



Baxter

FIRST-QUARTER 2025 EARNINGS

Baxter International Inc.

May 1, 2025

FORWARD-LOOKING STATEMENTS

This presentation includes forward-looking statements concerning the company's financial results (including the outlook for second-quarter 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 achieve the intended benefits of its strategic actions, including the sale of the Kidney Care business, business strategy and development activities and cost saving initiatives; the company's ability to successfully integrate acquisitions, including the acquisition of Hill-Rom Holdings, Inc. (Hillrom) and the related impact on the company's organization structure, senior leadership, culture, functional alignment, outsourcing and other areas, the company's management of resulting related personnel capacity constraints and potential institutional knowledge loss, and the company's ability to achieve anticipated performance or financial targets and maintain its reputation following integration; the impact of global economic conditions (including, among other things, changes in tariffs, taxation, trade policies and treaties, sanctions, embargos, export control restrictions, the potential for a recession, supply chain disruptions, inflation levels and interest rates, financial market volatility, banking crises, the war in Ukraine, the conflict in the Middle East and other geopolitical events and the potential for escalation of these conflicts, the related economic sanctions being imposed globally in response to the conflicts and potential trade wars, 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; 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 its customers through price increases or otherwise, and the related continuity of the company's manufacturing, sterilization, supply and distribution and those of the company's suppliers; failure to accurately forecast or achieve the company's short- and long-term financial performance and goals, market and category growth rates, growth rates for the company's segments, and related impacts on the company's 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; downgrades to the company's credit ratings or ratings outlooks, or withdrawals by rating agencies from rating the company and its indebtedness, and the related impact on the company's funding costs and liquidity; fluctuations in foreign exchange and interest rates; the impact of any accounting estimates and assumptions, including with respect to goodwill, intangible asset, or other long-lived asset impairments on the company's operating results; the company's ability to finance and develop new products or services, or enhancements thereto, on commercially acceptable terms or at all; 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; demand and market acceptance risks for, and competitive pressures (including pricing) related to, new and existing products and services, challenges with the company's ability to accurately predict changing customer preferences and future expenditures and inventory levels, and challenges with the company's ability to monetize new and existing products and services (and to sustain any related price increases), the impact of those products and services on quality and patient safety concerns, and the need for ongoing training and support for the company's products and services; 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 U.S. Securities and Exchange Commission, Department of Justice, or the Attorney General of any state), or any product quality or patient safety issues that could delay, limit or suspend product development, manufacturing or sale, or otherwise lead to product recalls, withdrawals, labeling changes, launch delays, warning letters, import bans, denial of import certifications, sanctions, seizures, injunctions, monetary sanctions, criminal or civil liabilities or litigation; actions by tax authorities in connection with ongoing tax audits (including with respect to transfer pricing matters) and the outcome of pending or future litigation; failures with respect to the company's quality, compliance or ethics programs; our ability to attract, develop, retain and engage employees, including senior management, and 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); 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 or severe weather event (such as Hurricane Helene), war, terrorism, global public health crises and epidemics/pandemics, regulatory actions or otherwise; future actions of third parties, including third-party payors and the company's customers and distributors (including GPOs and IDNs); breaches and breakdowns affecting the company's information technology systems or protected information, 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 company's ability to effectively develop, integrate or deploy artificial intelligence, machine learning and other emerging technologies into the company's products, services and operations in a manner that is compliant with existing and emerging regulations; the impact of physical effects of climate change, severe storms (including Hurricane Helene) and storm-related events; changes to legislation and regulation and other governmental pressures in the 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 (including taxation of income, whether with respect to current or future tax reform) and rebate policies; the company's ability to meet evolving and varied corporate responsibility expectations of the company's stakeholders, including compliance with new and emerging sustainability regulations; 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; and other risks discussed 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 May 1, 2025. 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 sales growth (on an operational basis), adjusted gross margin, adjusted selling, general, and administrative expenses, adjusted research and development expenses, adjusted operating income, adjusted other income (expense), net, adjusted income (loss) from continuing operations before income taxes, adjusted income tax expense (benefit), 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

First-Quarter 2025 Earnings
May 1, 2025

EXECUTING ON OUR STRATEGY FOR VALUE CREATION

RECENT HIGHLIGHTS

Q1 2025 Results¹

- Worldwide Baxter sales from continuing operations grew 5% on both a reported and operational basis, exceeding previously announced guidance, driven by better-than-expected sales in the company's Healthcare Systems & Technologies and Medical Products & Therapies segments
- Adjusted earnings per share from continuing operations totaled \$0.55, exceeding the company's original guidance of \$0.47 to \$0.50 per diluted share, driven by overall top-line strength, disciplined management of operating expenses, and favorability from certain non-operating items

Investing In Growth Opportunities And Executing On A Robust Pipeline Of Launches²

- Introduced the [Voalte Ling device powered by Scotty assistant](#), Baxter's first voice-activated technology. This lightweight, wearable badge helps enable efficient, streamlined communication between care teams, and can be integrated with existing products from Baxter's care communications suite, including **Voalte Mobile** and **Voalte Nurse Call**
- Launched [Hemopatch Sealing Hemostat with room temperature storage](#) in markets throughout Europe. The evolution of **Hemopatch** to include room temperature storage optimizes accessibility in the operating room, delivering an immediate solution for surgeons to control bleeding or prevent leakage

Enhancing Value For Shareholders

- Paid quarterly dividend of \$0.17 per share, reflecting continued commitment to return value to shareholders
- Through Q1 2025, utilized approximately \$3 billion of proceeds from Kidney Care sale for debt repayment

PERFORMANCE HIGHLIGHTS

CONTINUING OPERATIONS¹

First-Quarter 2025

\$2.6B
Sales

+5% Reported

+5% Operational²

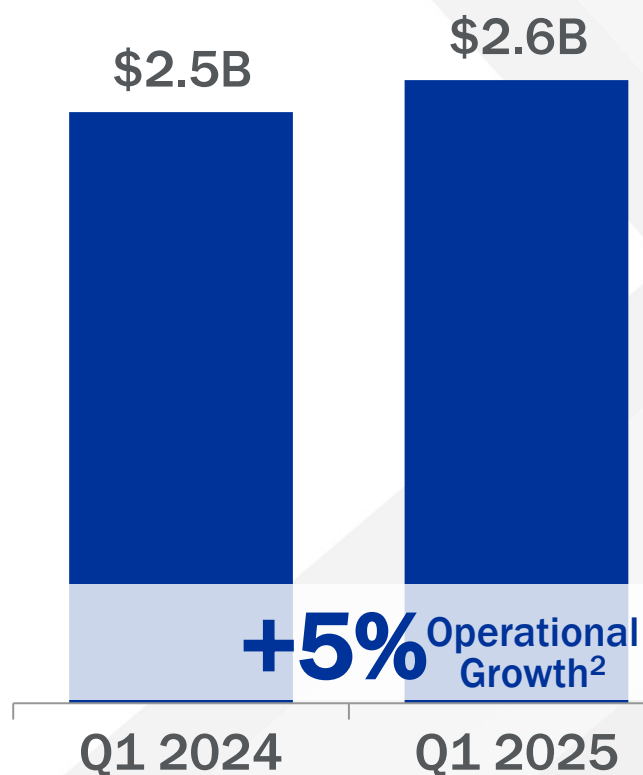
Key Metrics	GAAP	Adjusted ³
Gross Margin	32.8%	41.8%
YOY Change	(580 bps)	(160 bps)
Operating Margin	2.2%	14.9%
YOY Change	(240 bps)	+260 bps
Diluted EPS	\$0.13	\$0.55
YOY Change	NM ⁴	+53%

¹Continuing operations excludes the results of the Kidney Care business, which are reported as discontinued operations. ²Operational sales growth excludes the impact of the Kidney Care manufacturing and supply agreement (MSA) not reflected in reportable segments, reflects the exit of IV Solutions in China in its Medical Products & Therapies reportable segment, and is calculated at constant currency rates. ³Non-GAAP financial metrics referenced in this slide include operational sales growth, adjusted gross margin, adjusted operating margin, and adjusted diluted EPS from continuing operations. A reconciliation to comparable U.S. GAAP measures can be found herein and is available at www.baxter.com. ⁴Not meaningful.

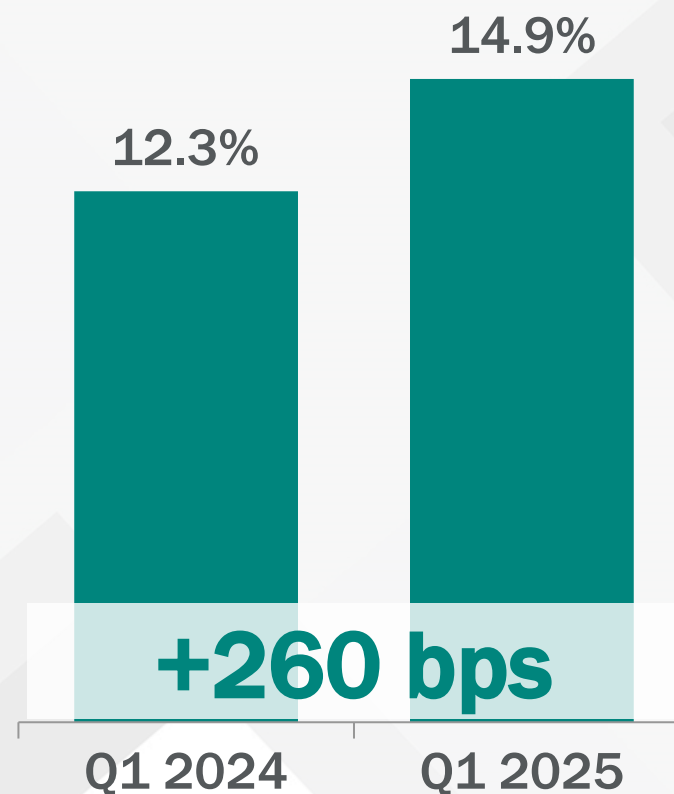
KEY FINANCIAL METRICS

FIRST-QUARTER 2025 SNAPSHOT (CONTINUING OPERATIONS)¹

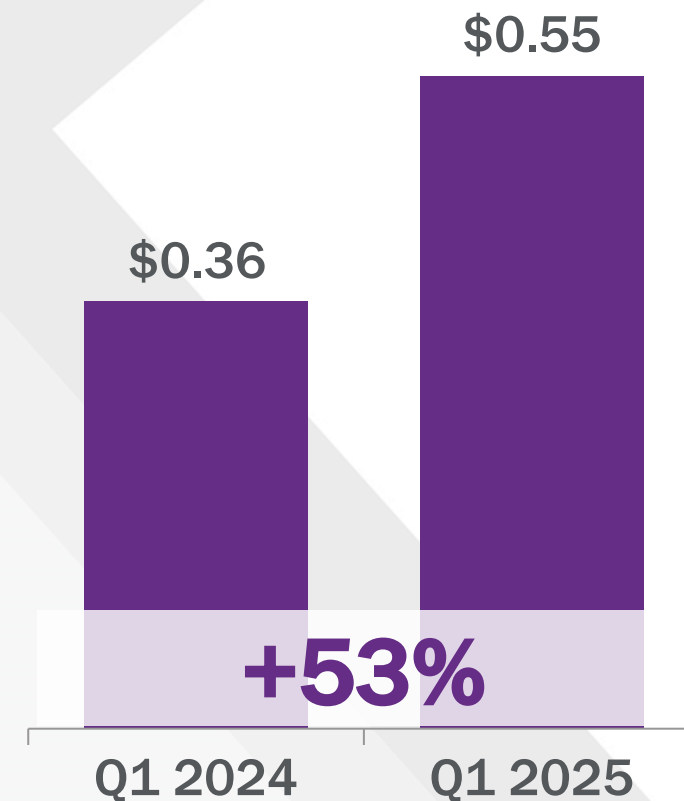
Global Reported Sales



Adjusted Operating Margin



Adjusted Diluted EPS



FIRST-QUARTER 2025 ADJUSTED FINANCIAL RESULTS¹

(CONTINUING OPERATIONS)

	Q1 2024	Q1 2025	Change
Adjusted Gross Margin	43.4%	41.8%	(160 bps)
Adjusted SG&A Expense (% of Sales)	26.3%	23.2%	(310 bps)
Adjusted R&D Expense (% of Sales)	4.8%	5.3%	+50 bps
Adjusted Operating Margin	12.3%	14.9%	+260 bps
Adjusted Diluted EPS	\$0.36	\$0.55	+53%

FIRST-QUARTER 2025 PERFORMANCE¹

(CONTINUING OPERATIONS)

Metric	Q1 2025 Guidance	Q1 2025 Actual
Sales Growth <i>Reported</i>	3% - 4%	+5%
Sales Growth <i>Operational Growth</i>	~4%	+5%
GAAP Diluted EPS <i>Growth vs. Prior-Year Period</i>	N/A	\$0.13 NM ²
Adjusted Diluted EPS <i>Growth vs. Prior-Year Period</i>	\$0.47 - \$0.50	\$0.55 +53%

First-Quarter Performance Reflects Top-Line Outperformance, Disciplined Management of Operating Expenses And Favorability From Certain Non-Operating Items

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

- Utilizing proceeds from Kidney Care sale for debt repayment
- Committed to maintaining investment grade rating

DIVIDENDS



Paid quarterly dividend of \$0.17 per share, reflecting continued commitment to return value to shareholders

SHARE REPURCHASES



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

~\$2.3 Billion Of Cash And Cash Equivalents On Hand With Access to \$2.0 Billion of Combined USD and EUR Credit Facilities As Of March 31, 2025



FINANCIAL RESULTS BY OPERATING SEGMENT

First-Quarter 2025 Earnings

May 1, 2025

FIRST-QUARTER 2025 SALES BY PRODUCT CATEGORY¹

	Q1 2025 Revenue			Total Growth	
<i>\$ In Millions</i>	U.S.	International	Total	Reported	Operational
Infusion Therapies & Technologies	\$584	\$410	\$994	+3%	+6%
Advanced Surgery	\$145	\$123	\$268	+2%	+4%
Medical Products & Therapies	\$729	\$533	\$1,262	+3%	+6%
Care & Connectivity Solutions	\$316	\$111	\$427	+6%	+7%
Front Line Care	\$202	\$75	\$277	+5%	+5%
Healthcare Systems & Technologies	\$518	\$186	\$704	+6%	+6%
Injectables & Anesthesia	\$195	\$140	\$335	+2%	+4%
Drug Compounding	\$0	\$246	\$246	(2%)	+2%
Pharmaceuticals	\$195	\$386	\$581	+1%	+3%
MSA Baxter/Vantive ²	\$41	\$22	\$63	NM ³	NM ³
Other	\$7	\$8	\$15	(6%)	+0%
Total Other	\$48	\$30	\$78	NM³	NM³
Baxter Continuing Operations	\$1,490	\$1,135	\$2,625	+5%	+5%

FIRST-QUARTER 2025 BUSINESS DRIVERS¹

Product Category	Sales	Operational ²	Quarterly Performance Drivers
Infusion Therapies & Technologies	\$994M	+6%	Sales in the quarter benefited from double-digit growth for U.S. infusion systems portfolio as the rollout of Novum IQ pump platform continues. Nutrition sales in the quarter advanced mid-single digits globally, reflecting strong growth in the U.S. due to the continued progress in alternate sites as well as improved supply for certain products that resulted in the clearance of backorders
Advanced Surgery	\$268M	+4%	Results in the quarter reflected solid growth outside the U.S. due to increased demand for hemostats and sealants and the timing of sales to distributors
Care & Connectivity Solutions	\$427M	+7%	Performance in the quarter was driven by mid-teens growth in the U.S. for Care & Connectivity Solutions (CCS), due to continued momentum in Patient Support Systems, reflecting a benefit from competitive wins as well as upgrades for existing customers. Total U.S. capital orders for CCS rose 20% in the quarter creating a healthy backlog to support future growth for this division. Performance for this division was partially offset by weaker sales outside the U.S.
Front Line Care	\$277M	+5%	Growth in the quarter reflected a favorable comparison to the prior year period as well as continued signs of stabilization in the U.S. primary care market
Injectables & Anesthesia	\$335M	+4%	Performance in the quarter was driven by mid-single digit growth in specialty injectables driven by strong international growth due to a government order and increased demand. Performance for this division was partially offset by lower sales of Anesthesia in the quarter
Drug Compounding	\$246M	+2%	Results for this business reflected a difficult comparison to the prior year period
Other	\$15M	+0%	Sales growth due to increased demand for certain contract manufacturing volumes

MEDICAL PRODUCTS & THERAPIES

	Q1 2025 Results			
			Increase / (Decrease)	
<i>\$ In Millions</i>	Q1 2025	Q1 2024	\$ Change	% Change
Net Sales	\$1,262	\$1,229	\$33	+3%
Cost of Sales	\$694	\$668	\$26	+4%
Gross Margin	\$568	\$561	\$7	+1%
% of Sales	45.0%	45.6%		(60 bps)
Selling, General and Administrative Expenses	\$286	\$284	\$2	+1%
% of Sales	22.7%	23.1%		(40 bps)
Research and Development Expenses	\$59	\$52	\$7	+13%
% of Sales	4.7%	4.2%		+50 bps
Other	(\$21)	(\$2)	(\$19)	NM ¹
Operating Income (Loss)	\$244	\$227	\$17	+7%
% of Sales	19.3%	18.5%		+80 bps

HEALTHCARE SYSTEMS & TECHNOLOGIES

	Q1 2025 Results			
			Increase / (Decrease)	
<i>\$ In Millions</i>	Q1 2025	Q1 2024	\$ Change	% Change
Net Sales	\$704	\$667	\$37	+6%
Cost of Sales	\$356	\$346	\$10	+3%
Gross Margin	\$348	\$321	\$27	+8%
% of Sales	49.4%	48.1%		+130 bps
Selling, General and Administrative Expenses	\$217	\$207	\$10	+5%
% of Sales	30.8%	31.0%		(20 bps)
Research and Development Expenses	\$45	\$47	(\$2)	(4%)
% of Sales	6.4%	7.0%		(60 bps)
Other	(\$7)	\$0	(\$7)	NM ¹
Operating Income (Loss)	\$93	\$67	\$26	+39%
% of Sales	13.2%	10.0%		+320 bps

PHARMACEUTICALS

	Q1 2025 Results			
			Increase / (Decrease)	
<i>\$ In Millions</i>	Q1 2025	Q1 2024	\$ Change	% Change
Net Sales	\$581	\$578	\$3	+1%
Cost of Sales	\$396	\$382	\$14	+4%
Gross Margin	\$185	\$196	(\$11)	(6%)
% of Sales	31.8%	33.9%		(210 bps)
Selling, General and Administrative Expenses	\$103	\$96	\$7	+7%
% of Sales	17.7%	16.6%		+110 bps
Research and Development Expenses	\$26	\$22	\$4	+18%
% of Sales	4.5%	3.8%		+70 bps
Other	(\$7)	\$0	(\$7)	NM ¹
Operating Income (Loss)	\$63	\$78	(\$15)	(19%)
% of Sales	10.8%	13.5%		(270 bps)

FIRST-QUARTER 2025 RESULTS¹

Q1 2025 Results

\$ In Millions

Baxter Continuing Operations

Reported
Revenue

\$2,625

Reported
Growth

+5%

Operational
Growth

+5%

Adjusted
Operating
Income

\$392

Adjusted
Operating
Margin

14.9%

YoY Margin
Change²

+260 bps



2025 OUTLOOK

First-Quarter 2025 Earnings

May 1, 2025

SECOND-QUARTER 2025 GUIDANCE¹

	Q2 2025 Guidance
Sales Growth <i>Reported (Continuing Operations)</i>	4% - 5%
Kidney Care MSA	(~300 bps)
Exit of IV Solutions in China	~70 bps
Foreign Exchange	(~50 bps)
Sales Growth <i>Operational Growth (Continuing Operations)²</i>	1% - 2%
Adjusted Diluted EPS <i>Continuing Operations</i>	\$0.59 - \$0.63

FULL-YEAR 2025 GUIDANCE¹

	FY 2025 Guidance
Sales Growth <i>Reported (Continuing Operations)</i>	7% - 8%
Kidney Care MSA	(~300 bps)
Exit of IV Solutions in China	~50 bps
Foreign Exchange	(<50 bps)
Sales Growth <i>Operational Growth (Continuing Operations)²</i>	4% - 5%
Adjusted Diluted EPS <i>Continuing Operations</i>	\$2.47 - \$2.55

FULL-YEAR 2025 GUIDANCE BY SEGMENT¹

Sales Growth <i>Operational Growth</i>	FY 2025 <i>Guidance</i>
Medical Products & Therapies	~5%
Healthcare Systems & Technologies	~3%
Pharmaceuticals	5% - 6%



NON-GAAP RECONCILIATIONS

First-Quarter 2025 Earnings
May 1, 2025

NON-GAAP RECONCILIATIONS AS OF MAY 1, 2025

Non-GAAP Reconciliations:

As part of its Q1 2025 earnings announcement on May 1, 2025, Baxter presented its financial results for the first quarter of 2025. Baxter also presented guidance for the second quarter and full year of 2025. In these presentations, Baxter used non-GAAP financial measures of sales growth (on an operational basis), adjusted gross margin, adjusted selling, general, and administrative expenses, adjusted research and development expenses, adjusted operating income, adjusted other (income) expense, net, adjusted income (loss) from continuing operations before income taxes, adjusted income tax expense (benefit), 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 March 31, 2025

(unaudited)

(in millions, except per share and percentage data)

The company's U.S. GAAP results for the three months ended March 31, 2025 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	Other (Income) Expense, Net	Income (Loss) From Continuing Operations Before Income Taxes	Income Tax Expense (Benefit)	Income (Loss) 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	\$ 861	\$ 703	\$ 140	\$ 58	\$ (3)	\$ (3)	\$ (67)	\$ 64	\$ 62	\$ 126	\$ 126	\$ 0.13	\$ 0.12	\$ 0.25
	32.8 %	26.8 %	5.3 %	2.2 %	(0.1) %	(0.1) %	2,233.3 %	2.4 %	2.4 %	4.8 %	4.8 %			
Reported percent of net sales (or effective tax rate for income tax expense (benefit))														
Intangible asset amortization	104	(51)	—	155	—	155	37	118	—	118	118	0.23	0.00	0.23
Business optimization items ¹	13	(30)	(2)	45	—	45	11	34	—	34	34	0.07	0.00	0.07
Acquisition and integration items ²	—	(1)	—	1	(5)	6	1	5	—	5	5	0.01	0.00	0.01
European medical devices regulation ³	5	—	—	5	—	5	1	4	—	4	4	0.01	0.00	0.01
Product related reserves ⁴	6	—	—	6	—	6	2	4	—	4	4	0.01	0.00	0.01
Hurricane Helene costs ⁵	98	—	—	98	—	98	25	73	6	79	79	0.14	0.01	0.15
Legal matters ⁶	11	—	—	11	—	11	2	9	—	9	9	0.02	0.00	0.02
Separation-related costs ⁷	—	(13)	—	13	—	13	3	10	31	41	41	0.02	0.06	0.08
Investment impairments ⁸	—	—	—	—	(9)	9	2	7	—	7	7	0.01	0.00	0.01
Gain on Kidney Care sale ⁹	—	—	—	—	—	—	—	—	(111)	(111)	(111)	0.00	(0.22)	(0.22)
Tax matters ¹⁰	—	—	—	—	—	—	43	(43)	47	4	4	(0.08)	0.09	0.01
Adjusted	\$ 1,098	\$ 608	\$ 138	\$ 392	\$ (17)	\$ 345	\$ 60	\$ 285	\$ 35	\$ 320	\$ 320	\$ 0.55	\$ 0.07	\$ 0.62
Adjusted percent of net sales (or effective tax rate for income tax expense (benefit))	41.8 %	23.2 %	5.3 %	14.9 %	(0.6) %	13.1 %	17.4 %	10.9 %	1.3 %	12.2 %	12.2 %			

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

Three Months Ended March 31, 2024

(unaudited)

(in millions, except per share and percentage data)

The company's U.S. GAAP results for the three months ended March 31, 2024 included special items which impacted the U.S. GAAP measures as follows:

	Gross Margin	Selling, General and Administrative Expenses	Operating Income	Income (Loss) From Continuing Operations Before Income Taxes	Income Tax Expense (Benefit)	Income (Loss) 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	\$ 961	\$ 729	\$ 115	\$ 46	\$ 40	\$ 6	\$ 33	\$ 39	\$ 37	\$ 0.01	\$ 0.06	\$ 0.07
Reported percent of net sales (or effective tax rate for income tax expense (benefit))	38.6 %	29.3 %	4.6 %	1.8 %	87.0 %	0.2 %	1.3 %	1.6 %	1.5 %			
Intangible asset amortization	106	(52)	158	158	38	120	6	126	126	0.24	0.01	0.25
Business optimization items ¹	5	(17)	22	22	6	16	26	42	42	0.03	0.05	0.08
Acquisition and integration items ²	1	(4)	5	5	1	4	—	4	4	0.01	0.00	0.01
European medical devices regulation ³	7	—	7	7	2	5	1	6	6	0.01	0.00	0.01
Separation-related costs ⁷	—	—	—	—	—	—	79	79	79	0.00	0.15	0.15
Tax matters ¹⁰	—	—	—	—	(32)	32	5	37	37	0.06	0.01	0.07
Adjusted	\$ 1,080	\$ 656	\$ 307	\$ 238	\$ 55	\$ 183	\$ 150	\$ 333	\$ 331	\$ 0.36	\$ 0.29	\$ 0.65
Adjusted percent of net sales (or effective tax rate for income tax expense (benefit))	43.4 %	26.3 %	12.3 %	9.6 %	23.1 %	7.3 %	6.0 %	13.4 %	13.3 %			

	Reported	Adjusted
Income from discontinued operations, net of tax	\$ 33	\$ 150
Less: Net income attributable to noncontrolling interests included in discontinued operations	2	2
Income from discontinued operations, net of tax attributable to Baxter stockholders	\$ 31	\$ 148

	Reported	Adjusted
Net income	\$ 39	\$ 333
Less: Net income attributable to noncontrolling interests	2	2
Net income attributable to Baxter stockholders	\$ 37	\$ 331

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

Three Months Ended March 31, 2025 and 2024

(unaudited)

1. The company's results of continuing operations in 2025 and 2024 included costs related to programs to optimize its organization and cost structure. These restructuring and business optimization costs in 2025 included costs primarily related to its initiatives to reduce its cost structure following the sale of its former Kidney Care segment. These restructuring and business optimization costs in 2024 included costs primarily related to the 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 and to a lesser extent, third-party costs incurred to support the transformation of certain general and administrative functions. The company's results of discontinued operations in 2024 included costs primarily related to a program to centralize certain of its research and development activities into a new location.
2. The company's results of continuing operations in 2025 and 2024 included integration-related items comprised of Hillrom acquisition and integration expenses. In 2025 these expenses primarily reflected the recognition of a noncash impairment of property, plant and equipment related to integration activities. In 2024 these expenses primarily reflected third party consulting costs related to its integration of Hillrom.
3. The company's results in 2025 and 2024 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 2025 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 of continuing operations in 2025 included charges related to Hurricane Helene, which consisted of remediation, air freight and other costs. The company's results of discontinued operations in 2025 included charges related to Hurricane Helene, which consisted of air freight and other costs.
6. The company's results of continuing operations in 2025 included charges related to matters involving alleged injury from environmental exposure.
7. The company's results of continuing operations in 2025 included separation-related costs primarily related to external advisors supporting its activities related to the separation of its Kidney Care segment. The company's results of discontinued operations in 2025 and 2024 included separation-related costs primarily related to external advisors supporting its activities related to the completed sale of its Kidney Care segment.
8. The company's results of continuing operations in 2025 included losses from a noncash impairment write-down in an equity method investment.
9. The company's results of discontinued operations in 2025 included a gain from the sale of the Kidney Care business.
10. The company's results of continuing operations in 2025 included a tax benefit driven by an entity classification election that it made for U.S. tax purposes, which resulted in a capital loss. The company's results of discontinued operations in 2025 included indirect impacts of the carryback of the tax benefits generated by the sale of its Kidney Care business to prior years. The company's results in 2024 included a change in its permanent reinvestment assertion that it allocated to continuing operations and a reallocation of income tax expense between discontinued 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.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURE

Operating Cash Flow to Free Cash Flow

(unaudited)
(in millions)

	Three Months Ended March 31,	
	2025	2024
Cash flows from operations – continuing operations	\$ (99)	\$ 67
Cash flows from investing activities - continuing operations	(124)	(100)
Cash flows from financing activities - continuing operations	(3,226)	(140)
Cash flows from operations - continuing operations	\$ (99)	\$ 67
Capital expenditures - continuing operations	(122)	(110)
Free cash flow - continuing operations	\$ (221)	\$ (43)

Free cash flow 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 Operational Sales Growth From The Three Months Ended March 31, 2024 to The Three Months Ended March 31, 2025

(unaudited)

Sales By Product Category:

	Net Sales Growth As Reported	Kidney Care MSA	Exit of IV Solutions in China	FX	Operational Sales Growth*
Infusion Therapies & Technologies	3%	0%	1%	2%	6%
Advanced Surgery	2%	0%	0%	2%	4%
Medical Products & Therapies	3%	0%	1%	2%	6%
Care & Connectivity Solutions	6%	0%	0%	1%	7%
Front Line Care	5%	0%	0%	0%	5%
Healthcare Systems & Technologies	6%	0%	0%	0%	6%
Injectables & Anesthesia	2%	0%	0%	2%	4%
Drug Compounding	(2)%	0%	0%	4%	2%
Pharmaceuticals	1%	0%	0%	2%	3%
Other	388%	(394)%	0%	6%	0%
Total - Continuing Operations	5%	(3)%	1%	2%	5%

*Totals may not add across due to rounding

Change in operational 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 Second Quarter and Full Year 2025 U.S. GAAP Sales Growth to Projected Operational Sales Growth and Full Year 2025 U.S. GAAP Sales Growth to Projected Operational Sales Growth by Segment

(unaudited)

Sales Growth Guidance	Q2 2025*	FY 2025*
Sales growth - U.S. GAAP	4% - 5%	7% - 8%
Kidney Care MSA	(~300 bps)	(~300 bps)
Exit of IV Solutions in China	~70 bps	~50 bps
Foreign Exchange	(~50 bps)	(<50 bps)
Operational sales growth	1% - 2%	4% - 5%

Sales Growth Guidance by Segment	FY 2025*
Medical Products & Therapies	
Sales growth - U.S. GAAP	~4%
Exit of IV Solutions in China	~100 bps
Foreign Exchange	(<50 bps)
Operational Sales growth	~5%
Healthcare Systems & Technologies	
Sales growth - U.S. GAAP	~3%
Foreign Exchange	(<50 bps)
Operational Sales growth	~3%
Pharmaceuticals	
Sales growth - U.S. GAAP	5% - 6%
Foreign Exchange	(<50 bps)
Operational Sales growth	5% - 6%

*Totals may not foot due to rounding

RECONCILIATION OF NON-GAAP FINANCIAL MEASURE

Projected Full Year 2025 Projected Adjusted Operating Margin, Projected Full Year 2025 Projected Adjusted Tax Rate and Projected Second Quarter and Full Year 2025 Projected Adjusted Earnings Per Share

(unaudited)

Adjusted Operating Margin Guidance		FY 2025
Adjusted operating margin		16.0% - 16.5%
Adjusted Tax Rate Guidance		FY 2025
Adjusted tax rate		19.0% - 19.5%
Adjusted Earnings Per Share Guidance		Q2 2025FY 2025
Adjusted diluted EPS		\$0.59 - \$0.63\$2.47 - \$2.55

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.



Baxter

FIRST-QUARTER 2025 EARNINGS

Baxter International Inc.
May 1, 2025