

**Baxter**

# Fourth-Quarter 2025 Earnings

Baxter International Inc.

February 12, 2026



# Forward-Looking Statements

This presentation includes forward-looking statements concerning the company's financial results (including the outlook for full-year 2026), certain business and product development activities and the company's capital allocation priorities (including the estimated time to achieve the company's net leverage target). 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 is exposed to risks as a result of its strategic actions; the company may not achieve the anticipated benefits of its significant transactions, including the sale of its Kidney Care business and its acquisition of Hill-Rom Holdings, Inc.; the company's significant indebtedness requires it to use a substantial amount of its cash flow for debt service and constrains the company's ability to pursue growth strategies and advance its R&D capabilities; there is substantial competition in the product markets in which the company operates and the risk of declining demand and pricing pressures could adversely affect the company's business, results of operations, financial condition and cash flows; the company may be unable to successfully introduce or monetize new and existing products or services or keep pace with changing consumer preferences and needs or advances in technology; the company may not achieve its financial goals; the company has experienced disruptions in its supply chain; global economic conditions, including inflation, have adversely affected, and could continue to adversely affect, the company's operations; the company may not be successful in achieving expected operating efficiencies and sustaining or improving operating expense reductions; continued consolidation in the health care industry or additional governmental controls exerted over pricing and access in key markets could lead to increased demands for price concessions or limit or eliminate the company's ability to sell to certain of its significant market segments; the company's operating results and financial condition have fluctuated and may in the future continue to fluctuate; management transition creates uncertainties, and the company may experience difficulties in managing such transitions, including attracting and retaining key employees; changes in foreign currency exchange rates and interest rates have had, and may in the future have, an adverse effect on the company's results of operations, financial condition, cash flows, and liquidity; future material impairments in the value of the company's goodwill, intangible assets, and other long-lived assets would negatively affect the company's operating results; segments of the company's business are significantly dependent on major contracts with group purchasing organizations, integrated delivery networks, and certain other distributors and purchasers; the company may be unable to obtain sufficient components or raw materials on a timely basis or for a cost-effective price; the company may experience manufacturing, sterilization, supply, or distribution difficulties; the company has experienced and may continue to experience issues with quality management or product quality; the company may experience breaches and breakdowns affecting its information technology systems or protected information, including from obsolescence, cyber security breaches and data leakage; the company is exposed to risks associated with incorporating artificial intelligence (AI), machine learning and other emerging technologies into our products, services and operations; the company is subject to risks associated with doing business globally; a portion of the company's workforce is unionized, and the company could face labor disruptions that would interfere with its operations; the effects of climate change, including legal, regulatory, or market measures related to climate change and other sustainability topics, could adversely affect the company's business, results of operations, financial condition, and cash flows; the company's commitments, goals, activities, and disclosures related to sustainability and corporate responsibility matters, and the perception of the company's activities in these areas, may fail to satisfy the differing expectations of key stakeholders on these matters; the company is subject to laws and regulations globally, and its failure to comply with rapidly changing and increasingly divergent expectations of regulators in different jurisdictions could adversely impact the company; if reimbursement or other payment for our current or future products is reduced or modified in the U.S. or in foreign countries, or there are changes to policies with respect to pricing, taxation, or rebates, the company's business could suffer; increasing regulatory focus on, and expanding laws relating to, privacy, artificial intelligence, and cybersecurity could impact the company's business and expose it to increased liability; the company is party to a number of pending lawsuits and other disputes which may adversely impact it; the company could be subject to fines or damages and possible exclusion from participation in federal or state healthcare programs if it fails to comply with the laws and regulations applicable to its business; if the company is unable to protect or enforce its patents or other proprietary rights, or if the company becomes subject to claims or litigation alleging infringement of the patents or other proprietary rights of others, the company's competitiveness and business prospects may be materially damaged; changes in tax laws or exposure to additional income tax liabilities may have a negative impact on the company's operating results; the company's Amended and Restated Bylaws could limit its stockholders' ability to choose their preferred judicial forum for disputes with the company or its directors, officers, or employees; the company recently decreased its quarterly dividend to \$0.01 per share and cannot guarantee that it will increase the amount of dividends it pays, or that it will not cease paying dividends; the company's common stock price has fluctuated significantly and may continue to do so; 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 February 12, 2026. 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 and organic basis), adjusted gross margin, adjusted selling, general, and administrative expenses, adjusted research and development expenses, adjusted goodwill impairments, adjusted other operating income, net, adjusted operating income (loss), 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, adjusted diluted earnings per share and free cash flow.

A reconciliation to comparable U.S. GAAP measures can be found herein and is available at [www.baxter.com](http://www.baxter.com).

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# Performance Summary

Fourth-Quarter 2025 Earnings

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# Executing On Our Strategy For Value Creation

## Q4 2025 Results<sup>1</sup>

- Worldwide sales from continuing operations grew 8% on a reported basis and 3% on an operational basis
- Adjusted earnings per share from continuing operations totaled \$0.44 per diluted share, decreasing 24% from the prior year driven primarily by unfavorable product mix, non-recurring items including inventory adjustments, and a higher effective tax rate

## Recent Highlights

- Announced the upcoming U.S. launch of the [Dynamo Series smart stretcher](#), the latest innovation in Baxter's leading portfolio of smart beds, surfaces and connected care solutions. The Dynamo Series is designed to address common challenges care teams face in hospital settings by helping to reduce the need for patient transfers and simplify patient positioning across a range of procedures
- Presented real-world data demonstrating the positive impact of smart infusion pump integration with hospital electronic medical records on patient safety, clinicians' bedside productivity and programming compliance at the American Society of Health-System Pharmacists (ASHP) 2025 Midyear Clinical Meeting
- Announced a [three-year \\$2.6M grant from the Baxter Foundation](#) to support the continuation of a partnership with Northwestern University's School of Education and Social Policy to provide science, technology, engineering and math (STEM) programs for students and teachers throughout the Chicagoland area

# Performance Highlights

Continuing Operations<sup>1</sup>

## Fourth-Quarter 2025

**\$3.0B**  
Sales

+8% Reported  
+3% Operational<sup>2</sup>

## Full-Year 2025

**\$11.2B**  
Sales

+6% Reported  
+3% Operational<sup>2</sup>

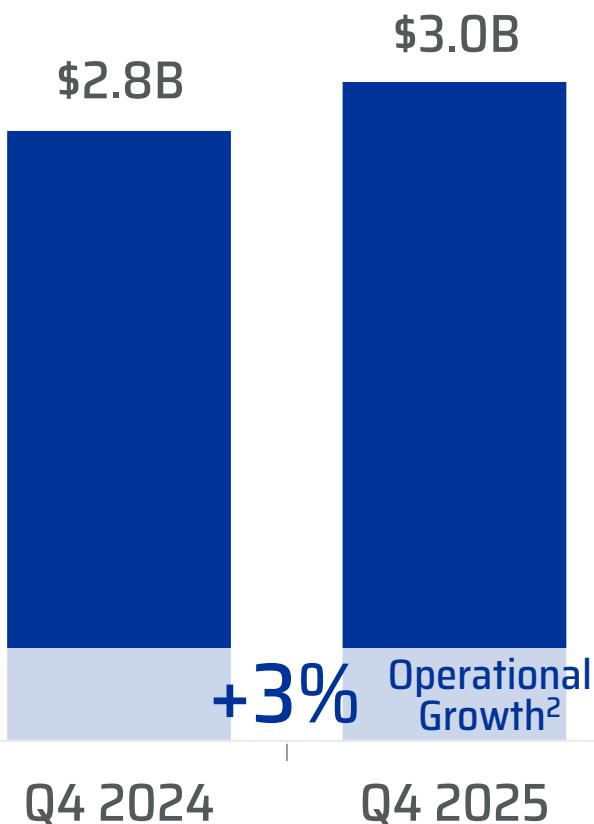
Key Metrics	GAAP	Adjusted <sup>3</sup>	Key Metrics	GAAP	Adjusted <sup>3</sup>
Gross Margin	19.4%	<b>35.5%</b>	Gross Margin	30.1%	<b>39.3%</b>
YOY Change	(1,540 bps)	<i>(900 bps)</i>	YOY Change	(740 bps)	<i>(420 bps)</i>
Operating Margin	(24.5%)	<b>11.8%</b>	Operating Margin	(2.7%)	<b>14.1%</b>
YOY Change	(870 bps)	<i>(340 bps)</i>	YOY Change	(280 bps)	<i>+20 bps</i>
Diluted EPS	(\$2.01)	<b>\$0.44</b>	Diluted EPS	(\$1.75)	<b>\$2.27</b>
YOY Change	(112%)	<i>(24%)</i>	YOY Change	(173%)	<i>+20%</i>

<sup>1</sup>Continuing operations excludes the results of the Kidney Care business, which are reported as discontinued operations. <sup>2</sup>Operational sales growth excludes the impact of 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 is calculated at constant currency rates. <sup>3</sup>Non-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](http://www.baxter.com).

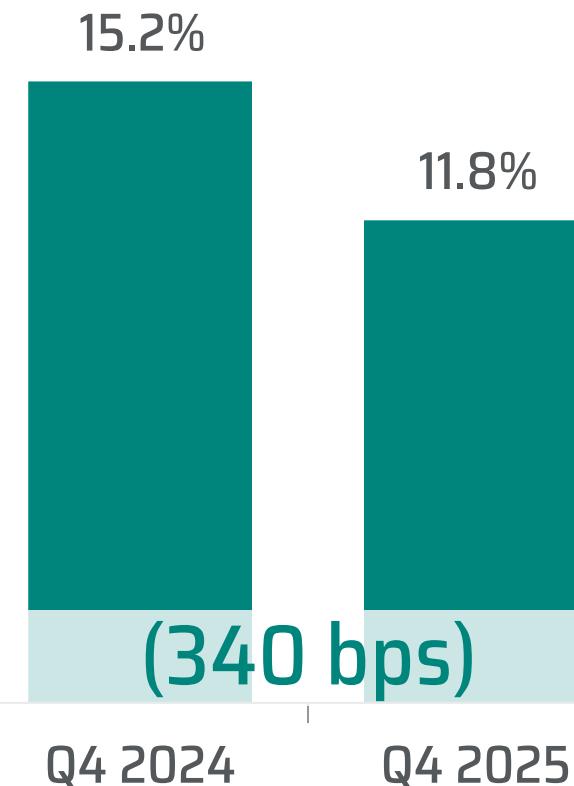
# Key Financial Metrics

Fourth-Quarter 2025 Snapshot (Continuing Operations)<sup>1</sup>

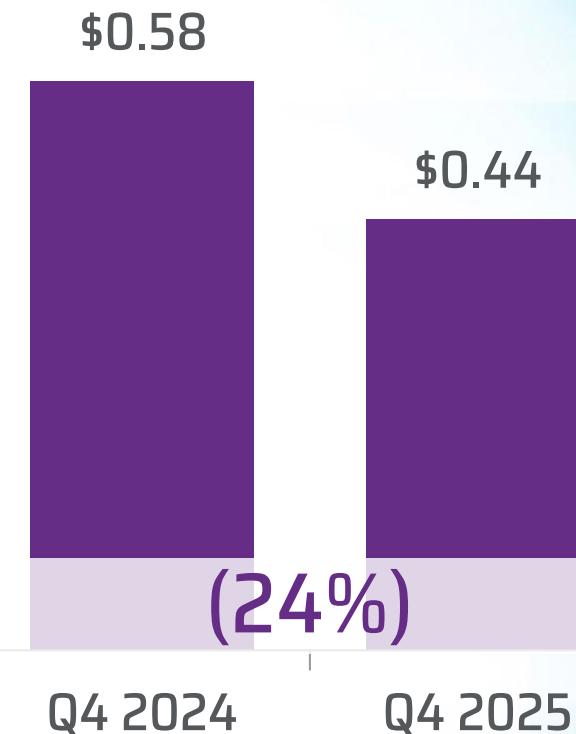
## Global Reported Sales



## Adjusted Operating Margin



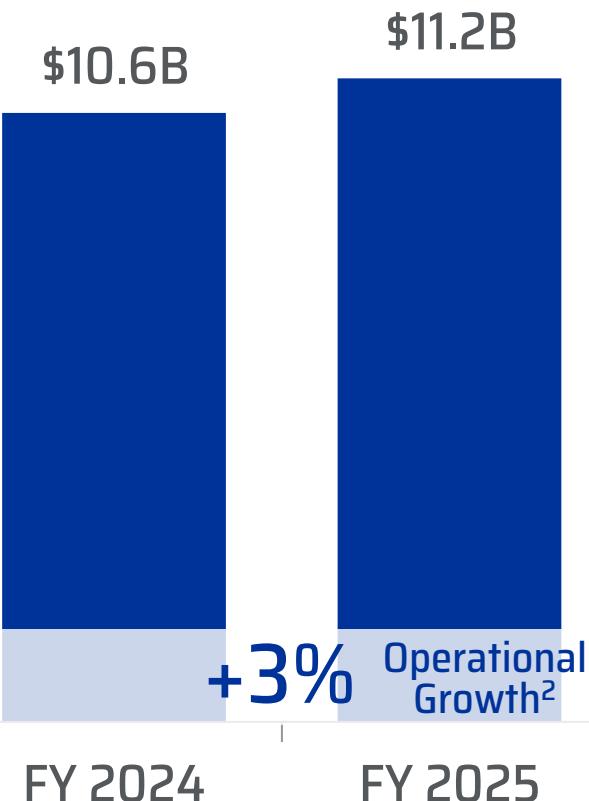
## Adjusted Diluted EPS



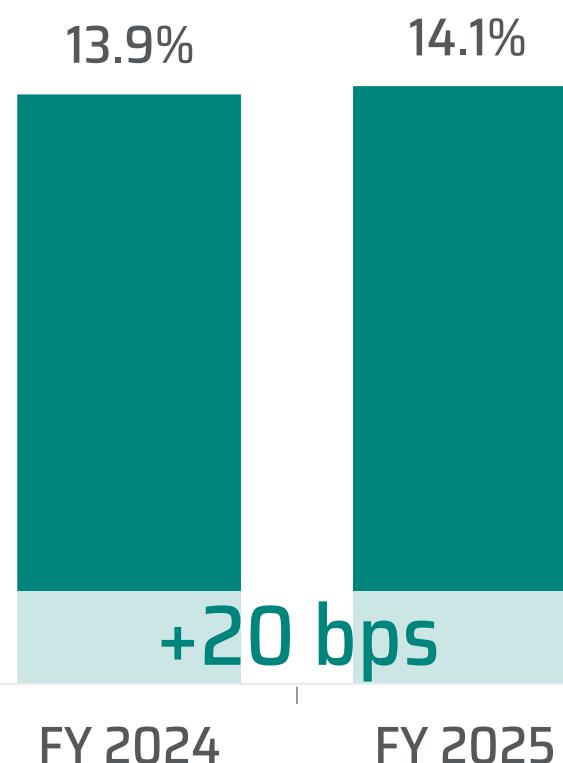
# Key Financial Metrics

Full-Year 2025 Snapshot (Continuing Operations)<sup>1</sup>

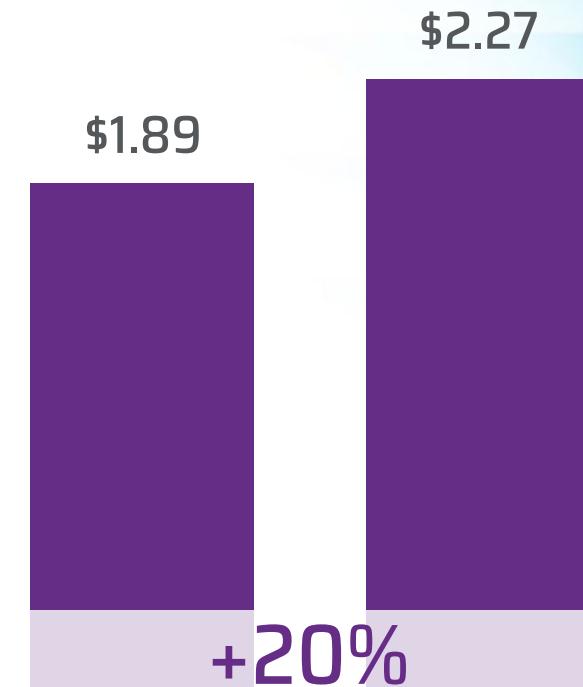
## Global Reported Sales



## Adjusted Operating Margin



## Adjusted Diluted EPS



<sup>1</sup>Non-GAAP financial metrics referenced in this slide include operational sales growth, 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](http://www.baxter.com). <sup>2</sup>Operational sales growth excludes the impact of the Kidney Care MSA not reflected in reportable segments, reflects the previously announced exit of IV solutions in China in the Medical Products & Therapies reportable segment, and is calculated at constant currency rates.

# Fourth-Quarter 2025 Adjusted Financial Results<sup>1</sup>

Continuing Operations

Metric	Q4 2024	Q4 2025	Change
Adjusted Gross Margin	44.5%	35.5%	(900 bps)
Adjusted SG&A Expense (% of Sales)	24.7%	21.4%	(330 bps)
Adjusted R&D Expense (% of Sales)	4.8%	3.9%	(90 bps)
Adjusted Operating Margin	15.2%	11.8%	(340 bps)
Adjusted Diluted EPS	\$0.58	\$0.44	(24%)

# Fourth-Quarter 2025 Performance<sup>1</sup>

Continuing Operations

Metric	Q4 2025 <i>Guidance</i>	Q4 2025 <i>Actual</i>
<b>Sales Growth</b> <i>Reported</i>	~2%	+8%
<b>Sales Growth</b> <i>Operational Growth</i>	(~2%)	+3%
<b>GAAP Diluted EPS</b> <i>Growth vs. Prior-Year Period</i>	N/A	(\$2.01) (112%)
<b>Adjusted Diluted EPS</b> <i>Growth vs. Prior-Year Period</i>	\$0.52 - \$0.57	\$0.44 (24%)

<sup>1</sup>Non-GAAP financial metrics referenced in this slide include operational sales growth 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](http://www.baxter.com).

# Financial Results By Operating Segment

Fourth-Quarter 2025 Earnings

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# Fourth-Quarter 2025 Sales By Product Category<sup>1</sup>

\$ In Millions	Q4 2025 Revenue			Total Growth	
	U.S.	International	Total	Reported	Operational
Infusion Therapies & Technologies	\$543	\$517	\$1,060	+4%	+1%
Advanced Surgery	\$177	\$151	\$328	+12%	+11%
<b>Medical Products &amp; Therapies</b>	<b>\$720</b>	<b>\$668</b>	<b>\$1,388</b>	<b>+6%</b>	<b>+4%</b>
Care & Connectivity Solutions	\$367	\$170	\$537	+7%	+4%
Front Line Care	\$219	\$71	\$290	+4%	+3%
<b>Healthcare Systems &amp; Technologies</b>	<b>\$586</b>	<b>\$241</b>	<b>\$827</b>	<b>+5%</b>	<b>+4%</b>
Injectables & Anesthesia	\$190	\$162	\$352	(8%)	(9%)
Drug Compounding	\$0	\$316	\$316	+22%	+18%
<b>Pharmaceuticals</b>	<b>\$190</b>	<b>\$478</b>	<b>\$668</b>	<b>+4%</b>	<b>+2%</b>
MSA Baxter/Vantive <sup>2</sup>	\$61	\$23	\$84	NM <sup>3</sup>	NM <sup>3</sup>
Other	(\$5)	\$12	\$7	(42%)	(58%)
<b>Total Other</b>	<b>\$56</b>	<b>\$35</b>	<b>\$91</b>	<b>NM<sup>3</sup></b>	<b>NM<sup>3</sup></b>
<b>Baxter Continuing Operations</b>	<b>\$1,552</b>	<b>\$1,422</b>	<b>\$2,974</b>	<b>+8%</b>	<b>+3%</b>

# Full-Year 2025 Sales By Product Category<sup>1</sup>

\$ In Millions	Full-Year 2025 Revenue			Total Growth	
	U.S.	International	Total	Reported	Operational
Infusion Therapies & Technologies	\$2,236	\$1,865	\$4,101	(0%)	+1%
Advanced Surgery	\$648	\$550	\$1,198	+9%	+8%
<b>Medical Products &amp; Therapies</b>	<b>\$2,884</b>	<b>\$2,415</b>	<b>\$5,299</b>	<b>+2%</b>	<b>+2%</b>
Care & Connectivity Solutions	\$1,372	\$539	\$1,911	+5%	+4%
Front Line Care	\$871	\$289	\$1,160	+2%	+2%
<b>Healthcare Systems &amp; Technologies</b>	<b>\$2,243</b>	<b>\$828</b>	<b>\$3,071</b>	<b>+4%</b>	<b>+3%</b>
Injectables & Anesthesia	\$749	\$603	\$1,352	(2%)	(2%)
Drug Compounding	\$0	\$1,141	\$1,141	+10%	+9%
<b>Pharmaceuticals</b>	<b>\$749</b>	<b>\$1,744</b>	<b>\$2,493</b>	<b>+3%</b>	<b>+3%</b>
MSA Baxter/Vantive <sup>2</sup>	\$224	\$106	\$330	NM <sup>3</sup>	NM <sup>3</sup>
Other	\$22	\$29	\$51	(24%)	(24%)
<b>Total Other</b>	<b>\$246</b>	<b>\$135</b>	<b>\$381</b>	<b>NM<sup>3</sup></b>	<b>NM<sup>3</sup></b>
<b>Baxter Continuing Operations</b>	<b>\$6,122</b>	<b>\$5,122</b>	<b>\$11,244</b>	<b>+6%</b>	<b>+3%</b>

# Fourth-Quarter 2025 Sales By Product Category<sup>1</sup>

Product Category	Sales	Operational <sup>2</sup>	Quarterly Performance Drivers
Infusion Therapies & Technologies	\$1,060M	+1%	Performance in the quarter was driven by growth in IV solutions, which benefited from a favorable comparison to the prior-year period, partially offset by lower infusion pump sales due to the previously discussed shipment and installation hold of Novum IQ LVP
Advanced Surgery	\$328M	+11%	Results in the quarter reflect continued solid demand for hemostats and sealants, strong commercial execution across regions and steady procedure volumes
Care & Connectivity Solutions	\$537M	+4%	Performance in the quarter was driven by double-digit growth in Surgical Solutions and continued momentum across the Patient Support Systems portfolio
Front Line Care	\$290M	+3%	Performance in the quarter reflects increased demand in cardiology and patient monitoring portfolios, which includes the recent launch of Connex 360
Injectables & Anesthesia	\$352M	(9%)	Performance in the quarter reflects a decline in injectables, driven by a difficult comparison to the prior-year period, as well as softness in certain premix products, largely consistent with new clinical practices following Hurricane Helene and increased use of IV push in select hospital settings. Anesthesia declined high-single digits, reflecting softer demand for select inhaled anesthesia products
Drug Compounding	\$316M	+18%	Results for this business reflect continued strong demand for services outside the U.S.
Other <sup>3</sup>	\$91M	NM <sup>4</sup>	Sales growth reflects increased demand for certain contract manufacturing volumes

<sup>1</sup>Non-GAAP financial metrics referenced in this slide include operational sales growth. A reconciliation to comparable U.S. GAAP measures can be found herein and is available at [www.baxter.com](http://www.baxter.com). <sup>2</sup>Represents operational sales growth. <sup>3</sup>Excludes sales from the Kidney Care MSA. <sup>4</sup>Not Meaningful.

# Medical Products & Therapies

## Q4 2025 Results

\$ In Millions				
Net Sales				
Cost of Sales				
Gross Margin				
% of Sales				
Selling, General and Administrative Expenses				
% of Sales				
Research and Development Expenses				
% of Sales				
Other				
Operating Income (Loss)				
% of Sales				

			Increase / (Decrease)	
	Q4 2025	Q4 2024	\$ Change	% Change
Net Sales	\$1,388	\$1,314	\$74	+6%
Cost of Sales	\$864	\$731	\$133	+18%
Gross Margin	\$524	\$583	(\$59)	(10%)
% of Sales	37.8%	44.4%		(660 bps)
Selling, General and Administrative Expenses	\$295	\$308	(\$13)	(4%)
% of Sales	21.3%	23.4%		(210 bps)
Research and Development Expenses	\$46	\$56	(\$10)	(18%)
% of Sales	3.3%	4.3%		(100 bps)
Other	(\$31)	\$2	(\$33)	NM <sup>1</sup>
Operating Income (Loss)	\$214	\$217	(\$3)	(1%)
% of Sales	15.4%	16.5%		(110 bps)

# Medical Products & Therapies

## Full-Year 2025 Results

\$ In Millions	FY 2025	FY 2024	\$ Change	Increase / (Decrease)
				% Change
Net Sales	\$5,299	\$5,207	\$92	+2%
Cost of Sales	\$3,065	\$2,867	\$198	+7%
Gross Margin	\$2,234	\$2,340	(\$106)	(5%)
% of Sales	42.2%	44.9%		(270 bps)
Selling, General and Administrative Expenses	\$1,162	\$1,176	(\$14)	(1%)
% of Sales	21.9%	22.6%		(70 bps)
Research and Development Expenses	\$209	\$216	(\$7)	(3%)
% of Sales	3.9%	4.1%		(20 bps)
Other	(\$107)	(\$2)	(\$105)	NM <sup>1</sup>
Operating Income (Loss)	\$970	\$950	\$20	+2%
% of Sales	18.3%	18.2%		+10 bps

# Healthcare Systems & Technologies

## Q4 2025 Results

\$ In Millions	Q4 2025	Q4 2024	\$ Change	Increase / (Decrease)
				% Change
Net Sales	\$827	\$784	\$43	+5%
Cost of Sales	\$449	\$370	\$79	+21%
Gross Margin	\$378	\$414	(\$36)	(9%)
% of Sales	45.7%	52.8%		(710 bps)
Selling, General and Administrative Expenses	\$215	\$224	(\$9)	(4%)
% of Sales	26.0%	28.6%		(260 bps)
Research and Development Expenses	\$48	\$46	\$2	+4%
% of Sales	5.8%	5.9%		(10 bps)
Other	(\$11)	(\$1)	(\$10)	NM <sup>1</sup>
Operating Income (Loss)	\$126	\$145	(\$19)	(13%)
% of Sales	15.2%	18.5%		(330 bps)

# Healthcare Systems & Technologies

## Full-Year 2025 Results

\$ In Millions	Increase / (Decrease)			
	FY 2025	FY 2024	\$ Change	% Change
Net Sales	\$3,071	\$2,951	\$120	+4%
Cost of Sales	\$1,603	\$1,464	\$139	+9%
Gross Margin	\$1,468	\$1,487	(\$19)	(1%)
% of Sales	47.8%	50.4%		(260 bps)
Selling, General and Administrative Expenses	\$873	\$836	\$37	+4%
% of Sales	28.4%	28.3%		+10 bps
Research and Development Expenses	\$190	\$184	\$6	+3%
% of Sales	6.2%	6.2%		+0 bps
Other	(\$36)	(\$1)	(\$35)	NM <sup>1</sup>
Operating Income (Loss)	\$441	\$468	(\$27)	(6%)
% of Sales	14.4%	15.9%		(150 bps)

# Pharmaceuticals

## Q4 2025 Results

<i>\$ In Millions</i>			
Net Sales			
Cost of Sales			
Gross Margin			
% of Sales			
Selling, General and Administrative Expenses			
% of Sales			
Research and Development Expenses			
% of Sales			
Other			
Operating Income (Loss)			
% of Sales			

	Q4 2025	Q4 2024	\$ Change	Increase / (Decrease)
	Q4 2025	Q4 2024	\$ Change	% Change
Net Sales	\$668	\$643	\$25	+4%
Cost of Sales	\$503	\$415	\$88	+21%
Gross Margin	\$165	\$228	(\$63)	(28%)
% of Sales	24.7%	35.5%		(1080 bps)
Selling, General and Administrative Expenses	\$113	\$107	\$6	+6%
% of Sales	16.9%	16.6%		+30 bps
Research and Development Expenses	\$24	\$24	\$0	+0%
% of Sales	3.6%	3.7%		(10 bps)
Other	(\$11)	(\$5)	(\$6)	+120%
Operating Income (Loss)	\$39	\$102	(\$63)	(62%)
% of Sales	5.8%	15.9%		(1010 bps)

## FY 2025 Results

\$ In Millions	FY 2025	FY 2024	\$ Change	Increase / (Decrease)
	FY 2025	FY 2024	\$ Change	% Change
Net Sales	\$2,493	\$2,411	\$82	+3%
Cost of Sales	\$1,777	\$1,612	\$165	+10%
Gross Margin	\$716	\$799	(\$83)	(10%)
% of Sales	28.7%	33.1%		(440 bps)
Selling, General and Administrative Expenses	\$429	\$396	\$33	+8%
% of Sales	17.2%	16.4%		+80 bps
Research and Development Expenses	\$101	\$91	\$10	+11%
% of Sales	4.1%	3.8%		+30 bps
Other	(\$36)	(\$1)	(\$35)	NM <sup>1</sup>
Operating Income (Loss)	\$222	\$313	(\$91)	(29%)
% of Sales	8.9%	13.0%		(410 bps)

# Fourth-Quarter & Full-Year 2025 Results<sup>1</sup>

\$ In Millions	Q4 2025 Results					
	Reported Revenue	Reported Growth	Operational Growth	Adjusted Operating Income	Adjusted Operating Margin	YoY Margin Change <sup>2</sup>
Baxter Continuing Operations	\$2,974	+8%	+3%	\$352	11.8%	(340 bps)

\$ In Millions	FY 2025 Results					
	Reported Revenue	Reported Growth	Operational Growth	Adjusted Operating Income	Adjusted Operating Margin	YoY Margin Change <sup>2</sup>
Baxter Continuing Operations	\$11,244	+6%	+3%	\$1,590	14.1%	+20 bps

<sup>1</sup>Non-GAAP financial metrics referenced in this slide include operational sales growth, adjusted operating income and adjusted operating margin. A reconciliation to comparable U.S. GAAP measures can be found herein and is available at [www.baxter.com](http://www.baxter.com). <sup>2</sup>Year over year (YoY).

# 2026 Outlook and Capital Allocation

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# Full-Year 2026 Guidance<sup>1</sup>

**Sales Growth**  
*Reported (Continuing Operations)*

**Kidney Care MSA**

**Foreign Exchange**

**Sales Growth**  
*Organic (Continuing Operations)<sup>2</sup>*

**Adjusted Diluted EPS**  
*Continuing Operations*

**FY 2026**  
*Guidance*

**Flat - 1%**

**~30 bps**

**(~100 bps)**

**~Flat**

**\$1.85 - \$2.05**

<sup>1</sup>Non-GAAP financial metrics referenced in this slide include organic sales growth and adjusted diluted EPS from continuing operations. Information about our use of non-GAAP measures can be found herein and is available at [www.baxter.com](http://www.baxter.com). <sup>2</sup>Organic sales growth represents the company's targeted future sales growth excluding the impact of the Kidney Care MSA not reflected in reportable segments, impacts associated with business acquisitions or divestitures, and is calculated on a constant currency basis, as if foreign currency exchange rates had remained constant between the prior and current periods.

# Full-Year 2026 Guidance By Segment<sup>1</sup>

## Sales Growth *Organic*

Medical Products & Therapies

## FY 2026 *Guidance*

Flat to Slightly Up

Healthcare Systems & Technologies

Low-Single-Digit Growth

Pharmaceuticals

~Flat

# Disciplined Capital Allocation Driving Long-Term Shareholder Value

CURRENT

FUTURE

## Debt Repayment

- Near-term priority to strengthen balance sheet to enhance financial flexibility
- Targeting to achieve net leverage of ~3.0x by the end of 2026
- Committed to maintaining an investment grade credit rating

## Invest For Growth

- Continued organic investment in core platforms and innovation
- Capex: Increasing mix toward growth-generating and productivity-enhancing investments
- R&D: Targeted funding across divisions to maximize returns over the long-range plan

## M&A<sup>1</sup>

- Strategic tuck-in opportunities that enhance growth capabilities

## Share Repurchases<sup>1</sup>

- Will evaluate opportunistically

**Dividend:** Expect to maintain current quarterly dividend

# Non-GAAP Reconciliations

Fourth-Quarter 2025 Earnings

February 12, 2026



# NON-GAAP RECONCILIATIONS AS OF FEBRUARY 12, 2026

## Non-GAAP Reconciliations:

As part of its Q4 2025 earnings announcement on February 12, 2026, Baxter presented its financial results for the fourth quarter of 2025. Baxter also presented guidance for the full year of 2026. In these presentations, Baxter used non-GAAP financial measures of sales growth (on a operational basis and organic basis), adjusted gross margin, adjusted selling, general, and administrative expenses, adjusted research and development expenses, adjusted goodwill impairments, adjusted other operating income, net, adjusted operating income (loss), 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, adjusted diluted earnings per share and free cash flow. 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 December 31, 2025

(unaudited)

(in millions, except per share and percentage data)

The company's U.S. GAAP results for the three months ended December 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	Goodwill Impairments	Other Operating Income, 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 (Loss) From Discontinued Operations, Net of Tax	Net Income Attributable to Baxter Stockholders	Diluted Earnings Per Share from Continuing Operations	Diluted Earnings Per Share from Discontinued Operations	Diluted Earnings Per Share	
<b>Reported</b>	<b>\$ 577</b>	<b>\$ 761</b>	<b>\$ 126</b>	<b>\$ 485</b>	<b>\$ (66)</b>	<b>\$ (729)</b>	<b>\$ (31)</b>	<b>\$ (756)</b>	<b>\$ 279</b>	<b>\$ (1,035)</b>	<b>\$ (93)</b>	<b>\$ (1,128)</b>	<b>\$ (1,128)</b>	<b>\$ (2.01)</b>	<b>\$ (0.18)</b>	<b>\$ (2.19)</b>
Reported percent of net sales (or effective tax rate for income tax expense (benefit))	19.4 %	25.6 %	4.2 %	16.3 %	(2.2) %	(24.5) %	(1.0) %	(25.4) %	(36.9) %	(34.8) %	(3.1) %	(37.9) %	(37.9) %			
Intangible asset amortization	95	(50)	—	—	—	145	—	145	34	111	—	111	111	0.22	0.00	0.22
Business optimization items <sup>1</sup>	23	(46)	(9)	—	—	78	—	78	19	59	—	59	59	0.11	0.00	0.11
Acquisition and integration items <sup>2</sup>	—	(13)	—	—	—	13	—	13	3	10	—	10	10	0.02	0.00	0.02
European medical devices regulation <sup>3</sup>	6	—	—	—	—	6	—	6	2	4	—	4	4	0.01	0.00	0.01
Product-related reserves <sup>4</sup>	52	—	—	—	—	52	—	52	13	39	—	39	39	0.08	0.00	0.08
Hurricane Helene costs <sup>5</sup>	10	—	—	—	—	10	—	10	2	8	—	8	8	0.02	0.00	0.02
Separation-related costs <sup>6</sup>	2	(15)	(1)	—	—	18	—	18	4	14	—	14	14	0.03	0.00	0.03
Indefinite-lived asset impairments <sup>7</sup>	290	—	—	—	—	290	—	290	71	219	—	219	219	0.43	0.00	0.43
Goodwill impairments <sup>8</sup>	—	—	—	(485)	—	485	—	485	—	485	—	485	485	0.94	0.00	0.94
Gain on sale of long-lived asset <sup>9</sup>	—	—	—	—	16	(16)	—	(16)	—	(16)	—	(16)	(16)	(0.03)	0.00	(0.03)
Gain on early extinguishment of debt <sup>10</sup>	—	—	—	—	—	—	16	(16)	(4)	(12)	—	(12)	(12)	(0.02)	0.00	(0.02)
Tax matters <sup>11</sup>	—	—	—	—	—	—	—	—	(339)	339	53	392	392	0.66	0.10	0.76
<b>Adjusted</b>	<b>\$1,055</b>	<b>\$ 637</b>	<b>\$ 116</b>	<b>\$ —</b>	<b>\$ (50)</b>	<b>\$ 352</b>	<b>\$ (15)</b>	<b>\$ 309</b>	<b>\$ 84</b>	<b>\$ 225</b>	<b>\$ (40)</b>	<b>\$ 185</b>	<b>\$ 185</b>	<b>\$ 0.44</b>	<b>\$ (0.08)</b>	<b>\$ 0.36</b>
Adjusted percent of net sales (or effective tax rate for income tax expense (benefit))	35.5 %	21.4 %	3.9 %	0.0 %	(1.7) %	11.8 %	(0.5) %	10.4 %	27.2 %	7.6 %	(1.3) %	6.2 %	6.2 %			

Weighted-average diluted shares as reported 514

Effect of dilutive securities that were anti-dilutive to dilutive EPS as reported 1

Weighted-average diluted shares as adjusted 515

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

## Three Months Ended December 31, 2024

(unaudited)

(in millions, except per share and percentage data)

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:

	Selling, General and Administrative Expenses				Goodwill Impairments	Operating Income (Loss)	Income (Loss) From Continuing Operations Before Income Taxes		Income Tax Expense (Benefit)	(Loss) From Continuing Operations	Income (Loss) From Discontinued Operations, Net of Tax		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	
	Gross Margin	Research and Development Expenses	Goodwill Impairments	Operating Income (Loss)			Income (Loss) From Discontinued Operations, Net of Tax	Net Income (Loss)									
<b>Reported</b>	\$ 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 <sup>1</sup>	59	(24)	(30)	—	113	113	27	86	(4)	82	82	0.17	(0.01)	0.16			
Acquisition and integration items <sup>2</sup>	—	(7)	—	—	7	7	2	5	—	5	5	0.01	0.00	0.01			
European medical devices regulation <sup>3</sup>	8	—	—	—	8	8	1	7	(1)	6	6	0.01	0.00	0.01			
Product-related reserves <sup>4</sup>	12	—	—	—	12	12	3	9	—	9	9	0.02	0.00	0.02			
Hurricane Helene costs <sup>5</sup>	85	—	—	—	85	85	21	64	9	73	73	0.13	0.01	0.14			
Indefinite-lived asset impairments <sup>7</sup>	—	—	(50)	—	50	50	13	37	—	37	37	0.07	0.00	0.07			
Goodwill impairments <sup>8</sup>	—	—	—	(425)	425	425	—	425	—	425	425	0.83	0.00	0.83			
Separation-related costs <sup>6</sup>	—	—	—	—	—	—	—	—	68	68	68	0.00	0.13	0.13			
Tax matters <sup>11</sup>	—	—	—	—	—	—	(35)	35	50	85	85	0.07	0.10	0.17			
<b>Adjusted</b>	<b>\$ 1,226</b>	<b>\$ 679</b>	<b>\$ 131</b>	<b>\$ —</b>	<b>\$ 419</b>	<b>\$ 333</b>	<b>\$ 36</b>	<b>\$ 297</b>	<b>\$ 101</b>	<b>\$ 398</b>	<b>\$ 396</b>	<b>\$ 0.58</b>	<b>\$ 0.19</b>	<b>\$ 0.77</b>			
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	\$ (22)	\$ 101	
Less: Net income attributable to noncontrolling interests included in discontinued operations	2	2	Weighted-average diluted shares as reported
Income (loss) from discontinued operations attributable to Baxter stockholders	\$ (24)	\$ 99	Effect of dilutive securities that were anti-dilutive to dilutive EPS as reported
			1
			Weighted-average diluted shares as adjusted
Net income (loss)	\$ (510)	\$ 398	512
Less: Net income (loss) attributable to noncontrolling interests	2	2	
Net income (loss) attributable to Baxter stockholders	\$ (512)	\$ 396	

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

## Three Months Ended December 31, 2025 and 2024

(unaudited)

- <sup>1</sup> 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 and 2024 included costs primarily related to its initiatives to reduce its cost structure following the sale of its former Kidney Care segment. Additionally, in 2024 these costs related to its initiatives within its Healthcare Systems & Technologies segment including the discontinuing of a product line and rationalization of certain other manufacturing and distribution facilities.
- <sup>2</sup> The company's results of continuing operations in 2025 and 2024 included integration costs which primarily reflected third-party consulting costs related to its ongoing integration of Hill-Rom Holdings, Inc. (Hillrom).
- <sup>3</sup> The company's results of continuing operations 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.
- <sup>4</sup> The company's results of continuing operations in 2025 included charges primarily related to inventory and contract asset write-downs and estimates of warranty and remediation activities from field corrective actions across its infusion pump category. 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.
- <sup>5</sup> The company's results of continuing operations in 2025 and 2024 included net charges related to Hurricane Helene. In 2025 this amount consisted of remediation, air freight and other costs. In 2024 this amount 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.
- <sup>6</sup> The company's results of continuing operations in 2025 and 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.
- <sup>7</sup> The company's results of continuing operations in 2025 included an indefinite-lived asset impairment charge to reduce the carrying amount of a trade name asset to its fair value. The company's results of continuing operations in 2024 included an indefinite-lived asset impairment charge to reduce the carrying amount of an in-process research and development (IPR&D) asset to its fair value.
- <sup>8</sup> The company's results of continuing operations in 2025 and 2024 included goodwill impairment charges related to the Front Line Care reporting unit within its Healthcare Systems & Technologies segment.
- <sup>9</sup> The company's results of continuing operations in 2025 included a gain on sale of a long-lived asset.
- <sup>10</sup> The company's results of continuing operations in 2025 included a gain on the early extinguishment of debt.
- <sup>11</sup> The company's results of continuing operations in 2025 included income tax expense primarily related to increases to its valuation allowances related to the realizability of its deferred tax assets. The company's results of discontinued operations in 2025 included income tax expense primarily related to increases to its valuation allowances related to the realizability of its deferred tax assets. The company's results of continuing operations in 2024 included income tax expense related to legislative changes under (Internal Revenue Code) 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 former Kidney Care segment.

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.

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

## Twelve Months Ended December 31, 2025

(unaudited)

(in millions, except per share and percentage data)

The company's U.S. GAAP results for the twelve months ended December 31, 2025 included special items which impacted the U.S. GAAP measures as follows:

Weighted-average diluted shares as reported

Effect of dilutive securities that were anti-dilutive to dilutive EPS as reported

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### Weighted-average diluted shares as adjusted

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

## Twelve Months Ended December 31, 2024

(unaudited) (in millions, except per share and percentage data)

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:

	Selling, General and Administrative Expenses				Goodwill Impairments	Operating Income (Loss)	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) Attributable to Baxter Stockholders	Diluted Earnings Per Share From Continuing Operations	Diluted Earnings Per Share From Discontinued Operations	Diluted Earnings Per Share	
	Gross Margin	Research and Development Expenses	Goodwill Impairments	Operating Income (Loss)			Income Before Income Taxes	Income Tax Expense (Benefit)			Income From Discontinued Operations, Net of Tax	Net Income (Loss)					
<b>Reported</b>	<b>\$ 3,984</b>	<b>\$ 2,967</b>	<b>\$ 590</b>	<b>\$ 425</b>	<b>\$ 14</b>	<b>\$ (289)</b>	<b>\$ 37</b>	<b>\$ (326)</b>	<b>\$ (312)</b>	<b>\$ (638)</b>	<b>\$ (649)</b>	<b>\$ (0.64)</b>	<b>\$ (0.63)</b>	<b>\$ (1.27)</b>			
Reported percent of net sales (or effective tax rate for income tax expense (benefit))	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 <sup>1</sup>	67	(65)	(30)	—	162	162	41	121	49	170	170	0.24	0.09	0.33			
Acquisition and integration items <sup>2</sup>	1	(22)	—	—	23	23	5	18	—	18	18	0.04	0.00	0.04			
European medical devices regulation <sup>3</sup>	33	—	—	—	33	33	7	26	2	28	28	0.05	0.00	0.05			
Indefinite-lived asset impairments <sup>9</sup>	—	—	(50)	—	50	50	13	37	—	37	37	0.07	0.00	0.07			
Product-related reserves <sup>4</sup>	15	—	—	—	15	15	3	12	—	12	12	0.02	0.00	0.02			
Hurricane Helene costs <sup>5</sup>	110	—	—	—	110	110	27	83	9	92	92	0.16	0.02	0.18			
Legal matters <sup>6</sup>	—	(17)	—	—	17	17	4	13	—	13	13	0.03	0.00	0.03			
Goodwill impairments <sup>10</sup>	—	—	—	(425)	425	425	—	425	430	855	855	0.83	0.84	1.67			
Separation-related costs <sup>8</sup>	—	—	—	—	—	—	—	—	—	261	261	0.00	0.51	0.51			
Tax matters <sup>14</sup>	—	—	—	—	—	—	(80)	80	69	149	149	0.16	0.14	0.29			
<b>Adjusted</b>	<b>\$ 4,629</b>	<b>\$ 2,657</b>	<b>\$ 510</b>	<b>\$ —</b>	<b>\$ 1,474</b>	<b>\$ 1,171</b>	<b>\$ 205</b>	<b>\$ 966</b>	<b>\$ 528</b>	<b>\$ 1,494</b>	<b>\$ 1,483</b>	<b>\$ 1.89</b>	<b>\$ 1.01</b>	<b>\$ 2.90</b>			
Adjusted percent of net sales (or effective tax rate for income tax expense (benefit))	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
Less: Net income attributable to noncontrolling interests included in discontinued operations	11	11
Income (loss) from discontinued operations attributable to Baxter stockholders	\$ (323)	\$ 517

	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

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

## Twelve Months Ended December 31, 2025 and 2024

(unaudited)

- <sup>1</sup> 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 and the exit of a product line at one of its manufacturing facilities. In 2024, these restructuring and other business optimization costs included costs primarily related to initiatives to reduce its cost structure following the sale of its former 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 discontinued operations in 2024, included costs primarily related to a program to centralize certain of its research and development activities into a new location and property, plant and equipment impairments in connection with the transfer of a manufacturing production line as part of its initiatives to optimize its global manufacturing and supply chain organization.
- <sup>2</sup> The company's results of continuing operations in 2025 and 2024 included integration costs which primarily reflected third-party consulting costs related to its ongoing integration of Hillrom. The results in 2025 also included the recognition of a noncash impairment of property, plant and equipment related to integration activities.
- <sup>3</sup> The company's results of continuing operations 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.
- <sup>4</sup> The company's results of continuing operations in 2025 included charges related to inventory and contract asset write-downs and estimates of warranty and remediation activities from field corrective actions across its infusion pump category. 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 corrective action on certain of its infusion pumps initially recorded in 2022.
- <sup>5</sup> 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 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.
- <sup>6</sup> The company's results of continuing operations in 2025 included charges related to matters involving alleged injury from environmental exposure. 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.
- <sup>7</sup> The company's results of continuing operations in 2025 included losses from a noncash impairment write-down in an equity method investment.
- <sup>8</sup> 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 primarily reflecting costs of external advisors supporting our activities related to the sale of its former Kidney Care segment.
- <sup>9</sup> The company's results of continuing operations in 2025 included an indefinite-lived asset impairment charge to reduce the carrying amount of a trade name asset to its fair value. The company's results of continuing operations in 2024 included an indefinite-lived asset impairment charge to reduce the carrying amount of an IPR&D asset to its fair value.
- <sup>10</sup> The company's results of continuing operations in 2025 and 2024 included goodwill impairment charges related to the Front Line Care reporting unit within its Healthcare Systems & Technologies segment. The company's results of discontinued operations in 2024 included a goodwill impairment charge related to the Chronic Therapies reporting unit within its former Kidney Care segment.

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

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

## Twelve Months Ended December 31, 2025 and 2024 (*unaudited*)

<sup>11</sup> The company's results of continuing operations in 2025 included a gain on sale of a long-lived asset.

<sup>12</sup> The company's results of continuing operations in 2025 included a gain on the early extinguishment of debt.

<sup>13</sup> The company's results of discontinued operations in 2025 included a gain from the sale of its former Kidney Care segment, partially offset by the final settlement of certain net working capital adjustments made in accordance with the Kidney Care Equity Purchase Agreement.

<sup>14</sup> The company's results of continuing operations in 2025 included income tax expense primarily related to an increase in reserves for uncertain tax positions, increases to its valuation allowances related to the realizability of its deferred tax assets and a step-up in Swiss Valuation allowances, partially offset by a tax benefit from an internal reorganization 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 and an income tax benefit attributable to the allocation of reserves for uncertain tax positions to discontinued operations, partially offset by an income tax expense primarily related to increases to its valuation allowances related to the realizability of its deferred tax assets. 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 its former 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 former Kidney Care segment, partially offset by an income tax benefit related to the deductibility of certain separation costs in the U.S.

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 December 31, 2025
Cash flows from (used in) operations – continuing operations	\$ 596
Cash flows from (used in) investing activities - continuing operations	(114)
Cash flows from (used in) financing activities	(147)
Cash flows from (used in) operations - continuing operations	\$ 596
Capital expenditures - continuing operations	(140)
<b>Free cash flow - continuing operations</b>	<b>\$ 456</b>

	Year Ended December 31,	
	2025	2024
Cash flows from (used in) operations – continuing operations	\$ 951	\$ 819
Cash flows from (used in) investing activities - continuing operations	(464)	(410)
Cash flows from (used in) financing activities	(4,216)	(1,081)
Cash flows from (used in) operations - continuing operations	\$ 951	\$ 819
Capital expenditures - continuing operations	(513)	(446)
<b>Free cash flow - continuing operations</b>	<b>\$ 438</b>	<b>\$ 373</b>

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 December 31, 2024 to The Three Months Ended December 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	4%	0%	0%	(3)%	1%
Advanced Surgery	12%	0%	0%	(1)%	11%
<b>Medical Products &amp; Therapies</b>	<b>6%</b>	<b>0%</b>	<b>0%</b>	<b>(2)%</b>	<b>4%</b>
Care & Connectivity Solutions	7%	0%	0%	(3)%	4%
Front Line Care	4%	0%	0%	(1)%	3%
<b>Healthcare Systems &amp; Technologies</b>	<b>5%</b>	<b>0%</b>	<b>0%</b>	<b>(1)%</b>	<b>4%</b>
Injectables & Anesthesia	(8)%	0%	0%	(1)%	(9)%
Drug Compounding	22%	0%	0%	(4)%	18%
<b>Pharmaceuticals</b>	<b>4%</b>	<b>0%</b>	<b>0%</b>	<b>(2)%</b>	<b>2%</b>
<b>Other</b>	<b>658%</b>	<b>(700)%</b>	<b>0%</b>	<b>(16)%</b>	<b>(58)%</b>
<b>Total - Continuing Operations</b>	<b>8%</b>	<b>(3)%</b>	<b>0%</b>	<b>(2)%</b>	<b>3%</b>

\*Totals may not add across due to rounding

Operational sales growth is a non-GAAP measure. For more information on the company's use of non-GAAP financial measures 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 Twelve Months Ended December 31, 2024 to The Twelve Months Ended December 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	(0)%	0%	1%	(0)%	1%
Advanced Surgery	9%	0%	0%	(1)%	8%
<b>Medical Products &amp; Therapies</b>	<b>2%</b>	<b>0%</b>	<b>1%</b>	<b>(1)%</b>	<b>2%</b>
Care & Connectivity Solutions	5%	0%	0%	(1)%	4%
Front Line Care	2%	0%	0%	(0)%	2%
<b>Healthcare Systems &amp; Technologies</b>	<b>4%</b>	<b>0%</b>	<b>0%</b>	<b>(1)%</b>	<b>3%</b>
Injectables & Anesthesia	(2)%	0%	0%	(0)%	(2)%
Drug Compounding	10%	0%	0%	(1)%	9%
<b>Pharmaceuticals</b>	<b>3%</b>	<b>0%</b>	<b>0%</b>	<b>(0)%</b>	<b>3%</b>
Other	469%	(493)%	0%	(0)%	(24)%
Total - Continuing Operations	6%	(3)%	0%	(0)%	3%

\*Totals may not add across due to rounding

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# RECONCILIATION OF NON-GAAP FINANCIAL MEASURE

## Projected Full Year 2026 U.S. GAAP Sales Growth to Projected Organic Sales Growth (unaudited)

Sales Growth Guidance	FY 2026*
Sales growth - U.S. GAAP	Flat - 1%
Kidney Care MSA	~30 bps
Foreign Exchange	(~100 bps)
<b>Organic sales growth</b>	<b>~ Flat</b>

Organic 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 Full Year 2026 Projected Adjusted Operating Margin, Projected Full Year 2026 Projected Adjusted Tax Rate, and Projected Full Year 2026 Projected Adjusted Earnings Per Share  
(unaudited)

Adjusted Operating Margin Guidance	FY 2026
Adjusted operating margin	13.0% - 14.0%

Adjusted Tax Rate Guidance	FY 2026
Adjusted tax rate	18.5% - 19.5%

Adjusted Earnings Per Share Guidance	FY 2026
Adjusted diluted EPS	\$1.85 - \$2.05

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 organic sales growth represents the company's targeted future sales growth excluding the impact of the Kidney Care MSA not reflected in reportable segments, impacts associated with business acquisitions or divestitures, and is calculated on a constant currency basis, as if foreign currency exchange rates had remained constant between the prior and current 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 organic 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.

# Fourth-Quarter 2025 Earnings

Baxter International Inc.

February 12, 2026

