

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

	<b>Three Months Ended June 30,</b>		<b>Change</b>
	<b>2023</b>	<b>2022</b>	
<b>NET SALES</b>	\$ 3,707	\$ 3,594	3 %
<b>COST OF SALES</b>	2,596	2,223	17 %
<b>GROSS MARGIN</b>	1,111	1,371	(19)%
<i>% of Net Sales</i>	<i>30.0 %</i>	<i>38.1 %</i>	<i>(8.1 pts)</i>
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>	964	970	(1)%
<i>% of Net Sales</i>	<i>26.0 %</i>	<i>27.0 %</i>	<i>(1.0 pts)</i>
<b>RESEARCH AND DEVELOPMENT EXPENSES</b>	165	148	11 %
<i>% of Net Sales</i>	<i>4.5 %</i>	<i>4.1 %</i>	<i>0.4 pts</i>
<b>OTHER OPERATING INCOME, NET</b>	(1)	(11)	(91)%
<b>OPERATING INCOME (LOSS)</b>	(17)	264	NM
<i>% of Net Sales</i>	<i>(0.5)%</i>	<i>7.3 %</i>	<i>(7.8 pts)</i>
<b>INTEREST EXPENSE, NET</b>	124	89	39 %
<b>OTHER (INCOME) EXPENSE, NET</b>	42	(44)	NM
<b>INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	(183)	219	NM
<b>INCOME TAX EXPENSE</b>	10	34	(71)%
<i>% of Income (Loss) from Continuing Operations Before Income Taxes</i>	<i>(5.5)%</i>	<i>15.5 %</i>	<i>(21.0 pts)</i>
<b>INCOME (LOSS) FROM CONTINUING OPERATIONS</b>	(193)	185	NM
<b>INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX</b>	54	70	(23)%
<b>NET INCOME (LOSS)</b>	(139)	255	NM
<b>NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS</b>	2	3	(33)%
<b>NET INCOME (LOSS) ATTRIBUTABLE TO BAXTER STOCKHOLDERS</b>	\$ (141)	\$ 252	NM
<b>INCOME (LOSS) FROM CONTINUING OPERATIONS PER COMMON SHARE</b>			
Basic	\$ (0.39)	\$ 0.36	NM
Diluted	\$ (0.39)	\$ 0.36	(208)%
<b>INCOME FROM DISCONTINUED OPERATIONS PER COMMON SHARE</b>			
Basic	\$ 0.11	\$ 0.14	(21)%
Diluted	\$ 0.11	\$ 0.14	(21)%
<b>NET INCOME (LOSS) PER COMMON SHARE</b>			
Basic	\$ (0.28)	\$ 0.50	NM
Diluted	\$ (0.28)	\$ 0.50	NM
<b>WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING</b>			
Basic	506	504	
Diluted	506	508	
<b>ADJUSTED OPERATING INCOME (excluding special items)<sup>1</sup></b>	\$ 489	\$ 529	(8)%
<b>ADJUSTED INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES (excluding special items)<sup>1</sup></b>	\$ 343	\$ 473	(27)%
<b>ADJUSTED INCOME FROM DISCONTINUED OPERATIONS (excluding special items)<sup>1</sup></b>	\$ 55	\$ 70	(21)%
<b>ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)<sup>1</sup></b>	\$ 335	\$ 443	(24)%
<b>ADJUSTED DILUTED EPS FROM CONTINUING OPERATIONS (excluding special items)<sup>1</sup></b>	\$ 0.55	\$ 0.73	(25)%
<b>ADJUSTED DILUTED EPS FROM DISCONTINUED OPERATIONS (excluding special items)<sup>1</sup></b>	\$ 0.11	\$ 0.14	(21)%
<b>ADJUSTED DILUTED EPS (excluding special items)<sup>1</sup></b>	\$ 0.66	\$ 0.87	(24)%

<sup>1</sup> Refer to page 11 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 June 30, 2023 included special items which impacted the U.S. GAAP measures as follows:

	Gross Margin	Selling, General and Administrative Expenses	Other Operating Income, Net	Operating Income (Loss)	Other (Income) Expense, Net	Income (Loss) From Continuing Operations Before Income Taxes	Income Tax Expense	Income (Loss) From Continuing Operations	Income From Discontinued Operations, Net of Tax	Net Income (Loss)	Net Income (Loss) Attributable to Baxter Stockholders	Diluted Earnings Per Share from Continuing Operations	Diluted Earnings Per Share from Discontinued Operations	Diluted Earnings Per Share
<b>Reported</b>	<b>\$1,111</b>	<b>\$ 964</b>	<b>\$ (1)</b>	<b>\$ (17)</b>	<b>\$ 42</b>	<b>\$ (183)</b>	<b>\$ 10</b>	<b>\$ (193)</b>	<b>\$ 54</b>	<b>\$ (139)</b>	<b>\$ (141)</b>	<b>\$ (0.39)</b>	<b>\$ 0.11</b>	<b>\$ (0.28)</b>
Reported percent of net sales (or effective tax rate for income tax expense)	30.0 %	26.0 %	0.0 %	(0.5)%	1.1 %	(4.9)%	(5.5)%	(5.2)%	1.5 %	(3.7)%	(3.8)%			
Intangible asset amortization <sup>1</sup>	105	(52)	—	157	—	157	38	119	—	119	119	0.23	0.00	0.23
Business optimization items <sup>2</sup>	266	(27)	—	293	—	293	43	250	—	250	250	0.49	0.00	0.49
Acquisition and integration items <sup>3</sup>	—	(8)	1	7	—	7	2	5	—	5	5	0.01	0.00	0.01
Divestiture-related costs <sup>4</sup>	4	(33)	—	37	—	37	—	37	8	45	45	0.07	0.02	0.09
European medical devices regulation <sup>5</sup>	12	—	—	12	—	12	4	8	—	8	8	0.02	0.00	0.02
Investment impairments <sup>6</sup>	—	—	—	—	(20)	20	5	15	—	15	15	0.03	0.00	0.03
Tax matters <sup>8</sup>	—	—	—	—	—	—	(41)	41	(7)	34	34	0.08	(0.01)	0.07
<b>Adjusted</b>	<b>\$1,498</b>	<b>\$ 844</b>	<b>\$ —</b>	<b>\$ 489</b>	<b>\$ 22</b>	<b>\$ 343</b>	<b>\$ 61</b>	<b>\$ 282</b>	<b>\$ 55</b>	<b>\$ 337</b>	<b>\$ 335</b>	<b>\$ 0.55</b>	<b>\$ 0.11</b>	<b>\$ 0.66</b>
Adjusted percent of net sales (or effective tax rate for income tax expense)	40.4 %	22.8 %	0.0 %	13.2 %	0.6 %	9.3 %	17.8 %	7.6 %	1.5 %	9.1 %	9.0 %			
						Reported	Adjusted							
Income (loss) from continuing operations						\$ (193)	\$ 282							
Less: Net income attributable to noncontrolling interests						2	2							
Income (loss) from continuing operations attributable to Baxter stockholders						\$ (195)	\$ 280							
Weighted-average diluted shares as reported							506							
Effect of dilutive securities that were anti-dilutive to dilutive EPS as reported							2							
Weighted-average diluted shares as adjusted							508							

The company's U.S. GAAP results for the three months ended June 30, 2022 included special items which impacted the U.S. GAAP measures as follows:

	Gross Margin	Selling, General and Administrative Expenses	Other Operating Expense, Net	Operating Income (Loss)	Other (Income) Expense, Net	Income (Loss) From Continuing Operations Before Income Taxes	Income Tax Expense	Income (Loss) From Continuing Operations	Income From Discontinued Operations, Net of Tax	Net Income (Loss)	Net Income (Loss) Attributable to Baxter Stockholders	Diluted Earnings Per Share from Continuing Operations	Diluted Earnings Per Share from Discontinued Operations	Diluted Earnings Per Share
<b>Reported</b>	<b>\$1,371</b>	<b>\$ 970</b>	<b>\$ (11)</b>	<b>\$ 264</b>	<b>\$ (44)</b>	<b>\$ 219</b>	<b>\$ 34</b>	<b>\$ 185</b>	<b>\$ 70</b>	<b>\$255</b>	<b>\$ 252</b>	<b>\$ 0.36</b>	<b>\$ 0.14</b>	<b>\$ 0.50</b>
Reported percent of net sales (or effective tax rate for income tax expense)	38.1 %	27.0 %	(0.3)%	7.3 %	(1.2)%	6.1 %	15.5 %	5.1 %	1.9 %	7.1 %	7.0 %			
Intangible asset amortization <sup>1</sup>	112	(81)	—	193	—	193	47	146	—	146	146	0.29	0.00	0.29
Business optimization items <sup>2</sup>	6	(36)	—	42	—	42	11	31	—	31	31	0.06	0.00	0.06
Acquisition and integration items <sup>3</sup>	9	(20)	11	18	—	18	4	14	—	14	14	0.03	0.00	0.03
European medical devices regulation <sup>5</sup>	12	—	—	12	—	12	3	9	—	9	9	0.02	0.00	0.02
Pension curtailment <sup>7</sup>	—	—	—	—	11	(11)	(2)	(9)	—	(9)	(9)	(0.02)	0.00	(0.02)
<b>Adjusted</b>	<b>\$1,510</b>	<b>\$ 833</b>	<b>\$ —</b>	<b>\$ 529</b>	<b>\$ (33)</b>	<b>\$ 473</b>	<b>\$ 97</b>	<b>\$ 376</b>	<b>\$ 70</b>	<b>\$446</b>	<b>\$ 443</b>	<b>\$ 0.73</b>	<b>\$ 0.14</b>	<b>\$ 0.87</b>
Adjusted percent of net sales (or effective tax rate for income tax expense)	42.0 %	23.2 %	0.0 %	14.7 %	(0.9)%	13.2 %	20.5 %	10.5 %	1.9 %	12.4 %	12.3 %			

	Reported	Adjusted
Income (loss) from continuing operations	\$ 185	\$ 376
Less: Net income attributable to noncontrolling interests	3	3
<b>Income (loss) from continuing operations attributable to Baxter</b>	<b>\$ 182</b>	<b>\$ 373</b>

<sup>1</sup> The company's results in 2023 and 2022 included intangible asset amortization expense of \$157 million (\$119 million, or \$0.23 per diluted share, on an after-tax basis) and \$193 million (\$146 million, or \$0.29 per diluted share, on an after-tax basis), respectively.

<sup>2</sup> The company's results in 2023 and 2022 included charges of \$293 million (\$250 million, or \$0.49 per diluted share, on an after-tax basis) and \$42 million (\$31 million, or \$0.06 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 Hill-Rom Holdings, Inc. (Hillrom), the decision to cease production of dialyzers at one of its U.S.-based manufacturing facilities later this year, which resulted in a \$243 million noncash impairment of property, plant and equipment in the second quarter of 2023, rationalization of certain other manufacturing and distribution facilities and transformation of certain general and administrative functions.

<sup>3</sup> The company's results in 2023 included \$7 million (\$5 million, or \$0.01 per diluted share, on an after-tax basis) of acquisition and integration-related items. That amount includes \$8 million of integration costs, which primarily included third party consulting costs related to its integration of Hillrom, partially offset by a \$1 million benefit from changes in the

estimated fair values of contingent consideration liabilities. The company's results in 2022 included \$18 million (\$14 million, or \$0.03 per diluted share, on an after-tax basis) of acquisition and integration-related items. That amount includes \$29 million of integration costs, which primarily included third party consulting costs related to its integration of Hillrom, partially offset by an \$11 million benefit from a change in the estimated fair value of contingent consideration liabilities.

- 4 The company's results of continuing operations in 2023 included \$37 million (\$37 million, or \$0.07 per diluted share, on an after-tax basis) of divestiture-related costs. This amount includes costs of external advisors supporting its activities to prepare for the proposed spinoff of its Renal Care and Acute Therapies product categories, which are reported in continuing operations. The company's results of discontinued operations in 2023 included \$8 million (\$8 million, or \$0.02 per diluted share, on an after-tax basis) of divestiture-related costs related to the pending sale of its BioPharma Solutions (BPS) product category.
- 5 The company's results in 2023 and 2022 included costs of \$12 million (\$8 million, or \$0.02 per diluted share, on an after-tax basis) and \$12 million (\$9 million, or \$0.02 per diluted share from continuing operations, 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 2023 included losses of \$20 million (\$15 million, or \$0.03 per diluted share, on an after-tax basis) from non-marketable investments in several early stage companies, consisting of \$23 million of noncash impairment write-downs, partially offset by a \$3 million gain from the sale of an investment.
- 7 The company's results in 2022 included a curtailment gain of \$11 million (\$9 million, or \$0.02 per diluted share, on an after-tax basis) on an announced change for active non-bargaining participants in our U.S. Hillrom pension plan.
- 8 The company's results of continuing operations in 2023 included tax expense items totaling \$41 million (\$0.08 per diluted share), consisting of a \$30 million valuation allowance recorded to reduce the carrying amount of a deferred tax asset for a tax basis step-up related to previously enacted Swiss tax legislation, \$4 million of tax costs from divestiture-related activities, and a \$7 million reallocation of income taxes between continuing operations and discontinued operations resulting from the application of intraperiod tax allocation to the company's adjusted results.

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.**  
**Consolidated Statements of Income (Loss)**  
**(unaudited)**  
**(in millions, except per share and percentage data)**

	Six Months Ended June 30,		
	2023	2022	Change
<b>NET SALES</b>	\$ 7,220	\$ 7,152	1 %
<b>COST OF SALES</b>	4,834	4,519	7 %
<b>GROSS MARGIN</b>	2,386	2,633	(9)%
<i>% of Net Sales</i>	33.0 %	36.8 %	(3.8 pts)
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>	1,959	2,017	(3)%
<i>% of Net Sales</i>	27.1 %	28.2 %	(1.1 pts)
<b>RESEARCH AND DEVELOPMENT EXPENSES</b>	329	297	11 %
<i>% of Net Sales</i>	4.6 %	4.2 %	0.4 pts
<b>OTHER OPERATING INCOME, NET</b>	(14)	(28)	(50)%
<b>OPERATING INCOME (LOSS)</b>	112	347	(68)%
<i>% of Net Sales</i>	1.6 %	4.9 %	(3.3 pts)
<b>INTEREST EXPENSE, NET</b>	241	174	39 %
<b>OTHER (INCOME) EXPENSE, NET</b>	40	(60)	NM
<b>INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	(169)	233	NM
<b>INCOME TAX EXPENSE</b>	24	40	(40)%
<i>% of Income (Loss) from Continuing Operations Before Income Taxes</i>	(14.2)%	17.2 %	(31.4 pts)
<b>INCOME (LOSS) FROM CONTINUING OPERATIONS</b>	(193)	193	NM
<b>INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX</b>	99	135	(27)%
<b>NET INCOME (LOSS)</b>	(94)	328	NM
<b>NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS</b>	3	5	(40)%
<b>NET INCOME (LOSS) ATTRIBUTABLE TO BAXTER STOCKHOLDERS</b>	\$ (97)	\$ 323	NM
<b>INCOME (LOSS) FROM CONTINUING OPERATIONS PER COMMON SHARE</b>			
<b>Basic</b>	\$ (0.39)	\$ 0.37	NM
<b>Diluted</b>	\$ (0.39)	\$ 0.37	NM
<b>INCOME FROM DISCONTINUED OPERATIONS PER COMMON SHARE</b>			
<b>Basic</b>	\$ 0.20	\$ 0.27	(26)%
<b>Diluted</b>	\$ 0.20	\$ 0.27	(26)%
<b>NET INCOME (LOSS) PER COMMON SHARE</b>			
<b>Basic</b>	\$ (0.19)	\$ 0.64	NM
<b>Diluted</b>	\$ (0.19)	\$ 0.64	NM
<b>WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING</b>			
<b>Basic</b>	506	503	
<b>Diluted</b>	506	508	
<b>ADJUSTED OPERATING INCOME (excluding special items)<sup>1</sup></b>	\$ 928	\$ 1,115	(17)%
<b>ADJUSTED INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES (excluding special items)<sup>1</sup></b>	\$ 667	\$ 990	(33)%
<b>ADJUSTED INCOME FROM DISCONTINUED OPERATIONS</b>	\$ 104	\$ 135	(23)%
<b>ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)<sup>1</sup></b>	\$ 632	\$ 914	(31)%
<b>ADJUSTED DILUTED EPS FROM CONTINUING OPERATIONS (excluding special items)<sup>1</sup></b>	\$ 1.04	\$ 1.53	(32)%
<b>ADJUSTED DILUTED EPS FROM DISCONTINUED OPERATIONS (excluding special items)<sup>1</sup></b>	\$ 0.21	\$ 0.27	(22)%
<b>ADJUSTED DILUTED EPS (excluding special items)<sup>1</sup></b>	\$ 1.25	\$ 1.80	(31)%

<sup>1</sup> Refer to page 13 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 six months ended June 30, 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 (Loss)	Other (Income) Expense, Net	Income (Loss) From Continuing Operations Before Income Taxes	Income Tax Expense	Income (Loss) From Continuing Operations	Income From Discontinued Operations, Net of Tax	Net Income (Loss)	Net Income (Loss) Attributable to Baxter Stockholders	Diluted Earnings Per Share From Continuing Operations	Diluted Earnings Per Share from Discontinued Operations	Diluted Earnings Per Share
<b>Reported</b>	<b>\$2,386</b>	<b>\$ 1,959</b>	<b>\$ 329</b>	<b>\$ (14)</b>	<b>\$ 112</b>	<b>\$ 40</b>	<b>\$ (169)</b>	<b>\$ 24</b>	<b>\$ (193)</b>	<b>\$ 99</b>	<b>\$(94)</b>	<b>\$ (97)</b>	<b>\$ (0.39)</b>	<b>\$ 0.20</b>	<b>\$(0.19)</b>
Reported percent of net sales (or effective tax rate for income tax expense)	33.0 %	27.1 %	4.6 %	(0.2)%	1.6 %	0.6 %	(2.3)%	(14.2)%	(2.7)%	1.4 %	(1.3)%	(1.3)%			
Intangible asset amortization <sup>1</sup>	215	(104)	—	—	319	—	319	71	248	—	248	248	0.49	0.00	0.49
Business optimization items <sup>2</sup>	301	(119)	(7)	—	427	—	427	73	354	—	354	354	0.70	0.00	0.70
Acquisition and integration items <sup>3</sup>	—	(14)	—	14	—	—	—	—	—	—	—	—	0.00	0.00	0.00
Divestiture-related costs <sup>4</sup>	5	(41)	—	—	46	—	46	—	46	15	61	61	0.09	0.03	0.12
European medical devices regulation <sup>5</sup>	24	—	—	—	24	—	24	7	17	—	17	17	0.03	0.00	0.03
Investment Impairments <sup>6</sup>	—	—	—	—	—	(20)	20	5	15	—	15	15	0.03	0.00	0.03
Tax Matters <sup>9</sup>	—	—	—	—	—	—	—	(44)	44	(10)	34	34	0.09	(0.02)	0.07
<b>Adjusted</b>	<b>\$2,931</b>	<b>\$ 1,681</b>	<b>\$ 322</b>	<b>\$ —</b>	<b>\$ 928</b>	<b>\$ 20</b>	<b>\$ 667</b>	<b>\$ 136</b>	<b>\$ 531</b>	<b>\$ 104</b>	<b>\$ 635</b>	<b>\$ 632</b>	<b>\$ 1.04</b>	<b>\$ 0.21</b>	<b>\$ 1.25</b>
Adjusted percent of net sales (or effective tax rate for income tax expense)	40.6 %	23.3 %	4.5 %	0.0 %	12.9 %	0.3 %	9.2 %	20.4 %	7.4 %	1.4 %	8.8 %	8.8 %			
							<u>Reported</u>	<u>Adjusted</u>							
Income (loss) from continuing operations							\$ (193)	\$ 531							
Less: Net income attributable to noncontrolling interests							\$ 3	\$ 3							
Income (loss) from continuing operations attributable to Baxter stockholders							\$ (196)	\$ 528							
Weighted-average diluted shares as reported								506							
Effect of dilutive securities that were anti-dilutive to dilutive EPS as reported								1							
Weighted-average diluted shares as adjusted								507							

The company's U.S. GAAP results for the six months ended June 30, 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 (Loss)	Other (Income) Expense, Net	Income (Loss) From Continuing Operations Before Income Taxes	Income Tax Expense	Income (Loss) From Continuing Operations	Income From Discontinued Operations, Net of Tax	Net Income (Loss)	Net Income (Loss) Attributable to Baxter Stockholders	Diluted Earnings Per Share From Continuing Operations	Diluted Earnings Per Share From Discontinued Operations	Diluted Earnings Per Share
<b>Reported</b>	<b>\$2,633</b>	<b>\$ 2,017</b>	<b>\$ 297</b>	<b>\$ (28)</b>	<b>\$ 347</b>	<b>\$ (60)</b>	<b>\$ 233</b>	<b>\$ 40</b>	<b>\$ 193</b>	<b>\$ 135</b>	<b>\$328</b>	<b>\$ 323</b>	<b>\$ 0.37</b>	<b>\$ 0.27</b>	<b>\$ 0.64</b>
Reported percent of net sales (or effective tax rate for income tax expense)	36.8 %	28.2 %	4.2 %	(0.4)%	4.9 %	(0.8)%	3.3 %	17.2 %	2.7 %	1.9 %	4.6 %	4.5 %			
Intangible asset amortization <sup>1</sup>	234	(176)	—	—	410	—	410	95	315	—	315	315	0.62	0.00	0.62
Business optimization items <sup>2</sup>	8	(114)	(1)	—	123	—	123	31	92	—	92	92	0.18	0.00	0.18
Acquisition and integration items <sup>3</sup>	173	(44)	—	28	189	—	189	34	155	—	155	155	0.31	0.00	0.31
European medical devices regulation <sup>5</sup>	23	—	—	—	23	—	23	5	18	—	18	18	0.04	0.00	0.04
Product-related items <sup>7</sup>	23	—	—	—	23	—	23	3	20	—	20	20	0.04	0.00	0.04
Pension curtailment <sup>8</sup>	—	—	—	—	—	11	(11)	(2)	(9)	—	(9)	(9)	(0.02)	0.00	(0.02)
<b>Adjusted</b>	<b>\$3,094</b>	<b>\$ 1,683</b>	<b>\$ 296</b>	<b>\$ —</b>	<b>\$1,115</b>	<b>\$ (49)</b>	<b>\$ 990</b>	<b>\$206</b>	<b>\$ 784</b>	<b>\$ 135</b>	<b>\$919</b>	<b>\$ 914</b>	<b>1.53</b>	<b>0.27</b>	<b>1.80</b>
Adjusted percent of net sales (or effective tax rate for income tax expense)	43.3 %	23.5 %	4.1 %	0.0 %	15.6 %	(0.7)%	13.8 %	20.8 %	11.0 %	1.9 %	12.8 %	12.8 %			

	Reported	Adjusted
Income (loss) from continuing operations	\$193	\$ 784
Less: Net income attributable to noncontrolling interests	5	5
<b>Income (loss) from continuing operations attributable to Baxter stockholders</b>	<b>\$188</b>	<b>\$ 779</b>

<sup>1</sup> The company's results in 2023 and 2022 included intangible asset amortization expense of \$319 million (\$248 million, or \$0.49 per diluted share, on an after-tax basis) and \$410 million (\$315 million, or \$0.62 per diluted share, on an after-tax basis), respectively.

<sup>2</sup> The company's results in 2023 and 2022 included charges of \$427 million (\$354 million, or \$0.70 per diluted share, on an after-tax basis) and \$123 million (\$92 million, or \$0.18 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, the

decision to cease production of dialyzers at one its U.S.-based manufacturing facilities later this year, which resulted in a \$243 million noncash impairment of property, plant and equipment in the first half of 2023, rationalization of certain other manufacturing and distribution facilities and transformation of certain general and administrative functions.

- 3 Acquisition and integration-related items included in the company's results in 2023 included \$14 million of integration costs, which primarily included third party consulting costs related to its integration of Hillrom, offset by a \$14 million benefit from changes in the estimated fair values of contingent consideration liabilities. The company's results in 2022 included \$189 million (\$155 million, or \$0.31 per diluted share, on an after-tax basis) of acquisition and integration-related expenses. That amount includes \$217 million of costs related to its acquisition of Hillrom, including \$159 million of incremental costs of sales from the fair value step-ups on acquired Hillrom inventory that was sold in the first quarter. The acquisition and integration-related expenses related to Hillrom were partially offset by \$28 million of benefits from changes in the estimated fair value of contingent consideration liabilities.
- 4 The company's results of continuing operations in 2023 included costs of \$46 million (\$46 million, or \$0.09 per diluted share, on an after-tax basis) of divestiture-related costs. This amount includes costs of external advisors supporting its activities to prepare for the proposed spinoff of its Renal Care and Acute Therapies product categories, which are reported in continuing operations. The company's results of discontinued operations in 2023 included \$15 million (\$15 million, or \$0.03 per diluted share, on an after-tax basis) of divestiture-related costs related to the pending sale of its BioPharma Solutions (BPS) product category.
- 5 The company's results in 2023 and 2022 included costs of \$24 million (\$17 million, or \$0.03 per diluted share, on an after-tax basis) and \$23 million (\$18 million, or \$0.04 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 2023 included losses of \$20 million (\$15 million, or \$0.03 per diluted share, on an after-tax basis) from non-marketable investments in several early stage companies, consisting of \$23 million of noncash impairment write-downs, partially offset by a \$3 million gain from the sale of an investment.
- 7 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.
- 8 The company's results in 2022 included a curtailment gain of \$11 million (\$9 million, or \$0.02 per diluted share, on an after-tax basis) on an announced change for active non-bargaining participants in our U.S. Hillrom pension plan.
- 9 The company's results of continuing operations in 2023 included tax expense items totaling \$44 million (\$0.09 per diluted share), consisting of a \$30 million valuation allowance recorded to reduce the carrying amount of a deferred tax asset for a tax basis step-up related to previously enacted Swiss tax legislation, \$4 million of tax costs from divestiture-related activities, and a \$10 million reallocation of income taxes between continuing operations and discontinued operations resulting from the application of intraperiod tax allocation to the company's adjusted results.

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 June 30,				Six Months Ended June 30,			
	2023	2022	% Growth @ Actual Rates	% Growth @ Constant Rates	2023	2022	% Growth @ Actual Rates	% Growth @ Constant Rates
Americas	\$ 1,564	\$ 1,494	5 %	5 %	\$ 3,030	\$ 2,971	2 %	3 %
EMEA	762	738	3 %	3 %	1,476	1,437	3 %	6 %
APAC	638	647	(1) %	4 %	1,240	1,274	(3) %	3 %
Hillrom	743	715	4 %	4 %	1,474	1,470	0 %	1 %
<b>Total - Continuing Operations</b>	<b>\$ 3,707</b>	<b>\$ 3,594</b>	<b>3 %</b>	<b>4 %</b>	<b>\$ 7,220</b>	<b>\$ 7,152</b>	<b>1 %</b>	<b>3 %</b>

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 June 30,				Six Months Ended June 30,			
	2023	2022	% Growth @ Actual Rates	% Growth @ Constant Rates	2023	2022	% Growth @ Actual Rates	% Growth @ Constant Rates
Renal Care <sup>1</sup>	\$ 936	\$ 931	1 %	2 %	\$ 1,828	\$ 1,825	0 %	3 %
Medication Delivery <sup>2</sup>	761	710	7 %	7 %	1,448	1,416	2 %	4 %
Pharmaceuticals <sup>3</sup>	550	528	4 %	6 %	1,074	1,049	2 %	6 %
Clinical Nutrition <sup>4</sup>	243	230	6 %	7 %	467	457	2 %	5 %
Advanced Surgery <sup>5</sup>	272	263	3 %	4 %	518	491	5 %	7 %
Acute Therapies <sup>6</sup>	180	173	4 %	6 %	360	361	(0)%	2 %
Patient Support Systems <sup>7</sup>	359	364	(1)%	(1)%	707	747	(5)%	(5)%
Front Line Care <sup>8</sup>	307	282	9 %	9 %	609	576	6 %	6 %
Global Surgical Solutions <sup>9</sup>	77	69	12 %	9 %	158	147	7 %	8 %
Other <sup>10</sup>	22	44	(50)%	(50)%	51	83	(39)%	(39)%
<b>Total - Continuing Operations</b>	<b>\$ 3,707</b>	<b>\$ 3,594</b>	<b>3 %</b>	<b>4 %</b>	<b>\$ 7,220</b>	<b>\$ 7,152</b>	<b>1 %</b>	<b>3 %</b>

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

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

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

<sup>4</sup> Includes sales of the company's parenteral nutrition therapies and related products.

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

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

<sup>7</sup> Includes sales of the company's connected care solutions: devices, software, communications and integration technologies and smart beds.

<sup>8</sup> 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.

<sup>9</sup> Includes sales of the company's surgical video technologies, tables, lights, pendants, precision positioning devices and other accessories.

<sup>10</sup> Includes sales of other miscellaneous product and service offerings. Contract manufacturing revenues earned by our manufacturing facility in Round Lake Illinois, which totaled \$2 million for the six months ended June 30, 2023 and \$11 million and \$18 million for the three and six months ended June 30, 2022, respectively, were historically presented as BPS sales. Those sales transactions, which are not impacted by the pending divestiture of our BPS business, continue to be presented as continuing operations in the accompanying tables and have been reclassified to our Other product category for all periods presented.

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 June 30,

	2023			2022			% Growth		
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
Renal Care	\$ 234	\$ 702	\$ 936	\$ 225	\$ 706	\$ 931	4 %	(1) %	1 %
Medication Delivery	487	274	761	459	251	710	6 %	9 %	7 %
Pharmaceuticals	182	368	550	164	364	528	11 %	1 %	4 %
Clinical Nutrition	83	160	243	90	140	230	(8) %	14 %	6 %
Advanced Surgery	150	122	272	151	112	263	(1) %	9 %	3 %
Acute Therapies	60	120	180	58	115	173	3 %	4 %	4 %
Patient Support Systems	276	83	359	284	80	364	(3) %	4 %	(1) %
Front Line Care	227	80	307	202	80	282	12 %	0 %	9 %
Global Surgical Solutions	35	42	77	36	33	69	(3) %	27 %	12 %
Other	17	5	22	31	13	44	(45) %	(62) %	(50) %
<b>Total - Continuing Operations</b>	<b>\$ 1,751</b>	<b>\$ 1,956</b>	<b>\$ 3,707</b>	<b>\$ 1,700</b>	<b>\$ 1,894</b>	<b>\$ 3,594</b>	<b>3 %</b>	<b>3 %</b>	<b>3 %</b>

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

Six Months Ended June 30,

	2023			2022			% Growth		
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
Renal Care	\$ 466	\$ 1,362	\$ 1,828	\$ 450	\$ 1,375	\$ 1,825	4 %	(1)%	0 %
Medication Delivery	923	525	1,448	931	485	1,416	(1)%	8 %	2 %
Pharmaceuticals	355	719	1,074	321	728	1,049	11 %	(1)%	2 %
Clinical Nutrition	161	306	467	174	283	457	(7)%	8 %	2 %
Advanced Surgery	294	224	518	287	204	491	2 %	10 %	5 %
Acute Therapies	121	239	360	126	235	361	(4)%	2 %	(0)%
Patient Support Systems	536	171	707	579	168	747	(7)%	2 %	(5)%
Front Line Care	448	161	609	409	167	576	10 %	(4)%	6 %
Global Surgical Solutions	73	85	158	73	74	147	0 %	15 %	7 %
Other	41	10	51	62	21	83	(34)%	(52)%	(39)%
<b>Total - Continuing Operations</b>	<b>\$ 3,418</b>	<b>\$ 3,802</b>	<b>\$ 7,220</b>	<b>\$ 3,412</b>	<b>\$ 3,740</b>	<b>\$ 7,152</b>	<b>0 %</b>	<b>2 %</b>	<b>1 %</b>

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

	<b>Six Months Ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
Cash flows from operations – continuing operations	\$ 780	\$ 369
Cash flows from investing activities - continuing operations	(326)	(457)
Cash flows from financing activities - continuing operations	(492)	(1,017)
Cash flows from operations - continuing operations	\$ 780	\$ 369
Capital expenditures - continuing operations	(328)	(277)
<b>Free cash flow - continuing operations</b>	<b>\$ 452</b>	<b>\$ 92</b>
	<b>Six Months Ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
Cash flows from operations – discontinued operations	\$ 50	113
Cash flows from investing activities - discontinued operations	(17)	(34)
Cash flows from operations - discontinued operations	\$ 50	\$ 113
Capital expenditures - discontinued operations	(17)	(34)
<b>Free cash flow - discontinued operations</b>	<b>\$ 33</b>	<b>\$ 79</b>
	<b>Six Months Ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
Cash flows from operations – Total Baxter	\$ 830	\$ 482
Cash flows from investing activities - Total Baxter	(343)	(491)
Cash flows from financing activities - Total Baxter	(492)	(1,017)
Cash flows from operations - Total Baxter	\$ 830	\$ 482
Capital expenditures - Total Baxter	(345)	(311)
<b>Free cash flow - Total Baxter</b>	<b>\$ 485</b>	<b>\$ 171</b>

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 June 30, 2022 to The Three Months Ended June 30, 2023**  
**(unaudited)**

	<b>Net Sales Growth As Reported</b>	<b>FX</b>	<b>Constant Currency Sales Growth*</b>
Renal Care	1 %	1 %	2 %
Medication Delivery	7 %	0 %	7 %
Pharmaceuticals	4 %	2 %	6 %
Clinical Nutrition	6 %	1 %	7 %
Advanced Surgery	3 %	1 %	4 %
Acute Therapies	4 %	2 %	6 %
Patient Support Systems	(1)%	0 %	(1)%
Front Line Care	9 %	0 %	9 %
Global Surgical Solutions	12 %	(3)%	9 %
Other	(50)%	0 %	(50)%
<b>Total - Continuing Operations</b>	<b>3 %</b>	<b>1 %</b>	<b>4 %</b>
Discontinued Operations	(7)%	0 %	(7)%
<b>Total - Continuing and Discontinued Operations</b>	<b>3 %</b>	<b>1 %</b>	<b>4 %</b>
U.S. - Continuing Operations	3 %	0 %	3 %
U.S. - Discontinued Operations	0 %	0 %	0 %
U.S. Total - Continuing and Discontinued Operations	3 %	0 %	3 %
International - Continuing Operations	3 %	2 %	5 %
International - Discontinued Operations	(11)%	0 %	(11)%
International Total - Continuing and Discontinued Operations	3 %	1 %	4 %

\*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 Measure**  
**Change in Net Sales Growth As Reported to Constant Currency Sales Growth**  
**From The Six Months Ended June 30, 2022 to The Six Months Ended June 30, 2023**  
**(unaudited)**

	<b>Net Sales Growth As Reported</b>	<b>FX</b>	<b>Constant Currency Sales Growth*</b>
Renal Care	0 %	3 %	3 %
Medication Delivery	2 %	2 %	4 %
Pharmaceuticals	2 %	4 %	6 %
Clinical Nutrition	2 %	3 %	5 %
Advanced Surgery	5 %	2 %	7 %
Acute Therapies	(0) %	2 %	2 %
Patient Support Systems	(5) %	0 %	(5) %
Front Line Care	6 %	0 %	6 %
Global Surgical Solutions	7 %	1 %	8 %
Other	(39) %	0 %	(39) %
<b>Total - Continuing Operations</b>	<b>1 %</b>	<b>2 %</b>	<b>3 %</b>
Discontinued Operations	(8) %	0 %	(8) %
<b>Total - Continuing and Discontinued Operations</b>	<b>1 %</b>	<b>2 %</b>	<b>3 %</b>
U.S. - Continuing Operations	0 %	0 %	0 %
U.S. - Discontinued Operations	20 %	0 %	20 %
U.S. Total - Continuing and Discontinued Operations	1 %	0 %	1 %
International - Continuing Operations	2 %	4 %	6 %
International - Discontinued Operations	(23) %	0 %	(23) %
International Total - Continuing and Discontinued Operations	0 %	4 %	4 %

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

The Company's current expectation is that the pending sale of BPS is likely to close towards the end of the third quarter. However, as the ultimate timing is uncertain, and to provide comparability to prior guidance, it is providing a financial outlook that also contemplates a scenario in which the transaction does not close in 2023. Under either scenario, BPS is reflected as a discontinued operation, consistent with its presentation throughout these tables and the accompanying release. Adjusted diluted earnings per share amounts referred to below exclude special items.

<b>Sales Growth Guidance**</b>	<b>Q3 2023</b>	<b>FY 2023*</b>
Continuing operations sales growth - U.S. GAAP	~2%	1% - 2%
Foreign Exchange	~(1)%	~0.5%
Continuing operations sales growth - Constant currency	~1%	~2%

<b>Adjusted Earnings Per Share Guidance - BPS Remains a Part of Baxter Through Full-Year 2023</b>	<b>Q3 2023</b>	<b>FY 2023</b>
Adjusted diluted EPS - Continuing operations	\$0.65 - \$0.67	\$2.49 - \$2.57
Adjusted diluted EPS - Discontinued operations	~\$0.13	~\$0.43
Adjusted diluted EPS - Total Baxter	\$0.78 - \$0.80	\$2.92 - \$3.00

<b>Adjusted Earnings Per Share Guidance - The Pending BPS Sale is Completed on September 30, 2023</b>	<b>Q3 2023</b>	<b>FY 2023***</b>
Adjusted diluted EPS - Continuing operations	\$0.65 - \$0.67	\$2.54 - \$2.62
Adjusted diluted EPS - Discontinued operations	~\$0.13	~\$0.33
Adjusted diluted EPS - Total Baxter	\$0.78 - \$0.80	\$2.87 - \$2.95

\*Totals may not foot due to rounding

\*\*Assuming that BPS were to remain a part of Baxter through year-end 2023, the outlook for sales growth in aggregate (including discontinued operations) would be the same as continuing operations growth on both a reported and constant currency basis. If the pending BPS sale is completed on September 30, 2023, sales growth in the aggregate (including discontinued operations) would be approximately flat to 1% on a reported basis and approximately 1% on a constant currency basis, reflecting the absence of BPS sales in the fourth quarter.

\*\*\*If the pending BPS sale is completed on September 30, 2023, the company's outlook for adjusted diluted EPS in the aggregate (including discontinued operations) reflects a \$0.10 per share negative impact from the absence of BPS earnings in the fourth quarter. In that scenario, the company's outlook for adjusted earnings per diluted share in the aggregate and for continuing operations both reflect a net benefit of approximately \$0.05, primarily due to reduced interest expense after giving effect to anticipated debt repayment plans.

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, when viewed with Baxter's guidance under GAAP, provides useful information for the reasons noted above. As a result of significant ongoing transformative initiatives including the proposed spin-off of Baxter's Renal Care and Acute Therapies businesses, the pending sale of its BPS business, and its implementation of a new operating model, Baxter has not provided reconciliations of forward-looking adjusted EPS guidance to GAAP EPS guidance because the combined impact and timing of potential charges or gains is inherently uncertain and difficult to predict and is 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.