

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

	Three Months Ended December 31,		Change
	2024	2023	
NET SALES	\$ 2,753	\$ 2,729	1 %
COST OF SALES	1,794	1,629	10 %
GROSS MARGIN	959	1,100	(13)%
<i>% of Net Sales</i>	<i>34.8 %</i>	<i>40.3 %</i>	<i>(5.5 pts)</i>
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	761	683	11 %
<i>% of Net Sales</i>	<i>27.6 %</i>	<i>25.0 %</i>	<i>2.6 pts</i>
RESEARCH AND DEVELOPMENT EXPENSES	211	127	66 %
<i>% of Net Sales</i>	<i>7.7 %</i>	<i>4.7 %</i>	<i>3.0 pts</i>
GOODWILL IMPAIRMENTS	425	—	NM
OTHER OPERATING INCOME, NET	(3)	(14)	(79)%
OPERATING INCOME (LOSS)	(435)	304	NM
<i>% of Net Sales</i>	<i>(15.8)%</i>	<i>11.1 %</i>	<i>(26.9 pts)</i>
INTEREST EXPENSE, NET	90	72	25 %
OTHER (INCOME) EXPENSE, NET	(4)	11	NM
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(521)	221	NM
INCOME TAX EXPENSE (BENEFIT)	(33)	2	NM
<i>% of Income (Loss) from Continuing Operations Before Income Taxes</i>	<i>6.3 %</i>	<i>0.9 %</i>	<i>5.4 pts</i>
INCOME (LOSS) FROM CONTINUING OPERATIONS	(488)	219	NM
INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX	(22)	27	NM
NET INCOME (LOSS)	(510)	246	NM
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS INCLUDED IN CONTINUING OPERATIONS	—	—	NM
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS INCLUDED IN DISCONTINUED OPERATIONS	2	1	100 %
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	2	1	100 %
NET INCOME (LOSS) ATTRIBUTABLE TO BAXTER STOCKHOLDERS	\$ (512)	\$ 245	NM
INCOME (LOSS) FROM CONTINUING OPERATIONS PER COMMON SHARE			
Basic	\$ (0.95)	\$ 0.43	NM
Diluted	\$ (0.95)	\$ 0.43	NM
INCOME (LOSS) FROM DISCONTINUED OPERATIONS PER COMMON SHARE			
Basic	\$ (0.05)	\$ 0.05	NM
Diluted	\$ (0.05)	\$ 0.05	NM
NET INCOME (LOSS) PER COMMON SHARE			
Basic	\$ (1.00)	\$ 0.48	NM
Diluted	\$ (1.00)	\$ 0.48	NM
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING			
Basic	511	507	
Diluted	511	509	
ADJUSTED OPERATING INCOME (excluding special items)¹	\$ 419	\$ 468	(10)%
ADJUSTED INCOME FROM CONTINUING OPERATIONS (excluding special items)¹	\$ 297	\$ 330	(10)%
ADJUSTED INCOME FROM DISCONTINUED OPERATIONS (excluding special items)¹	\$ 101	\$ 105	(4)%
ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)¹	\$ 396	\$ 434	(9)%
ADJUSTED DILUTED EPS FROM CONTINUING OPERATIONS (excluding special items)¹	\$ 0.58	\$ 0.65	(11)%
ADJUSTED DILUTED EPS FROM DISCONTINUED OPERATIONS (excluding special items)¹	\$ 0.19	\$ 0.20	(5)%
ADJUSTED DILUTED EPS (excluding special items)¹	\$ 0.77	\$ 0.85	(9)%

¹ Refer to page 14 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 December 31, 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 Impairments	Operating Income (Loss)	Income (Loss) From Continuing Operations Before Income Taxes	Income Tax Expense (Benefit)	Income (Loss) From Continuing Operations	Income From Discontinued Operations, Net of Tax	Net Income (Loss)	Net Income (Loss) Attributable to Baxter Stockholders	Diluted Earnings Per Share from Continuing Operations	Diluted Earnings Per Share from Discontinued Operations	Diluted Earnings Per Share
Reported	\$ 959	\$ 761	\$ 211	\$ 425	\$ (435)	\$ (521)	\$ (33)	\$ (488)	\$ (22)	\$ (510)	\$ (512)	\$ (0.95)	\$ (0.05)	\$ (1.00)
Reported percent of net sales (or effective tax rate for income tax expense (benefit))	34.8 %	27.6 %	7.7 %	15.4 %	(15.8)%	(18.9)%	6.3 %	(17.7)%	(0.8)%	(18.5)%	(18.6)%			
Intangible asset amortization	103	(51)	—	—	154	154	37	117	1	118	118	0.23	0.00	0.23
Business optimization items ¹	59	(24)	(30)	—	113	113	27	86	(4)	82	82	0.17	(0.01)	0.16
Acquisition and integration items ²	—	(7)	—	—	7	7	2	5	—	5	5	0.01	0.00	0.01
European medical devices regulation ³	8	—	—	—	8	8	1	7	(1)	6	6	0.01	0.00	0.01
Product-related items ⁴	12	—	—	—	12	12	3	9	—	9	9	0.02	0.00	0.02
Hurricane Helene costs ⁵	85	—	—	—	85	85	21	64	9	73	73	0.13	0.01	0.14
Long-lived asset impairments ⁶	—	—	(50)	—	50	50	13	37	—	37	37	0.07	0.00	0.07
Goodwill impairments ⁷	—	—	—	(425)	425	425	—	425	—	425	425	0.83	0.00	0.83
Separation-related costs ⁸	—	—	—	—	—	—	—	—	68	68	68	0.00	0.13	0.13
Tax matters ¹²	—	—	—	—	—	—	(35)	35	50	85	85	0.07	0.10	0.17
Adjusted	\$ 1,226	\$ 679	\$ 131	\$ —	\$ 419	\$ 333	\$ 36	\$ 297	\$ 101	\$ 398	\$ 396	\$ 0.58	\$ 0.19	\$ 0.77
Adjusted percent of net sales (or effective tax rate for income tax expense (benefit))	44.5 %	24.7 %	4.8 %	0.0 %	15.2 %	12.1 %	10.8 %	10.8 %	3.7 %	14.5 %	14.4 %			

	Reported	Adjusted		
Income (loss) from discontinued operations, net of tax	\$ (22)	\$ 101	Weighted-average diluted shares as reported	511
Less: Net income attributable to noncontrolling interests included in discontinued operations	2	2	Effect of dilutive securities that were anti-dilutive to dilutive EPS as reported	1
Income (loss) from discontinued operations attributable to Baxter stockholders	\$ (24)	\$ 99	Weighted-average diluted shares as adjusted	512

	Reported	Adjusted
Net income (loss)	\$ (510)	\$ 398
Less: Net income (loss) attributable to noncontrolling interests	2	2
Net income (loss) attributable to Baxter stockholders	\$ (512)	\$ 396

The company's U.S. GAAP results for the three months ended December 31, 2023 included special items which impacted the U.S. GAAP measures as follows:

	Gross Margin	Selling, General and Administrative Expenses	Other Operating Expense, Net	Operating Income (Loss)	Other (Income) Expense, Net	Income (Loss) From Continuing Operations Before Income Taxes	Income Tax Expense (Benefit)	Income (Loss) From Continuing Operations	Income From Discontinued Operations	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	\$1,100	\$ 683	\$ (14)	\$ 304	\$ 11	\$ 221	\$ 2	\$ 219	\$ 27	\$ 246	\$ 245	\$ 0.43	\$ 0.05	\$ 0.48
Reported percent of net sales (or effective tax rate for income tax expense (benefit))	40.3 %	25.0 %	(0.5)%	11.1 %	0.4 %	8.1 %	0.9 %	8.0 %	1.0 %	9.0 %	9.0 %			
Intangible asset amortization	104	(52)	—	156	—	156	44	112	12	124	124	0.22	0.02	0.24
Business optimization items ¹	4	(3)	—	7	—	7	31	(24)	14	(10)	(10)	(0.05)	0.03	(0.02)
Acquisition and integration items ²	—	(3)	5	(2)	—	(2)	—	(2)	—	(2)	(2)	0.00	0.00	0.00
European medical devices regulation ³	9	—	—	9	—	9	1	8	1	9	9	0.02	0.00	0.02
Legal matters ⁹	—	(2)	8	(6)	—	(6)	(1)	(5)	—	(5)	(5)	(0.01)	0.00	(0.01)
Long-lived asset impairments ⁶	—	—	—	—	—	—	4	(4)	—	(4)	(4)	(0.01)	0.00	(0.01)
Investment impairments ¹⁰	—	—	—	—	(21)	21	(7)	28	6	34	34	0.06	0.01	0.07
Gain on BPS Sale ¹¹	—	—	—	—	—	—	—	—	15	15	15	0.00	0.03	0.03
Separation-related costs ⁸	—	—	—	—	—	—	—	—	71	71	71	0.00	0.14	0.14
Tax matters ¹²	—	—	—	—	—	—	2	(2)	(41)	(43)	(43)	0.00	(0.08)	(0.08)
Adjusted	\$1,217	\$ 623	\$ (1)	\$ 468	\$ (10)	\$ 406	\$ 76	\$ 330	\$ 105	\$ 435	\$ 434	\$ 0.65	\$ 0.20	\$ 0.85
Adjusted percent of net sales (or effective tax rate for income tax expense)	44.6 %	22.8 %	0.0 %	17.1 %	(0.4)%	14.9 %	18.7 %	12.1 %	3.8 %	15.9 %	15.9 %			

	Reported	Adjusted
Income (loss) from discontinued operations	\$ 27	\$ 105
Less: Net income attributable to noncontrolling interests included in discontinued operations	1	1
Income (loss) from discontinued operations attributable to Baxter stockholders	\$ 26	\$ 104

	Reported	Adjusted
Net income (loss)	\$ 246	\$ 435
Less: Net income (loss) attributable to noncontrolling interests	1	1
Net income (loss) attributable to Baxter stockholders	\$ 245	\$ 434

- 1 The company's results in 2024 and 2023 included charges associated with its execution of programs to optimize its organization and cost structure. The company's results of continuing operations in 2024 included costs primarily related initiatives to reduce its cost structure following the sale of its Kidney Care segment, initiatives within our Healthcare Systems & Technologies segment including the discontinuing of a product line and rationalization of certain other manufacturing and distribution facilities. The company's results of continuing operations in 2023 included actions related to its current 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. The company's results of discontinued operations in 2023, included actions related to its decision to close one of its U.S.-based manufacturing facilities.
- 2 The company's results in 2024 and 2023 included acquisition and integration-related items comprised of Hillrom integration expenses and in 2023, 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 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 of continuing operations in 2024 included charges related to warranty and remediation activities arising from field corrective actions on Healthcare Systems & Technologies products.
 - 5 The company's results of continuing operations in 2024 included net charges related to Hurricane Helene, which consisted of charges related to remediation, idle facility, air freight and other costs, partially offset by insurance recoveries. The company's results of discontinued operations in 2024 included charges related to Hurricane Helene consisting of charges related to air freight and other costs.
 - 6 The company's results of continuing operations in 2024 included a long-lived asset impairment charge to reduce the carrying amount of an in-process research and development (IPR&D) asset to its fair value.
 - 7 The company's results of continuing operations in 2024 included a goodwill impairment charge related to the Front Line Care reporting unit within its Healthcare Systems & Technologies segment.
 - 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 sale of its Kidney Care segment.
 - 9 The company's results of continuing operations in 2023 included proceeds received, net of legal fees, from a settlement related to an intellectual property dispute.
 - 10 The company's results of operations in 2023 included impairments of non-marketable investments in several early-stage companies consisting of noncash impairment write-downs.
 - 11 The company's results of discontinued operations in 2023 included adjustments to its third quarter 2023 gain from the sale of its BPS business related to final working capital and transaction cost amounts.
 - 12 The company's results of continuing operations in 2024 included income tax expense related to legislative changes under IRC Section 987 in the U.S. and net income tax expense related to a revaluation of the Swiss basis step-up deferred tax asset and related valuation allowance that arose from Swiss tax reform legislation in 2019 that was partially offset by a decrease in such valuation allowance to reflect the company's current estimate of recoverability of the basis step-up deferred tax asset. The company's results of discontinued operations in 2024 included income tax costs on internal reorganizations related to the sale of its Kidney Care segment. The company's results in 2023 included a valuation allowance decrease related to its estimated recoverability of a deferred tax asset for the 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 recorded to continuing operations, an income tax benefit from an internal reorganization transaction related to the separation of its Kidney Care segment recorded to discontinued operations, 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, please see the Non-GAAP Financial Measures section of this press release.

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

	Twelve Months Ended December 31,		
	2024	2023	Change
NET SALES	\$ 10,636	\$ 10,360	3 %
COST OF SALES	6,652	6,210	7 %
GROSS MARGIN	3,984	4,150	(4)%
<i>% of Net Sales</i>	<i>37.5 %</i>	<i>40.1 %</i>	<i>(2.6 pts)</i>
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	2,967	2,953	NM
<i>% of Net Sales</i>	<i>27.9 %</i>	<i>28.5 %</i>	<i>(0.6 pts)</i>
RESEARCH AND DEVELOPMENT EXPENSES	590	518	14 %
<i>% of Net Sales</i>	<i>5.5 %</i>	<i>5.0 %</i>	<i>0.5 pts</i>
GOODWILL IMPAIRMENTS	425	—	NM
OTHER OPERATING INCOME, NET	(12)	(28)	(57)%
OPERATING INCOME	14	707	(98)%
<i>% of Net Sales</i>	<i>0.1 %</i>	<i>6.8 %</i>	<i>(6.7 pts)</i>
INTEREST EXPENSE, NET	341	439	(22)%
OTHER (INCOME) EXPENSE, NET	(38)	26	NM
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(289)	242	NM
INCOME TAX EXPENSE	37	61	(39)%
<i>% of Income (Loss) from Continuing Operations Before Income Taxes</i>	<i>(12.8)%</i>	<i>25.2 %</i>	<i>(38.0 pts)</i>
INCOME (LOSS) FROM CONTINUING OPERATIONS	(326)	181	NM
INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX	(312)	2,482	NM
NET INCOME (LOSS)	(638)	2,663	NM
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS INCLUDED IN CONTINUING OPERATIONS	—	—	NM
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS INCLUDED IN DISCONTINUED OPERATIONS	11	7	57 %
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	11	7	57 %
NET INCOME (LOSS) ATTRIBUTABLE TO BAXTER STOCKHOLDERS	\$ (649)	\$ 2,656	NM
INCOME (LOSS) FROM CONTINUING OPERATIONS PER COMMON SHARE			
Basic	\$ (0.64)	\$ 0.36	NM
Diluted	\$ (0.64)	\$ 0.36	NM
INCOME (LOSS) FROM DISCONTINUED OPERATIONS PER COMMON SHARE			
Basic	\$ (0.63)	\$ 4.89	NM
Diluted	\$ (0.63)	\$ 4.87	NM
NET INCOME (LOSS) PER COMMON SHARE			
Basic	\$ (1.27)	\$ 5.25	NM
Diluted	\$ (1.27)	\$ 5.23	NM
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING			
Basic	510	506	
Diluted	510	508	
ADJUSTED OPERATING INCOME (excluding special items)¹	\$ 1,474	\$ 1,519	(3)%
ADJUSTED INCOME (LOSS) FROM CONTINUING OPERATIONS (excluding special items)¹	\$ 966	\$ 863	12 %
ADJUSTED INCOME FROM DISCONTINUED OPERATIONS (excluding special items)¹	\$ 528	\$ 625	(16)%
ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)¹	\$ 1,483	\$ 1,481	NM
ADJUSTED DILUTED EPS FROM CONTINUING OPERATIONS (excluding special items)¹	\$ 1.89	\$ 1.70	11 %
ADJUSTED DILUTED EPS FROM DISCONTINUED OPERATIONS (excluding special items)¹	\$ 1.01	\$ 1.22	(17)%
ADJUSTED DILUTED EPS (excluding special items)¹	\$ 2.90	\$ 2.92	(1)%

¹ Refer to page 16 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 twelve months ended December 31, 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 Impairments	Operating Income (Loss)	Income (Loss) From Continuing Operations Before Income Taxes	Income Tax Expense	Income (Loss) From Continuing Operations	Income From Discontinued Operations, Net of Tax	Net Income (Loss)	Net Income (Loss) Attributable to Baxter Stockholders	Diluted Earnings Per Share From Continuing Operations	Diluted Earnings Per Share from Discontinued Operations	Diluted Earnings Per Share
Reported	\$3,984	\$ 2,967	\$ 590	\$ 425	\$ 14	\$ (289)	\$ 37	\$ (326)	\$ (312)	\$ (638)	\$ (649)	\$ (0.64)	\$ (0.63)	\$ (1.27)
Reported percent of net sales (or effective tax rate for income tax expense)	37.5 %	27.9 %	5.5 %	4.0 %	0.1 %	(2.7)%	(12.8)%	(3.1)%	(2.9)%	(6.0)%	(6.1)%			
Intangible asset amortization	419	(206)	—	—	625	625	148	477	20	497	497	0.93	0.04	0.97
Business optimization items ¹	67	(65)	(30)	—	162	162	41	121	49	170	170	0.24	0.09	0.33
Acquisition and integration items ²	1	(22)	—	—	23	23	5	18	—	18	18	0.04	0.00	0.04
European medical devices regulation ³	33	—	—	—	33	33	7	26	2	28	28	0.05	0.00	0.05
Product-related items ⁴	15	—	—	—	15	15	3	12	—	12	12	0.02	0.00	0.02
Hurricane Helene costs ⁵	110	—	—	—	110	110	27	83	9	92	92	0.16	0.02	0.18
Long-lived asset impairments ⁶	—	—	(50)	—	50	50	13	37	—	37	37	0.07	0.00	0.07
Legal matters ⁹	—	(17)	—	—	17	17	4	13	—	13	13	0.03	0.00	0.03
Goodwill impairments ⁷	—	—	—	(425)	425	425	—	425	430	855	855	0.83	0.84	1.67
Separation-related costs ⁸	—	—	—	—	—	—	—	—	261	261	261	0.00	0.51	0.51
Tax matters ¹⁵	—	—	—	—	—	—	(80)	80	69	149	149	0.16	0.14	0.29
Adjusted	\$4,629	\$ 2,657	\$ 510	\$ —	\$ 1,474	\$ 1,171	\$ 205	\$ 966	\$ 528	\$1,494	\$ 1,483	\$ 1.89	\$ 1.01	\$ 2.90
Adjusted percent of net sales (or effective tax rate for income tax expense)	43.5 %	25.0 %	4.8 %	0.0 %	13.9 %	11.0 %	17.5 %	9.1 %	5.0 %	14.0 %	13.9 %			

	Reported	Adjusted		
Income (loss) from discontinued operations, net of tax	\$ (312)	\$ 528	Weighted-average diluted shares as reported	510
Less: Net income attributable to noncontrolling interests included in discontinued operations	11	11	Effect of dilutive securities that were anti-dilutive to dilutive EPS as reported	1
Income (loss) from discontinued operations attributable to Baxter stockholders	\$ (323)	\$ 517	Weighted-average diluted shares as adjusted	511

	Reported	Adjusted
Net income (loss)	\$ (638)	\$ 1,494
Less: Net income (loss) attributable to noncontrolling interests	11	11
Net income (loss) attributable to Baxter stockholders	\$ (649)	\$ 1,483

The company's U.S. GAAP results for the twelve months ended December 31, 2023 included special items which impacted the U.S. GAAP measures as follows:

	Gross Margin	Selling, General and Administrative Expenses	Research and Development Expenses	Other Operating Expense, Net	Operating Income (Loss)	Other (Income) Expense, Net	Income (Loss) From Continuing Operations Before Income Taxes	Income Tax Expense (Benefit)	Income (Loss) From Continuing Operations	Income From Discontinued Operations, Net of Tax	Net Income (Loss)	Net Income (Loss) Attributable to Baxter Stockholders	Diluted Earnings Per Share From Continuing Operations	Diluted Earnings Per Share From Discontinued Operations	Diluted Earnings Per Share
Reported	\$4,150	\$ 2,953	\$ 518	\$ (28)	\$ 707	\$ 26	\$ 242	\$ 61	\$ 181	\$ 2,482	\$2,663	\$ 2,656	\$ 0.36	\$ 4.87	\$ 5.23
Reported percent of net sales (or effective tax rate for income tax expense (benefit))	40.1 %	28.5 %	5.0 %	(0.3)%	6.8 %	0.3 %	2.3 %	25.2 %	1.7 %	24.0 %	25.7 %	25.6 %			
Intangible asset amortization	383	(207)	—	—	590	—	590	143	447	49	496	496	0.88	0.10	0.98
Business optimization items ¹	27	(137)	(10)	—	174	—	174	69	105	305	410	410	0.21	0.59	0.80
Acquisition and integration items ²	1	(18)	—	19	—	—	—	1	(1)	—	(1)	(1)	0.00	0.00	0.00
European medical devices regulation ³	41	—	—	—	41	—	41	11	30	6	36	36	0.06	0.01	0.07
Long-lived asset impairments ⁵	—	—	—	—	—	—	—	4	(4)	205	201	201	(0.01)	0.41	0.40
Legal matters ⁹	—	(15)	—	8	7	—	7	2	5	—	5	5	0.01	0.00	0.01
Investment impairments ¹⁰	—	—	—	—	—	(31)	31	(4)	35	14	49	49	0.07	0.03	0.10
Gain on BPS Sale ¹¹	—	—	—	—	—	—	—	—	—	(2,588)	(2,588)	(2,588)	0.00	(5.09)	(5.09)
Separation-related costs ⁸	—	—	—	—	—	—	—	—	—	213	213	213	0.00	0.42	0.42
Tax matters ¹²	—	—	—	—	—	—	—	(65)	65	(61)	4	4	0.13	(0.12)	0.01
Adjusted	\$4,602	\$ 2,576	\$ 508	\$ (1)	\$ 1,519	\$ (5)	\$ 1,085	\$ 222	\$ 863	\$ 625	\$1,488	\$ 1,481	\$ 1.70	\$ 1.22	\$ 2.92
Adjusted percent of net sales (or effective tax rate for income tax expense)	44.4 %	24.9 %	4.9 %	0.0 %	14.7 %	0.0 %	10.5 %	20.5 %	8.3 %	6.0 %	14.4 %	14.3 %			

	Reported	Adjusted		
Income (loss) from discontinued operations, net of tax	\$ 2,482	\$ 625	Weighted-average diluted shares as reported	506
Less: Net income attributable to noncontrolling interests included in discontinued operations	7	7	Effect of dilutive securities that were anti-dilutive to dilutive EPS as reported	2
Income (loss) from discontinued operations attributable to Baxter stockholders	\$ 2,475	\$ 618	Weighted-average diluted shares as adjusted	508
	Reported	Adjusted		
Weighted-average diluted shares as reported	\$ 2,663	\$1,488		
Effect of dilutive securities that were anti-dilutive to dilutive EPS as reported	7	7		
Weighted-average diluted shares as adjusted	\$ 2,656	\$1,481		

- 1 The company's results in 2024 and 2023 included charges associated with its execution of programs to optimize its organization and cost structure. The company's results of continuing operations in 2024 included costs primarily related initiatives to reduce its cost structure following the sale of its Kidney Care segment, initiatives within our Healthcare Systems & Technologies segment including the discontinuing of a product line and rationalization of certain other manufacturing and distribution facilities. The company's results of continuing operations in 2023 included actions related to its current 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. The company's results of discontinued operations in 2023, included actions related to its decision to close one of its U.S.-based manufacturing facilities, which resulted in a noncash impairment of property, plant and equipment in the first half of the year.

- 2 The company's results of continuing operations in 2024 included acquisition and 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 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 of continuing operations in 2024 included charges related to warranty and remediation activities arising from field corrective actions on Healthcare Systems & Technologies products and a revised estimate of warranty and remediation activities arising from a field correction action on certain of its infusion pumps initially recorded in 2022.
- 5 The company's results of continuing operations in 2024 included net charges related to Hurricane Helene, which consisted of charges related to damaged inventory and fixed assets, remediation, idle facility, air freight and other costs, partially offset by insurance recoveries. The company's results of discontinued operations in 2024 included charges related to Hurricane Helene consisting of charges related to air freight and other costs.
- 6 The company's results of continuing operations in 2024 included a long-lived asset impairment charge to reduce the carrying amount of an IPR&D asset to its fair value. 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.
- 7 The company's results of continuing operations in 2024 included a goodwill impairment charge related to the Front Line Care reporting unit within its Healthcare Systems & Technologies segment. The company's results of discontinued operations in 2023 included a goodwill impairment charge related to the Chronic Therapies reporting unit within its Kidney Care segment.
- 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 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 continuing operations in 2024 included charges related to environmental reserves for remediation actions associated with historic operations at certain of our facilities. The company's results of continuing operations 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, partially offset by proceeds received, net of legal fees, from a settlement related to an intellectual property dispute.
- 10 The company's results of operations in 2023 included impairments of non-marketable investments in several early-stage companies consisting of noncash impairment write-downs.
- 11 The company's results of discontinued operations in 2023 included adjustments to its third quarter 2023 gain from the sale of its BPS business.
- 12 The company's results of continuing operations in 2024 included income tax expense consisting of a valuation allowance recorded to reduce the carrying amount of a tax attribute carryforward in the U.S., net income tax costs on internal reorganizations related to the sale of our Kidney Care segment, legislative changes under IRC Section 987 in the U.S., and a revaluation of the Swiss basis step-up deferred tax asset and related valuation allowance that arose from Swiss tax reform legislation in 2019 that was partially offset by a decrease in such valuation allowance to reflect the company's current estimate of recoverability of the basis step-up deferred tax asset. The company's results of discontinued operations in 2024 included income tax costs on internal reorganizations related to the sale of its Kidney Care segment, partially offset by an income tax benefit related to the deductibility of certain separation costs in the U.S. The company's results in 2023 included a net income tax expense from separation related income tax costs associated with the sale of its BPS business and a valuation allowance 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, with the remaining tax expense related to the tax effects of other special items recorded to continuing operations. The company's results of discontinued operations in 2023 included an income tax benefit from an internal reorganization transaction related to the separation of its Kidney Care segment, with the remaining tax benefit related to the tax effects of other special items.

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)

The Medical Products & Therapies segment includes sales of our sterile IV solutions, infusion systems, administration sets, parenteral nutrition therapies and surgical hemostat, sealant and adhesion prevention products. The Healthcare Systems & Technologies segment includes sales of our connected care solutions and collaboration tools, including smart bed systems, patient monitoring systems and diagnostic technologies, respiratory health devices and advanced equipment for the surgical space, including operating room integration technologies, precision positioning devices and other accessories. The Pharmaceuticals segment includes sales of specialty injectable pharmaceuticals, inhaled anesthesia and drug compounding. Other sales not allocated to a segment primarily include sales of products and services provided directly through certain of our manufacturing facilities.

	Three Months Ended December 31,		% Growth @ Actual Rates	% Growth @ Constant Rates	Twelve Months Ended December 31,		% Growth @ Actual Rates	% Growth @ Constant Rates
	2024	2023			2024	2023		
Infusion Therapies & Technologies	\$ 1,022	\$ 1,042	(2)%	(1)%	\$ 4,103	\$ 3,960	4 %	4 %
Advanced Surgery	292	278	5 %	6 %	1,104	1,051	5 %	6 %
Medical Products & Therapies	1,314	1,320	(0)%	1 %	5,207	5,011	4 %	5 %
Care and Connectivity Solutions	504	492	2 %	3 %	1,814	1,800	1 %	1 %
Front Line Care	280	303	(8)%	(8)%	1,137	1,213	(6)%	(6)%
Healthcare Systems & Technologies	784	795	(1)%	(1)%	2,951	3,013	(2)%	(2)%
Injectables and Anesthesia	383	359	7 %	8 %	1,373	1,347	2 %	3 %
Drug Compounding	260	237	10 %	9 %	1,038	902	15 %	15 %
Pharmaceuticals	643	596	8 %	8 %	2,411	2,249	7 %	7 %
Other	12	18	(33)%	(33)%	67	87	(23)%	(22)%
Total - Continuing Operations	\$ 2,753	\$ 2,729	1 %	2 %	\$ 10,636	\$ 10,360	3 %	3 %

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.
Segment Operating Income
(unaudited)
(\$ in millions)

(in millions)	Three months ended December 31,		Twelve months ended December 31,	
	2024	2023	2024	2023
Medical Products & Therapies	\$ 217	\$ 266	\$ 950	\$ 972
<i>% of Segment Net Sales</i>	<i>16.5 %</i>	<i>20.2 %</i>	<i>18.2 %</i>	<i>19.4 %</i>
Healthcare Systems & Technologies	145	156	468	483
<i>% of Segment Net Sales</i>	<i>18.5 %</i>	<i>19.6 %</i>	<i>15.9 %</i>	<i>16.0 %</i>
Pharmaceuticals	102	117	313	401
<i>% of Segment Net Sales</i>	<i>15.9 %</i>	<i>19.6 %</i>	<i>13.0 %</i>	<i>17.8 %</i>
Other	3	(1)	18	18
Total	467	538	1,749	1,874
Unallocated corporate costs	(48)	(70)	(275)	(355)
Intangible asset amortization expense	(154)	(156)	(625)	(590)
Business optimization items	(113)	(7)	(162)	(174)
European medical devices regulation	(8)	(9)	(33)	(41)
Long-lived asset impairments	(50)	—	(50)	—
Legal matters	—	6	(17)	(7)
Acquisition and integration items	(7)	2	(23)	—
Product-related items	(12)	—	(15)	—
Hurricane Helene costs	(85)	—	(110)	—
Goodwill impairments	(425)	—	(425)	—
Total operating income (loss)	(435)	304	14	707
Interest expense, net	90	72	341	439
Other (income) expense, net	(4)	11	(38)	26
Income (loss) from continuing operations before income taxes	\$ (521)	\$ 221	\$ (289)	\$ 242

BAXTER INTERNATIONAL INC.
Operating Segment Sales by U.S. and International
(unaudited)
(\$ in millions)

	Three Months Ended December 31,						% Growth		
	2024			2023					
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
Infusion Therapies & Technologies	\$ 561	\$ 461	\$ 1,022	\$ 573	\$ 469	\$ 1,042	(2) %	(2) %	(2) %
Advanced Surgery	157	135	292	149	129	278	5 %	5 %	5 %
Medical Products & Therapies	718	596	1,314	722	598	1,320	(1) %	(0) %	(0) %
Care and Connectivity Solutions	366	138	504	337	155	492	9 %	(11) %	2 %
Front Line Care	208	72	280	223	80	303	(7) %	(10) %	(8) %
Healthcare Systems & Technologies	574	210	784	560	235	795	3 %	(11) %	(1) %
Injectables and Anesthesia	214	169	383	209	150	359	2 %	13 %	7 %
Drug Compounding	—	260	260	—	237	237	0 %	10 %	10 %
Pharmaceuticals	214	429	643	209	387	596	2 %	11 %	8 %
Other	4	8	12	14	4	18	(71) %	100 %	(33) %
Total - Continuing Operations	\$ 1,510	\$ 1,243	\$ 2,753	\$ 1,505	\$ 1,224	\$ 2,729	0 %	2 %	1 %

BAXTER INTERNATIONAL INC.
Operating Segment Sales by U.S. and International
(unaudited)
(\$ in millions)

	Twelve Months Ended December 31,						% Growth		
	2024			2023					
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
Infusion Therapies & Technologies	\$ 2,279	\$ 1,824	\$ 4,103	\$ 2,227	\$ 1,733	\$ 3,960	2 %	5 %	4 %
Advanced Surgery	603	501	1,104	582	469	1,051	4 %	7 %	5 %
Medical Products & Therapies	2,882	2,325	5,207	2,809	2,202	5,011	3 %	6 %	4 %
Care and Connectivity Solutions	1,311	503	1,814	1,263	537	1,800	4 %	(6) %	1 %
Front Line Care	843	294	1,137	905	308	1,213	(7) %	(5) %	(6) %
Healthcare Systems & Technologies	2,154	797	2,951	2,168	845	3,013	(1) %	(6) %	(2) %
Injectables and Anesthesia	780	593	1,373	759	588	1,347	3 %	1 %	2 %
Drug Compounding	—	1,038	1,038	—	902	902	0 %	15 %	15 %
Pharmaceuticals	780	1,631	2,411	759	1,490	2,249	3 %	9 %	7 %
Other	34	33	67	66	21	87	(48) %	57 %	(23) %
Total - Continuing Operations	\$ 5,850	\$ 4,786	\$10,636	\$ 5,802	\$ 4,558	\$10,360	1 %	5 %	3 %

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

	Twelve Months Ended December 31,	
	2024	2023
Cash flows from operations – continuing operations	\$ 819	\$ 1,207
Cash flows from investing activities - continuing operations	(410)	(410)
Cash flows from financing activities	(1,081)	(3,489)
Cash flows from operations - continuing operations	\$ 819	\$ 1,207
Capital expenditures - continuing operations	(446)	(432)
Free cash flow - continuing operations	\$ 373	\$ 775

Free cash flow is a non-GAAP measure. For more information on the company's use of non-GAAP financial measures, please see the Non-GAAP Financial Measures section of this press release.

BAXTER INTERNATIONAL INC.
Reconciliation of Non-GAAP Financial Measure
Change in Net Sales Growth As Reported to Constant Currency Sales Growth
From The Three Months Ended December 31, 2023 to The Three Months Ended December 31, 2024
(unaudited)

	Net Sales Growth As Reported	FX	Constant Currency Sales Growth*
Infusion Therapies & Technologies	(2) %	1 %	(1) %
Advanced Surgery	5 %	1 %	6 %
Medical Products & Therapies	(0) %	1 %	1 %
Care and Connectivity Solutions	2 %	1 %	3 %
Front Line Care	(8) %	0 %	(8) %
Healthcare Systems & Technologies	(1) %	0 %	(1) %
Injectables and Anesthesia	7 %	1 %	8 %
Drug Compounding	10 %	(1) %	9 %
Pharmaceuticals	8 %	0 %	8 %
Other	(33) %	0 %	(33) %
Total - Continuing Operations	1 %	1 %	2 %
Discontinued Operations - Kidney Care	(2) %	3 %	1 %

*Totals may not add across due to rounding

Constant currency sales growth is a non-GAAP measure. For more information on the company's use of non-GAAP financial measures, please see the Non-GAAP Financial Measures section of this press release.

BAXTER INTERNATIONAL INC.
Reconciliation of Non-GAAP Financial Measure
Change in Net Sales Growth As Reported to Constant Currency Sales Growth
From The Twelve Months Ended December 31, 2023 to The Twelve Months Ended December 31, 2024
(unaudited)

	Net Sales Growth As Reported	FX	Constant Currency Sales Growth*
Infusion Therapies & Technologies	4 %	0 %	4 %
Advanced Surgery	5 %	1 %	6 %
Medical Products & Therapies	4 %	1 %	5 %
Care and Connectivity Solutions	1 %	0 %	1 %
Front Line Care	(6) %	0 %	(6) %
Healthcare Systems & Technologies	(2) %	0 %	(2) %
Injectables and Anesthesia	2 %	1 %	3 %
Drug Compounding	15 %	0 %	15 %
Pharmaceuticals	7 %	0 %	7 %
Other	(23) %	1 %	(22) %
Total - Continuing Operations	3 %	0 %	3 %

*Totals may not add across due to rounding

Constant currency sales growth is a non-GAAP measure. For more information on the company's use of non-GAAP financial measures, please see the Non-GAAP Financial Measures section of this press release.

BAXTER INTERNATIONAL INC.

**Projected First Quarter and Full Year 2025 U.S. GAAP Sales Growth to Projected Operational Sales Growth and
Projected First Quarter and Full Year 2025 Adjusted Earnings Per Share
(unaudited)**

Sales Growth Guidance	Q1 2025*	FY 2025*
Sales growth - U.S. GAAP	3% - 4%	5% - 6%
Kidney Care MSA	(~250 bps)	(~350 bps)
Exit of IV Solutions in China	~60 bps	~60 bps
Foreign Exchange	>200 bps	~200 bps
Operational sales growth	~4%	4% - 5%

Adjusted Earnings Per Share Guidance	Q1 2025	FY 2025
Adjusted diluted EPS	\$0.47 - \$0.50	\$2.45 - \$2.55

*Totals may not foot due to rounding

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 operational sales growth represents the company's targeted future sales growth excluding sales to Vantive under the Kidney Care manufacturing and supply agreement (MSA) not reflected in its reportable segments, reflects the exit of IV Solutions in China in its Medical Products & Therapies reportable segment, and assumes foreign currency exchange rates remain constant in future periods. Additionally, 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 operational sales growth 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 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.