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

2022 2021 Change NET SALES \$ 3,707 \$ 2,946 26 % COST OF SALES 2,359 1,801 31 % GROSS MARGIN 1,348 1,145 18 % \$ of Net Sales 36.4 % 38.9 % (2.5 prs) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES 1.052 627 68 % \$ of Net Sales 28.4 % 21.3 % 7.1 pis SELLING, GENERAL AND ADMINISTRATIVE EXPENSES 1.052 627 68 % \$ of Net Sales 28.4 % 21.3 % 7.1 pis Second Sales 4.0 % 4.3 % (0.3 pris) OTHER OPERATING INCOME, NET (17) — NM OPERATING INCOME 163 390 (58 pris) NUTHERS TEXPENSE, NET (16) 5 (420 % INCOME TAX EXPENSE, NET 105 2 (240 % INCOME TAX EXPENSE 21 51 (73 % Net INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS 2 2 0 % Net INCOME ATTRIBUTABLE TO NONCON		 Three Mont March				
COST OF SALES 2.359 1.801 31 % GROSS MARGIN 1.348 1.145 18 % % of Net Sales 36.4 % 38.9 % (2.5 pcs) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES 1.052 627 68 % % of Net Sales 28.4 % 21.3 % 7.1 pts RESEARCH AND DEVELOPMENT EXPENSES 150 128 17 % % of Net Sales 28.4 % 21.3 % (0.3 pcs) OTHER OPERATING INCOME, NET (17) — NM OPERATING INCOME 163 300 (58 %)% 1NTEREST EXPENSE, NET 163 300 (68 %)% NOTHER (INCOME LAXES 94 351 (73 %) INCOME TAX EXPENSE 21 51 (59 %) NET INCOME 73 300 (76 %) NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS 2 2 0 % NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS 5 0.14 5 0.59 NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS 5 0.14 5 0.59 Diluted \$ 0.14		2022		2021	Change	
GROSS MARGIN 1,348 1,145 18 % % of Net Sales 36.4 % 38.9 % (2.5 pts) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES 1,052 627 68 % % of Net Sales 28.4 % 21.3 % 7.1 pts RESEARCH AND DEVELOPMENT EXPENSES 150 128 17 % % of Net Sales 4.0 % 4.3 % (0.3 pts) OTHER OPERATING INCOME, NET (17) — NM OPERATING INCOME 163 390 (58)% % of Net Sales 4.4 % 13.2 % (8.8 pts) Noter Sales 4.4 % 13.2 % (8.8 pts) Noter Sales 94 351 (73)% OTHER (INCOME EXPENSE, NET (16) 5 (420)% INCOME BEFORE INCOME TAXES 94 351 (73)% INCOME TAX EXPENSE 21 51 (59)% % of Income Before Income Taxes 22.3 % 14.5 % 7.8 pts NET INCOME TRIBUTABLE TO NONCONTROLLING INTERESTS 2 2 0 %	NET SALES	\$ 3,707	\$	2,946	26 %	
% of Net Sales 36.4 % 38.9 % (2.5 prk) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES 1.052 627 68 % % of Net Sales 28.4 % 21.3 % 7.1 prs REESEARCH AND DEVELOPMENT EXPENSES 150 128 17 % % of Net Sales 4.0 % 4.3 % (0.3 prs) 0 FIRE OPERATING INCOME, NET (17) — NM 0 OPERATING INCOME 163 390 (58)% % of Net Sales 4.4 % 13.2 % (8.8 prs) INTERST EXPENSE, NET 85 34 150 % 0 OTHER OPERATING INCOME TAXES 94 351 (73)% INCOME BEFORE INCOME TAXES 94 351 (73)% INCOME TAX EXPENSE 21 51 (59)% % of Income Bagine Income Taxes 22.3 % 14.5 % 7.8 prs NET INCOME 73 300 (76)% EARNINGS PER SHARE Basic 503 505 Diluted 5 0.14 \$ 0.58 (76)% Met GHTED-AVERAGE NUMBER OF SHARES OUTSTANDING Basic 503 505 <	COST OF SALES	2,359		1,801	31 %	
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES 1,052 627 68 % % of Net Sales 28.4 % 21.3 % 7.1 pts RESEARCH AND DEVELOPMENT EXPENSES 150 128 17 % % of Net Sales 4.0 % 4.3 % (0.3 pts) OTHER OPERATING INCOME, NET (17) — NM OPERATING INCOME 163 390 (58% % of Net Sales 4.4 % 13.2 % (8.8 pts) INTEREST EXPENSE, NET 85 34 150 % OTHER (INCOME) EXPENSE, NET (16) 5 (420% INCOME TAX EXPENSE 21 51 (73)% % of Income Before Income Taxes 22.3 % 14.5 % 7.8 pts NET INCOME 73 300 (76)% ET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS 2 2 0 % NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS \$ 0.14 \$ 0.59 (76)% EARNINGS PER SHARE Basic \$ 0.14 \$ 0.59 (76)% Basic \$ 0.14 \$ 0.59 (76)% (76)% 503 50	GROSS MARGIN	1,348		1,145	18 %	
% of Net Sales 28.4 % 21.3 % 7.1 pts RESEARCH AND DEVELOPMENT EXPENSES 150 128 17 % % of Net Sales 4.0 % 4.3 % (0.3 pts) OTHER OPERATING INCOME, NET (17) — NM OPERATING INCOME 163 390 (58)% % of Net Sales 4.4 % 13.2 % (8.8 pts) INTEREST EXPENSE, NET 85 34 150 (420)% OTHER (INCOME TAXES 94 351 (73)% INCOME BEFORE INCOME TAXES 94 351 (73)% INCOME TAX EXPENSE 21 51 (59)% % of Income Before Income Taxes 22.3 % 14.5 % 7.8 pts NET INCOME 73 300 (76)% EARNINGS PER SHARE 2 2 0 % Basic \$ 0.14 \$ 0.58 (76)% VEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING 509 511 Basic \$ 0.14 \$ 0.58 (76)% VEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING 509 511 Basic \$ 0.14 \$ 0.58 (76)%	% of Net Sales	36.4 %		38.9 %	(2.5 pts)	
RESEARCH AND DEVELOPMENT EXPENSES 150 128 17 % % of Net Sales 4.0 % 4.3 % (0.3 pts) OTHER OPERATING INCOME, NET (17) NM OPERATING INCOME 163 390 (58)% % of Net Sales 4.4 % 13.2 % (8.8 pts) INTEREST EXPENSE, NET 85 34 150 % OTHER (INCOME) EXPENSE, NET (16) 5 (420)% INCOME BEFORE INCOME TAXES 94 351 (73)% INCOME BEFORE INCOME TAXES 94 351 (76)% % of Income Before Income Taxes 22.3 % 14.5 % 7.8 pts NET INCOME 73 300 (76)% NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS S 71 \$ 298 (76)% EARNINGS PER SHARE Basic S 0.14 \$ 0.59 (76)% WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING Basic 503 505 509 511 ADJUSTED OPERATING INCOME (excluding special items) ¹ S	SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	1,052		627	68 %	
Ministrict International Procession Processic Processic Procession Procession Procession Procession P	% of Net Sales	28.4 %		21.3 %	7.1 pts	
OTHER OPERATING INCOME, NET (17) — NM OPERATING INCOME 163 390 (58)% % of Net Sales 4.4 % 13.2 % (8.8 pts) INTEREST EXPENSE, NET 85 34 150 % OTHER (INCOME) EXPENSE, NET (16) 5 (420)% INCOME BEFORE INCOME TAXES 94 351 (73)% INCOME TAX EXPENSE 21 51 (59)% % of Income Before Income Taxes 22.3 % 14.5 % 7.8 pts NET INCOME 73 300 (76)% NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS 2 2 0 % NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS 5 0.14 \$ 0.59 EARNINGS PER SHARE 0.58 (76)% WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING 5 0.14 \$ 0.59 (76)% WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING 5 0.14 \$ 0.58 (76)%	RESEARCH AND DEVELOPMENT EXPENSES	150		128	17 %	
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% of Net Sales 4.4 % 13.2 % (8.8 pts) INTEREST EXPENSE, NET 85 34 150 % OTHER (INCOME) EXPENSE, NET (16) 5 (420)% INCOME BEFORE INCOME TAXES 94 351 (73)% INCOME TAX EXPENSE 21 51 (59)% % of Income Before Income Taxes 22.3 % 14.5 % 7.8 pts NET INCOME 73 300 (76)% NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS 2 2 0 % NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS 2 2 0 % NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS \$ 0.14 \$ 0.59 (76)% Diluted \$ 0.14 \$ 0.59 (76)% WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING Basic 503 505 Diluted \$ 0.14 \$ 0.59 511 ADJUSTED OPERATING INCOME (excluding special items)' \$ 666 \$ 501 33 % ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS \$ 597 \$ 462 29 % ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS \$ 471 \$ 386 22 %	OTHER OPERATING INCOME, NET	(17)			NM	
INTEREST EXPENSE, NET 85 34 150 % OTHER (INCOME) EXPENSE, NET (16) 5 (420)% INCOME BEFORE INCOME TAXES 94 351 (73)% INCOME TAX EXPENSE 21 51 (59)% % of Income Before Income Taxes 22.3 % 14.5 % 7.8 pts NET INCOME 73 300 (76)% NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS 2 2 0 % NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS S 71 S 298 (76)% EARNINGS PER SHARE Basic S 0.14 S 0.59 (76)% Diluted \$ 0.14 \$ 0.58 (76)% MEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING Basic 503 505 509 511 ADJUSTED OPERATING INCOME (excluding special items)' \$ 666 \$ 501 33 % ADJUSTED INCOME BEFORE INCOME TAXES (excluding special items)' \$ 597 \$ 462 29 % ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS \$ 471 \$ 386 22 %	OPERATING INCOME	163		390	(58)%	
OTHER (INCOME) EXPENSE, NET (16) 5 (420)% INCOME BEFORE INCOME TAXES 94 351 (73)% INCOME TAX EXPENSE 21 51 (59)% % of Income Before Income Taxes 21.3 51 (59)% % of Income Before Income Taxes 22.3 % 14.5 % 7.8 pts NET INCOME 73 300 (76)% % 71 \$ 298 (76)% NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS 2 2 0 % % NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS \$ 0.14 \$ 0.59 (76)% EARNINGS PER SHARE Basic \$ 0.14 \$ 0.58 (76)% WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING Basic 503 505 509 511 ADJUSTED OPERATING INCOME (excluding special items)' \$ 666 \$ 501 33 % ADJUSTED INCOME BEFORE INCOME TAXES (excluding special items)' \$ 597 \$ 462 29 % ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)' \$ 597 <td>% of Net Sales</td> <td>4.4 %</td> <td></td> <td>13.2 %</td> <td>(8.8 pts)</td>	% of Net Sales	4.4 %		13.2 %	(8.8 pts)	
INCOME BEFORE INCOME TAXES 94 351 (73)% INCOME TAX EXPENSE 21 51 (59)% % of Income Before Income Taxes 22.3 % 14.5 % 7.8 pts NET INCOME 73 300 (76)% NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS 2 2 0 % NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS \$ 71 \$ 298 (76)% EARNINGS PER SHARE Basic \$ 0.14 \$ 0.59 (76)% WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING \$ 0.14 \$ 0.58 (76)% ADJUSTED OPERATING INCOME (excluding special items)' \$ 666 \$ 501 33 % ADJUSTED INCOME BEFORE INCOME TAXES (excluding special items)' \$ 597 \$ 462 29 % ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS \$ 597 \$ 462 29 % ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS \$ 597 \$ 462 29 %	INTEREST EXPENSE, NET	85		34	150 %	
INCOME TAX EXPENSE2151(59)%% of Income Before Income Taxes22.3 %14.5 %7.8 ptsNET INCOME73300(76)%NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS220 %NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS\$71\$298REARNINGS PER SHARE50.14\$0.59(76)%Basic\$0.14\$0.58(76)%WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING503505509511Basic503505509511509511ADJUSTED OPERATING INCOME (excluding special items)1\$666\$50133 %ADJUSTED INCOME BEFORE INCOME TAXES (excluding special items)1\$597\$46229 %ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)1\$597\$46229 %ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)1\$38622 %	OTHER (INCOME) EXPENSE, NET	(16)		5	(420)%	
INCOME TINEAR END Image: Control of the control of	INCOME BEFORE INCOME TAXES	94		351	(73)%	
NET INCOME 73 300 (76)% NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS 2 2 0 % NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS \$ 71 \$ 298 (76)% EARNINGS PER SHARE Basic \$ 0.14 \$ 0.59 (76)% Diluted \$ 0.14 \$ 0.59 (76)% WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING (76)% (76)% Basic 503 505 501 33 % ADJUSTED OPERATING INCOME (excluding special items) ¹ \$ 666 \$ 501 33 % ADJUSTED INCOME BEFORE INCOME TAXES (excluding special items) ¹ \$ 597 \$ 462 29 % ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS \$ 471 \$ 386 22 %	INCOME TAX EXPENSE	21		51	(59)%	
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS220 %NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS\$71\$298(76)%EARNINGS PER SHARE </td <td>% of Income Before Income Taxes</td> <td>22.3 %</td> <td></td> <td>14.5 %</td> <td>7.8 pts</td>	% of Income Before Income Taxes	22.3 %		14.5 %	7.8 pts	
NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS \$ 71 \$ 298 (76)% EARNINGS PER SHARE 5 0.14 \$ 0.59 (76)% Basic \$ 0.14 \$ 0.59 (76)% Diluted \$ 0.14 \$ 0.58 (76)% WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING \$ 503 505 503 505 Diluted 509 511 509 511 509 511 ADJUSTED OPERATING INCOME (excluding special items) ¹ \$ 666 \$ 501 33 % ADJUSTED INCOME BEFORE INCOME TAXES (excluding special items) ¹ \$ 597 \$ 462 29 % ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items) ¹ \$ 386 22 %	NET INCOME	73		300	(76)%	
EARNINGS PER SHAREBasic\$0.14\$0.59(76)%Diluted\$0.14\$0.58(76)%WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDINGBasic503505Basic503505511Diluted509511ADJUSTED OPERATING INCOME (excluding special items) ¹ \$6666\$50133 %ADJUSTED INCOME BEFORE INCOME TAXES (excluding special items) ¹ \$597\$46229 %ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items) ¹ \$38622 %	NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	2		2	0 %	
Basic\$0.14\$0.59(76)%Diluted\$0.14\$0.58(76)%WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDINGBasic503505Diluted509511ADJUSTED OPERATING INCOME (excluding special items)'\$666\$50133 %ADJUSTED INCOME BEFORE INCOME TAXES (excluding special items)'\$597\$46229 %ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)'\$471\$38622 %	NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS	\$ 71	\$	298	(76)%	
Diluted\$0.14\$0.58WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING Basic503505Basic503505Diluted509511ADJUSTED OPERATING INCOME (excluding special items)1\$666\$S666\$50133 %ADJUSTED INCOME BEFORE INCOME TAXES (excluding special items)1\$597\$462ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)1\$38622 %	EARNINGS PER SHARE					
Diluted\$0.14\$0.58(76)%WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING Basic503505Basic503505Diluted509511ADJUSTED OPERATING INCOME (excluding special items)1\$666\$S666\$50133 %ADJUSTED INCOME BEFORE INCOME TAXES (excluding special items)1\$597\$462ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)1\$38622 %	Basic	\$ 0.14	\$	0.59	(76)%	
Basic503505Diluted509511ADJUSTED OPERATING INCOME (excluding special items)1\$666\$ADJUSTED INCOME BEFORE INCOME TAXES (excluding special items)1\$597\$ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)1\$46229 %ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)1\$38622 %	Diluted	\$ 0.14	\$	0.58	(76)%	
Basic503505Diluted509511ADJUSTED OPERATING INCOME (excluding special items)1\$666\$ADJUSTED INCOME BEFORE INCOME TAXES (excluding special items)1\$597\$ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)1\$46229 %						
Diluted 509 511 ADJUSTED OPERATING INCOME (excluding special items) ¹ \$ 666 \$ 501 33 % ADJUSTED INCOME BEFORE INCOME TAXES (excluding special items) ¹ \$ 597 \$ 462 29 % ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items) ¹ \$ 597 \$ 386 22 %				- ^ -		
ADJUSTED OPERATING INCOME (excluding special items) ¹ \$ 666 \$ 501 33 % ADJUSTED INCOME BEFORE INCOME TAXES (excluding special items) ¹ \$ 597 \$ 462 29 % ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items) ¹ \$ 386 22 %						
ADJUSTED INCOME BEFORE INCOME TAXES (excluding special items)1\$597\$46229 %ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)1\$471\$38622 %	Diluted	509		511		
ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items) ¹ \$ 386 22 %	ADJUSTED OPERATING INCOME (excluding special items) ¹	\$ 666	\$	501	33 %	
(excluding special items) ¹ \$ 471 \$ 386 22 %	ADJUSTED INCOME BEFORE INCOME TAXES (excluding special items) ¹	\$ 597	\$	462	29 %	
		\$ 471	\$	386	22 %	
	ADJUSTED DILUTED EPS (excluding special items) ¹	0.93		0.76	22 %	

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, 2022 included special items which impacted the U.S. GAAP measures as follows:

	Gross Margin	Ge Adn	Selling, neral and ninistrative xpenses	De	search and velopment Expenses	Othe Opera Income	ing	-	erating come] I	ncome Before ncome Taxes		ncome Tax xpense	-	Net	A	Net Income Attributable to Baxter tockholders	Ea	Diluted arnings er 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 %	<i>,</i> 0	28.4 %)	4.0 %	(().5)%		4.4 %)	2.5 %		22.3 %	ó	2.0 %	6	1.9 %	I	
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 expenses ³	164		(24)		—		17		171		171		30		141		141		0.28
European medical devices regulation ⁴	11				—				11		11		2		9		9		0.02
Product-related items ⁵	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 %	0	23.1 %)	4.0 %	().0 %		18.0 %)	16.1 %	I	20.8 %	<i>0</i>	12.8 %	6	12.7 %	,	

The company's U.S. GAAP results for the three months ended March 31, 2021 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	\$1,145	\$ 627	\$ 128	\$	\$ 390	\$ 351	\$ 51	\$ 300	\$ 298	\$ 0.58
Reported percent of net sales (or percent of income before income taxes for income tax expense)	38.9 %	21.3 %	4.3 %	o 0.0 %	13.2 %	5 11.9 %	14.5 %	6 10.2 %	10.1 %	
Intangible asset amortization ¹	64		—		64	64	12	52	52	0.10
Business optimization items ²	21	(6)		_	27	27	7	20	20	0.04
Acquisition and integration expenses ³	—	(1)			1	1		1	1	0.00
European medical devices regulation ⁴	8	—			8	8	2	6	6	0.01
Investigation and related costs ⁶		(11)	—		11	11	2	9	9	0.02
Adjusted	\$1,238	\$ 609	\$ 128	\$ —	\$ 501	\$ 462	\$ 74	\$ 388	\$ 386	\$ 0.76
Adjusted percent of net sales (or adjusted percent of income before income taxes for income tax expense)	42.0 %	20.7 %	4.3 %	5 0.0 %	5 17.0 %	b 15.7 %	16.0 %	6 13.2 %	13.1 %	

¹ The company's results in 2022 and 2021 included intangible asset amortization expense of \$217 million (\$169 million, or \$0.33 per diluted share, on an after-tax basis) and \$64 million (\$52 million, or \$0.10 per diluted share, on an after-tax basis), respectively.

² The company's results in 2022 and 2021 included charges of \$81 million (\$61 million, or \$0.12 per diluted share, on an after-tax basis) and \$27 million (\$20 million, or \$0.04 per diluted share, on an after-tax basis), respectively, associated with its programs to optimize its organization and cost structure on a global basis. In 2022, restructuring charges include actions taken in connection with our integration of Hill-Rom Holdings, Inc. (Hillrom), which we acquired in December 2021.

³ 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 our acquisition of Hillrom, primarily reflecting incremental costs of sales from the fair value step-ups on acquired Hillrom inventory that was sold in the current period. The acquisition and integration-related expenses related to Hillrom were partially offset by a benefit from a change in the estimated fair value of contingent consideration liabilities assumed in the Hillrom acquisition. The company's results in 2021 included \$1 million (\$1 million, or \$0.00 per diluted share, on an after-tax basis) of integration expenses related to the acquisition of the rights to **Caelyx** and **Doxil** for specified territories outside of the U.S.

- ⁴ The company's results in 2022 and 2021 included costs of \$11 million (\$9 million, or \$0.02 per diluted share, on an after-tax basis) and \$8 million (\$6 million, or \$0.01 per diluted share, on an after-tax basis) related to updating its quality systems and product labeling to comply with the new medical device reporting regulation and other requirements of the European Union's regulations for medical devices that became effective in stages beginning in 2021.
- ⁵ 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 our infusion pumps.
- ⁶ The company's results in 2021 included costs of \$11 million (\$9 million, or \$0.02 per diluted share, on an after-tax basis) for investigation and related costs from matters associated with the company's investigation of foreign exchange gains and losses.

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)

	T	hree Months E	Ended March 31,	_	
		2022	2021	% Growth @ Actual Rates	% Growth @ Constant Rates
Americas	\$	1,626	\$ 1,560	4 %	5 %
EMEA		699	738	(5)%	2 %
APAC		627	648	(3)%	0 %
Hillrom		755	_	N/A	N/A
Total Baxter	\$	3,707	\$ 2,946	26 %	29 %

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,		
	20	22	2021	% Growth @ Actual Rates	% Growth @ Constant Rates
Renal Care ¹	\$	894 \$	922	(3)%	1 %
Medication Delivery ²		706	652	8 %	10 %
Pharmaceuticals ³		521	552	(6)%	(2)%
Clinical Nutrition ⁴		227	234	(3)%	1 %
Advanced Surgery ⁵		228	217	5 %	8 %
Acute Therapies ⁶		188	207	(9)%	(7)%
BioPharma Solutions ⁷		156	135	16 %	21 %
Patient Support Systems 8		383		N/A	N/A
Front Line Care ⁹		294		N/A	N/A
Surgical Solutions ¹⁰		78		N/A	N/A
Other ¹¹		32	27	19 %	19 %
Total Baxter	\$	3,707 \$	2,946	26 %	29 %

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 (PN) 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 connected care solutions: devices, software, communications and integration technologies.
- ⁹ Includes sales of 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 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)

		Th	ree I	Months E	Ende	d Marc	h 31,						
		2022					2021			% Growth			
	 U.S.	Internation	al	Total		U.S.	International	Total	U.S.	International	Total		
Renal Care	\$ 225	\$ 6	<u>59</u> \$	894	\$	216	\$ 706	\$ 922	4 %	(5)%	(3)%		
Medication Delivery	472	2.	34	706		411	241	652	15 %	(3)%	8 %		
Pharmaceuticals	157	30	64	521		200	352	552	(22)%	3 %	(6)%		
Clinical Nutrition	84	14	13	227		83	151	234	1 %	(5)%	(3)%		
Advanced Surgery	136	9	92	228		126	91	217	8 %	1 %	5 %		
Acute Therapies	68	12	20	188		81	126	207	(16)%	(5)%	(9)%		
BioPharma Solutions	52	1)4	156		44	91	135	18 %	14 %	16 %		
Patient Support Systems	295	:	38	383			_	—	N/A	N/A	N/A		
Front Line Care	207	:	37	294		—	_	—	N/A	N/A	N/A		
Surgical Solutions	37	4	1	78			_	—	N/A	N/A	N/A		
Other	 24		8	32		19	8	27	26 %	0 %	19 %		
Total Baxter	\$ 1,757	\$ 1,9	50 \$	3,707	\$	1,180	\$ 1,766	\$ 2,946	49 %	10 %	26 %		

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

	Three Mo	onths E	nded	l March 31,
	2022			2021
Cash flows from operations - continuing operations	\$	208	\$	377
Cash flows from investing activities		(304)		(538)
Cash flows from financing activities		(548)		(358)
Cash flows from operations - continuing operations	\$	208	\$	377
Capital expenditures		(140)		(171)
Free cash flow - continuing operations	\$	68	\$	206

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 Operational Sales Growth From The Three Months Ended March 31, 2021 to The Three Months Ended March 31, 2022 (unaudited)

	Net Sales Growth As Reported	Hillrom	FX	Operational Sales Growth*
Renal Care	(3)%	0 %	4 %	1 %
Medication Delivery	8 %	0 %	2 %	10 %
Pharmaceuticals	(6)%	0 %	4 %	(2)%
Clinical Nutrition	(3)%	0 %	4 %	1 %
Advanced Surgery	5 %	0 %	3 %	8 %
Acute Therapies	(9)%	0 %	2 %	(7)%
BioPharma Solutions	16 %	0 %	5 %	21 %
Patient Support Systems	N/A	N/A	N/A	N/A
Front Line Care	N/A	N/A	N/A	N/A
Surgical Solutions	N/A	N/A	N/A	N/A
Other	19 %	0 %	0 %	19 %
Total Baxter	26 %	(26)%	3 %	3 %
U.S.	49 %	(46)%	0 %	3 %
International	10 %	(12)%	6 %	3 %

*Totals may not add across due to rounding

Operational 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 2022 U.S. GAAP Sales Growth to Projected Operational Sales Growth, and Projected Second Quarter and Full Year 2022 U.S. GAAP Earnings Per Share to Projected Adjusted Earnings Per Share (unaudited)

Sales Growth Guidance	Q2 2022*	FY 2022*
Sales Growth - U.S. GAAP	26%	23% - 24%
Hillrom	(25)% - (26)%	(22)% - (23)%
Foreign exchange	3% - 4%	2%
Sales Growth - Operational	4%	3%

*Totals may not foot due to rounding

Earnings Per Share Guidance	Q2 2022*	FY 2022*
Earnings per Diluted Share - U.S. GAAP	\$0.48 - \$0.51	\$2.35 - \$2.43
Estimated intangible asset amortization	\$0.29	\$1.11
Estimated business optimization charges	\$0.02	\$0.16
Estimated acquisition and integration expenses	\$0.05	\$0.39
Estimated product-related items	\$0.00	\$0.04
Estimated European medical devices regulation	\$0.02	\$0.07
Earnings per Diluted Share - Adjusted	\$0.86 - \$0.89	\$4.12 - \$4.20

*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 2022 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, 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 2022.