

Baxter

Second-Quarter 2025 Earnings

Baxter International Inc.

July 31, 2025



Forward-Looking Statements

This presentation includes forward-looking statements concerning the company's financial results (including the outlook for third-quarter and full-year 2025) and operational (including with respect to the new Vizient partnership), 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, including U.S. military strikes on Iran, and the potential for escalation of these and other 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 and the company's ability to identify actions to mitigate the impact of those conditions (or to realize the anticipated benefits of any such mitigating actions); 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 (including response to product recalls), challenges and reputational risks associated with converting customers to new products and challenges with accurately predicting changing customer preferences and future expenditures and inventory levels (including with respect to any fluid conservation efforts) and with being able 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 the U.S. Food and Drug Administration, the European Medicines Agency, or any other regulatory body or government authority (including the U.S. Securities and Exchange Commission, Department of Justice, Health Canada or the Attorney General of any state), or any product quality or patient safety issues (including those related to voluntary corrections for the company's Novum IQ Large Volume pump) that could delay, limit or suspend product development, manufacturing, or sale or otherwise lead to product recalls (either voluntary or required by governmental authorities), adverse regulatory site inspection reports, voluntary or official action indicated classifications, labeling changes, launch delays, warning letters, import bans, refusal of a government to grant or the government withdrawal of approvals, clearances, licenses or other marketing authorizations, denial of import certifications, sanctions, seizures, injunctions (including to halt manufacture or distribution), monetary sanctions, criminal or civil liabilities or litigation; 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; 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 group purchasing organizations and integrated delivery networks); 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 July 31, 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

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Executing On Our Strategy For Value Creation

Q2 2025 Results¹

- Worldwide sales from continuing operations grew 4% on a reported basis and 1% on an operational basis, with all three segments contributing to operational growth
- Adjusted earnings per share from continuing operations totaled \$0.59 per diluted share, increasing 28% as compared to the prior year period

Recent Highlights

- Announced appointment of [Andrew Hider as president and chief executive officer \(CEO\)](#) supporting Baxter's focus to accelerate innovation, drive sustainable growth, enhance operational effectiveness and create shareholder value
- Announced that following the impact of Hurricane Helene at Baxter's North Cove, N.C. site, inventory levels are restored and allocations have been removed for all IV solutions product codes manufactured at the site
- [Partnered with Vizient](#) to include IV fluids through an expansion of its Vizient Reserve Program, to help ensure reliable access to these critical products during times of supply disruption. The program provides participating healthcare organizations with dedicated, on-demand manufacturer inventory, warehoused in the U.S., along with comprehensive support to help safeguard continuity of care

Creating A Best Place To Work And Demonstrating Leadership In Corporate Social Responsibility

- Published the [2024 Corporate Responsibility Report](#), demonstrating the company's commitment to transparent reporting and providing updates on Baxter's 2030 Corporate Responsibility Commitment and Goals, which strive to create a more sustainable and responsible business model

Enhancing Value For Shareholders

- Paid quarterly dividend of \$0.17 per share, reflecting continued commitment to return value to shareholders
- During Q2, utilized remaining proceeds from the Kidney Care sale to address the EUR 600M bond maturity. Through the first-half of the year, repaid approximately \$3.8B of debt, primarily with proceeds from the Kidney Care sale

Performance Highlights

Continuing Operations¹

Second-Quarter 2025

\$2.8B
Sales

+4% Reported
+1% Operational²

Key Metrics	GAAP	Adjusted ³
Gross Margin	35.3%	40.7%
<i>YOY Change</i>	<i>(300 bps)</i>	<i>(170 bps)</i>
Operating Margin	6.8%	15.1%
<i>YOY Change</i>	<i>+20 bps</i>	<i>+180 bps</i>
Diluted EPS	\$0.24	\$0.59
<i>YOY Change</i>	<i>+26%</i>	<i>+28%</i>

First-Half 2025

\$5.4B
Sales

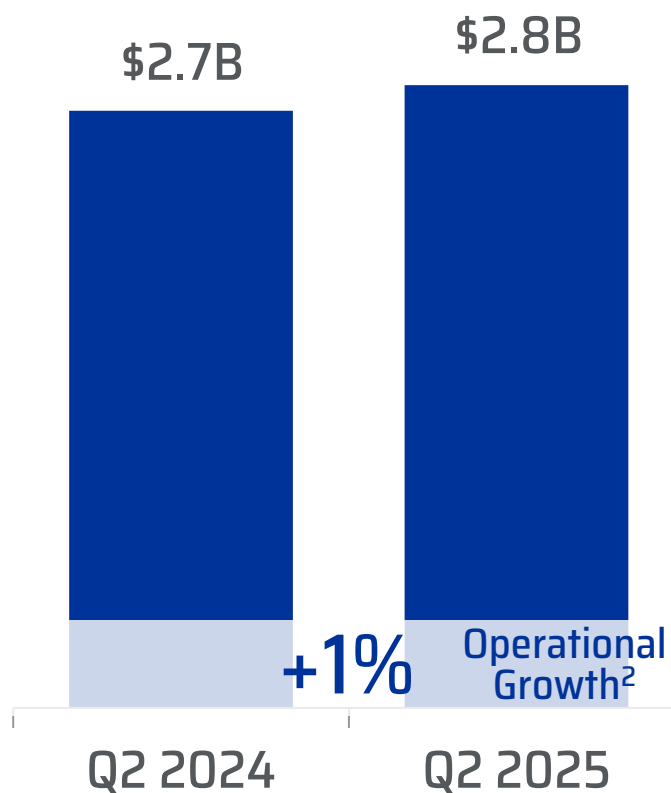
+5% Reported
+3% Operational²

Key Metrics	GAAP	Adjusted ³
Gross Margin	34.1%	41.3%
<i>YOY Change</i>	<i>(430 bps)</i>	<i>(160 bps)</i>
Operating Margin	4.6%	15.0%
<i>YOY Change</i>	<i>(110 bps)</i>	<i>+220 bps</i>
Diluted EPS	\$0.36	\$1.15
<i>YOY Change</i>	<i>+80%</i>	<i>+40%</i>

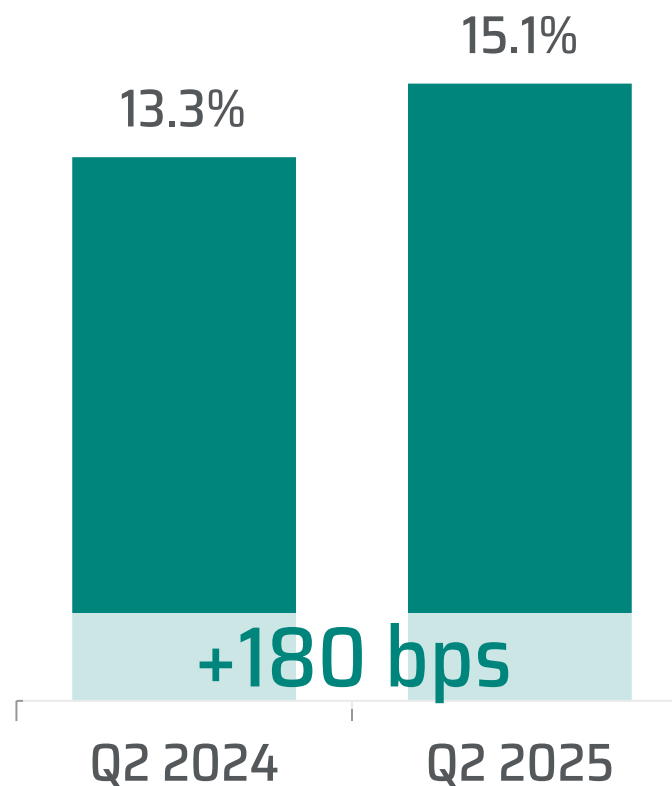
Key Financial Metrics

Second-Quarter 2025 Snapshot (Continuing Operations)¹

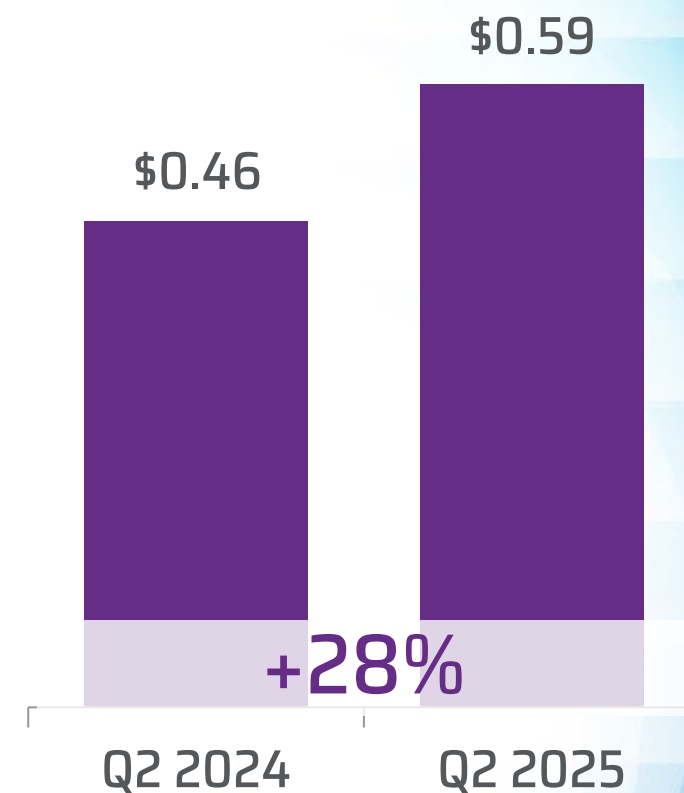
Global Reported Sales



Adjusted Operating Margin



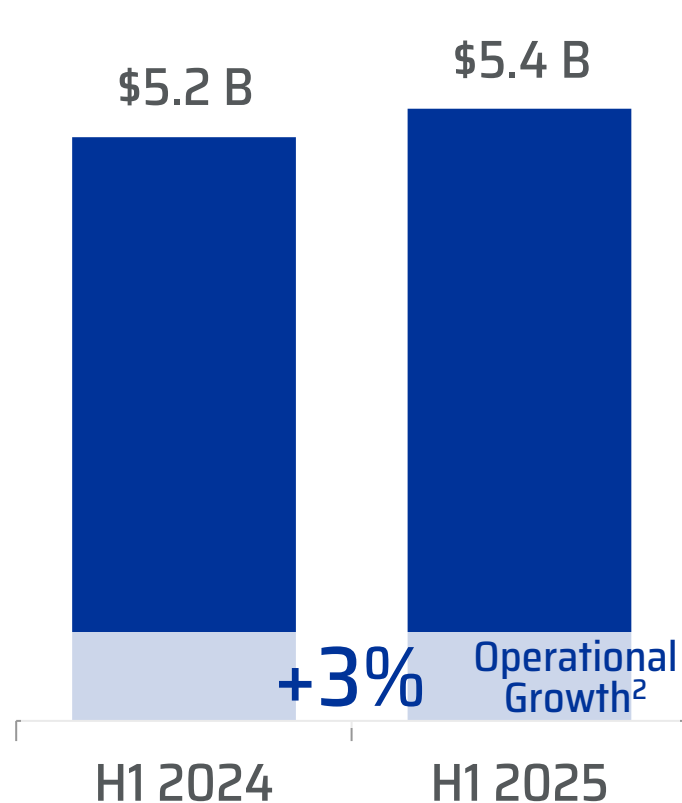
Adjusted Diluted EPS



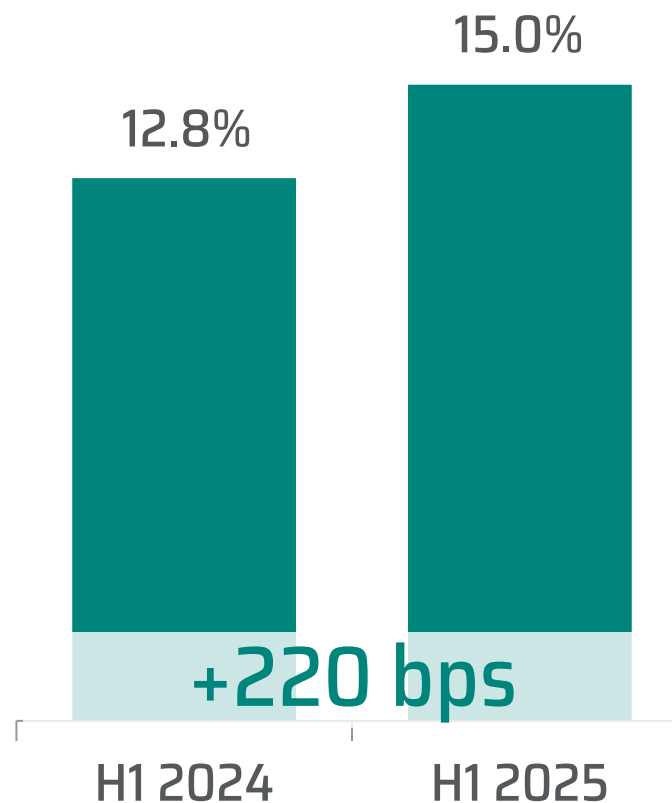
Key Financial Metrics

First-Half 2025 Snapshot (Continuing Operations)¹

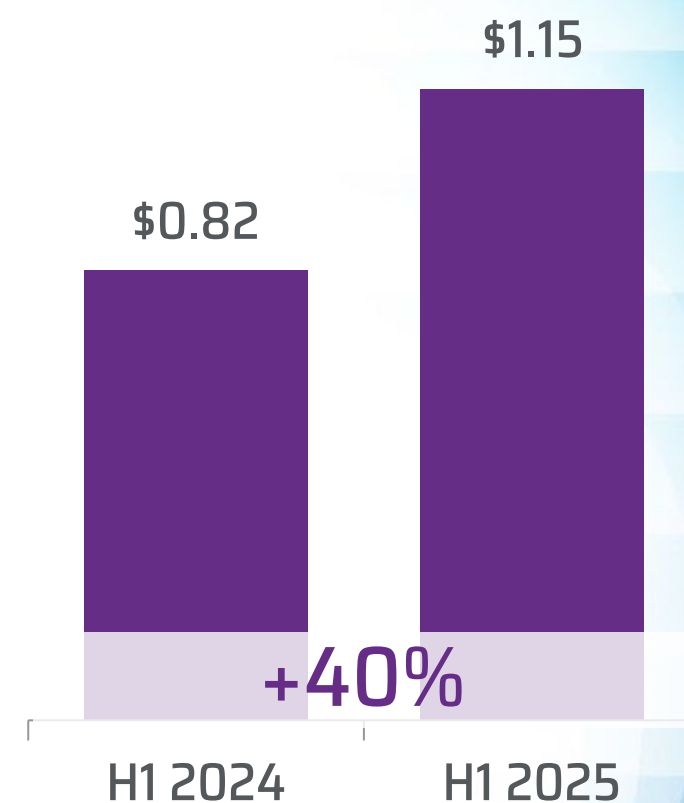
Global Reported Sales



Adjusted Operating Margin



Adjusted Diluted EPS



Second-Quarter 2025 Adjusted Financial Results¹

(Continuing Operations)

	Q2 2024	Q2 2025	Change
Adjusted Gross Margin	42.4%	40.7%	(170 bps)
Adjusted SG&A Expense (% of Sales)	24.4%	22.7%	(170 bps)
Adjusted R&D Expense (% of Sales)	4.8%	4.8%	+0 bps
Adjusted Operating Margin	13.3%	15.1%	+180 bps
Adjusted Diluted EPS	\$0.46	\$0.59	+28%

Second-Quarter 2025 Performance¹

(Continuing Operations)

Metric	Q2 2025 <i>Guidance</i>	Q2 2025 <i>Actual</i>
Sales Growth <i>Reported</i>	4% - 5%	+4%
Sales Growth <i>Operational Growth</i>	1% - 2%	+1%
GAAP Diluted EPS <i>Growth vs. Prior-Year Period</i>	N/A	\$0.24 +26%
Adjusted Diluted EPS <i>Growth vs. Prior-Year Period</i>	\$0.59 - \$0.63	\$0.59 +28%



Financial Results By Operating Segment

Second-Quarter 2025 Earnings
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Second-Quarter 2025 Sales By Product Category¹

<i>\$ In Millions</i>	Q2 2025 Revenue			Total Growth	
	U.S.	International	Total	Reported	Operational
Infusion Therapies & Technologies	\$554	\$470	\$1,024	(2%)	(1%)
Advanced Surgery	\$158	\$138	\$296	+7%	+5%
Medical Products & Therapies	\$712	\$608	\$1,320	(0%)	+1%
Care & Connectivity Solutions	\$341	\$133	\$474	+5%	+4%
Front Line Care	\$221	\$72	\$293	(1%)	(1%)
Healthcare Systems & Technologies	\$562	\$205	\$767	+3%	+2%
Injectables & Anesthesia	\$187	\$145	\$332	(3%)	(4%)
Drug Compounding	\$0	\$280	\$280	+7%	+7%
Pharmaceuticals	\$187	\$425	\$612	+2%	+1%
MSA Baxter/Vantive ²	\$63	\$35	\$98	NM ³	NM ³
Other	\$12	\$1	\$13	(41%)	(41%)
Total Other	\$75	\$36	\$111	NM ³	NM ³
Baxter Continuing Operations	\$1,536	\$1,274	\$2,810	+4%	+1%

First-Half 2025 Sales By Product Category¹

<i>\$ In Millions</i>	H1 2025 Revenue			Total Growth	
	U.S.	International	Total	Reported	Operational
Infusion Therapies & Technologies	\$1,138	\$880	\$2,018	+0%	+3%
Advanced Surgery	\$303	\$261	\$564	+4%	+5%
Medical Products & Therapies	\$1,441	\$1,141	\$2,582	+1%	+3%
Care & Connectivity Solutions	\$657	\$244	\$901	+6%	+5%
Front Line Care	\$423	\$147	\$570	+2%	+2%
Healthcare Systems & Technologies	\$1,080	\$391	\$1,471	+4%	+4%
Injectables & Anesthesia	\$382	\$285	\$667	(0%)	(0%)
Drug Compounding	\$0	\$526	\$526	+3%	+4%
Pharmaceuticals	\$382	\$811	\$1,193	+1%	+2%
MSA Baxter/Vantive ²	\$104	\$57	\$161	NM ³	NM ³
Other	\$19	\$9	\$28	(26%)	(24%)
Total Other	\$123	\$66	\$189	NM ³	NM ³
Baxter Continuing Operations	\$3,026	\$2,409	\$5,435	+5%	+3%

Second-Quarter 2025 Sales By Product Category¹

Product Category	Sales	Operational ²	Quarterly Performance Drivers
Infusion Therapies & Technologies	\$1,024M	(1%)	Results in the quarter reflect the impact from hospital IV fluid conservation efforts and slightly lower U.S. patient admissions than previously anticipated. Performance for this division was partially offset by strength in infusion systems from the rollout of the Novum IQ platform
Advanced Surgery	\$296M	+5%	Results in the quarter reflected solid demand for our portfolio of hemostats and sealants, strong commercial execution across geographies, and steady procedure volumes
Care & Connectivity Solutions	\$474M	+4%	Performance in the quarter was driven by mid-single digit growth with a noted improvement internationally where sales rose high-single digits. U.S. Care & Connectivity Solutions sales increased low-single digits in the quarter driven by strength in Care Communications and Surgical Solutions
Front Line Care	\$293M	(1%)	Performance in the quarter reflected a decline to the prior year period but increased mid-single digits sequentially. Results reflected continued U.S. growth offset by declines internationally driven by softness in select markets
Injectables & Anesthesia	\$332M	(4%)	Performance in the quarter reflected a decline in injectables driven by a difficult comparison to the prior year period due to the timing of a U.S. government order and some softness in demand for select premix products. Lower sales of inhaled anesthesia continued to weigh on performance and declined low double digits in the quarter globally
Drug Compounding	\$280M	+7%	Results for this business reflected strong demand for services outside the U.S.
Other	\$13M	(41%)	Sales decline reflects reduced demand for certain contract manufacturing volumes

Medical Products & Therapies

	Q2 2025 Results			
			Increase / (Decrease)	
<i>\$ In Millions</i>	Q2 2025	Q2 2024	\$ Change	% Change
Net Sales	\$1,320	\$1,322	(\$2)	(0%)
Cost of Sales	\$755	\$734	\$21	+3%
Gross Margin	\$565	\$588	(\$23)	(4%)
% of Sales	42.8%	44.5%		(170 bps)
Selling, General and Administrative Expenses	\$295	\$293	\$2	+1%
% of Sales	22.3%	22.2%		+10 bps
Research and Development Expenses	\$63	\$55	\$8	+15%
% of Sales	4.8%	4.2%		+60 bps
Other	(\$32)	\$2	(\$34)	NM ¹
Operating Income (Loss)	\$239	\$238	\$1	+0%
% of Sales	18.1%	18.0%		+10 bps

Medical Products & Therapies

	H1 2025 Results			
	H1 2025	H1 2024	Increase / (Decrease)	
<i>\$ In Millions</i>			\$ Change	% Change
Net Sales	\$2,582	\$2,551	\$31	+1%
Cost of Sales	\$1,449	\$1,402	\$47	+3%
Gross Margin	\$1,133	\$1,149	(\$16)	(1%)
% of Sales	43.9%	45.0%		(110 bps)
Selling, General and Administrative Expenses	\$581	\$577	\$4	+1%
% of Sales	22.5%	22.6%		(10 bps)
Research and Development Expenses	\$122	\$107	\$15	+14%
% of Sales	4.7%	4.2%		+50 bps
Other	(\$53)	\$0	(\$53)	NM ¹
Operating Income (Loss)	\$483	\$465	\$18	+4%
% of Sales	18.7%	18.2%		+50 bps

Healthcare Systems & Technologies

	Q2 2025 Results			
			Increase / (Decrease)	
<i>\$ In Millions</i>	Q2 2025	Q2 2024	\$ Change	% Change
Net Sales	\$767	\$748	\$19	+3%
Cost of Sales	\$388	\$380	\$8	+2%
Gross Margin	\$379	\$368	\$11	+3%
% of Sales	49.4%	49.2%		+20 bps
Selling, General and Administrative Expenses	\$222	\$202	\$20	+10%
% of Sales	28.9%	27.0%		+190 bps
Research and Development Expenses	\$49	\$46	\$3	+7%
% of Sales	6.4%	6.1%		30 bps
Other	(\$10)	\$0	(\$10)	NM ¹
Operating Income (Loss)	\$118	\$120	(\$2)	(2%)
% of Sales	15.4%	16.0%		(60 bps)

Healthcare Systems & Technologies

	H1 2025 Results			
			Increase / (Decrease)	
<i>\$ In Millions</i>	H1 2025	H1 2024	\$ Change	% Change
Net Sales	\$1,471	\$1,415	\$56	+4%
Cost of Sales	\$744	\$726	\$18	+2%
Gross Margin	\$727	\$689	\$38	+6%
% of Sales	49.4%	48.7%		+70 bps
Selling, General and Administrative Expenses	\$439	\$409	\$30	+7%
% of Sales	29.8%	28.9%		+90 bps
Research and Development Expenses	\$94	\$93	\$1	+1%
% of Sales	6.4%	6.6%		(20 bps)
Other	(\$17)	\$0	(\$17)	NM ¹
Operating Income (Loss)	\$211	\$187	\$24	+13%
% of Sales	14.3%	13.2%		+110 bps

Pharmaceuticals

	Q2 2025 Results			
			Increase / (Decrease)	
<i>\$ In Millions</i>	Q2 2025	Q2 2024	\$ Change	% Change
Net Sales	\$612	\$602	\$10	+2%
Cost of Sales	\$428	\$407	\$21	+5%
Gross Margin	\$184	\$195	(\$11)	(6%)
% of Sales	30.1%	32.4%		(230 bps)
Selling, General and Administrative Expenses	\$106	\$98	\$8	+8%
% of Sales	17.3%	16.3%		+100 bps
Research and Development Expenses	\$25	\$22	\$3	+14%
% of Sales	4.1%	3.7%		+40 bps
Other	(\$11)	\$0	(\$11)	NM ¹
Operating Income (Loss)	\$64	\$75	(\$11)	(15%)
% of Sales	10.5%	12.5%		(200 bps)

Pharmaceuticals

	H1 2025 Results			
			Increase / (Decrease)	
<i>\$ In Millions</i>	H1 2025	H1 2024	\$ Change	% Change
Net Sales	\$1,193	\$1,180	\$13	+1%
Cost of Sales	\$824	\$789	\$35	+4%
Gross Margin	\$369	\$391	(\$22)	(6%)
% of Sales	30.9%	33.1%		(220 bps)
Selling, General and Administrative Expenses	\$209	\$194	\$15	+8%
% of Sales	17.5%	16.4%		+110 bps
Research and Development Expenses	\$51	\$44	\$7	+16%
% of Sales	4.3%	3.7%		+60 bps
Other	(\$18)	\$0	(\$18)	NM ¹
Operating Income (Loss)	\$127	\$153	(\$26)	(17%)
% of Sales	10.6%	13.0%		(240 bps)

Second-Quarter & First-Half 2025 Results¹

	Q2 2025 Results					
<i>\$ In Millions</i>	Reported Revenue	Reported Growth	Operational Growth	Adjusted Operating Income	Adjusted Operating Margin	YoY Margin Change ²
Baxter Continuing Operations	\$2,810	+4%	+1%	\$423	15.1%	+180 bps

	H1 2025 Results					
<i>\$ In Millions</i>	Reported Revenue	Reported Growth	Operational Growth	Adjusted Operating Income	Adjusted Operating Margin	YoY Margin Change ²
Baxter Continuing Operations	\$5,435	+5%	+3%	\$815	15.0%	+220 bps

2025 Outlook

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July 31, 2025



Third-Quarter 2025 Guidance¹

	Q3 2025 Guidance
Sales Growth <i>Reported (Continuing Operations)</i>	6% - 7%
Kidney Care MSA	(~300 bps)
Exit of IV Solutions in China	~70 bps
Foreign Exchange	(~100 bps)
Sales Growth <i>Operational Growth (Continuing Operations)²</i>	3% - 4%
Adjusted Diluted EPS <i>Continuing Operations</i>	\$0.58 - \$0.62

Full-Year 2025 Guidance¹

	FY 2025 <i>Guidance</i>
Sales Growth <i>Reported (Continuing Operations)</i>	6% - 7%
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>	3% - 4%
Adjusted Diluted EPS <i>Continuing Operations</i>	\$2.42 - \$2.52

Full-Year 2025 Guidance By Segment¹

Sales Growth <i>Operational Growth</i>	FY 2025 <i>Guidance</i>
Medical Products & Therapies	3% - 4%
Healthcare Systems & Technologies	3% - 4%
Pharmaceuticals	4% - 5%



Non-GAAP Reconciliations

Second-Quarter 2025 Earnings
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NON-GAAP RECONCILIATIONS AS OF JULY 31, 2025

Non-GAAP Reconciliations:

As part of its Q2 2025 earnings announcement on July 31, 2025, Baxter presented its financial results for the second quarter of 2025. Baxter also presented guidance for the third 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 other operating income, net, 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 June 30, 2025

(unaudited)

(in millions, except per share and percentage data)

The company's U.S. GAAP results for the three months ended June 30, 2025 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	\$ 991	\$ 718	\$ 191	\$ 133	\$ 11	\$ 122	\$ (31)	\$ 91	\$ 91	\$ 0.24	\$ (0.06)	\$ 0.18
Reported percent of net sales (or effective tax rate for income tax expense (benefit))	35.3 %	25.6 %	6.8 %	4.7 %	8.3 %	4.3 %	(1.1) %	3.2 %	3.2 %			
Intangible asset amortization	101	(50)	151	151	35	116	—	116	116	0.23	0.00	0.23
Business optimization items ¹	6	(11)	17	17	4	13	—	13	13	0.03	0.00	0.03
Acquisition and integration items ²	—	(5)	5	5	1	4	—	4	4	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	23	—	23	23	6	17	—	17	17	0.03	0.00	0.03
Hurricane Helene costs ⁵	17	—	17	17	4	13	—	13	13	0.03	0.00	0.03
Separation-related costs ⁶	1	(13)	14	14	3	11	—	11	11	0.02	0.00	0.02
Tax matters ⁸	—	—	—	—	(4)	4	3	7	7	0.01	0.00	0.01
Adjusted	\$ 1,144	\$ 639	\$ 423	\$ 365	\$ 61	\$ 304	\$ (28)	\$ 276	\$ 276	\$ 0.59	\$ (0.05)	\$ 0.54
Adjusted percent of net sales (or effective tax rate for income tax expense (benefit))	40.7 %	22.7 %	15.1 %	13.0 %	16.7 %	10.8 %	(1.0) %	9.8 %	9.8 %			

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

Three Months Ended June 30, 2024

(unaudited)

(in millions, except per share and percentage data)

The company's U.S. GAAP results for the three months ended June 30, 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	\$ 1,031	\$ 723	\$ 179	\$ 117	\$ 22	\$ 95	\$ (406)	\$ (311)	\$ (314)	\$ 0.19	\$ (0.80)	\$ (0.61)
Reported percent of net sales (or effective tax rate for income tax expense (benefit))	38.3 %	26.8 %	6.6 %	4.3 %	18.8 %	3.5 %	(15.1) %	(11.5) %	(11.7) %			
Intangible asset amortization	102	(52)	154	154	35	119	10	129	129	0.23	0.02	0.25
Business optimization items ¹	1	(8)	9	9	3	6	9	15	15	0.01	0.02	0.03
Acquisition and integration items ²	—	(6)	6	6	1	5	—	5	5	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
Separation-related costs ⁶	—	—	—	—	—	—	68	68	68	0.00	0.13	0.13
Goodwill impairment ⁷	—	—	—	—	—	—	430	430	430	0.00	0.84	0.84
Tax matters ⁸	—	—	—	—	(2)	2	2	4	4	0.00	0.01	0.01
Adjusted	\$ 1,143	\$ 657	\$ 357	\$ 295	\$ 61	\$ 234	\$ 114	\$ 348	\$ 345	\$ 0.46	\$ 0.22	\$ 0.68
Adjusted percent of net sales (or effective tax rate for income tax expense (benefit))	42.4 %	24.4 %	13.3 %	11.0 %	20.7 %	8.7 %	4.2 %	12.9 %	12.8 %			

	Reported	Adjusted
Income from discontinued operations, net of tax	\$ (406)	\$ 114
Less: Net income attributable to noncontrolling interests included in discontinued operations	3	3
Income from discontinued operations, net of tax attributable to Baxter stockholders	\$ (409)	\$ 111

	Reported	Adjusted
Net income (loss)	\$ (311)	\$ 348
Less: Net income attributable to noncontrolling interests	3	3
Net income (loss) attributable to Baxter stockholders	\$ (314)	\$ 345

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

Three Months Ended June 30, 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 which were primarily related 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 related to property, plant and equipment impairments in connection with the company's exit from a manufacturing facility in connection with its initiatives to optimize its global manufacturing and supply chain organization, and 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 Hill-Rom Holdings, Inc. (Hillrom) acquisition and integration expenses.
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 an estimate of warranty and remediation activities arising from field corrective actions on certain of its infusion pumps and a revised estimate of warranty and remediation activities arising from a field corrective action on certain of its 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.
6. The company's results of continuing operations in 2025 included separation-related costs primarily related to external advisors supporting its activities related to the sale of its former Kidney Care segment. The company's results of discontinued operations in 2024 included separation-related costs primarily related to external advisors supporting its activities related to the sale of its former Kidney Care segment.
7. The company's results of discontinued operations in 2024 included a charge related to a goodwill impairment of the company's former Chronic Therapies reporting unit within its former Kidney Care segment.
8. The company's results of continuing operations in 2025 included income tax expenses resulting from the application of intraperiod tax allocation to our adjusted results in an interim period. 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 former Kidney Care business to prior years. The company's results of continuing operations in 2024 included a state valuation allowance recorded partially offset by an adjustment to its change in permanent reinvestment assertion that it allocated to continuing operations.

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

Six Months Ended June 30, 2025

(unaudited)

(in millions, except per share and percentage data)

The company's U.S. GAAP results for the six months ended June 30, 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	\$ 1,852	\$ 1,421	\$ 274	\$ 249	\$ (3)	\$ 130	\$ (56)	\$ 186	\$ 31	\$ 217	\$ 217	\$ 0.36	\$ 0.06	\$ 0.42
Reported percent of net sales (or effective tax rate for income tax expense (benefit))	34.1 %	26.1 %	5.0 %	4.6 %	(0.1) %	2.4 %	(43.1) %	3.4 %	0.6 %	4.0 %	4.0 %			
Intangible asset amortization	205	(101)	—	306	—	306	72	234	—	234	234	0.46	0.00	0.46
Business optimization items ¹	19	(41)	(2)	62	—	62	15	47	—	47	47	0.09	0.00	0.09
Acquisition and integration items ²	—	(6)	—	6	(5)	11	2	9	—	9	9	0.02	0.00	0.02
European medical devices regulation ³	10	—	—	10	—	10	2	8	—	8	8	0.02	0.00	0.02
Product-related reserves ⁴	29	—	—	29	—	29	8	21	—	21	21	0.04	0.00	0.04
Hurricane Helene costs ⁵	115	—	—	115	—	115	29	86	6	92	92	0.17	0.01	0.18
Legal matters ⁶	11	—	—	11	—	11	2	9	—	9	9	0.02	0.00	0.02
Investment impairments ⁷	—	—	—	—	(9)	9	2	7	—	7	7	0.01	0.00	0.01
Separation-related costs ⁸	1	(26)	—	27	—	27	6	21	31	52	52	0.04	0.06	0.10
Gain on Kidney Care Sale ⁹	—	—	—	—	—	—	—	—	(111)	(111)	(111)	0.00	(0.22)	(0.22)
Tax Matters ¹¹	—	—	—	—	—	—	39	(39)	50	11	11	(0.08)	0.10	0.02
Adjusted	\$ 2,242	\$ 1,247	\$ 272	\$ 815	\$ (17)	\$ 710	\$ 121	\$ 589	\$ 7	\$ 596	\$ 596	\$ 1.15	\$ 0.01	\$ 1.16
Adjusted percent of net sales (or effective tax rate for income tax expense (benefit))	41.3 %	22.9 %	5.0 %	15.0 %	(0.3) %	13.1 %	17.0 %	10.8 %	0.1 %	11.0 %	11.0 %			

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

Six Months Ended June 30, 2024

(unaudited)

(in millions, except per share and percentage data)

The company's U.S. GAAP results for the six months ended June 30, 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	\$1,992	\$ 1,452	\$ 294	\$ 163	\$ 62	\$ 101	\$ (373)	\$(272)	\$ (277)	\$ 0.20	\$ (0.74)	\$ (0.54)
Reported percent of net sales (or effective tax rate for income tax expense (benefit))	38.4 %	28.0 %	5.7 %	3.1 %	38.0 %	1.9 %	(7.2) %	(5.2) %	(5.3) %			
Intangible asset amortization	208	(104)	312	312	73	239	16	255	255	0.47	0.03	0.50
Business optimization items ¹	6	(25)	31	31	9	22	35	57	57	0.04	0.07	0.11
Acquisition and integration items ²	1	(10)	11	11	2	9	—	9	9	0.02	0.00	0.02
European medical devices regulation ³	16	—	16	16	4	12	2	14	14	0.02	0.01	0.03
Separation-related costs ⁸	—	—	—	—	—	—	147	147	147	0.00	0.29	0.29
Goodwill impairment ¹⁰	—	—	—	—	—	—	430	430	430	0.00	0.84	0.84
Tax matters ¹¹	—	—	—	—	(34)	34	7	41	41	0.07	0.01	0.08
Adjusted	\$2,223	\$ 1,313	\$ 664	\$ 533	\$ 116	\$ 417	\$ 264	\$ 681	\$ 676	\$ 0.82	\$ 0.51	\$ 1.33
Adjusted percent of net sales (or effective tax rate for income tax expense (benefit))	42.9 %	25.3 %	12.8 %	10.3 %	21.8 %	8.0 %	5.1 %	13.1 %	13.0 %			

	Reported	Adjusted
Income (loss) from discontinued operations, net of tax	\$ (373)	\$ 264
Less: Net income attributable to noncontrolling interests included in discontinued operations	5	5
Income (loss) from discontinued operations, net of tax attributable to Baxter stockholders	\$ (378)	\$ 259

	Reported	Adjusted
Net income (loss)	\$ (272)	\$ 681
Less: Net income attributable to noncontrolling interests	5	5
Net income (loss) attributable to Baxter stockholders	\$ (277)	\$ 676

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

Six Months Ended June 30, 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 related to programs to optimize its organization and cost structure which were 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 related to property, plant and equipment impairments in connection with the company's exit from a manufacturing facility in connection with its initiatives to optimize its global manufacturing and supply chain organization, and to centralize certain of its research and development activities.
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 reflected third-party consulting costs and the recognition of a noncash impairment of property, plant and equipment related to integration activities. In 2024 these expenses related to 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 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 2025 included charges related to an estimate of warranty and remediation activities arising from field corrective actions on certain of its infusion pumps and a revised estimate of warranty and remediation activities arising from a field corrective action on certain of its 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 losses from a noncash impairment write-down in an equity method investment.
8. The company's results of continuing operations in 2025 included separation-related costs primarily related to external advisors supporting its activities related to the sale of its former Kidney Care segment. The company's results of discontinued operations in 2025 and 2024 included separation-related costs related to external advisors supporting its activities related to the sale of its former Kidney Care segment.
9. The company's results of discontinued operations in 2025 included a gain from the sale of its former Kidney Care segment.
10. The company's results of discontinued operations in 2024 included a charge related to a goodwill impairment of the company's former Chronic Therapies reporting unit within its former Kidney Care segment.
11. The company's results of continuing operations in 2025 included a tax benefit primarily 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 tax benefits generated by the sale of its former Kidney Care business to prior years. The company's results in 2024 included a change in its permanent reinvestment assertion that is allocated to continuing 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 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 June 30, 2025	
Cash flows from (used in) operations – continuing operations	\$	217
Cash flows from (used in) investing activities - continuing operations		(115)
Cash flows from (used in) financing activities - continuing operations		(762)
Cash flows from (used in) operations - continuing operations	\$	217
Capital expenditures - continuing operations		(140)
Free cash flow - continuing operations	\$	77

	Six Months Ended June 30,	
	2025	2024
Cash flows from (used in) operations – continuing operations	\$ 118	\$ 30
Cash flows from (used in) investing activities - continuing operations	(239)	(142)
Cash flows from (used in) financing activities - continuing operations	(3,988)	(1,076)
Cash flows from (used in) operations - continuing operations	\$ 118	\$ 30
Capital expenditures - continuing operations	(262)	(180)
Free cash flow - continuing operations	\$ (144)	\$ (150)

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 June 30, 2024 to The Three Months Ended June 30, 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	(2)%	0%	2%	(1)%	(1)%
Advanced Surgery	7%	0%	0%	(2)%	5%
Medical Products & Therapies	(0)%	0%	1%	0%	1%
Care & Connectivity Solutions	5%	0%	0%	(1)%	4%
Front Line Care	(1)%	0%	0%	0%	(1)%
Healthcare Systems & Technologies	3%	0%	0%	(1)%	2%
Injectables & Anesthesia	(3)%	0%	0%	(1)%	(4)%
Drug Compounding	7%	0%	0%	0%	7%
Pharmaceuticals	2%	0%	0%	(1)%	1%
Other	405%	(445)%	0%	(1)%	(41)%
Total - Continuing Operations	4%	(4)%	1%	(0)%	1%

*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

Change in Net Sales Growth As Reported to Operational Sales Growth

From The Six Months Ended June 30, 2024 to The Six Months Ended June 30, 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	0%	0%	2%	1%	3%
Advanced Surgery	4%	0%	0%	1%	5%
Medical Products & Therapies	1%	0%	1%	1%	3%
Care & Connectivity Solutions	6%	0%	0%	(1)%	5%
Front Line Care	2%	0%	0%	0%	2%
Healthcare Systems & Technologies	4%	0%	0%	0%	4%
Injectables & Anesthesia	(0)%	0%	0%	0%	(0)%
Drug Compounding	3%	0%	0%	1%	4%
Pharmaceuticals	1%	0%	0%	1%	2%
Other	397%	(424)%	0%	3%	(24)%
Total - Continuing Operations	5%	(3)%	1%	0%	3%

*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 Third 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	Q3 2025*	FY 2025*
Sales growth - U.S. GAAP	6% - 7%	6% - 7%
Kidney Care MSA	(~300 bps)	(~300 bps)
Exit of IV Solutions in China	~70 bps	~50 bps
Foreign Exchange	(~100 bps)	(~50 bps)
Operational sales growth	3% - 4%	3% - 4%

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	3% - 4%
Healthcare Systems & Technologies	
Sales growth - U.S. GAAP	~4%
Foreign Exchange	(~50 bps)
Operational Sales growth	3% - 4%
Pharmaceuticals	
Sales growth - U.S. GAAP	~5%
Foreign Exchange	(>50 bps)
Operational Sales growth	4% - 5%

RECONCILIATION OF NON-GAAP FINANCIAL MEASURE

Projected Full Year 2025 Projected Adjusted Operating Margin, Projected Full Year 2025 Projected Adjusted Tax Rate and Projected Third Quarter and Full Year 2025 Projected Adjusted Earnings Per Share
(unaudited)

Adjusted Operating Margin Guidance		FY 2025
Adjusted operating margin		15% - 16%
Adjusted Tax Rate Guidance		FY 2025
Adjusted tax rate		18% - 18.5%
Adjusted Earnings Per Share Guidance		Q3 2025FY 2025
Adjusted diluted EPS		\$0.58 - \$0.62\$2.42 - \$2.52

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 reportable segments, reflects the previously announced exit of IV Solutions in China in the Medical Products & Therapies reportable segment, and assumes foreign currency exchange rates remain constant in future periods. Additionally, 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 operational sales growth guidance, adjusted operating margin, 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 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

Second-Quarter 2025 Earnings

Baxter International Inc.

July 31, 2025

