

BAXTER INTERNATIONAL INC.
Consolidated Statements of Income
(unaudited)
(in millions, except per share and percentage data)

	Three Months Ended March 31,		
	2024	2023	Change
NET SALES	\$ 3,592	\$ 3,513	2%
COST OF SALES	2,205	2,238	(1)%
GROSS MARGIN	1,387	1,275	9%
<i>% of Net Sales</i>	38.6 %	36.3 %	2.3 pts
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	1,027	995	3%
<i>% of Net Sales</i>	28.6 %	28.3 %	0.3 pts
RESEARCH AND DEVELOPMENT EXPENSES	176	164	7%
<i>% of Net Sales</i>	4.9 %	4.7 %	0.2 pts
OTHER OPERATING INCOME, NET	(3)	(13)	(77)%
OPERATING INCOME	187	129	45%
<i>% of Net Sales</i>	5.2 %	3.7 %	1.5 pts
INTEREST EXPENSE, NET	78	117	(33)%
OTHER INCOME, NET	(7)	(2)	NM
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	116	14	NM
INCOME TAX BENEFIT	77	14	NM
<i>% of Income from Continuing Operations Before Income Taxes</i>	66.4 %	100.0 %	(33.6) pts
INCOME FROM CONTINUING OPERATIONS	39	—	NM
INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX	—	45	(100)%
NET INCOME	39	45	(13)%
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	2	1	100%
NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS	\$ 37	\$ 44	(16)%
INCOME FROM CONTINUING OPERATIONS PER COMMON SHARE			
Basic	\$ 0.07	\$ 0.00	NM
Diluted	\$ 0.07	\$ 0.00	NM
INCOME FROM DISCONTINUED OPERATIONS PER COMMON SHARE			
Basic	\$ 0.00	\$ 0.09	(100)%
Diluted	\$ 0.00	\$ 0.09	(100)%
NET INCOME PER COMMON SHARE			
Basic	\$ 0.07	\$ 0.09	(22)%
Diluted	\$ 0.07	\$ 0.09	(22)%
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING			
Basic	508	505	
Diluted	510	505	
ADJUSTED OPERATING INCOME (excluding special items)¹	\$ 515	\$ 439	17%
ADJUSTED INCOME FROM CONTINUING OPERATIONS (excluding special items)¹	\$ 333	\$ 249	34%
ADJUSTED INCOME FROM DISCONTINUED OPERATIONS (excluding special items)¹	\$ —	\$ 49	(100)%
ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)¹	\$ 331	\$ 297	11%
ADJUSTED DILUTED EPS FROM CONTINUING OPERATIONS (excluding special items)¹	\$ 0.65	\$ 0.49	33%
ADJUSTED DILUTED EPS FROM DISCONTINUED OPERATIONS (excluding special items)¹	\$ 0.00	\$ 0.10	(100)%
ADJUSTED DILUTED EPS (excluding special items)¹	\$ 0.65	\$ 0.59	10%

¹ Refer to page 9 for a description of the adjustments and a reconciliation to U.S. GAAP measures.

NM - Not Meaningful

BAXTER INTERNATIONAL INC.
Description of Adjustments and Reconciliation of U.S. GAAP to Non-GAAP Measures
(unaudited, in millions)

The company's U.S. GAAP results for the three months ended March 31, 2024 included special items which impacted the U.S. GAAP measures as follows:

	Gross Margin	Selling, General and Administrative Expenses	Research and Development Expenses	Operating Income	Income From Continuing Operations Before Income Taxes	Income Tax Expense (Benefit)	Income From Continuing Operations	Net Income	Net Income Attributable to Baxter Stockholders	Diluted Earnings Per Share from Continuing Operations	Diluted Earnings Per Share
Reported	\$ 1,387	\$ 1,027	\$ 176	\$ 187	\$ 116	\$ 77	\$ 39	\$ 39	\$ 37	\$ 0.07	\$ 0.07
Reported percent of net sales (or effective tax rate for income tax expense)	38.6 %	28.6 %	4.9 %	5.2 %	3.2 %	66.4 %	1.1 %	1.1 %	1.0 %		
Intangible asset amortization	114	(52)	—	166	166	40	126	126	126	0.25	0.25
Business optimization items ¹	14	(27)	(16)	57	57	15	42	42	42	0.08	0.08
Acquisition and integration items ²	1	(4)	—	5	5	1	4	4	4	0.01	0.01
Separation-related costs ³	4	(88)	—	92	92	13	79	79	79	0.15	0.15
European medical devices regulation ⁴	8	—	—	8	8	2	6	6	6	0.01	0.01
Tax matters ⁵	—	—	—	—	—	(37)	37	37	37	0.07	0.07
Adjusted	\$ 1,528	\$ 856	\$ 160	\$ 515	\$ 444	\$ 111	\$ 333	\$ 333	\$ 331	\$ 0.65	\$ 0.65
Adjusted percent of net sales (or effective tax rate for income tax expense)	42.5 %	23.8 %	4.5 %	14.3 %	12.4 %	25.0 %	9.3 %	9.3 %	9.2 %		

	Reported	Adjusted
Net income	\$ 39	\$ 333
Less: Net income attributable to noncontrolling interests	2	2
Net income attributable to Baxter stockholders	\$ 37	\$ 331

The company's U.S. GAAP results for the three months ended March 31, 2023 included special items which impacted the U.S. GAAP measures as follows:

	Gross Margin	Selling, General and Administrative Expenses	Research and Development Expenses	Other Operating Income, Net	Operating Income	Income From Continuing Operations Before Income Taxes	Income Tax Expense (Benefit)	Income From Continuing Operations	Income From Discontinued Operations	Net Income	Net Income Attributable to Baxter Stockholders	Diluted Earnings Per Share from Continuing Operations	Diluted Earnings Per Share from Discontinued Operations	Diluted Earnings Per Share
Reported	\$1,275	\$ 995	\$ 164	\$ (13)	\$ 129	\$ 14	\$ 14	\$ —	\$ 45	\$ 45	\$ 44	\$ 0.00	\$ 0.09	\$ 0.09
Reported percent of net sales (or effective tax rate for income tax expense)	36.3 %	28.3 %	4.7 %	(0.4)%	3.7 %	0.4 %	100.0 %	0.0 %	1.3 %	1.3 %	1.3 %			
Intangible asset amortization	110	(52)	—	—	162	162	36	126	—	126	126	0.25	0.00	0.25
Business optimization items ¹	35	(92)	(7)	—	134	134	27	107	—	107	107	0.21	0.00	0.21
Acquisition and integration items ²	—	(6)	—	13	(7)	(7)	(2)	(5)	—	(5)	(5)	(0.01)	0.00	(0.01)
Separation-related costs ³	1	(8)	—	—	9	9	—	9	7	16	16	0.02	0.01	0.03
European medical devices regulation ⁴	12	—	—	—	12	12	3	9	—	9	9	0.02	0.00	0.02
Tax matters ⁵	—	—	—	—	—	—	(3)	3	(3)	—	—	0.01	(0.01)	0.00
Adjusted	\$1,433	\$ 837	\$ 157	\$ —	\$ 439	\$ 324	\$ 75	\$ 249	\$ 49	\$ 298	\$ 297	\$ 0.49	\$ 0.10	\$ 0.59
Adjusted percent of net sales (or effective tax rate for income tax expense)	40.8 %	23.8 %	4.5 %	0.0 %	12.5 %	9.2 %	23.1 %	7.1 %	1.4 %	8.5 %	8.5 %			

	Reported	Adjusted
Income (loss) from continuing operations	\$ —	\$ 249
Less: Net income attributable to noncontrolling interests	1	1
Income (loss) from continuing operations attributable to Baxter stockholders	\$ (1)	\$ 248

Weighted-average diluted shares as reported	505
Effect of dilutive securities that were anti-dilutive to dilutive EPS as reported	2
Weighted-average diluted shares as adjusted	507

¹ The company's results in 2024 and 2023 included costs related to programs to optimize its organization and cost structure. In 2024, these costs primarily related to a program to centralize certain of its research and development activities into a new location and, to a lesser extent, the implementation of a new operating model intended to streamline and simplify its operations. In 2023, these costs primarily related to the implementation of its new operating model.

² The company's results in 2024 and 2023 included acquisition and integration-related items comprised of Hillrom acquisition and integration expenses. In 2023 those costs are offset by net gains from changes in the fair value of contingent consideration liabilities.

³ The company's results in 2024 and 2023 included separation-related costs primarily related to external advisors supporting its activities to prepare for the proposed separation of its Kidney Care segment, which are reported in continuing operations. The company's results in 2023 also included separation-related costs related to the sale of its BioPharma Solutions (BPS) business, which are reported in discontinued operations.

- ⁴ The company's results in 2024 and 2023 included incremental costs to comply with the European Union's medical device regulations for previously registered products, which primarily consist of contractor costs and other direct third-party costs. The company considers the adoption of these regulations to be a significant one-time regulatory change and believes that the costs of initial compliance for previously registered products over the implementation period are not indicative of its core operating results.
- ⁵ The company's results in 2024 included income tax expenses resulting from internal reorganization transactions related to the proposed separation of its Kidney Care segment. The company's results in 2023 included a reallocation of income tax expense between discontinued operations and continuing operations resulting from the application of intraperiod tax allocation to its adjusted results in an interim period.

For more information on the company's use of non-GAAP financial measures, please see the Non-GAAP Financial Measures section of this press release.

BAXTER INTERNATIONAL INC.
Sales by Operating Segment
(unaudited)
(\$ in millions)

The Medical Products and Therapies segment includes sales of our sterile IV solutions, infusion systems, administration sets, parenteral nutrition therapies and surgical hemostat, sealant and adhesion prevention products. The Healthcare Systems and Technologies segment includes sales of our connected care solutions and collaboration tools, including smart bed systems, patient monitoring systems and diagnostic technologies, respiratory health devices and advanced equipment for the surgical space, including surgical video technologies, precision positioning devices and other accessories. The Pharmaceuticals segment includes sales of specialty injectable pharmaceuticals, inhaled anesthesia and drug compounding. The Kidney Care segment includes sales of chronic and acute dialysis therapies and services, including peritoneal dialysis, hemodialysis, continuous renal replacement therapies (CRRT) and other organ support therapies. Other sales not allocated to a segment primarily include sales of products and services provided directly through certain of our manufacturing facilities.

	Three Months Ended March 31,		% Growth @ Actual Rates	% Growth @ Constant Rates
	2024	2023		
Infusion Therapies and Technologies	\$ 966	\$ 911	6 %	6 %
Advanced Surgery	263	246	7 %	8 %
Medical Products and Therapies	1,229	1,157	6 %	6 %
Care and Connectivity Solutions	402	429	(6)%	(7)%
Front Line Care	265	302	(12)%	(12)%
Healthcare Systems and Technologies	667	731	(9)%	(9)%
Injectables and Anesthesia	328	305	8 %	8 %
Drug Compounding	250	218	15 %	15 %
Pharmaceuticals	578	523	11 %	11 %
Chronic Therapies	888	884	0 %	2 %
Acute Therapies	214	188	14 %	15 %
Kidney Care	1,102	1,072	3 %	4 %
Other	16	30	(47)%	(47)%
Total - Continuing Operations	\$ 3,592	\$ 3,513	2 %	3 %

In connection with our segment change in the third quarter of 2023, we reclassified \$8 million of sales from the first quarter of 2023 from Chronic Therapies to Acute Therapies to conform to the current period presentation. Additionally, in connection with the reclassification of our BPS business to discontinued operations during the second quarter of 2023, we reclassified \$2 million of contract manufacturing revenues from the first quarter of 2023 from BPS to Other (within continuing operations), as the related manufacturing facility was not part of that divestiture transaction.

Constant currency growth is a non-GAAP measure. For more information on the company's use of non-GAAP financial measures, please see the Non-GAAP Financial Measures section of this press release.

BAXTER INTERNATIONAL INC.
Segment Operating Income
(unaudited)
(\$ in millions)

	Three Months Ended March 31,	
	2024	2023
Medical Products and Therapies	\$ 227	\$ 197
<i>% of Segment Net Sales</i>	<i>18.5 %</i>	<i>17.0 %</i>
Healthcare Systems and Technologies	67	112
<i>% of Segment Net Sales</i>	<i>10.0 %</i>	<i>15.3 %</i>
Pharmaceuticals	78	87
<i>% of Segment Net Sales</i>	<i>13.5 %</i>	<i>16.6 %</i>
Kidney Care	159	57
<i>% of Segment Net Sales</i>	<i>14.4 %</i>	<i>5.3 %</i>
Other	4	7
Total	535	460
Unallocated corporate costs	(20)	(21)
Intangible asset amortization expense	(166)	(162)
Business optimization items	(57)	(134)
Acquisition and integration items	(5)	7
Divestiture-related costs	(92)	(9)
European Medical Devices Regulation	(8)	(12)
Total operating income	187	129
Interest expense, net	78	117
Other income, net	(7)	(2)
Income from continuing operations before income taxes	\$ 116	\$ 14

BAXTER INTERNATIONAL INC.
Operating Segment Sales by U.S. and International
(unaudited)
(\$ in millions)

	Three Months Ended March 31,								
	2024			2023			% Growth		
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
Infusion Therapies and Technologies	\$ 526	\$ 440	\$ 966	\$ 514	\$ 397	\$ 911	2 %	11 %	6 %
Advanced Surgery	147	116	263	144	102	246	2 %	14 %	7 %
Medical Products and Therapies	673	556	1,229	658	499	1,157	2 %	11 %	6 %
Care and Connectivity Solutions	278	124	402	298	131	429	(7)%	(5)%	(6)%
Front Line Care	195	70	265	221	81	302	(12)%	(14)%	(12)%
Healthcare Systems and Technologies	473	194	667	519	212	731	(9)%	(8)%	(9)%
Injectables and Anesthesia	191	137	328	173	132	305	10 %	4 %	8 %
Drug Compounding	—	250	250	—	218	218	0 %	15 %	15 %
Pharmaceuticals	191	387	578	173	350	523	10 %	11 %	11 %
Chronic Therapies	226	662	888	229	655	884	(1)%	1 %	0 %
Acute Therapies	85	129	214	64	124	188	33 %	4 %	14 %
Kidney Care	311	791	1,102	293	779	1,072	6 %	2 %	3 %
Other	11	5	16	24	6	30	(54)%	(17)%	(47)%
Total - Continuing Operations	\$ 1,659	\$ 1,933	\$ 3,592	\$ 1,667	\$ 1,846	\$ 3,513	(0)%	5 %	2 %

BAXTER INTERNATIONAL INC.
Reconciliation of Non-GAAP Financial Measure
Operating Cash Flow to Free Cash Flow
(unaudited)
(\$ in millions)

	Three Months Ended March 31,	
	2024	2023
Cash flows from operations – continuing operations	\$ 163	\$ 469
Cash flows from investing activities - continuing operations	(166)	(163)
Cash flows from financing activities - continuing operations	(140)	(372)
Cash flows from operations - continuing operations	\$ 163	\$ 469
Capital expenditures - continuing operations	(176)	(165)
Free cash flow - continuing operations	\$ (13)	\$ 304

	Three Months Ended March 31,	
	2024	2023
Cash flows from operations – discontinued operations	\$ —	10
Cash flows from investing activities - discontinued operations	—	(7)
Cash flows from operations - discontinued operations	\$ —	\$ 10
Capital expenditures - discontinued operations	—	(7)
Free cash flow - discontinued operations	\$ —	\$ 3

	Three Months Ended March 31,	
	2024	2023
Cash flows from operations – Total Baxter	\$ 163	\$ 479
Cash flows from investing activities - Total Baxter	(166)	(170)
Cash flows from financing activities - Total Baxter	(140)	(372)
Cash flows from operations - Total Baxter	\$ 163	\$ 479
Capital expenditures - Total Baxter	(176)	(172)
Free cash flow - Total Baxter	\$ (13)	\$ 307

Free cash flow is a non-GAAP measure. For more information on the company's use of non-GAAP financial measures, please see the Non-GAAP Financial Measures section of this press release.

BAXTER INTERNATIONAL INC.
Reconciliation of Non-GAAP Financial Measure
Change in Net Sales Growth As Reported to Constant Currency Sales Growth
From the Three Months Ended March 31, 2023 to the Three Months Ended March 31, 2024
(unaudited)

	Net Sales Growth As Reported	FX	Constant Currency Sales Growth*
Infusion Therapies and Technologies	6 %	0 %	6 %
Advanced Surgery	7 %	1 %	8 %
Medical Products and Therapies	6 %	0 %	6 %
Care and Connectivity Solutions	(6) %	(1) %	(7) %
Front Line Care	(12) %	0 %	(12) %
Healthcare Systems and Technologies	(9) %	0 %	(9) %
Injectables and Anesthesia	8 %	0 %	8 %
Drug Compounding	15 %	0 %	15 %
Pharmaceuticals	11 %	0 %	11 %
Chronic Therapies	0 %	2 %	2 %
Acute Therapies	14 %	1 %	15 %
Kidney Care	3 %	1 %	4 %
Other	(47) %	0 %	(47) %
Total - Continuing Operations	2 %	1 %	3 %

*Totals may not add across due to rounding

Constant currency sales growth is a non-GAAP measure. For more information on the company's use of non-GAAP financial measures, please see the Non-GAAP Financial Measures section of this press release.

BAXTER INTERNATIONAL INC.
Reconciliation of Non-GAAP Financial Measures
Projected Second Quarter and Full Year 2024 U.S. GAAP Sales Growth to Projected Constant Currency Sales Growth
and Projected Second Quarter and Full Year 2024 Adjusted Earnings Per Share
(unaudited)

Sales Growth Guidance	Q2 2024*	FY 2024*
Sales growth - U.S. GAAP	~ 1%	~ 2%
Foreign Exchange	> 100 bps	~ 50 bps
Sales growth - Constant currency	2% - 3%	2% - 3%

Adjusted Earnings Per Share Guidance	Q2 2024	FY 2024*
Adjusted diluted EPS	\$0.65 - \$0.67	\$2.88 - \$2.98

*Totals may not foot due to rounding

Baxter calculates forward-looking non-GAAP financial measures based on forecasts that omit certain amounts that would be included in GAAP financial measures. For instance, forward-looking adjusted diluted EPS guidance excludes potential charges or gains that would be reflected as non-GAAP adjustments to earnings. Baxter provides forward-looking adjusted diluted EPS guidance because it believes that this measure provides useful information for the reasons noted in the accompanying release. Baxter has not provided reconciliations of forward-looking adjusted EPS guidance to forward-looking GAAP EPS guidance because the company is unable to predict with reasonable certainty the impact of legal proceedings, future business optimization actions, separation-related costs, integration-related costs, asset impairments and unusual gains and losses, and the related amounts are unavailable without unreasonable efforts (as specified in the exception provided by Item 10(e)(1)(i)(B) of Regulation S-K). In addition, Baxter believes that such reconciliations would imply a degree of precision and certainty that could be confusing to investors. Such items could have a substantial impact on GAAP measures of financial performance.