

FOR IMMEDIATE RELEASE

BAXTER REPORTS THIRD-QUARTER 2023 RESULTS

- *Third-quarter revenue from continuing operations of \$3.71 billion increased 3% on a reported basis and 2% on a constant currency basis, ahead of the company's previously issued guidance¹*
- *Third-quarter U.S. GAAP earnings per share (EPS) from continuing operations of \$0.09; adjusted EPS from continuing operations of \$0.68 exceeded guidance*
- *Third-quarter U.S. GAAP EPS in the aggregate (including discontinued operations) totaled \$4.93; adjusted EPS in the aggregate (including discontinued operations) of \$0.82 exceeded guidance*
- *Starting this quarter, Baxter is reporting performance according to four verticalized business segments, reflecting the strategic realignment announced in Jan. 2023*

DEERFIELD, ILL., NOV. 2, 2023 – Baxter International Inc. (NYSE:BAX), a global medtech leader, today reported results for the third quarter of 2023.

“Baxter continues to successfully execute upon the slate of strategic actions we announced at the outset of 2023,” said José (Joe) E. Almeida, chairman, president and chief executive officer. “These initiatives are centered on enhancing business performance and increasing innovation, to drive incremental value for all of our stakeholders. This progress is demonstrated across several actions this quarter, including the completion of the BioPharma Solutions divestiture, verticalization of our four business segments and solid third-quarter performance. These milestones are critical in building momentum on Baxter’s ongoing transformation journey.”

New Operating Model

On Jan. 6, 2023, Baxter announced a plan to streamline its operating model as part of a wider range of [transformational initiatives](#). This new model establishes four verticalized global segments, replacing the prior matrixed structure of nine businesses operating across three

¹ See tables to the press release for reconciliations of non-GAAP measures used in this press release to the corresponding U.S. GAAP measures.



geographic regions. Beginning this quarter, Baxter is reporting performance across its four new segments, comprised as follows:

<i>Segment</i>	Medical Products & Therapies	Healthcare Systems & Technologies	Pharmaceuticals	Kidney Care
<i>Product Categories</i>	Infusion Therapies & Technologies* Advanced Surgery	Care & Connectivity Solutions** Front Line Care	Injectables & Anesthesia Drug Compounding	Chronic Therapies*** Acute Therapies
*Includes former Medication Delivery and Clinical Nutrition businesses.				
**Includes former Patient Support Systems and Surgical Solutions businesses.				
***Includes former Renal Care business.				

This new structure represents an integrated, streamlined framework for Baxter’s diverse range of market-leading businesses, designed to drive heightened innovation and improved agility in response to marketplace dynamics. Through enhanced simplification and verticalization, the model is intended to promote a more resilient supply chain and greater alignment with Baxter’s manufacturing footprint by segment, better positioning each segment and the company as a whole to deliver on its operational and investment priorities.

Note that the Kidney Care segment forms the basis for Baxter’s proposed spinoff of its Chronic Therapies (Peritoneal Dialysis, Hemodialysis) and Acute Therapies businesses to form an independent, publicly traded company. This planned separation of the Kidney Care business is another core element of Baxter’s broader transformation (see below for a progress update on the proposed spinoff).

Third-Quarter Financial Results

Baxter worldwide sales from continuing operations in the third quarter totaled approximately \$3.71 billion, an increase of 3% on a reported basis and 2% on a constant currency basis. Sales from discontinued operations in the third quarter totaled \$191 million, an increase of 16% on a reported basis and 11% on a constant currency basis. Sales in the aggregate, including discontinued operations, increased 3% on a reported basis and 2% on a constant currency basis. Discontinued



operations include Baxter's BioPharma Solutions (BPS) business, which was acquired by Advent International and Warburg Pincus and closed at the end of the third quarter. See the next section of this press release for additional information.

U.S. sales from continuing operations in the third quarter totaled approximately \$1.77 billion, comparable with Q3 2022 performance. U.S. sales from discontinued operations totaled \$79 million. U.S. sales in the aggregate were also comparable to the prior year. International sales from continuing operations in the third quarter totaled approximately \$1.94 billion, an increase of 5% on a reported basis and 3% at constant currency rates. International sales from discontinued operations totaled \$112 million. International sales in the aggregate advanced 7% on a reported basis and 4% on a constant currency basis.

Third-quarter sales performance from continuing operations and in the aggregate exceeded Baxter's previously announced guidance, driven by new product launches in Pharmaceuticals, solid demand for Medical Products & Therapies products, and continued improvement in product availability in Healthcare Systems & Technologies. Sales performance in Kidney Care came in better than the company's expectations, but growth in the quarter reflected a difficult comparison due in part to certain discrete items that benefited sales in the third quarter of 2022 as well as the ongoing impact of lower sales in select markets outside the U.S.

Please see the attached schedules accompanying this press release for additional details on sales performance in the quarter, including breakouts by Baxter's segments.

For the third quarter, total net income attributable to Baxter was \$2.51 billion, or \$4.93 per diluted share. Total U.S. GAAP diluted EPS includes \$0.09 from continuing operations and \$4.83 from discontinued operations. These results include special items totaling \$2.09 billion, primarily related to Baxter's gain upon the divestiture of its BPS business as well as the impact of intangible amortization and business optimization costs, among other factors. On an adjusted basis, total net income attributable to Baxter was \$415 million, or \$0.82 per diluted share. Total adjusted diluted EPS includes \$0.68 from continuing operations and \$0.14 from discontinued operations. Adjusted diluted EPS for the quarter exceeded Baxter's previously announced third-quarter 2023 guidance, driven by better-than-expected sales performance and operational efficiencies.

BioPharma Solutions Divestiture

At the end of the third quarter, Baxter [completed the divestiture](#) of its BPS business. This milestone serves to further streamline Baxter's strategic focus in line with the transformational initiatives outlined at the start of 2023. The BPS business was acquired by Advent International, a global private equity investor, and Warburg Pincus, a global growth investor, and will now operate under the name Simtra BioPharma Solutions. Under the terms of the definitive agreement, Baxter received total proceeds of \$4.25 billion, subject to adjustment for specified items. After giving effect to those items, Baxter received cash proceeds of \$3.96 billion and recognized a gain of \$2.89 billion, which is reported within discontinued operations. The estimated net after-tax proceeds of approximately \$3.7 billion are being deployed towards debt repayment, consistent with the company's stated capital allocation priorities.

Kidney Care Spinoff Update

Baxter's preparations are progressing for the planned spinoff of its Chronic Therapies (Peritoneal Dialysis, Hemodialysis) and Acute Therapies businesses (collectively, Baxter's Kidney Care segment) into an independent, publicly traded company. As a standalone entity, the new company is expected to benefit from a heightened focus and the ability to pursue its unique investment priorities, emerging better positioned to accelerate growth and innovation, and create incremental value for its patients, clinicians, investors, and other stakeholder communities.

The new company's operating model and organizational design are close to being finalized, and separation progress is ongoing across legal, regulatory, supply chain, and numerous other key operational channels. Baxter currently expects the Kidney Care spinoff to occur by July 2024 or earlier, subject to the satisfaction of customary conditions.

Recent Highlights²

Baxter continues to advance key strategic priorities in pursuit of its Mission to Save and Sustain Lives. Among recent highlights, the company:

² See link to original press release for additional product information.

- Launched multiple injectable pharmaceutical molecules, including: the anti-infective daptomycin premix and the antiviral foscarnet premix, both in the U.S.; and the anti-infective vancomycin, in Australia. These launches complement those of the anti-infective **ZOSYN** (piperacillin and tazobactam), oncolytic bendamustine and anti-hypertensive norepinephrine earlier this year. Collectively, these injectables reinforce Baxter's focus on differentiated molecules and expand the Pharmaceuticals segment portfolio in critical therapeutic areas.
- Announced the launch of [digital image capture capability](#) for eye exams using Baxter's current **Welch Allyn PanOptic Plus** Ophthalmoscope. The **iExaminer Pro** System adds the ability for a clinician to connect a smart device to capture eye images for further examination. When used with the **iExaminer Pro** app, clinicians can save and share images for tracking and trending, and initiate more informed consultations with specialists.
- Launched **SpotConnect**, an electronic medical records (EMR) application for the **Welch Allyn Spot Vision Screener** device. **Spot Vision Screener** allows healthcare providers to detect and treat six vision risk factors in children, and **SpotConnect** helps streamline clinical workflows through secure EMR connectivity and allows access to screening results across the care team.

2023 Financial Outlook

For Full-Year 2023

The company expects adjusted earnings from continuing operations, before special items, of \$2.57 to \$2.60 per share.

The company expects sales growth from continuing operations of 1% to 2% on a reported basis and approximately 2% on a constant currency basis.

For Fourth-Quarter 2023

The company expects adjusted earnings from continuing operations, before special items, of \$0.85 to \$0.88 per share.

Baxter expects sales growth from continuing operations of 1% to 2% on a reported basis and approximately 1% on a constant currency basis.



Third-Quarter 2023 Earnings Conference Call

A webcast of Baxter's third-quarter 2023 conference call for investors can be accessed live from a link on the company's website at www.baxter.com beginning at 7:30 a.m. CDT on Nov. 2, 2023. Please see www.baxter.com for more information regarding this and future investor events and webcasts.

About Baxter

Every day, millions of patients, caregivers and healthcare providers rely on Baxter's leading portfolio of diagnostic, critical care, kidney care, nutrition, hospital and surgical products used across patient homes, hospitals, physician offices and other sites of care. For more than 90 years, we've been operating at the critical intersection where innovations that save and sustain lives meet the healthcare providers who make it happen. With products, digital health solutions and therapies available in more than 100 countries, Baxter's employees worldwide are now building upon the company's rich heritage of medical breakthroughs to advance the next generation of transformative healthcare innovations. To learn more, visit www.baxter.com and follow us on [X/Twitter](#), [LinkedIn](#) and [Facebook](#).

Non-GAAP Financial Measures

Non-GAAP financial measures may enhance an understanding of the company's operations and may facilitate an analysis of those operations, particularly in evaluating performance from one period to another. Management believes that non-GAAP financial measures, when used in conjunction with the results presented in accordance with U.S. GAAP and the company's reconciliations to corresponding U.S. GAAP financial measures (which are included in the tables accompanying this release), may enhance an investor's overall understanding of the company's past financial performance and prospects for the future. Accordingly, management uses these non-GAAP measures internally in financial planning, to monitor business unit performance, and, in some cases, for purposes of determining incentive compensation. This information should be considered in addition to, and not as substitutes for, information prepared in accordance with U.S. GAAP.

Net sales growth rates on a constant currency basis are non-GAAP financial measures that provide information on the percentage change in net sales growth as if foreign currency exchange rates had remained constant between the prior and current periods.

Other non-GAAP financial measures included in this release and the accompanying tables (including within the tables that provide the company's detailed reconciliations to the corresponding U.S. GAAP financial measures) are: adjusted gross margin, adjusted selling, general, and administrative expenses, adjusted research and development expenses, adjusted other operating income, net, adjusted operating income (loss), adjusted other income (expense), net, adjusted income from continuing operations before income taxes, adjusted income tax expense (benefit), adjusted income (loss) from continuing operations, adjusted income from discontinued operations, net of tax, adjusted net income (loss), adjusted net income (loss) attributable to Baxter stockholders, adjusted diluted earnings per share from continuing operations, adjusted diluted earnings per share from discontinued operations and adjusted diluted earnings per share. Those non-GAAP financial

measures exclude the impact of special items. For the quarters and nine months ended Sept. 30, 2023 and 2022, special items for one or more periods included intangible asset amortization, business optimization items, acquisition and integration items, separation-related costs, expenses related to European medical devices regulation, product-related items, a pension curtailment gain, non-marketable investment impairments, goodwill and long-lived asset impairments, a loss on a product divestiture arrangement, the reclassification of cumulative translation losses to earnings upon the substantial liquidation of a subsidiary, the gain on the sale of the BPS business and tax matters. These items are excluded because they are highly variable or unusual and of a size that may substantially impact the company's reported operations for a period. Additionally, intangible asset amortization is excluded as a special item to facilitate an evaluation of current and past operating performance and is consistent with how management and the company's Board of Directors assess performance.

This release and the accompanying tables also include free cash flow, a non-GAAP financial measure that Baxter defines as operating cash flow less capital expenditures. Free cash flow is used by management and the company's Board of Directors to evaluate the cash generated from Baxter's operating activities each period after deducting its capital spending.

This release and the accompanying tables also include forecasts of certain of the aforementioned non-GAAP measures on a forward-looking basis as part of the company's financial outlook for upcoming periods. 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 above. 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.

Forward-Looking Statements

This release includes forward-looking statements concerning the company's financial results (including the outlook for fourth-quarter and full-year 2023) and business development and regulatory activities. These forward-looking statements are based on assumptions about many important factors, including the following, which could cause actual results to differ materially from those in the forward-looking statements: the company's ability to execute and complete strategic initiatives, asset dispositions and other transactions, including the proposed spinoff of the company's Kidney Care segment and the company's plans to simplify its manufacturing footprint, the timing for such transactions, the ability to satisfy any applicable conditions and the expected proceeds, consideration and benefits; failure to accurately forecast or achieve the company's short- and long-term financial improvement performance and goals (including with respect to the company's strategic actions); the company's ability to execute on its capital allocation plans, including the company's debt repayment plans, the timing and amount of any dividends, share

repurchases and acquisition proceeds and the capital structure of the public company that the company expects to form as a result of the proposed spinoff (and the resulting capital structure for the remaining company); the impact of global economic conditions (including, among other things, inflation levels, interest rates, financial market volatility, banking crises, the potential for a recession, the ongoing wars in Ukraine, Israel and Gaza and other geopolitical events, the related economic sanctions being imposed globally in response to the conflicts and potential trade wars and the expansion of such conflicts) and continuing public health crises, pandemics and epidemics, such as the COVID-19 pandemic, or the anticipation of any of the foregoing, on the company's operations and on the company's employees, customers and suppliers, including foreign governments in countries in which the company operates; downgrades to the company's credit ratings or ratings outlooks, and the related impact on the company's funding costs and liquidity; product development risks, including satisfactory clinical performance and obtaining and maintaining required regulatory approvals (including as a result of evolving regulatory requirements or the withdrawal or resubmission of any pending applications), the ability to manufacture at appropriate scale, and the general unpredictability associated with the product development cycle; product quality or patient safety issues leading to product recalls, withdrawals, launch delays, warning letters, import bans, sanctions, seizures, litigation, or declining sales, including the focus on evaluating product portfolios for the potential presence or formation of nitrosamines; future actions of (or failures to act or delays in acting by) FDA, the European Medicines Agency or any other regulatory body or government authority (including the SEC, Department of Justice, the Federal Trade Commission, Centers for Medicare & Medicaid Services or the Attorney General of any State) that could delay, limit or suspend product development, manufacturing, sale or reimbursement or result in seizures, recalls, injunctions, monetary sanctions or criminal or civil liabilities, including the lifting of the warning letters at the company's Ahmedabad facility; demand for and market acceptance risks for and competitive pressures related to new and existing products (including challenges with the company's ability to accurately predict changing consumer preferences and future expenditures, which have led to and may continue to lead to increased inventory levels, and needs and advances in technology and the resulting impact on customer inventory levels), and the impact of those products on quality and patient safety concerns; breaches, including by cyber-attack, data leakage, unauthorized access or theft, or failures of or vulnerabilities in the company's information technology systems or products; the continuity, availability and pricing of acceptable raw materials and component parts (and the company's ability to pass some or all of these costs to the company's customers through recent price increases or otherwise), and the related continuity of the company's manufacturing and distribution and those of the company's suppliers; inability to create additional production capacity in a timely manner or the occurrence of other manufacturing, sterilization or supply difficulties (including as a result of natural disaster, public health crises and epidemics/pandemics, regulatory actions or otherwise); the company's ability to finance and develop new products or enhancements on commercially acceptable terms or at all; loss of key employees, the occurrence of labor disruptions or the inability to identify and recruit new employees; failures with respect to the company's quality, compliance or ethics programs; future actions of third parties, including third-party payers and the company's customers and distributors (including group purchasing organizations and integrated delivery networks), the impact of healthcare reform and its implementation, suspension, repeal, replacement, amendment, modification and other similar actions undertaken by the United States or foreign governments; the outcome of pending or future litigation, the impact of competitive products and pricing, including generic competition, drug



reimportation and disruptive technologies (including pharmacological advances such as SGLT2 antagonists, GLP-1 agonists and selective mineralocorticoid receptor antagonists); global regulatory, trade and tax policies (including with respect to climate change and other sustainability matters); the ability to protect or enforce the company's owned or in-licensed patent or other proprietary rights (including trademarks, copyrights, trade secrets and know-how) or patents of third parties preventing or restricting the company's manufacture, sale or use of affected products or technology; the impact of any goodwill or other intangible asset impairments on the company's operating results; fluctuations in foreign exchange and interest rates; any changes in law concerning the taxation of income (whether with respect to current or future tax reform); actions by tax authorities in connection with ongoing tax audits; and other risks identified in Baxter's most recent filings on Form 10-K and Form 10-Q and other SEC filings, all of which are available on Baxter's website. Baxter does not undertake to update its forward-looking statements unless otherwise required by the federal securities laws.

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