

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

| | Three Months Ended March 31, | | Change |
|--|---------------------------------|----------|-----------|
| | 2023 | 2022 | |
| NET SALES | \$ 3,649 | \$ 3,707 | (2)% |
| COST OF SALES | 2,302 | 2,359 | (2)% |
| GROSS MARGIN | 1,347 | 1,348 | (0)% |
| <i>% of Net Sales</i> | 36.9 % | 36.4 % | 0.5 pts |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | 1,010 | 1,052 | (4)% |
| <i>% of Net Sales</i> | 27.7 % | 28.4 % | (0.7 pts) |
| RESEARCH AND DEVELOPMENT EXPENSES | 164 | 150 | 9 % |
| <i>% of Net Sales</i> | 4.5 % | 4.0 % | 0.5 pts |
| OTHER OPERATING INCOME, NET | (13) | (17) | (24)% |
| OPERATING INCOME | 186 | 163 | 14 % |
| <i>% of Net Sales</i> | 5.1 % | 4.4 % | 0.7 pts |
| INTEREST EXPENSE, NET | 117 | 85 | 38 % |
| OTHER INCOME, NET | (1) | (16) | (94)% |
| INCOME BEFORE INCOME TAXES | 70 | 94 | (26)% |
| INCOME TAX EXPENSE | 25 | 21 | 19 % |
| <i>% of Income Before Income Taxes</i> | 35.7 % | 22.3 % | 13.4 pts |
| NET INCOME | 45 | 73 | (38)% |
| NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS | 1 | 2 | (50)% |
| NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS | \$ 44 | \$ 71 | (38)% |
| EARNINGS PER SHARE | | | |
| Basic | \$ 0.09 | \$ 0.14 | (36)% |
| Diluted | \$ 0.09 | \$ 0.14 | (36)% |
| WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING | | | |
| Basic | 505 | 503 | |
| Diluted | 507 | 509 | |
| ADJUSTED OPERATING INCOME (excluding special items)¹ | \$ 503 | \$ 666 | (24)% |
| ADJUSTED INCOME BEFORE INCOME TAXES (excluding special items)¹ | \$ 387 | \$ 597 | (35)% |
| ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)¹ | \$ 297 | \$ 471 | (37)% |
| ADJUSTED DILUTED EPS (excluding special items)¹ | \$ 0.59 | \$ 0.93 | (37)% |

¹ Refer to page 10 for a description of the adjustments and a reconciliation to U.S. GAAP measures.

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, 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 Before Income Taxes | Income Tax Expense | Net Income | Net Income Attributable to Baxter Stockholders | Diluted Earnings Per Share |
|--|-----------------|--|-----------------------------------|-----------------------------|------------------|----------------------------|--------------------|---------------|--|----------------------------|
| Reported | \$ 1,347 | \$ 1,010 | \$ 164 | \$ (13) | \$ 186 | \$ 70 | \$ 25 | \$ 45 | \$ 44 | \$ 0.09 |
| Reported percent of net sales (or percent of income before income taxes for income tax expense) | 36.9 % | 27.7 % | 4.5 % | (0.4)% | 5.1 % | 1.9 % | 35.7 % | 1.2 % | 1.2 % | |
| Intangible asset amortization ¹ | 110 | (52) | — | — | 162 | 162 | 36 | 126 | 126 | 0.25 |
| Business optimization items ² | 35 | (92) | (7) | — | 134 | 134 | 27 | 107 | 107 | 0.21 |
| Acquisition and integration items ³ | — | (6) | — | 13 | (7) | (7) | (2) | (5) | (5) | (0.01) |
| Divestiture-related costs ⁴ | 1 | (15) | — | — | 16 | 16 | — | 16 | 16 | 0.03 |
| European medical devices regulation ⁵ | 12 | — | — | — | 12 | 12 | 3 | 9 | 9 | 0.02 |
| Adjusted | \$ 1,505 | \$ 845 | \$ 157 | \$ — | \$ 503 | \$ 387 | \$ 89 | \$ 298 | \$ 297 | \$ 0.59 |
| Adjusted percent of net sales (or adjusted percent of income before income taxes for income tax expense) | 41.2 % | 23.2 % | 4.3 % | 0.0 % | 13.8 % | 10.6 % | 23.0 % | 8.2 % | 8.1 % | |

The company's U.S. GAAP results for the three months ended March 31, 2022 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 Expense, Net | Operating Income | Income Before Income Taxes | Income Tax Expense | Net Income | Net Income Attributable to Baxter Stockholders | Diluted Earnings Per Share |
|--|-----------------|--|-----------------------------------|------------------------------|------------------|----------------------------|--------------------|---------------|--|----------------------------|
| Reported | \$ 1,348 | \$ 1,052 | \$ 150 | \$ (17) | \$ 163 | \$ 94 | \$ 21 | \$ 73 | \$ 71 | \$ 0.14 |
| Reported percent of net sales (or percent of income before income taxes for income tax expense) | 36.4 % | 28.4 % | 4.0 % | (0.5)% | 4.4 % | 2.5 % | 22.3 % | 2.0 % | 1.9 % | |
| Intangible asset amortization ¹ | 122 | (95) | — | — | 217 | 217 | 48 | 169 | 169 | 0.33 |
| Business optimization items ² | 2 | (78) | (1) | — | 81 | 81 | 20 | 61 | 61 | 0.12 |
| Acquisition and integration items ³ | 164 | (24) | — | 17 | 171 | 171 | 30 | 141 | 141 | 0.28 |
| European medical devices regulation ⁵ | 11 | — | — | — | 11 | 11 | 2 | 9 | 9 | 0.02 |
| Product-related items ⁶ | 23 | — | — | — | 23 | 23 | 3 | 20 | 20 | 0.04 |
| Adjusted | \$ 1,670 | \$ 855 | \$ 149 | \$ — | \$ 666 | \$ 597 | \$ 124 | \$ 473 | \$ 471 | \$ 0.93 |
| Adjusted percent of net sales (or adjusted percent of income before income taxes for income tax expense) | 45.0 % | 23.1 % | 4.0 % | 0.0 % | 18.0 % | 16.1 % | 20.8 % | 12.8 % | 12.7 % | |

¹ The company's results in 2023 and 2022 included intangible asset amortization expense of \$162 million (\$126 million, or \$0.25 per diluted share, on an after-tax basis) and \$217 million (\$169 million, or \$0.33 per diluted share, on an after-tax basis), respectively.

² The company's results in 2023 and 2022 included charges of \$134 million (\$107 million, or \$0.21 per diluted share, on an after-tax basis) and \$81 million (\$61 million, or \$0.12 per diluted share, on an after-tax basis), respectively, associated with its execution of programs to optimize its organization and cost structure. These restructuring and other business optimization costs included actions related to its current implementation of a new operating model intended to simplify and streamline its operations, its integration of Hillrom, rationalization of certain manufacturing and distribution facilities and transformation of certain general and administrative functions.

³ The company's results in 2023 included \$7 million (\$5 million, or \$0.01 per diluted share, on an after-tax basis) of net benefits from acquisition and integration-related items. That amount includes \$13 million of net gains from changes in the estimated fair values of contingent consideration liabilities, partially offset by \$6 million of integration costs, which primarily included third party consulting costs related to its integration of Hillrom. The company's results in 2022 included \$171 million (\$141 million, or \$0.28 per diluted share, on an after-tax basis) of acquisition and integration-related expenses. That amount includes costs related to its acquisition of Hillrom, primarily reflecting incremental costs of sales from the fair value step-ups on acquired Hillrom inventory that was sold during the period. The acquisition and integration-related expenses related to Hillrom were partially offset by net gains from changes in the estimated fair values of contingent consideration liabilities assumed in the Hillrom acquisition.

⁴ The company's results in 2023 included costs of \$16 million (\$16 million, or \$0.03 per diluted share, on an after-tax basis) of divestiture-related costs, primarily reflecting costs of external advisors supporting its activities to prepare for the proposed spinoff of its Renal Care and Acute Therapies product categories and the pursuit of strategic alternatives (including a potential sale) of its BioPharma Solutions (BPS) product category.

⁵ The company's results in 2023 and 2022 included costs of \$12 million (\$9 million, or \$0.02 per diluted share, on an after-tax basis) and \$11 million (\$9 million, or \$0.02 per diluted share, on an after-tax basis), respectively, of 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.

- ⁶ The company's results in 2022 included charges of \$23 million (\$20 million, or \$0.04 per diluted share, on an after-tax basis) related to warranty and remediation activities from two field corrective actions on certain of its infusion pumps.

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)

| | Three Months Ended March 31, | | % Growth @ Actual Rates | % Growth @ Constant Rates |
|---------------------|---|-----------------|------------------------------------|--------------------------------------|
| | 2023 | 2022 | | |
| Americas | \$ 1,602 | \$ 1,626 | (1)% | (1)% |
| EMEA | 714 | 699 | 2 % | 9 % |
| APAC | 602 | 627 | (4)% | 3 % |
| Hillrom | 731 | 755 | (3)% | (2)% |
| Total Baxter | \$ 3,649 | \$ 3,707 | (2)% | 2 % |

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.
Sales by Product Category
(unaudited)
(\$ in millions)

| | Three Months Ended March 31, | | % Growth @ Actual Rates | % Growth @ Constant Rates |
|---|---------------------------------|-----------------|----------------------------|------------------------------|
| | 2023 | 2022 | | |
| Renal Care ¹ | \$ 892 | \$ 894 | (0) % | 4 % |
| Medication Delivery ² | 687 | 706 | (3) % | (0) % |
| Pharmaceuticals ³ | 523 | 521 | 0 % | 5 % |
| Clinical Nutrition ⁴ | 224 | 227 | (1) % | 3 % |
| Advanced Surgery ⁵ | 246 | 228 | 8 % | 11 % |
| Acute Therapies ⁶ | 180 | 188 | (4) % | (1) % |
| BioPharma Solutions ⁷ | 139 | 156 | (11) % | (9) % |
| Patient Support Systems ⁸ | 348 | 383 | (9) % | (8) % |
| Front Line Care ⁹ | 302 | 294 | 3 % | 4 % |
| Global Surgical Solutions ¹⁰ | 81 | 78 | 4 % | 8 % |
| Other ¹¹ | 27 | 32 | (16) % | (16) % |
| Total Baxter | \$ 3,649 | \$ 3,707 | (2) % | 2 % |

¹ Includes sales of the company's peritoneal dialysis (PD), hemodialysis (HD) and additional dialysis therapies and services.

² Includes sales of the company's intravenous (IV) therapies, infusion pumps, administration sets and drug reconstitution devices.

³ Includes sales of the company's premixed and oncology drug platforms, inhaled anesthesia and critical care products and pharmacy compounding services.

⁴ Includes sales of the company's parenteral nutrition therapies and related products.

⁵ Includes sales of the company's biological products and medical devices used in surgical procedures for hemostasis, tissue sealing and adhesion prevention.

⁶ Includes sales of the company's continuous renal replacement therapies (CRRT) and other organ support therapies focused in the intensive care unit (ICU).

⁷ Includes sales of contracted services the company provides to various pharmaceutical and biopharmaceutical companies.

⁸ Includes sales of the company's connected care solutions: devices, software, communications and integration technologies and smart beds.

⁹ Includes sales of the company's integrated patient monitoring and diagnostic technologies to help diagnose, treat and manage a wide variety of illness and diseases, including respiratory therapy, cardiology, vision screening and physical assessment.

¹⁰ Includes sales of the company's surgical video technologies, tables, lights, pendants, precision positioning devices and other accessories.

¹¹ Includes sales of other miscellaneous product and service offerings.

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.
Product Category Sales by U.S. and International
(unaudited)
(\$ in millions)

Three Months Ended March 31,

| | 2023 | | | 2022 | | | % Growth | | |
|---------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------|---------------|-------------|
| | U.S. | International | Total | U.S. | International | Total | U.S. | International | Total |
| Renal Care | \$ 232 | \$ 660 | \$ 892 | \$ 225 | \$ 669 | \$ 894 | 3 % | (1)% | (0)% |
| Medication Delivery | 436 | 251 | 687 | 472 | 234 | 706 | (8)% | 7 % | (3)% |
| Pharmaceuticals | 173 | 350 | 523 | 157 | 364 | 521 | 10 % | (4)% | 0 % |
| Clinical Nutrition | 78 | 146 | 224 | 84 | 143 | 227 | (7)% | 2 % | (1)% |
| Advanced Surgery | 144 | 102 | 246 | 136 | 92 | 228 | 6 % | 11 % | 8 % |
| Acute Therapies | 61 | 119 | 180 | 68 | 120 | 188 | (10)% | (1)% | (4)% |
| BioPharma Solutions | 69 | 70 | 139 | 52 | 104 | 156 | 33 % | (33)% | (11)% |
| Patient Support Systems | 260 | 88 | 348 | 295 | 88 | 383 | (12)% | 0 % | (9)% |
| Front Line Care | 221 | 81 | 302 | 207 | 87 | 294 | 7 % | (7)% | 3 % |
| Global Surgical Solutions | 38 | 43 | 81 | 37 | 41 | 78 | 3 % | 5 % | 4 % |
| Other | 22 | 5 | 27 | 24 | 8 | 32 | (8)% | (38)% | (16)% |
| Total Baxter | \$ 1,734 | \$ 1,915 | \$ 3,649 | \$ 1,757 | \$ 1,950 | \$ 3,707 | (1)% | (2)% | (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, | |
|--|-------------------------------------|--------------|
| | 2023 | 2022 |
| Cash flows from operations – continuing operations | \$ 479 | \$ 208 |
| Cash flows from investing activities | (170) | (304) |
| Cash flows from financing activities | (372) | (548) |
| Cash flows from operations - continuing operations | \$ 479 | \$ 208 |
| Capital expenditures | (172) | (140) |
| Free cash flow - continuing operations | \$ 307 | \$ 68 |

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 Measures

**Projected Second Quarter and Full Year 2023 U.S. GAAP Sales Growth to Projected Constant Currency Sales Growth,
and Projected Second Quarter and Full Year 2023 U.S. GAAP Earnings Per Share to Projected Adjusted Earnings Per
Share
(unaudited)**

| Sales Growth Guidance | Q2 2023* | FY 2023* |
|---|-----------------|-----------------|
| Sales Growth - U.S. GAAP | 1% - 2% | 1% - 2% |
| Foreign exchange | 1% | (1)% - 0% |
| Sales Growth - Constant Currency | 2% - 3% | ~ 1% |

*Totals may not foot due to rounding

| Earnings Per Share Guidance | Q2 2023* | FY 2023* |
|---|------------------------|------------------------|
| Earnings per Diluted Share - U.S. GAAP | \$0.18 - \$0.20 | \$1.16 - \$1.31 |
| Estimated intangible asset amortization | \$0.24 | \$0.96 |
| Estimated business optimization items | \$0.02 | \$0.24 |
| Estimated acquisition and integration items | \$0.02 | \$0.05 |
| Estimated divestiture-related costs | \$0.11 | \$0.36 |
| Estimated European medical devices regulation | \$0.02 | \$0.08 |
| Earnings per Diluted Share - Adjusted | \$0.59- \$0.61 | \$2.85 - \$3.00 |

*Totals may not foot due to rounding

The company's outlook for U.S. GAAP earnings per share only includes the impact of special items that are known or expected as of the date of this release. Accordingly, actual U.S. GAAP earnings per share for the second quarter and full year of 2023 may differ significantly from those amounts. For example, the company's outlook does not reflect the potential impact of future business or asset acquisitions or dispositions (including discontinued operations presentation, if applicable), goodwill or intangible asset impairments, restructuring actions, developments related to gain or loss contingencies, or unusual or infrequently occurring items that may occur during the remainder of 2023.