



Baxter

THIRD-QUARTER 2024 EARNINGS

Baxter International Inc.
November 8, 2024

FORWARD-LOOKING STATEMENTS

This presentation includes forward-looking statements concerning the company's financial results (including the outlook for fourth-quarter and full-year 2024, and full-year 2025) 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 and development activities, including the pending sale of the company's Kidney Care business, the company's plans to simplify its manufacturing footprint, the timing for such transactions and risks associated with a consolidated manufacturing footprint, the ability to satisfy any applicable conditions and the expected proceeds, consideration and realization of anticipated benefits; failure to accurately forecast or achieve the company's short- and long-term financial performance and goals (including with respect to the company's strategic initiatives and other actions, including Hurricane Helene recovery efforts and cost-containment initiatives) and related impacts on its liquidity; 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 divestiture proceeds; the company's ability to successfully integrate acquisitions; 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 war in Ukraine, the conflict in the Middle East, tensions amongst China, Taiwan and the U.S., and the potential for escalation of these conflicts, the related economic sanctions being imposed globally in response to the conflicts and potential trade wars and global public health crises, pandemics and epidemics or the anticipation of any of the foregoing, on the company's operations and on the company's employees, customers, suppliers, and foreign governments in countries in which the company operates; downgrades to the company's credit ratings or ratings outlooks, or withdrawals by rating agencies from rating us and the company's indebtedness, and the impact on the company's funding costs and liquidity; the impact of any goodwill, intangible asset or other long-lived asset impairments on the company's operating results; 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; regulatory agency inspections, product quality or patient safety issues leading to product recalls, withdrawals, labeling changes, launch delays, warning letters, import bans, denial of import certifications, 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 or the Attorney General of any State) that could delay, limit or suspend product development, manufacturing or sale or result in seizures, recalls, injunctions, monetary sanctions or criminal or civil liabilities; demand and market acceptance risks for, and competitive pressures related to, new and existing products, challenges with the company's ability to accurately predict changing consumer preferences and future expenditures and inventory levels, and challenges with the company's ability to monetize new and existing products and services, the impact of those products on quality and patient safety concerns and the need for ongoing training and support for our products; 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, 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, war, terrorism, global public health crises and epidemics/pandemics, regulatory actions or otherwise (including the impact of the physical effects of climate change such as severe storms and storm related events); the company's ability to finance and develop new products or enhancements on commercially acceptable terms or at all; loss of key employees (including those involved with any key strategic actions), the occurrence of labor disruptions (including as a result of labor disagreements under bargaining agreements or national trade union agreements or disputes with works councils) or the inability to attract, develop, retain and engage 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 GPOs and IDNs); changes to legislation and regulation and other governmental pressures in United States and globally, including the cost of compliance and potential penalties for purported noncompliance thereof, including new or amended laws, rules and regulations as well as 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, including with respect to pricing, reimbursement, taxation and rebate policies; the outcome of pending or future litigation; the impact of competitive products and pricing, including generic competition, drug reimportation and disruptive technologies; global regulatory, trade and tax policies; the ability to protect or enforce the company's patents or other proprietary rights (including trademarks, copyrights, trade secrets and know-how) or where the patents of third parties prevent or restrict the company's manufacture, sale or use of affected products or technology; 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.

USE OF NON-GAAP FINANCIAL MEASURES

To supplement Baxter's consolidated financial statements presented on a U.S. GAAP basis, the company discloses certain non-GAAP financial measures. These non-GAAP financial measures are not in accordance with generally accepted accounting principles in the United States.

A reconciliation of the non-GAAP financial measures included in this document to the corresponding U.S. GAAP measures follows in the section titled Non-GAAP Reconciliations. In addition, an explanation of the ways in which Baxter management uses these supplemental non-GAAP measures to evaluate its business and the substantive reasons why Baxter management believes that these non-GAAP measures provide useful information to investors is included in the company's most recent earnings release filed with the SEC on Form 8-K on November 8, 2024. This information should be considered in addition to, and not as substitutes for, information prepared in accordance with U.S. GAAP.

Baxter strongly encourages investors to review its consolidated financial statements and publicly filed reports in their entirety and cautions investors that the non-GAAP measures used by the company may differ from similar measures used by other companies, even when similar terms are used to identify such measures.

Non-GAAP financial measures used in this presentation include constant currency sales growth, adjusted gross margin, adjusted selling, general, and administrative expenses, adjusted research and development expenses, adjusted other operating income, net, adjusted operating income, adjusted other expense, net, adjusted income from continuing operations before income taxes, adjusted income tax expense, adjusted income (loss) from continuing operations, adjusted income (loss) from discontinued operations, 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.

A reconciliation to comparable U.S. GAAP measures can be found herein and is available at www.baxter.com.

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PERFORMANCE SUMMARY

Third-Quarter 2024 Earnings
November 8, 2024

EXECUTING ON OUR STRATEGY FOR VALUE CREATION

RECENT HIGHLIGHTS

Q3 2024 Results¹

- Excluding Q3 2023 BioPharma Solutions sales and including sales of Kidney Care in both periods, worldwide Baxter sales grew 4% on both a reported and constant currency basis, in line with the company's prior guidance
- Adjusted earnings per share from continuing operations totaled \$0.80², exceeding the company's original guidance of \$0.77 to \$0.79 per diluted share, driven by top-line strength in Medical Products & Therapies and Kidney Care as well as continued improvements in integrated supply chain and disciplined management of operating expenses

Hurricane Helene Recovery at North Cove Facility

- On Sept. 27, 2024, western North Carolina was devastated by the impact of Hurricane Helene, which was unprecedented for the region. Among its effects, the rain and storm surge resulted in flooding at Baxter's North Cove manufacturing facility, causing a temporary production shutdown. Since then, Baxter has been focused on bringing the North Cove facility back online, working to ensure ongoing supply continuity for patients, and supporting employees in impacted communities
- Baxter restarted North Cove's highest-throughput IV solutions manufacturing line the first week of November and its current expectation is that new product from North Cove could begin shipping to distributors and customers by the end of November, ahead of its original expectations
- The company expects to restart production on all lines in North Cove before the end of 2024

Enhancing Value For Shareholders

- Paid quarterly dividend of \$0.29 per share, reflecting continued commitment to return value to shareholders
- On Aug. 13, 2024, Baxter and Carlyle [announced a definitive agreement](#) under which Carlyle is to acquire Baxter's Kidney Care segment, to be known as Vantive, for \$3.80 billion. Baxter continues to expect the sale to close in late 2024 or early 2025, subject to receipt of customary regulatory approvals and satisfaction of other closing conditions

PERFORMANCE HIGHLIGHTS

CONTINUING OPERATIONS¹

Third-Quarter 2024

\$2.7B

Sales

+4% Reported

+4% Constant Currency²

Key Metrics	GAAP	Adjusted ³
Gross Margin	38.3%	43.7%
YOY Change	(230 bps)	(110 bps)
Operating Margin	5.7%	14.5%
YOY Change	(120 bps)	(90 bps)
Diluted EPS	\$0.12	\$0.49
YOY Change	+71%	+14%

Year-To-Date 2024

\$7.9B

Sales

+3% Reported

+3% Constant Currency²

Key Metrics	GAAP	Adjusted ³
Gross Margin	38.4%	43.2%
YOY Change	(160 bps)	(110 bps)
Operating Margin	5.7%	13.4%
YOY Change	+40 bps	(40 bps)
Diluted EPS	\$0.32	\$1.31
YOY Change	NM ⁴	+25%

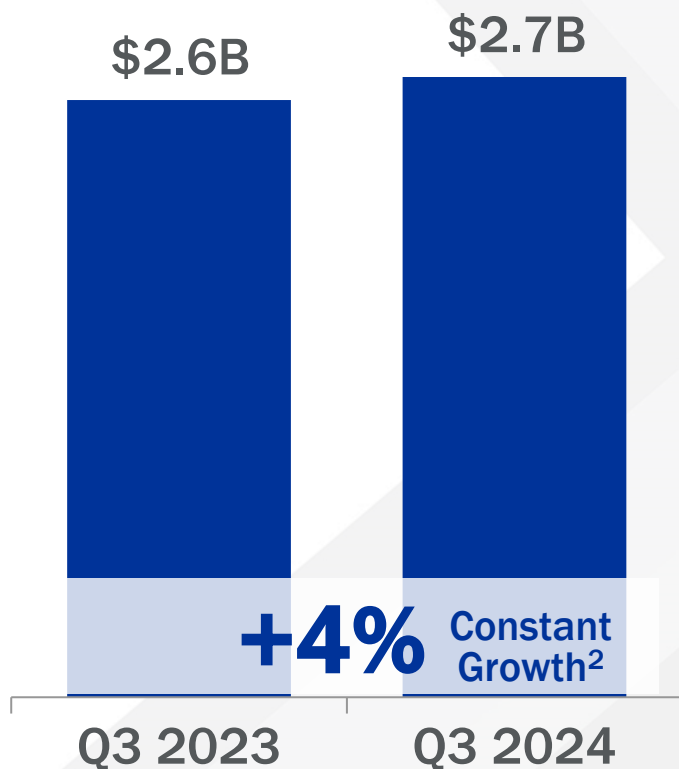
Including Discontinued Operations⁵

Diluted EPS	\$0.27	\$0.80	Diluted EPS	(\$0.27)	\$2.13
YOY Change	+200%	+18%	YOY Change	(7%)	+24%

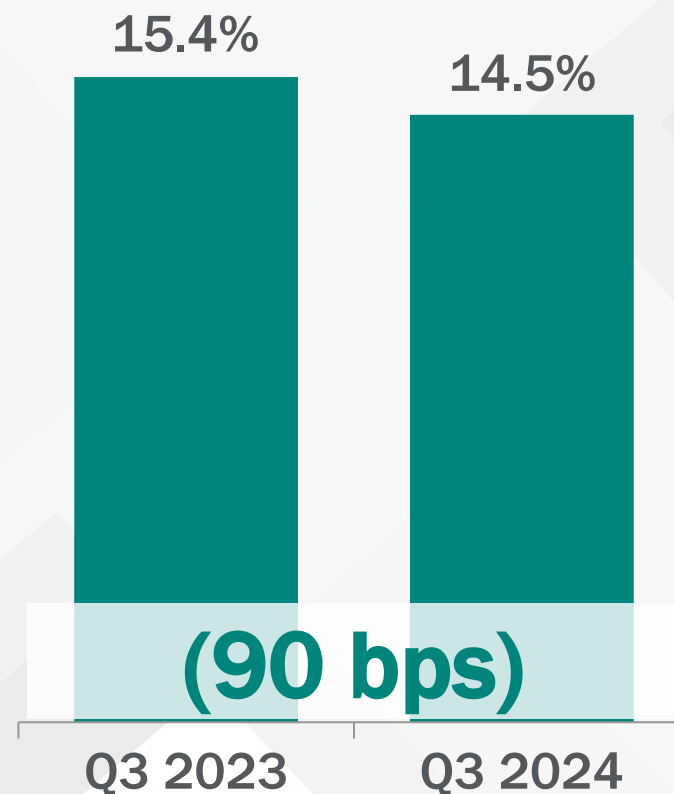
KEY FINANCIAL METRICS

THIRD-QUARTER 2024 SNAPSHOT (CONTINUING OPERATIONS)¹

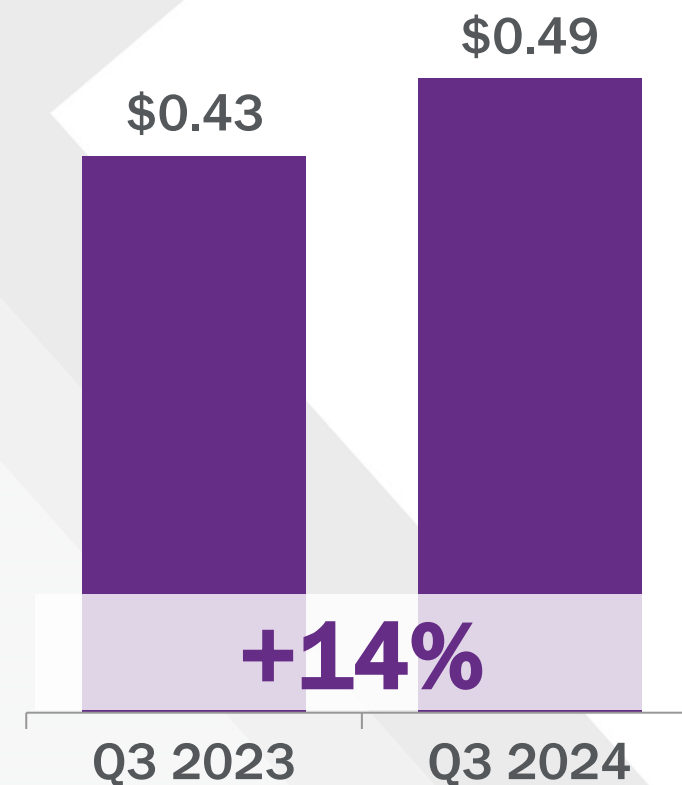
Global Reported Sales



Adjusted Operating Margin



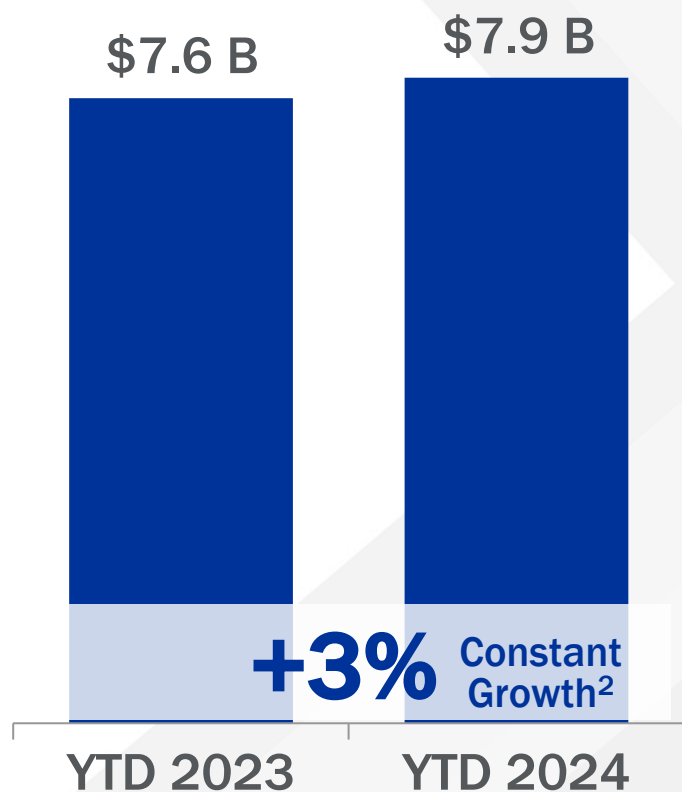
Adjusted Diluted EPS



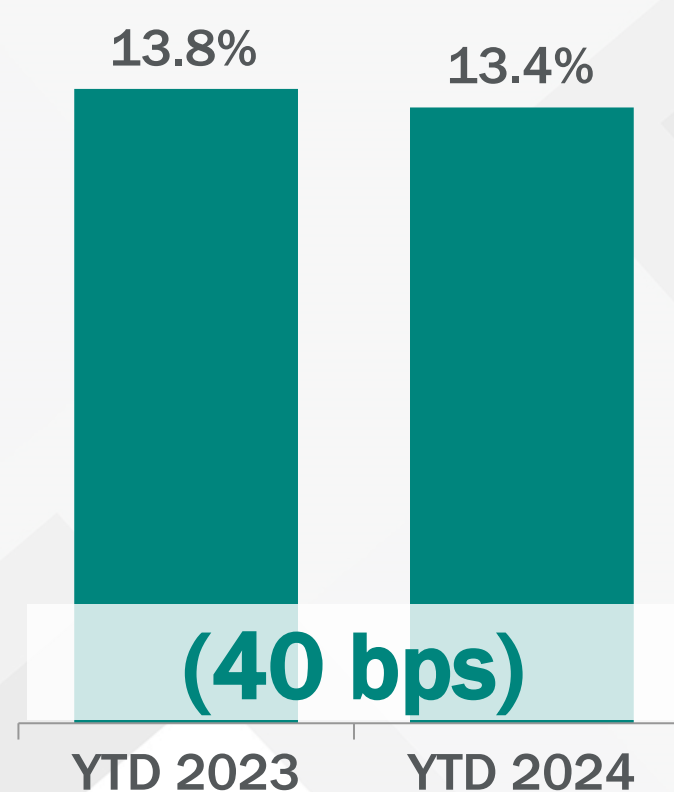
KEY FINANCIAL METRICS

YEAR-TO-DATE 2024 SNAPSHOT (CONTINUING OPERATIONS)¹

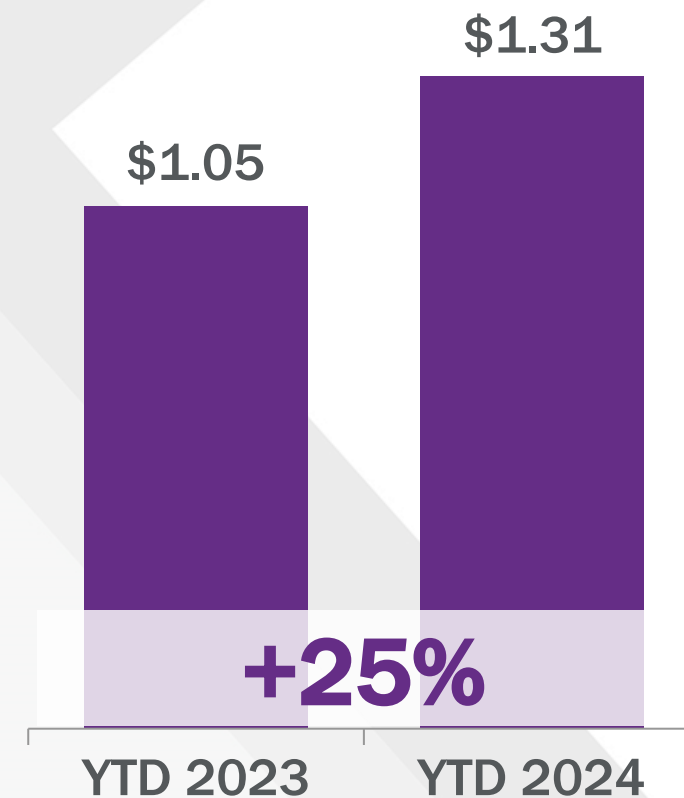
Global Reported Sales



Adjusted Operating Margin



Adjusted Diluted EPS



THIRD-QUARTER 2024 ADJUSTED FINANCIAL RESULTS¹

(CONTINUING OPERATIONS)

	Q3 2023	Q3 2024	Change
Adjusted Gross Margin	44.8%	43.7%	(110 bps)
Adjusted SG&A Expense (% of Sales)	24.4%	24.6%	+20 bps
Adjusted R&D Expense (% of Sales)	5.0%	4.8%	(20 bps)
Adjusted Operating Margin	15.4%	14.5%	(90 bps)
Adjusted Diluted EPS	\$0.43	\$0.49	+14%

----- Including Discontinued Operations² -----

Adjusted Diluted EPS	\$0.68	\$0.80	+18%
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THIRD-QUARTER 2024 PERFORMANCE¹

(INCLUDING DISCONTINUED OPERATIONS)²

Metric	Q3 2024 Guidance	Q3 2024 Actual
Sales Growth <i>Reported</i>	3% - 4%	+4%
Sales Growth <i>Constant Currency</i>	4% - 5%	+4%
GAAP Diluted EPS <i>Growth vs. Prior-Year Period</i>	N/A	\$0.27 +200%
Adjusted Diluted EPS <i>Growth vs. Prior-Year Period</i>	\$0.77 - \$0.79	\$0.80 +18%

Third-Quarter Performance Reflects Positive Demand And Pricing For Baxter's Portfolio, Continued Improvements In Integrated Supply Chain And Disciplined Management of Operating Expenses

YEAR-TO-DATE 2024 ADJUSTED FINANCIAL RESULTS¹

(CONTINUING OPERATIONS)

	YTD 2023	YTD 2024	Change
Adjusted Gross Margin	44.3%	43.2%	(110 bps)
Adjusted SG&A Expense (% of Sales)	25.6%	25.1%	(50 bps)
Adjusted R&D Expense (% of Sales)	5.0%	4.8%	(20 bps)
Adjusted Operating Margin	13.8%	13.4%	(40 bps)
Adjusted Diluted EPS	\$1.05	\$1.31	+25%

----- Including Discontinued Operations² -----

Adjusted Diluted EPS

\$1.72

\$2.13

+24%

EXECUTING PORTFOLIO MANAGEMENT ACTIONS TO ACCELERATE DISCIPLINED CAPITAL ALLOCATION STRATEGY

PORTFOLIO MANAGEMENT



Disciplined portfolio management expected to be an ongoing component of Baxter's strategy to support accelerated growth and improved profitability

DEBT REPAYMENT



Taking actions towards achieving company's net leverage target of ~3.0x by the end of 2025 through ongoing debt repayment and financing activities

- Utilized proceeds from BPS divestiture for debt repayment
- Committed to maintaining investment grade rating

DIVIDENDS



Continued commitment to return value to shareholders through dividends. Future amount and rate of dividend planned to be adjusted to align with new company structure post-separation of Kidney Care business

SHARE REPURCHASES



Expect to have the ability to repurchase some level of shares in the future, with a goal of offsetting annual dilution

~\$2.1 Billion Of Cash And Cash Equivalents On Hand With Access to \$2.2 Billion of Combined USD and EUR Credit Facilities As Of September 30, 2024



FINANCIAL RESULTS BY OPERATING SEGMENT

Third-Quarter 2024 Earnings

November 8, 2024

THIRD-QUARTER 2024 SALES BY PRODUCT CATEGORY¹

\$ In Millions	Q3 2024 Revenue			Total Growth	
	U.S.	International	Total	Reported	Constant
Infusion Therapies & Technologies	\$613	\$457	\$1,070	+7%	+7%
Advanced Surgery	\$149	\$123	\$272	+7%	+7%
Medical Products & Therapies	\$762	\$580	\$1,342	+7%	+7%
Care & Connectivity Solutions	\$335	\$121	\$456	+3%	+3%
Front Line Care	\$222	\$74	\$296	(2%)	(2%)
Healthcare Systems & Technologies	\$557	\$195	\$752	+1%	+1%
Injectables & Anesthesia	\$178	\$143	\$321	(9%)	(9%)
Drug Compounding	\$0	\$267	\$267	+17%	+14%
Pharmaceuticals	\$178	\$410	\$588	+1%	+1%
Other	\$3	\$14	\$17	+0%	+12%
Baxter Continuing Operations	\$1,500	\$1,199	\$2,699	+4%	+4%
Chronic Therapies (DO) ²	\$234	\$718	\$952	+3%	+5%
Acute Therapies (DO) ²	\$82	\$121	\$203	+8%	+9%
Kidney Care (DO) ²	\$316	\$839	\$1,155	+4%	+5%
Total Baxter³	\$1,816	\$2,038	\$3,854	+4%	+4%

¹Non-GAAP financial metrics referenced in this slide include constant currency sales growth. A reconciliation to comparable U.S. GAAP measures can be found herein and is available at www.baxter.com. ²Kidney Care sales are considered discontinued operations (DO) subject to completion of pending sale. ³Results exclude Baxter's former BioPharma Solutions (BPS) business, which was divested at the end of the third quarter of 2023 and include the Kidney Care business.

YEAR-TO-DATE 2024 SALES BY PRODUCT CATEGORY¹

\$ In Millions	YTD 2024 Revenue			Total Growth	
	U.S.	International	Total	Reported	Constant
Infusion Therapies & Technologies	\$1,718	\$1,363	\$3,081	+6%	+6%
Advanced Surgery	\$446	\$366	\$812	+5%	+6%
Medical Products & Therapies	\$2,164	\$1,729	\$3,893	+5%	+6%
Care & Connectivity Solutions	\$945	\$365	\$1,310	+0%	+0%
Front Line Care	\$635	\$222	\$857	(6%)	(6%)
Healthcare Systems & Technologies	\$1,580	\$587	\$2,167	(2%)	(3%)
Injectables & Anesthesia	\$566	\$424	\$990	+0%	+1%
Drug Compounding	\$0	\$778	\$778	+17%	+17%
Pharmaceuticals	\$566	\$1,202	\$1,768	+7%	+7%
Other	\$30	\$25	\$55	(25%)	(23%)
Baxter Continuing Operations	\$4,340	\$3,543	\$7,883	+3%	+3%
Chronic Therapies (DO) ²	\$688	\$2,069	\$2,757	+1%	+3%
Acute Therapies (DO) ²	\$244	\$374	\$618	+10%	+11%
Kidney Care (DO) ²	\$932	\$2,443	\$3,375	+2%	+4%
Total Baxter³	\$5,272	\$5,986	\$11,258	+3%	+4%

¹Non-GAAP financial metrics referenced in this slide include constant currency sales growth. A reconciliation to comparable U.S. GAAP measures can be found herein and is available at www.baxter.com. ²Kidney Care sales are considered discontinued operations (DO) subject to completion of pending sale. ³Results exclude Baxter's former BioPharma Solutions (BPS) business, which was divested at the end of the third quarter of 2023 and include the Kidney Care business.

THIRD-QUARTER 2024 BUSINESS DRIVERS¹

Product Category	Sales	CC Growth ²	Quarterly Performance Drivers
Infusion Therapies & Technologies	\$1,070M	+7%	Sales in the quarter benefited from significant growth for the U.S. infusions systems portfolio as the rollout of the Novum IQ pump platform continues to build momentum with orders coming in from both new and existing customers. IV solutions internationally continued to deliver solid performance driven by favorable pricing and underlying volume demand. Mid-single digit growth of nutrition globally also contributed to ITT performance in the quarter
Advanced Surgery	\$272M	+7%	Results in the quarter reflect solid demand globally for hemostats and sealants as well as favorable pricing
Care & Connectivity Solutions	\$456M	+3%	Performance in the quarter was driven by continued strength in the U.S. patient support systems business, which delivered double-digit growth. Growth in the quarter was partially offset by weakness outside the U.S.
Front Line Care	\$296M	(2%)	Growth in the quarter continued to be impacted by a difficult comparison to the prior year as backlog reductions positively contributed to growth in 2023. Performance in the quarter was also impacted by ongoing softness in the U.S. primary care market
Injectables & Anesthesia	\$321M	(9%)	Performance in the quarter reflected a mid-single digit decline in the injectables portfolio driven by a difficult comparison to the prior year period which benefited from a competitor being out of the market. In addition, sales in the quarter were impacted by some orders shifting to the fourth quarter and the delay of an anticipated new product launch. Supply constraints outside the United States also impacted performance in the quarter
Drug Compounding	\$267M	+14%	Results for this business reflected strong demand for services in the quarter resulting in double-digit growth
Chronic Therapies (DO)³	\$952M	+5%	Performance in the quarter was driven by strong PD growth. Growth in the quarter was partially offset by the expected negative impact from certain product and market exits in the in-center HD business
Acute Therapies (DO)³	\$203M	+9%	Sales growth driven by strong demand and competitive conversions in the U.S.
Other	\$17M	+12%	Sales growth driven by increased demand for certain contract manufacturing volumes

THIRD-QUARTER 2024 SEGMENT RESULTS

	Q3 2024 Results ¹					
<i>\$ In Millions</i>	Reported Revenue	Reported Growth	Constant Growth	Segment Operating Income	Segment Operating Margin	YoY Margin Change ²
Medical Products & Therapies	\$1,342	+7%	+7%	\$268	20.0%	+50 bps
Healthcare Systems & Technologies	\$752	+1%	+1%	\$136	18.1%	+260 bps
Pharmaceuticals	\$588	+1%	+1%	\$58	9.9%	(870 bps)
Other	\$17	+0%	+12%	\$2	11.8%	NM ³

YEAR-TO-DATE 2024 SEGMENT RESULTS

	YTD 2024 Results ¹					
<i>\$ In Millions</i>	Reported Revenue	Reported Growth	Constant Growth	Segment Operating Income	Segment Operating Margin	YoY Margin Change ²
Medical Products & Therapies	\$3,893	+5%	+6%	\$733	18.8%	(30 bps)
Healthcare Systems & Technologies	\$2,167	(2%)	(3%)	\$323	14.9%	+20 bps
Pharmaceuticals	\$1,768	+7%	+7%	\$211	11.9%	(530 bps)
Other	\$55	(25%)	(23%)	\$15	27.3%	+130 bps

THIRD-QUARTER AND YEAR-TO-DATE 2024 RESULTS¹

Q3 2024 Results						
<i>\$ In Millions</i>	Reported Revenue	Reported Growth	Constant Growth	Adjusted Operating Income	Adjusted Operating Margin	YoY Margin Change ²
Baxter Continuing Operations	\$2,699	+4%	+4%	\$391	14.5%	(90 bps)
Total Baxter Including (DO) ³	\$3,854	+4%	+4%	\$603	15.6%	+40 bps
YTD 2024 Results						
<i>\$ In Millions</i>	Reported Revenue	Reported Growth	Constant Growth	Adjusted Operating Income	Adjusted Operating Margin	YoY Margin Change ²
Baxter Continuing Operations	\$7,883	+3%	+3%	\$1,055	13.4%	(40 bps)
Total Baxter Including (DO) ³	\$11,258	+3%	+4%	\$1,640	14.6%	+90 bps

STRANDED COSTS POST KIDNEY CARE (DO) PRESENTATION^{1,2}

	Quarterly Stranded Costs							Full Year Stranded Costs
	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	FY 2023
Adjusted Operating Income	\$65	\$82	\$49	\$70	\$69	\$88	\$78	\$304
Adjusted Earnings Per Share	\$0.10	\$0.13	\$0.07	\$0.11	\$0.10	\$0.14	\$0.12	\$0.48



2024 OUTLOOK

Third-Quarter 2024 Earnings

November 8, 2024

FOURTH-QUARTER 2024 GUIDANCE¹

	Q4 2024 Guidance
Sales Growth <i>Reported (Continuing Operations)</i>	Decline LSD²
Foreign Exchange	<50 bps
Sales Growth <i>Constant Currency (Continuing Operations)</i>	Decline LSD²
Adjusted Diluted EPS <i>Continuing Operations</i>	\$0.50 - \$0.53
Adjusted Diluted EPS <i>Discontinued Operations</i>	\$0.27 - \$0.28
Adjusted Diluted EPS <i>Total Baxter</i>	\$0.77 - \$0.81

FULL-YEAR 2024 GUIDANCE¹

	FY 2024 Guidance
Sales Growth <i>Reported (Continuing Operations)</i>	~2%
Foreign Exchange	<50 bps
Sales Growth <i>Constant Currency (Continuing Operations)</i>	~2%
Adjusted Diluted EPS <i>Continuing Operations</i>	\$1.81 - \$1.84
Adjusted Diluted EPS <i>Discontinued Operations</i>	\$1.09 - \$1.10
Adjusted Diluted EPS <i>Total Baxter</i>	\$2.90 - \$2.94

FULL-YEAR 2024 GUIDANCE BY SEGMENT¹

Sales Growth <i>Constant Currency</i>	FY 2024 <i>Guidance</i>
Medical Products & Therapies	2% - 3%
Healthcare Systems & Technologies	Decline LSD ²
Pharmaceuticals	~7%
Baxter (Continuing Operations)	~2%
Kidney Care (DO) ³	~2%
Total Baxter	~2%

NEW BAXTER PRELIMINARY FINANCIAL OUTLOOK¹

FY 2025 Guidance

Operational Sales Growth
Constant Currency (Continuing Operations)

4% - 5%
Annually

Adjusted Operating Margin
(Continuing Operations)

~16.5% in 2025
Increasing Annually Thereafter

A healthcare professional, likely a nurse, stands in a clinical setting. She is wearing light blue scrubs, a matching surgical mask, and blue gloves. Her arms are crossed, and she is looking directly at the camera. The background is slightly blurred, showing medical equipment and a clean, professional environment. A large, light gray geometric shape, resembling a stylized arrow or a large 'X', is overlaid on the right side of the image, pointing towards the text.

NON-GAAP RECONCILIATIONS

Third-Quarter 2024 Earnings

November 8, 2024

NON-GAAP RECONCILIATIONS AS OF NOVEMBER 8, 2024

Non-GAAP Reconciliations:

As part of its Q3 2024 earnings announcement on November 8, 2024, Baxter presented its financial results for the third quarter of 2024. Baxter also presented guidance for the fourth quarter and full year of 2024. In these presentations, Baxter used non-GAAP financial measures of sales growth (on a constant currency basis), adjusted gross margin, adjusted selling, general, and administrative expenses, adjusted research and development expenses, adjusted other operating income, net, adjusted operating income, adjusted other expense, net, adjusted income from continuing operations before income taxes, adjusted income tax expense, adjusted income (loss) from continuing operations, adjusted income (loss) from discontinued operations, 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. The reconciliations set forth below reconcile the non-GAAP measures set forth in this presentation for historical periods to the most directly comparable U.S. GAAP measures.

DESCRIPTION OF ADJUSTMENTS AND RECONCILIATIONS OF U.S. GAAP TO NON-GAAP MEASURES

Three Months Ended September 30, 2024

(unaudited)

(in millions, except per share and percentage data)

The company's U.S. GAAP results for the three months ended September 30, 2024 included special items which impacted the U.S. GAAP measures as follows:

	Gross Margin	Selling, General and Administrative Expenses	Operating Income	Income From Continuing Operations Before Income Taxes	Income Tax Expense	Income From Continuing Operations	Income From Discontinued Operations, Net of Tax	Net Income	Net Income Attributable to Baxter Stockholders	Diluted Earnings Per Share from Continuing Operations	Diluted Earnings Per Share from Discontinued Operations	Diluted Earnings Per Share
Reported	\$ 1,033	\$ 754	\$ 155	\$ 69	\$ 8	\$ 61	\$ 83	\$ 144	\$ 140	\$ 0.12	\$ 0.15	\$ 0.27
Reported percent of net sales (or effective tax rate for income tax expense)	38.3 %	27.9 %	5.7 %	2.6 %	11.6 %	2.3 %	3.1 %	5.3 %	5.2 %			
Intangible asset amortization	108	(51)	159	159	38	121	3	124	124	0.24	0.00	0.24
Business optimization items ¹	2	(16)	18	18	5	13	18	31	31	0.03	0.03	0.06
Acquisition and integration items ²	—	(5)	5	5	1	4	—	4	4	0.01	0.00	0.01
European medical devices regulation ³	9	—	9	9	2	7	1	8	8	0.01	0.01	0.02
Product related reserves ⁴	3	—	3	3	—	3	—	3	3	0.01	0.00	0.01
Hurricane Helene costs ⁵	25	—	25	25	6	19	—	19	19	0.04	0.00	0.04
Legal matters ⁶	—	(17)	17	17	4	13	—	13	13	0.03	0.00	0.03
Separation-related costs ⁷	—	—	—	—	—	—	46	46	46	0.00	0.09	0.09
Tax matters ¹⁰	—	—	—	—	(11)	11	12	23	23	0.02	0.02	0.04
Adjusted	\$ 1,180	\$ 665	\$ 391	\$ 305	\$ 53	\$ 252	\$ 163	\$ 415	\$ 411	\$ 0.49	\$ 0.31	\$ 0.80
Adjusted percent of net sales (or effective tax rate for income tax expense)	43.7 %	24.6 %	14.5 %	11.3 %	17.4 %	9.3 %	6.0 %	15.4 %	15.2 %			

	Reported	Adjusted
Income from discontinued operations, net of tax	\$ 83	\$ 163
Less: Net income attributable to noncontrolling interests included in discontinued operations	4	4
Income from discontinued operations, net of tax attributable to Baxter	\$ 79	\$ 159

	Reported	Adjusted
Net income	\$ 144	\$ 415
Less: Net income attributable to noncontrolling interests	4	4
Net income attributable to Baxter stockholders	\$ 140	\$ 411

DESCRIPTION OF ADJUSTMENTS AND RECONCILIATIONS OF U.S. GAAP TO NON-GAAP MEASURES

Three Months Ended September 30, 2023

(unaudited)

(in millions, except per share and percentage data)

The company's U.S. GAAP results for the three months ended September 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	Operating Income	Income From Continuing Operations Before Income Taxes	Income Tax Expense	Income From Continuing Operations	Income From Discontinued Operations, Net of Tax	Net Income	Net Income Attributable to Baxter Stockholders	Diluted Earnings Per Share from Continuing Operations	Diluted Earnings Per Share from Discontinued Operations	Diluted Earnings Per Share
Reported	\$ 1,056	\$ 744	\$ 133	\$ 179	\$ 64	\$ 27	\$ 37	\$ 2,474	\$2,511	\$ 2,508	\$ 0.07	\$ 4.86	\$ 4.93
Reported percent of net sales (or effective tax rate for income tax expense)	40.6 %	28.6 %	5.1 %	6.9 %	2.5 %	42.2 %	1.4 %	95.2 %	96.6 %	96.5 %			
Intangible asset amortization	96	(51)	—	147	147	34	113	14	127	127	0.22	0.03	0.25
Business optimization items ¹	—	(44)	(4)	48	48	12	36	27	63	63	0.07	0.05	0.12
Acquisition and integration items ²	1	(1)	—	2	2	1	1	—	1	1	0.00	0.00	0.00
European medical devices regulation ³	12	—	—	12	12	4	8	2	10	10	0.02	0.00	0.02
Legal matters ⁶	—	(13)	—	13	13	3	10	—	10	10	0.02	0.00	0.02
Separation-related costs ⁷	—	—	—	—	—	—	—	81	81	81	0.00	0.16	0.16
Long-lived asset impairments ⁸	—	—	—	—	—	—	—	205	205	205	0.00	0.40	0.40
Gain on BPS Sale ⁹	—	—	—	—	—	—	—	(2,603)	(2,603)	(2,603)	0.00	(5.11)	(5.11)
Tax matters ¹⁰	—	—	—	—	—	(16)	16	(3)	13	13	0.03	0.00	0.03
Adjusted	\$ 1,165	\$ 635	\$ 129	\$ 401	\$ 286	\$ 65	\$ 221	\$ 197	\$ 418	\$ 415	\$ 0.43	\$ 0.39	\$ 0.82
Adjusted percent of net sales (or effective tax rate for income tax expense)	44.8 %	24.4 %	5.0 %	15.4 %	11.0 %	22.7 %	8.5 %	7.6 %	16.1 %	16.0 %			

	Reported	Adjusted
Income from discontinued operations, net of tax	\$ 2,474	\$ 197
Less: Net income attributable to noncontrolling interests included in discontinued	3	3
Income from discontinued operations, net of tax attributable to Baxter stockholders	\$ 2,471	\$ 194

	Reported	Adjusted
Net income	\$ 2,511	\$ 418
Less: Net income attributable to noncontrolling interests	3	3
Net income attributable to Baxter stockholders	\$ 2,508	\$ 415

DESCRIPTION OF ADJUSTMENTS AND RECONCILIATIONS OF U.S. GAAP TO NON-GAAP MEASURES

Three Months Ended September 30, 2024 and 2023

(unaudited)

1. The company's results in 2024 and 2023 included costs related to programs to optimize its organization and cost structure. The company's results of continuing operations in 2024 and 2023 included costs primarily related to its implementation of a new operating model intended to simplify and streamline its operations and better align its manufacturing and supply chain to its commercial activities, third-party costs incurred to support the transformation of certain general and administrative functions and the integration of its acquisition of Hill-Rom Holdings, Inc. (Hillrom). The company's results of discontinued operations in 2024 and 2023 included costs primarily related to inventory write-offs due to the exit of a product line and the decision to cease production of dialyzers at one of its U.S.-based manufacturing facilities.
2. The company's results in 2024 and 2023 included integration-related items comprised of Hillrom acquisition and integration expenses.
3. The company's results in 2024 and 2023 included incremental costs to comply with the European Union's medical device regulations for previously registered products, which primarily consisted 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.
4. The company's results in 2024 included charges related to a revised estimate of warranty and remediation activities arising from a field corrective action on certain of our infusion pumps initially recorded in 2022.
5. The company's results in 2024 include net charges related to Hurricane Helene. This amount consisted of a charge related to damaged inventory and fixed assets, partially offset by a benefit related to insurance recoveries expected as a result of those asset write-offs.
6. The company's results in 2024 included charges related to environmental reserves for remediation actions associated with historic operations at certain of our facilities. The company's results in 2023 included costs, including associated legal fees related to matters involving alleged violations of the False Claims Act related to a now-discontinued legacy Hillrom sales line and alleged injury from environmental exposure.
7. The company's results of discontinued operations in 2024 and 2023 included separation-related costs primarily related to external advisors supporting its activities to prepare for the pending sale of its Kidney Care segment. The company's results in 2023 also included separation-related costs related to the sale of its BioPharma Solutions (BPS) business.
8. The company's results of discontinued operations in 2023 included long-lived asset impairment charges related to the Hemodialysis business within its Kidney Care segment.
9. The company's results of discontinued operations in 2023 included a gain from the sale of the BPS business.
10. The company's results of continuing operations in 2024 included tax items consisting of a valuation allowance recorded to reduce the carrying amount of a tax attributable carryforward in the U.S. related to the pending sale of its Kidney Care segment, partially offset by application of the intraperiod tax allocation between continuing operations and discontinued operations. The company's results of continuing operations in 2023 included an increase in a valuation allowance in a foreign jurisdiction resulting from changes in future projected income and a reallocation of income tax expense between discontinued operations and continuing operations resulting from the application of intraperiod tax allocation to its adjusted results in an interim period.

For more information on the company's use of non-GAAP financial measures in this presentation, please see the company's Current Report on Form 8-K filed with the Securities and Exchange Commission on the date of this presentation.

DESCRIPTION OF ADJUSTMENTS AND RECONCILIATIONS OF U.S. GAAP TO NON-GAAP MEASURES

Including Discontinued Operations¹

Three Months Ended September 30, 2024

(unaudited)

(in millions, except per share and percentage data)

The company's U.S. GAAP results for the three months ended September 30, 2024 included special items which impacted the U.S. GAAP measures as follows:

	Gross Margin	Selling, General and Administrative Expenses	Research and Development Expenses	Operating Income	Income From Continuing Operations Before Income Taxes	Income Tax Expense	Income From Continuing Operations	Diluted Earnings Per Share from Continuing Operations
Reported	\$ 1,457	\$ 1,032	\$ 170	\$ 261	\$ 182	\$ 38	\$ 144	\$ 0.27
Reported percent of net sales (or effective tax rate for income tax expense)	37.8 %	26.8 %	4.4 %	6.8 %	4.7 %	20.9 %	3.7 %	
Intangible asset amortization ²	112	(51)	—	163	163	39	124	0.24
Business optimization items ²	23	(19)	—	42	42	11	31	0.06
Acquisition and integration items ²	—	(5)	—	5	5	1	4	0.01
European medical devices regulation ²	10	—	—	10	10	2	8	0.02
Product related reserves ²	3	—	—	3	3	—	3	0.01
Hurricane Helene costs ²	25	—	—	25	25	6	19	0.04
Legal matters ²	—	(17)	—	17	17	4	13	0.03
Separation-related costs ²	7	(69)	(1)	77	77	32	45	0.09
Tax matters ²	—	—	—	—	—	(24)	24	0.02
Adjusted	1,637	871	169	603	524	109	415	\$ 0.80
Adjusted percent of net sales (or effective tax rate for income tax expense)	42.5 %	22.6 %	4.4 %	15.6 %	13.6 %	20.8 %	10.8 %	

	Reported	Adjusted
Income from Continuing Operations	\$ 144	\$ 415
Less: Net income attributable to noncontrolling interests	4	4
Income from Continuing Operations attributable to Baxter stockholders	\$ 140	\$ 411

¹ Results excludes Baxter's former BioPharma Solutions (BPS) business, which was divested at the end of the third quarter of 2023 and includes the Kidney Care business.

² See "Description of Adjustments and Reconciliations of U.S. GAAP to Non-GAAP Measures Three Months Ended September 30, 2024 and 2023" on slide 31 for an explanation of these items.

DESCRIPTION OF ADJUSTMENTS AND RECONCILIATIONS OF U.S. GAAP TO NON-GAAP MEASURES

Including Discontinued Operations¹

Three Months Ended September 30, 2023

(unaudited)

(in millions, except per share and percentage data)

The company's U.S. GAAP results for the three months ended September 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	Operating Income (Loss)	Income (Loss) From Continuing Operations Before Income Taxes	Income Tax (Benefit) Expense	Income From Continuing Operations	Diluted Earnings Per Share from Continuing Operations
Reported	\$ 1,117	\$ 1,002	\$ 166	\$ (51)	\$ (172)	\$ (223)	\$ 51	\$ 0.09
Reported percent of net sales (or effective tax rate for income tax expense)	30.1 %	27.0 %	4.5 %	(1.4)%	(4.6)%	129.7 %	1.4 %	
Intangible asset amortization ²	111	(51)	—	162	162	50	112	0.22
Business optimization items ²	26	(50)	(5)	81	81	2	79	0.16
Acquisition and integration items ²	1	(1)	—	2	2	1	1	0.00
European medical devices regulation ²	14	—	—	14	14	6	8	0.02
Legal matters ²	—	(13)	—	13	13	3	10	0.02
Separation-related costs ²	10	(67)	—	77	77	—	77	0.15
Long-lived asset impairments ²	267	—	—	267	267	62	205	0.40
Tax matters ²	—	—	—	—	—	196	(196)	(0.39)
Adjusted	1,546	820	161	565	444	97	347	\$ 0.68
Adjusted percent of net sales (or effective tax rate for income tax expense)	41.7 %	22.1 %	4.3 %	15.2 %	12.0 %	21.8 %	9.4 %	

	Reported	Adjusted
Income from Continuing Operations	\$ 51	\$ 347
Less: Net income attributable to noncontrolling interests	3	3
Income from Continuing Operations attributable to Baxter stockholders	\$ 48	\$ 344

¹ Results excludes Baxter's former BioPharma Solutions (BPS) business, which was divested at the end of the third quarter of 2023 and includes the Kidney Care business.

² See "Description of Adjustments and Reconciliations of U.S. GAAP to Non-GAAP Measures Three Months Ended September 30, 2024 and 2023" on slide 31 for an explanation of these items.

DESCRIPTIONS OF ADJUSTMENTS AND RECONCILIATIONS OF U.S. GAAP TO NON-GAAP MEASURES

Nine Months Ended September 30, 2024

(unaudited)

(in millions, except per share and percentage data)

The company's U.S. GAAP results for the nine months ended September 30, 2024 included special items which impacted the U.S. GAAP measures as follows:

	Gross Margin	Selling, General and Administrative Expenses	Operating Income	Income From Continuing Operations Before Income Taxes	Income Tax Expense	Income From Continuing Operations	Income (Loss) 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
Reported	\$ 3,025	\$ 2,206	\$ 449	\$ 232	\$ 70	\$ 162	\$ (290)	\$ (128)	\$ (137)	\$ 0.32	\$ (0.59)	\$ (0.27)
Reported percent of net sales (or effective tax rate for income tax expense)	38.4 %	28.0 %	5.7 %	2.9 %	30.2 %	2.1 %	(3.7)%	(1.6)%	(1.7)%			
Intangible asset amortization	316	(155)	471	471	111	360	19	379	379	0.70	0.04	0.74
Business optimization items ¹	8	(41)	49	49	14	35	53	88	88	0.07	0.10	0.17
Acquisition and integration items ²	1	(15)	16	16	3	13	—	13	13	0.03	0.00	0.03
European medical devices regulation ³	25	—	25	25	6	19	3	22	22	0.04	0.00	0.04
Product-related reserves ⁴	3	—	3	3	—	3	—	3	3	0.01	0.00	0.01
Hurricane Helene costs ⁵	25	—	25	25	6	19	—	19	19	0.04	0.00	0.04
Legal matters ⁶	—	(17)	17	17	4	13	—	13	13	0.03	0.00	0.03
Separation-related costs ⁸	—	—	—	—	—	—	193	193	193	0.00	0.38	0.38
Goodwill impairment ⁹	—	—	—	—	—	—	430	430	430	0.00	0.84	0.84
Tax Matters ¹²	—	—	—	—	(45)	45	19	64	64	0.09	0.04	0.13
Adjusted	\$ 3,403	\$ 1,978	\$ 1,055	\$ 838	\$ 169	\$ 669	\$ 427	\$ 1,096	\$ 1,087	\$ 1.31	\$ 0.82	\$ 2.13
Adjusted percent of net sales (or effective tax rate for income tax expense)	43.2 %	25.1 %	13.4 %	10.6 %	20.2 %	8.5 %	5.4 %	13.9 %	13.8 %			

	Reported	Adjusted
Income (loss) from discontinued operations, net of tax	\$ (290)	\$ 427
Less: Net income attributable to noncontrolling interests included in discontinued operations	9	9
Income (loss) from discontinued operations, net of tax attributable to Baxter stockholders	\$ (299)	\$ 418

	Reported	Adjusted
Net income (loss)	\$ (128)	\$ 1,096
Less: Net income attributable to noncontrolling interests	9	9
Net income (loss) attributable to Baxter stockholders	\$ (137)	\$ 1,087

DESCRIPTION OF ADJUSTMENTS AND RECONCILIATIONS OF U.S. GAAP TO NON-GAAP MEASURES

Nine Months Ended September 30, 2023

(unaudited)

(in millions, except per share and percentage data)

The company's U.S. GAAP results for the nine months ended September 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	Other Expense, Net	Income From Continuing Operations Before Income Taxes	Income Tax Expense	Income (Loss) From Continuing Operations	Income From Discontinued Operations, Net of Tax	Net Income	Net Income Attributable to Baxter Stockholders	Diluted Earnings Per Share From Continuing Operations	Diluted Earnings Per Share From Discontinued Operations	Diluted Earnings Per Share
Reported	\$3,050	\$ 2,270	\$ 391	\$ (14)	\$ 403	\$ 15	\$ 21	\$ 59	\$ (38)	\$ 2,455	\$2,417	\$ 2,411	\$ (0.08)	\$ 4.84	\$ 4.76
Reported percent of net sales (or effective tax rate for income tax expense)	40.0 %	29.7 %	5.1 %	(0.2)%	5.3 %	0.2 %	0.3 %	281.0 %	(0.5)%	32.2 %	31.7 %	31.6 %			
Intangible asset amortization	279	(155)	—	—	434	—	434	99	335	40	375	375	0.66	0.08	0.74
Business optimization items ¹	23	(134)	(10)	—	167	—	167	38	129	288	417	417	0.25	0.57	0.82
Acquisition and integration items ²	1	(15)	—	14	2	—	2	1	1	—	1	1	0.00	0.00	0.00
European medical devices regulation ³	32	—	—	—	32	—	32	10	22	5	27	27	0.04	0.01	0.05
Legal matters ⁶	—	(13)	—	—	13	—	13	3	10	—	10	10	0.02	0.00	0.02
Investment impairments ⁷	—	—	—	—	—	(10)	10	3	7	8	15	15	0.01	0.02	0.03
Separation-related costs ⁸	—	—	—	—	—	—	—	—	—	142	142	142	0.00	0.28	0.28
Long-lived asset impairments ¹⁰	—	—	—	—	—	—	—	—	—	205	205	205	0.00	0.40	0.40
Gain on BPS Sale ¹¹	—	—	—	—	—	—	—	—	—	(2,603)	(2,603)	(2,603)	0.00	(5.13)	(5.13)
Tax matters ¹²	—	—	—	—	—	—	—	(67)	67	(20)	47	47	0.13	(0.04)	0.09
Adjusted	\$3,385	\$ 1,953	\$ 381	\$ —	\$ 1,051	\$ 5	\$ 679	\$ 146	\$ 533	\$ 520	\$1,053	\$ 1,047	\$ 1.05	\$ 1.02	\$ 2.07
Adjusted percent of net sales (or effective tax rate for income tax expense)	44.3 %	25.6 %	5.0 %	0.0 %	13.8 %	0.1 %	8.9 %	21.5 %	7.0 %	6.8 %	13.8 %	13.7 %			

	Reported	Adjusted
Income from discontinued operations, net of tax	\$ 2,455	\$ 520
Less: Net income attributable to noncontrolling interests included in discontinued operations	6	6
Income from discontinued operations, net of tax attributable to Baxter	\$ 2,449	\$ 514

Weighted-average diluted shares as	506
Effect of dilutive securities that were anti-dilutive to dilutive EPS as reported	1
Weighted-average diluted shares as adjusted	507

	Reported	Adjusted
Net income	\$ 2,417	\$ 1,053
Less: Net income attributable to noncontrolling interests	6	6
Net income attributable to Baxter stockholders	\$ 2,411	\$ 1,047

DESCRIPTION OF ADJUSTMENTS AND RECONCILIATIONS OF U.S. GAAP TO NON-GAAP MEASURES

Nine Months Ended September 30, 2024 and 2023

(unaudited)

1. The company's results in 2024 and 2023 included costs related to programs to optimize its organization and cost structure. The company's results of continuing operations in 2024 and 2023 included costs primarily related to our implementation of a new operating model intended to simplify and streamline our operations and better align our manufacturing and supply chain to our commercial activities, third-party costs incurred to support the transformation of certain general and administrative functions and the integration of its acquisition of Hill-Rom Holdings, Inc. (Hillrom). The company's results of discontinued operations in 2024 and 2023, included costs primarily related to a program to centralize certain of its research and development activities into a new location, property plant and equipment impairments in connection with the transfer of a manufacturing production line as part of its initiatives to optimize its global manufacturing and supply chain organization, the decision to cease production of dialyzers at one of its U.S.-based manufacturing facilities, which resulted in a \$243 million noncash impairment of property, plant and equipment in the second quarter of the prior year period.
2. The company's results in 2024 and 2023 included integration-related items comprised of Hillrom acquisition and integration expenses. In 2023 those costs are offset by net gains from changes in the fair value of contingent consideration liabilities.
3. The company's results in 2024 and 2023 included 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.
4. The company's results in 2024 included charges related to a revised estimate of warranty and remediation activities arising from a field corrective action on certain of our infusion pumps initially recorded in 2022.
5. The company's results in 2024 included net charges related to Hurricane Helene. This amount consisted of a charge related to damaged inventory and fixed assets, partially offset by a benefit related to insurance recoveries expected as a result of those asset write-offs.
6. The company's results in 2024 included charges related to environmental reserves for remediation actions associated with historic operations at certain of our facilities. The company's results in 2023 included costs, including associated legal fees related to matters involving alleged violations of the False Claims Act related to a now-discontinued legacy Hillrom sales line and alleged injury from environmental exposure.
7. The company's results in 2023 included losses 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.
8. The company's results of discontinued operations in 2024 and 2023 included separation-related costs primarily related to external advisors supporting its activities to prepare for the pending sale of its Kidney Care segment. The company's results in 2023 also included separation-related costs related to the sale of its BioPharma Solutions (BPS) business.
9. The company's results of discontinued operations in 2024 included a charge related to a goodwill impairment of the company's Chronic Therapies reporting unit within its Kidney Care segment.
10. The company's results of discontinued operations in 2023 included long-lived asset impairment charges related to the Hemodialysis business within its Kidney Care segment.
11. The company's results of discontinued operations in 2023 included a gain from the sale of its BPS business.
12. The company's results in 2024 included income tax items consisting of a \$26 million valuation allowance recorded to reduce the carrying amount of a tax attribute carryforward in the U.S. and internal reorganization transactions related to the pending sale of our Kidney Care segment. The company's results in 2023, included a \$30 million increase related to its estimated recoverability of a deferred tax asset for a net asset step-up related to Swiss tax reform legislation enacted during 2019 that is amortizable as a tax deduction ratably over tax years 2025 through 2029, an increase in a valuation allowance in the U.S. resulting from changes in future projected income and a reallocation of income tax expense between discontinued operations and continuing operations resulting from the application of intraperiod tax allocation to its adjusted results in an interim period.

For more information on the company's use of non-GAAP financial measures in this presentation, please see the company's Current Report on Form 8-K filed with the Securities and Exchange Commission on the date of this presentation.

DESCRIPTION OF ADJUSTMENTS AND RECONCILIATIONS OF U.S. GAAP TO NON-GAAP MEASURES

Including Discontinued Operations¹

Nine Months Ended September 30, 2024

(unaudited)

(in millions, except per share and percentage data)

The company's U.S. GAAP results for the nine months ended September 30, 2024 included special items which impacted the U.S. GAAP measures as follows:

	Gross Margin	Selling, General and Administrative Expenses	Research and Development Expenses	Goodwill Impairment	Operating Income	Income From Continuing Operations Before Income Taxes	Income Tax Expense	Income (Loss) From Continuing Operations	Diluted Earnings Per Share from Continuing Operations
Reported	\$ 4,275	\$ 3,080	\$ 519	\$ 430	\$ 256	\$ 41	\$ 169	\$ (128)	\$ (0.27)
Reported percent of net sales (or effective tax rate for income tax expense)	38.0 %	27.4 %	4.6 %	3.8 %	2.3 %	0.4 %	412.2 %	(1.1)%	
Intangible asset amortization ²	341	(155)	—	—	496	496	117	379	0.74
Business optimization items ²	49	(57)	(13)	—	119	119	31	88	0.17
Acquisition and integration items ²	1	(15)	—	—	16	16	3	13	0.03
European medical devices regulation ²	28	—	—	—	28	28	6	22	0.04
Legal matters ²	—	(17)	—	—	17	17	4	13	0.03
Separation-related costs ²	12	(236)	(2)	—	250	250	59	191	0.37
Goodwill impairment ²	—	—	—	(430)	430	430	—	430	0.84
Product related reserves ²	3	—	—	—	3	3	—	3	0.01
Hurricane Helene costs ²	25	—	—	—	25	25	6	19	0.04
Tax matters ²	—	—	—	—	—	—	(66)	66	0.13
Adjusted	4,734	2,600	504	—	1,640	1,425	329	1,096	\$ 2.13
Adjusted percent of net sales (or effective tax rate for income tax expense)	42.1 %	23.1 %	4.5 %	0.0 %	14.6 %	12.7 %	23.1 %	9.7 %	

	Reported	Adjusted
Income (Loss) from Continuing Operations	\$ (128)	\$ 1,096
Less: Net income attributable to noncontrolling interests	9	9
Income (Loss) from Continuing Operations attributable to Baxter stockholders	\$ (137)	\$ 1,087

¹ Results excludes Baxter's former BioPharma Solutions (BPS) business, which was divested at the end of the third quarter of 2023 and includes the Kidney Care business.

² See "Description of Adjustments and Reconciliations of U.S. GAAP to Non-GAAP Measures Nine Months Ended September 30, 2024 and 2023" on slide 36 for an explanation of these items.

DESCRIPTION OF ADJUSTMENTS AND RECONCILIATIONS OF U.S. GAAP TO NON-GAAP MEASURES

Including Discontinued Operations¹

Nine Months Ended September 30, 2023

(unaudited)

(in millions, except per share and percentage data)

The company's U.S. GAAP results for the nine months ended September 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	Other Expense, Net	Income From Continuing Operations Before Income Taxes	Income Tax Expense	Income (Loss) From Continuing Operations	Diluted Earnings Per Share from Continuing Operations
Reported	\$ 3,503	\$ 2,961	\$ 495	\$ (14)	\$ 61	\$ 33	\$ (341)	\$ (199)	\$ (142)	\$ (0.29)
Reported percent of net sales (or effective tax rate for income tax expense)	32.1 %	27.1 %	4.5 %	(0.1)%	0.6 %	0.3 %	(3.1)%	58.4 %	(1.1)%	
Intangible asset amortization ²	326	(155)	—	—	481	—	481	106	375	0.74
Business optimization items ²	327	(169)	(12)	—	508	—	508	92	416	0.82
Acquisition and integration items ²	1	(15)	—	14	2	—	2	1	1	0.00
European medical devices regulation ²	38	—	—	—	38	—	38	11	27	0.05
Legal matters ²	—	(13)	—	—	13	—	13	3	10	0.02
Separation-related costs ²	15	(108)	—	—	123	—	123	—	123	0.24
Long-lived asset impairments ²	267	—	—	—	267	(20)	287	67	220	0.43
Hurricane Helene costs ²	—	—	—	—	—	—	—	—	—	0.00
Tax matters ²	—	—	—	—	—	—	—	152	(152)	(0.30)
Adjusted	4,477	2,501	483	—	1,493	13	1,111	233	878	\$ 1.72
Adjusted percent of net sales (or effective tax rate for income tax expense)	41.0 %	22.9 %	4.4 %	0.0 %	13.7 %	0.1 %	10.2 %	21.0 %	8.0 %	

	Reported	Adjusted
Income (Loss) from Continuing Operations	\$ (142)	\$ 878
Less: Net income attributable to noncontrolling interests	6	6
Income (Loss) from Continuing Operations attributable to Baxter stockholders	\$ (148)	\$ 872

¹ Results excludes Baxter's former BioPharma Solutions (BPS) business, which was divested at the end of the third quarter of 2023 and includes the Kidney Care business.

² See "Description of Adjustments and Reconciliations of U.S. GAAP to Non-GAAP Measures Nine Months Ended September 30, 2024 and 2023" on slide 36 for an explanation of these items.

NON-GAAP FINANCIAL MEASURES

Twelve Months Ended December 31, 2023

(unaudited)

(in millions, except for percentage data)

	Twelve Months Ended December 31, 2023
Adjusted operating margin - Continuing Operations ¹	14.7 %
Adjusted diluted earnings per share - Continuing Operations ¹	\$ 1.70

¹ Adjusted operating margin and adjusted earnings per share are non-GAAP measures. For a reconciliation of the U.S. GAAP operating margin - Continuing Operations to the adjusted operating margin - continuing operations and the U.S. GAAP diluted earnings per share to the adjusted diluted earnings per share please see the Supplemental Historical Financial Information included as an Exhibit 99.1 on the company's Current Report on Form 8-K filed with the Securities Exchange Commission on November 7, 2024.

For more information on the company's use of non-GAAP financial measures in this presentation, please see the company's Current Report on Form 8-K filed with the Securities and Exchange Commission on the date of this presentation.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURE

Change in Net Sales Growth As Reported to Constant Currency Sales Growth From The Three Months Ended September 30, 2023 to The Three Months Ended September 30, 2024

(unaudited)

Sales By Product Category:

	Net Sales Growth As Reported	FX	Constant Currency Sales Growth*
Infusion Therapies and Technologies	7%	0%	7%
Advanced Surgery	7%	0%	7%
Medical Products and Therapies	7%	0%	7%
Care and Connectivity Solutions	3%	0%	3%
Front Line Care	(2)%	0%	(2)%
Healthcare Systems and Technologies	1%	0%	1%
Injectables and Anesthesia	(9)%	0%	(9)%
Drug Compounding	17%	(3)%	14%
Pharmaceuticals	1%	0%	1%
Other	0%	12%	12%
Total - Continuing Operations	4%	0%	4%
Chronic Therapies	3%	2%	5%
Acute Therapies	8%	1%	9%
Discontinued Operations- Kidney Care	4%	1%	5%
Total - Continuing Operations and Discontinued Operations - Kidney Care	4%	0%	4%
Discontinued Operations - BioPharma Solutions (BPS) ¹	NM	NM	NM
Total Baxter	(1)%	0%	(1)%

¹The company's BPS business was sold in the third quarter of 2023.

*Totals may not add across due to rounding

Change in constant currency sales growth is a non-GAAP measure. For more information on the company's use of non-GAAP financial measures in this presentation, please see the company's Current Report on Form 8-K filed with the Securities Exchange Commission on the date of this presentation.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURE

Change in Net Sales Growth As Reported to Constant Currency Sales Growth From The Nine Months Ended September 30, 2023 to The Nine Months Ended September 30, 2024

(unaudited)

Sales By Product Category:

	Net Sales Growth As Reported	FX	Constant Currency Sales Growth*
Infusion Therapies and Technologies	6%	0%	6%
Advanced Surgery	5%	1%	6%
Medical Products and Therapies	5%	1%	6%
Care and Connectivity Solutions	0%	0%	0%
Front Line Care	(6)%	0%	(6)%
Healthcare Systems and Technologies	(2)%	(1)%	(3)%
Injectables and Anesthesia	0%	1%	1%
Drug Compounding	17%	0%	17%
Pharmaceuticals	7%	0%	7%
Other	(25)%	2%	(23)%
Total - Continuing Operations	3%	0%	3%
Chronic Therapies	1%	2%	3%
Acute Therapies	10%	1%	11%
Discontinued Operations- Kidney Care	2%	2%	4%
Total - Continuing Operations and Discontinued Operations - Kidney Care	3%	1%	4%

*Totals may not add across due to rounding

Change in constant currency sales growth is a non-GAAP measure. For more information on the company's use of non-GAAP financial measures in this presentation, please see the company's Current Report on Form 8-K filed with the Securities Exchange Commission on the date of this presentation.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURE

Projected Fourth Quarter and Full Year 2024 U.S. GAAP Sales Growth to Projected Constant Currency Sales Growth and Full Year 2024 U.S. GAAP Sales Growth to Projected Constant Currency Sales Growth by Segment

(unaudited)

Sales Growth Guidance	Q4 2024	FY 2024
Continuing operations sales growth - U.S. GAAP	Decline Low Single Digit	~ 2%
Foreign Exchange	< 50 bps	< 50 bps
Continuing operations sales growth - Constant currency	Decline Low Single Digit	~ 2%
Total Company sales growth - U.S. GAAP		1% - 2%
Foreign Exchange		~ 50 bps
Total Company sales growth - Constant Currency		~ 2%
Sales Growth Guidance by Segment		FY 2024
Medical Products and Therapies		
Sales growth - U.S. GAAP		2% - 3%
Foreign Exchange		< 50 bps
Sales growth - Constant currency		2% - 3%
Healthcare Systems and Technologies		
Sales growth - U.S. GAAP		Decline Low Single Digits
Foreign Exchange		< 50 bps
Sales growth - Constant currency		Decline Low Single Digits
Pharmaceuticals		
Sales growth - U.S. GAAP		~7%
Foreign Exchange		< 50 bps
Sales growth - Constant currency		~7%
Baxter (Excluding Kidney Care)		
Sales growth - U.S. GAAP		~2%
Foreign Exchange		< 50 bps
Sales growth - Constant currency		~ 2%
Kidney Care		
Sales growth - U.S. GAAP		1% - 2%
Foreign Exchange		~ 50 bps
Sales growth - Constant currency		~ 2%

*Totals may not foot due to rounding

RECONCILIATION OF NON-GAAP FINANCIAL MEASURE

Projected Full Year 2024 Projected Adjusted Operating Margin, Projected Full Year 2024 Projected Adjusted Tax Rate and Projected Fourth Quarter and Full Year 2024 Projected Adjusted Earnings Per Share

(unaudited)

Adjusted Operating Margin Guidance		FY 2024	
Adjusted operating margin expansion - Total Baxter		+ 50 bps	
Adjusted operating margin decline - Continuing Operations		(90) - (100) bps	
Adjusted Tax Rate Guidance		FY 2024	
Adjusted tax rate - Total Baxter		~22%	
Adjusted tax rate - Continuing Operations		~ 18.5%	
Adjusted Earnings Per Share Guidance		Q4 2024	FY 2024
Adjusted diluted EPS - Continuing Operations		\$0.50 - \$0.53	\$1.81 - \$1.84
Adjusted diluted EPS - Discontinued Operations		\$0.27 - \$0.28	\$1.09 - \$1.10
Adjusted diluted EPS - Total Baxter		\$0.77 - \$0.81	\$2.90 - \$2.94

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 operating margin guidance, adjusted tax rate guidance and adjusted diluted EPS guidance excludes potential charges or gains that would be reflected as Non-GAAP adjustments to earnings. Baxter provides forward-looking adjusted operating margin guidance, adjusted tax rate guidance and adjusted diluted EPS guidance because it believes that these measures provide useful information for the reasons noted above. Baxter has not provided reconciliations of forward-looking adjusted operating margin guidance to forward-looking GAAP operating margin guidance, adjusted tax rate guidance to forward-looking GAAP tax rate guidance and adjusted diluted 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 changes in foreign currency exchange rates, 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.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURE

Projected Annual Operational Sales Growth and Projected Full Year 2025 Projected Adjusted Operating Margin *(unaudited)*

Operational Sales Growth Guidance	Annually
Operational Sales Growth Guidance	4% - 5%
Adjusted Operating Margin Guidance	FY 2025
Adjusted Operating Margin Guidance	~ 16.5%

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 annual operational sales growth guidance represents the company's targeted future sales growth excluding sales to Vantive under the related manufacturing supply agreement and assuming foreign currency exchange rates remain constant in future periods. Additionally, forward-looking full year 2025 adjusted operating margin guidance excludes potential charges or gains that would be reflected as non-GAAP adjustments to earnings. Baxter provides forward-looking annual operational sales growth guidance and forward-looking full year 2025 adjusted operating margin guidance because it believes that these measures provide useful information for the reasons noted in above. Baxter has not provided reconciliations of forward-looking annual operational sales growth guidance to forward-looking GAAP reported sales growth guidance and forward-looking full year 2025 adjusted operating margin guidance to forward-looking GAAP operating margin 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, unusual gains and losses, and changes in foreign currency exchange rates, 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.



Baxter

THIRD-QUARTER 2024 EARNINGS

Baxter International Inc.
November 8, 2024