuals in or associated with Russia, Belarus and parts of Ukraine, including its potential escalation and the potential impact on sales, earnings, market conditions and the ability of the Company to manage resources and historical investment in Russia;*
- *risks associated with the ongoing conflict in the Middle East involving Israel, Hamas and other countries and militant groups in the region, including its potential continued escalation and expansion and the potential impact on our operations, sale of products and revenues in this region;*
- *our ability to obtain, maintain and license sufficient intellectual property rights over our products and enforce and defend against challenges to such intellectual property;*

- *the introduction of generic, biosimilar or other competitors of our branded products and other products, including the introduction of products that compete against our products that do not have patent or data exclusivity rights;*
- *the expense, timing and outcome of pending or future legal and governmental proceedings, arbitrations, investigations, subpoenas, tax and other regulatory audits, examinations, reviews and regulatory proceedings against us or relating to us and settlements thereof;*
- *our ability to obtain components, raw materials or finished products supplied by third parties (some of which may be single-sourced) and other manufacturing and related supply difficulties, interruptions and delays;*
- *the disruption of delivery of our products and the routine flow of manufactured goods;*

- *potential work stoppages, slowdowns or other labor problems at our facilities and the resulting impact on our manufacturing, distribution and other operations;*
- *economic factors over which we have no control, including inflationary pressures as a result of historically high domestic and global inflation and otherwise, interest rates, foreign currency rates, and the potential effect of such factors on revenues, expenses and resulting margins;*
- *interest rate risks associated with our floating rate debt borrowings;*
- *our ability to effectively distribute our products and the effectiveness and success of our distribution arrangements;*
- *our ability to effectively promote our own products and those of our co-promotion partners;*
- *our ability to secure and maintain third-party research, development, manufacturing, licensing, marketing or distribution arrangements;*
- *the risk that our products could cause, or be alleged to cause, personal injury and adverse effects, leading to potential lawsuits, product liability claims and damages and/or recalls or withdrawals of products from the market;*
- *the mandatory or voluntary recall or withdrawal of our products from the market and the costs associated therewith;*
- *the availability of, and our ability to obtain and maintain, adequate insurance coverage and/or our ability to cover or insure against the total amount of the claims and liabilities we face, whether through third-party insurance or self-insurance;*
- *our indemnity agreements, which may result in an obligation to indemnify or reimburse the relevant counterparty, which amounts may be material;*
- *the difficulty in predicting the expense, timing and outcome within our legal and regulatory environment, including with respect to approvals by the FDA, Health Canada, the European Medicines Agency (“EMA”) and similar agencies in other jurisdictions, legal and regulatory proceedings and settlements thereof, the protection afforded by our patents and other intellectual and proprietary property, successful generic challenges to our products and infringement or alleged infringement of the intellectual property of others;*
- *the results of continuing safety and efficacy studies by industry and government agencies;*
- *the success of preclinical and clinical trials for our drug development pipeline or delays in clinical trials that adversely impact the timely commercialization of our pipeline products, as well as other factors impacting the commercial success of our products, which could lead to material impairment charges;*
- *uncertainties around the successful improvement and modification of our existing products and development of new products, which may require significant expenditures and efforts;*
- *the results of management reviews of our research and development portfolio (including following the receipt of clinical results or feedback from the FDA or other regulatory authorities), which could result in terminations of specific projects which, in turn, could lead to material impairment charges;*
- *the seasonality of sales of certain of our products;*
- *declines in the pricing and sales volume of certain of our products that are distributed or marketed by third parties, over which we have no or limited control;*
- *compliance by us or our third-party partners and service providers (over whom we may have limited influence), or the failure by us or these third parties to comply, with health care “fraud and*

*abuse” laws and other extensive regulation of our marketing, promotional and business practices (including with respect to pricing), worldwide anti-bribery laws (including the U.S. Foreign Corrupt Practices Act and the Canadian Corruption of Foreign Public Officials Act), worldwide economic sanctions and/or export laws, worldwide environmental laws and regulation and privacy and security regulations;*

- *the impacts of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (the “Health Care Reform Act”) and any potential amendment thereof and other legislative and regulatory health care reforms in the countries in which we operate, including with respect to recent government inquiries on pricing;*

- *the impact of any changes in or reforms to the legislation, laws, rules, regulation and guidance that apply to us and our businesses and products or the enactment of any new or proposed legislation, laws, rules, regulations or guidance that will impact or apply to us or our businesses or products;*
- *the impact of changes in federal laws and policy that may be undertaken under the Biden administration;*
- *illegal distribution or sale of counterfeit versions of our products;*
- *interruptions, breakdowns or breaches in our information technology systems; and*
- *risks in Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the U.S. Securities and Exchange Commission ("SEC") and the Canadian Securities Administrators (the "CSA") on February 21, 2024 and risks detailed from time to time in our other filings with the SEC and the CSA, as well as our ability to anticipate and manage the risks associated with the foregoing.*

*Additional information about these factors and about the material factors or assumptions underlying such forward-looking statements may be found in our Annual Report on Form 10-K for the year ended December 31, 2023, filed on February 21, 2024, under Item 1A. "Risk Factors" and in the Company's other filings with the SEC and the CSA. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. These forward-looking statements speak only as of the date made. We undertake no obligation to update or revise any of these forward-looking statements to reflect events or circumstances after the date of this Form 10-Q or to reflect actual outcomes, except as required by law. We caution that, as it is not possible to predict or identify all relevant factors that may impact forward-looking statements, the foregoing list of important factors that may affect future results is not exhaustive and should not be considered a complete statement of all potential risks and uncertainties.*

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Other than as indicated below under “— Interest Rate Risk”, there have been no material changes to the Company's assessment of its sensitivity to market risks that affect the disclosures presented in the section entitled “Item 7A. Quantitative and Qualitative Disclosures About Market Risk” of our Annual Report.

#### *Interest Rate Risk*

As of September 30, 2024, we had \$3,289 million and \$1,400 million in outstanding aggregate principal amount of issued variable rate and fixed rate debt, respectively. We are subject to interest rate risk on our variable rate debt as changes in interest rates could adversely affect earnings and cash flows. A 100 basis-points increase or decrease in interest rates would have an annualized pre-tax effect of approximately \$33 million in our Consolidated Statements of Operations and Cash Flows, based on current outstanding borrowings and effective interest rates on our variable rate debt. While our variable-rate debt may impact earnings and cash flows as a result of changes in effective interest rates, it is not subject to changes in fair value. The estimated fair value of our issued fixed rate debt as of September 30, 2024 was \$1,477 million. If interest rates were to increase by 100 basis-points, the fair value of our issued fixed rate debt would decrease by approximately \$38 million. If interest rates were to decrease by 100 basis-points, the fair value of our issued fixed rate debt would increase by approximately \$20 million.

### **Item 4. Controls and Procedures**

#### **Disclosure Controls and Procedures**

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

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act or under other applicable U.S. or Canadian securities laws or stock exchange rules is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

#### **Changes in Internal Control Over Financial Reporting**

There were no changes in the Company's internal controls over financial reporting that occurred during the three months ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

We are involved in legal proceedings from time to time in the ordinary course of our business. Based on information currently available and established reserves, we have no reason to believe that the ultimate resolution of any known legal proceeding will have a material adverse effect on our financial position, liquidity or results of operations. However, there can be no assurance that the outcome of any such legal proceeding will be favorable, and adverse results in certain of these legal proceedings could have a material adverse effect on our financial position, results of operations in any one reporting period, or liquidity.

For additional information, see Note 16, “LEGAL PROCEEDINGS” of notes to the unaudited interim Condensed Consolidated Financial Statements.

### Item 1A. Risk Factors

There have been no material changes to the risk factors as disclosed in Item 1A. “Risk Factors” included in our Annual Report on Form 10-K for the year ended December 31, 2023, filed on February 21, 2024.

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

There were no unregistered sales of equity securities, nor any purchases of our equity securities, by the Company during the three months ended September 30, 2024.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

None.

### Item 5. Other Information

None.

### Item 6. Exhibits

- [3.1](#) [Amended Articles of Bausch + Lomb Corporation, originally filed as Exhibit 3.1 to Bausch + Lomb Corporation’s Form 8-K filed with the SEC on May 10, 2022, which is incorporated by reference herein.](#)
- [3.2](#) [Amended By-laws of Bausch + Lomb Corporation, originally filed as Exhibit 3.2 to Bausch + Lomb Corporation’s Form 8-K filed with the SEC on May 10, 2022, which is incorporated by reference herein.](#)
- [31.1\\*](#) [Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- [31.2\\*](#) [Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- [32.1\\*](#) [Certificate of the Chief Executive Officer of Bausch + Lomb Corporation pursuant to 18 U.S.C. § 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- [32.2\\*](#) [Certificate of the Chief Financial Officer of Bausch + Lomb Corporation pursuant to 18 U.S.C. § 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101.INS\* Inline XBRL Instance Document
- 101.SCH\* Inline XBRL Taxonomy Extension Schema Document
- 101.CAL\* Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.LAB\* Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE\* Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 101.DEF\* Inline XBRL Taxonomy Extension Definition Linkbase Document
- 104\* Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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\* Filed herewith.

## SIGNATURES

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

Bausch + Lomb Corporation  
(Registrant)

Date: October 30, 2024

/s/ BRENTON L. SAUNDERS

Brenton L. Saunders  
Chairman of the Board and Chief Executive Officer  
(Principal Executive Officer and Chairman of the Board)

Date: October 30, 2024

/s/ SAM ELDESSOUKY

Sam Eldessouky  
Executive Vice President and  
Chief Financial Officer  
(Principal Financial Officer)

## INDEX TO EXHIBITS

| <b>Exhibit<br/>Number</b>    | <b>Exhibit Description</b>                                                                                                                                                                                                   |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <a href="#"><u>3.1</u></a>   | <a href="#"><u>Amended Articles of Bausch + Lomb Corporation, originally filed as Exhibit 3.1 to Bausch + Lomb Corporation's Form 8-K filed with the SEC on May 10, 2022, which is incorporated by reference herein.</u></a> |
| <a href="#"><u>3.2</u></a>   | <a href="#"><u>Amended By-laws of Bausch + Lomb Corporation, originally filed as Exhibit 3.2 to Bausch + Lomb Corporation's Form 8-K filed with the SEC on May 10, 2022, which is incorporated by reference herein.</u></a>  |
| <a href="#"><u>31.1*</u></a> | <a href="#"><u>Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>                                                                                               |
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| 101.INS*                     | Inline XBRL Instance Document                                                                                                                                                                                                |
| 101.SCH*                     | Inline XBRL Taxonomy Extension Schema Document                                                                                                                                                                               |
| 101.CAL*                     | Inline XBRL Taxonomy Extension Calculation Linkbase Document                                                                                                                                                                 |
| 101.LAB*                     | Inline XBRL Taxonomy Extension Label Linkbase Document                                                                                                                                                                       |
| 101.PRE*                     | Inline XBRL Taxonomy Extension Presentation Linkbase Document                                                                                                                                                                |
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| 104*                         | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)                                                                                                                                     |

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\* Filed herewith.