

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

	Three Months Ended September 30,		
	2024	2023	Change
NET SALES	\$ 2,699	\$ 2,599	4%
COST OF SALES	1,666	1,543	8%
GROSS MARGIN	1,033	1,056	(2)%
<i>% of Net Sales</i>	38.3 %	40.6 %	(2.3) pts
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	754	744	1%
<i>% of Net Sales</i>	27.9 %	28.6 %	(0.7) pts
RESEARCH AND DEVELOPMENT EXPENSES	129	133	(3)%
<i>% of Net Sales</i>	4.8 %	5.1 %	(0.3) pts
OTHER OPERATING INCOME, NET	(5)	—	NM
OPERATING INCOME	155	179	(13)%
<i>% of Net Sales</i>	5.7 %	6.9 %	(1.2) pts
INTEREST EXPENSE, NET	87	127	(31)%
OTHER (INCOME) EXPENSE, NET	(1)	(12)	(92)%
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	69	64	8%
INCOME TAX EXPENSE	8	27	(70)%
<i>% of Income from Continuing Operations Before Income Taxes</i>	11.6 %	42.2 %	(30.6) pts
INCOME FROM CONTINUING OPERATIONS	61	37	65%
INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX	83	2,474	(97)%
NET INCOME	144	2,511	(94)%
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS INCLUDED IN CONTINUING OPERATIONS	—	—	NM
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS INCLUDED IN DISCONTINUED OPERATIONS	4	3	33%
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	4	3	33%
NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS	\$ 140	\$ 2,508	(94)%
INCOME FROM CONTINUING OPERATIONS PER COMMON SHARE			
Basic	\$ 0.12	\$ 0.07	71%
Diluted	\$ 0.12	\$ 0.07	71%
INCOME FROM DISCONTINUED OPERATIONS PER COMMON SHARE			
Basic	\$ 0.15	\$ 4.88	(97)%
Diluted	\$ 0.15	\$ 4.86	(97)%
INCOME PER COMMON SHARE			
Basic	\$ 0.27	\$ 4.95	(95)%
Diluted	\$ 0.27	\$ 4.93	(95)%
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING			
Basic	510	507	
Diluted	512	509	
ADJUSTED OPERATING INCOME (excluding special items)¹	\$ 391	\$ 401	(2)%
ADJUSTED INCOME FROM CONTINUING OPERATIONS (excluding special items)¹	\$ 252	\$ 221	14%
ADJUSTED INCOME FROM DISCONTINUED OPERATIONS (excluding special items)¹	\$ 163	\$ 197	(17)%
ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)¹	\$ 411	\$ 415	(1)%
ADJUSTED DILUTED EPS FROM CONTINUING OPERATIONS (excluding special items)¹	\$ 0.49	\$ 0.43	14%
ADJUSTED DILUTED EPS FROM DISCONTINUED OPERATIONS (excluding special items)¹	\$ 0.31	\$ 0.39	(21)%
ADJUSTED DILUTED EPS (excluding special items)¹	\$ 0.80	\$ 0.82	(2)%

¹ Refer to page 11 for a description of the adjustments and a reconciliation to U.S. GAAP measures.

NM - Not Meaningful

BAXTER INTERNATIONAL INC.
Description of Adjustments and Reconciliation of U.S. GAAP to Non-GAAP Measures
(unaudited, in millions)

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

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

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

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

The company's U.S. GAAP results for the three months ended September 30, 2023 included special items which impacted the U.S. GAAP measures as follows:

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

	Reported	Adjusted
Income from discontinued operations, net of tax	\$ 2,474	\$ 197
Less: Net income attributable to noncontrolling interests included in discontinued operations	3	3
Income from discontinued operations, net of tax attributable to Baxter stockholders	\$ 2,471	\$ 194
	Reported	Adjusted
Net income (loss)	\$ 2,511	\$ 418
Less: Net income attributable to noncontrolling interests	3	3
Net income (loss) attributable to Baxter stockholders	\$ 2,508	\$ 415

¹ The company's results in 2024 and 2023 included costs related to programs to optimize its organization and cost structure. The company's results of continuing operations in 2024 and 2023 included costs primarily related to its implementation of a new operating model intended to simplify and streamline its operations and better align its manufacturing and supply chain to its commercial activities, third-party costs incurred to support the transformation of certain general and administrative functions and the integration of its acquisition of Hill-Rom Holdings, Inc. (Hillrom). The company's results of discontinued operations in 2024 and 2023 included costs primarily related to inventory write-offs due to the exit of a product line and the decision to cease production of dialyzers at one of its U.S.-based manufacturing facilities.

² The company's results in 2024 and 2023 included integration-related items comprised of Hillrom acquisition and integration expenses.

- ³ The company's results in 2024 and 2023 included incremental costs to comply with the European Union's medical device regulations for previously registered products, which primarily consisted of contractor costs and other direct third-party costs. The company considers the adoption of these regulations to be a significant one-time regulatory change and believes that the costs of initial compliance for previously registered products over the implementation period are not indicative of its core operating results.
- ⁴ The company's results in 2024 included charges related to a revised estimate of warranty and remediation activities arising from a field corrective action on certain of our infusion pumps initially recorded in 2022.
- ⁵ The company's results in 2024 included net charges related to Hurricane Helene. This amount consisted of a charge related to damaged inventory and fixed assets, partially offset by a benefit related to insurance recoveries expected as a result of those asset write-offs.
- ⁶ The company's results in 2024 included charges related to environmental reserves for remediation actions associated with historic operations at certain of our facilities. The company's results in 2023 included costs, including associated legal fees related to matters involving alleged violations of the False Claims Act related to a now-discontinued legacy Hillrom sales line and alleged injury from environmental exposure.
- ⁷ The company's results of discontinued operations in 2024 and 2023 included separation-related costs primarily related to external advisors supporting its activities to prepare for the pending sale of its Kidney Care segment. The company's results in 2023 also included separation-related costs related to the sale of its BioPharma Solutions (BPS) business.
- ⁸ The company's results of discontinued operations in 2023 included long-lived asset impairment charges related to the Hemodialysis business within its Kidney Care segment.
- ⁹ The company's results of discontinued operations in 2023 included a gain from the sale of the BPS business.
- ¹⁰ The company's results of continuing operations in 2024 included tax items consisting of a valuation allowance recorded to reduce the carrying amount of a tax attributable carryforward in the U.S. related to the pending sale of its Kidney Care segment, partially offset by application of the intraperiod tax allocation between continuing operations and discontinued operations. The company's results of continuing operations in 2023 included an increase in a valuation allowance in a foreign jurisdiction resulting from changes in future projected income and a reallocation of income tax expense between discontinued operations and continuing operations resulting from the application of intraperiod tax allocation to its adjusted results in an interim period.

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

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

	Nine Months Ended September 30,		Change
	2024	2023	
NET SALES	\$ 7,883	\$ 7,634	3%
COST OF SALES	4,858	4,584	6%
GROSS MARGIN	3,025	3,050	(1)%
<i>% of Net Sales</i>	38.4 %	40.0 %	(1.6) pts
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	2,206	2,270	(3)%
<i>% of Net Sales</i>	28.0 %	29.7 %	(1.7) pts
RESEARCH AND DEVELOPMENT EXPENSES	379	391	(3)%
<i>% of Net Sales</i>	4.8 %	5.1 %	(0.3) pts
OTHER OPERATING INCOME, NET	(9)	(14)	(36)%
OPERATING INCOME	449	403	11%
<i>% of Net Sales</i>	5.7 %	5.3 %	0.4 pts
INTEREST EXPENSE, NET	251	367	(32)%
OTHER (INCOME) EXPENSE, NET	(34)	15	NM
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	232	21	NM
INCOME TAX EXPENSE	70	59	19%
<i>% of Income from Continuing Operations Before Income Taxes</i>	30.2 %	281.0 %	NM
INCOME (LOSS) FROM CONTINUING OPERATIONS	162	(38)	NM
INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX	(290)	2,455	NM
NET INCOME (LOSS)	(128)	2,417	NM
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS INCLUDED IN CONTINUING OPERATIONS	—	—	NM
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS INCLUDED IN DISCONTINUED OPERATIONS	9	6	50%
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	9	6	50%
NET LOSS ATTRIBUTABLE TO BAXTER STOCKHOLDERS	\$ (137)	\$ 2,411	NM
INCOME (LOSS) FROM CONTINUING OPERATIONS PER COMMON SHARE			
Basic	\$ 0.32	\$ (0.08)	NM
Diluted	\$ 0.32	\$ (0.08)	NM
INCOME (LOSS) FROM DISCONTINUED OPERATIONS PER COMMON SHARE			
Basic	\$ (0.59)	\$ 4.84	NM
Diluted	\$ (0.59)	\$ 4.84	NM
NET INCOME (LOSS) PER COMMON SHARE			
Basic	\$ (0.27)	\$ 4.76	NM
Diluted	\$ (0.27)	\$ 4.76	NM
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING			
Basic	509	506	
Diluted	511	506	
ADJUSTED OPERATING INCOME (excluding special items)¹	\$ 1,055	\$ 1,051	0%
ADJUSTED INCOME FROM CONTINUING OPERATIONS (excluding special items)¹	\$ 669	\$ 533	26%
ADJUSTED INCOME FROM DISCONTINUED OPERATIONS (excluding special items)¹	\$ 427	\$ 520	(18)%
ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)¹	\$ 1,087	\$ 1,047	4%
ADJUSTED DILUTED EPS FROM CONTINUING OPERATIONS (excluding special items)¹	\$ 1.31	\$ 1.05	25%
ADJUSTED DILUTED EPS FROM DISCONTINUED OPERATIONS (excluding special items)¹	\$ 0.82	\$ 1.02	(20)%
ADJUSTED DILUTED EPS (excluding special items)¹	\$ 2.13	\$ 2.07	3%

¹ Refer to page 13 for a description of the adjustments and a reconciliation to U.S. GAAP measures.

NM - Not Meaningful

BAXTER INTERNATIONAL INC.
Description of Adjustments and Reconciliation of U.S. GAAP to Non-GAAP Measures
(unaudited, in millions)

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

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

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

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

The company's U.S. GAAP results for the nine months ended September 30, 2023 included special items which impacted the U.S. GAAP measures as follows:

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

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

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

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

1. The company's results in 2024 and 2023 included costs related to programs to optimize its organization and cost structure. The company's results of continuing operations in 2024 and 2023 included costs primarily related to our implementation of a new operating model intended to simplify and streamline our operations and better align our manufacturing and supply chain to our commercial activities, third-party costs incurred to support the transformation of certain general and administrative functions and the integration of its acquisition of Hill-Rom Holdings, Inc. (Hillrom). The company's results of discontinued operations in 2024 and 2023, included costs primarily related to a program to centralize certain of its research and development activities into a new location, property plant and equipment impairments in connection with the transfer of a manufacturing production line as part of its initiatives to optimize its global manufacturing and supply chain organization, the decision to cease production of dialyzers at one of its U.S.-based manufacturing facilities, which resulted in a \$243 million noncash impairment of property, plant and equipment in the second quarter of the prior year period.
2. The company's results in 2024 and 2023 included integration-related items comprised of Hillrom acquisition and integration expenses. In 2023 those costs are offset by net gains from changes in the fair value of contingent consideration liabilities.
3. The company's results in 2024 and 2023 included incremental costs to comply with the European Union's medical device regulations for previously registered products, which primarily consist of contractor costs and other direct third-party costs. The company considers the adoption of these regulations to be a significant one-time regulatory change and believes that the costs of initial compliance for previously registered products over the implementation period are not indicative of its core operating results.
4. The company's results in 2024 included charges related to a revised estimate of warranty and remediation activities arising from a field corrective action on certain of our infusion pumps initially recorded in 2022.
5. The company's results in 2024 included net charges related to Hurricane Helene. This amount consisted of a charge related to damaged inventory and fixed assets, partially offset by a benefit related to insurance recoveries expected as a result of those asset write-offs.
6. The company's results in 2024 included charges related to environmental reserves for remediation actions associated with historic operations at certain of our facilities. The company's results in 2023 included costs, including associated legal fees related to matters involving alleged violations of the False Claims Act related to a now-discontinued legacy Hillrom sales line and alleged injury from environmental exposure.
7. The company's results of continuing operations in 2023 included losses from non-marketable investments in several early stage companies, consisting of noncash impairment write-downs, partially offset by a \$3 million gain from the sale of an investment. The company's results of discontinued operations in 2023 included losses from non-marketable investments in several early stage companies, consisting of noncash impairment write-downs.
8. The company's results of discontinued operations in 2024 and 2023 included separation-related costs primarily related to external advisors supporting its activities to prepare for the pending sale of its Kidney Care segment. The company's results in 2023 also included separation-related costs related to the sale of its BioPharma Solutions (BPS) business.
9. The company's results of discontinued operations in 2024 included a charge related to a goodwill impairment of the company's Chronic Therapies reporting unit within its Kidney Care segment.
10. The company's results of discontinued operations in 2023 included long-lived asset impairment charges related to the Hemodialysis business within its Kidney Care segment.
11. The company's results of discontinued operations in 2023 included a gain from the sale of its BPS business.
12. The company's results in 2024 included income tax items consisting of a \$26 million valuation allowance recorded to reduce the carrying amount of a tax attribute carryforward in the U.S. and internal reorganization transactions related to the pending sale of our Kidney Care segment. The company's results in 2023, included a \$30 million increase related to its estimated recoverability of a deferred tax asset for a net asset step-up related to Swiss tax reform legislation enacted during 2019 that is amortizable as a tax deduction ratably over tax years 2025 through 2029, an increase in a valuation allowance in the U.S. resulting from changes in future projected income and a reallocation of income tax expense between discontinued operations and continuing operations resulting from the application of intraperiod tax allocation to its adjusted results in an interim period.

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

BAXTER INTERNATIONAL INC.
Sales by Operating Segment
(unaudited)
(\$ in millions)

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

	Three Months Ended September 30,		% Growth @ Actual Rates	% Growth @ Constant Rates	Nine Months Ended September 30,		% Growth @ Actual Rates	% Growth @ Constant Rates
	2024	2023			2024	2023		
Infusion Therapies and Technologies	\$ 1,070	\$ 1,003	7 %	7 %	\$ 3,081	\$ 2,918	6 %	6 %
Advanced Surgery	272	255	7 %	7 %	812	773	5 %	6 %
Medical Products and Therapies	1,342	1,258	7 %	7 %	3,893	3,691	5 %	6 %
Care and Connectivity Solutions	456	443	3 %	3 %	1,310	1,307	0 %	0 %
Front Line Care	296	301	(2)%	(2)%	857	911	(6)%	(6)%
Healthcare Systems and Technologies	752	744	1 %	1 %	2,167	2,218	(2)%	(3)%
Injectables and Anesthesia	321	351	(9)%	(9)%	990	987	0 %	1 %
Drug Compounding	267	229	17 %	14 %	778	665	17 %	17 %
Pharmaceuticals	588	580	1 %	1 %	1,768	1,652	7 %	7 %
Other	17	17	0 %	12 %	55	73	(25)%	(23)%
Total - Continuing Operations	\$ 2,699	\$ 2,599	4 %	4 %	\$ 7,883	\$ 7,634	3 %	3 %

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

BAXTER INTERNATIONAL INC.
Segment Operating Income
(unaudited)
(\$ in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Medical Products and Therapies	\$ 268	\$ 245	\$ 733	\$ 706
<i>% of Segment Net Sales</i>	<i>20.0 %</i>	<i>19.5 %</i>	<i>18.8 %</i>	<i>19.1 %</i>
Healthcare Systems and Technologies	136	115	323	327
<i>% of Segment Net Sales</i>	<i>18.1 %</i>	<i>15.5 %</i>	<i>14.9 %</i>	<i>14.7 %</i>
Pharmaceuticals	58	108	211	284
<i>% of Segment Net Sales</i>	<i>9.9 %</i>	<i>18.6 %</i>	<i>11.9 %</i>	<i>17.2 %</i>
Other	2	6	15	19
Total	464	474	1,282	1,336
Unallocated corporate costs	(73)	(73)	(227)	(285)
Intangible asset amortization expense	(159)	(147)	(471)	(434)
Legal matters	(17)	(13)	(17)	(13)
Business optimization items	(18)	(48)	(49)	(167)
Acquisition and integration items	(5)	(2)	(16)	(2)
European Medical Devices Regulation	(9)	(12)	(25)	(32)
Product-related items	(3)	—	(3)	—
Hurricane Helene costs	(25)	—	(25)	—
Total operating income (loss)	155	179	449	403
Interest expense, net	87	127	251	367
Other (income) expense, net	(1)	(12)	(34)	15
Loss from continuing operations before income taxes	\$ 69	\$ 64	\$ 232	\$ 21

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

	Three Months Ended September 30,								
	2024			2023			% Growth		
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
Infusion Therapies and Technologies	\$ 613	\$ 457	\$ 1,070	\$ 570	\$ 433	\$ 1,003	8 %	6 %	7 %
Advanced Surgery	149	123	272	139	116	255	7 %	6 %	7 %
Medical Products and Therapies	762	580	1,342	709	549	1,258	7 %	6 %	7 %
Care and Connectivity Solutions	335	121	456	317	126	443	6 %	(4)%	3 %
Front Line Care	222	74	296	234	67	301	(5)%	10 %	(2)%
Healthcare Systems and Technologies	557	195	752	551	193	744	1 %	1 %	1 %
Injectables and Anesthesia	178	143	321	195	156	351	(9)%	(8)%	(9)%
Drug Compounding	—	267	267	—	229	229	0 %	17 %	17 %
Pharmaceuticals	178	410	588	195	385	580	(9)%	6 %	1 %
Other	3	14	17	12	5	17	(75)%	180 %	0 %
Total - Continuing Operations	\$ 1,500	\$ 1,199	\$ 2,699	\$ 1,467	\$ 1,132	\$ 2,599	2 %	6 %	4 %

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

	Nine Months Ended September 30,								
	2024			2023			% Growth		
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
Infusion Therapies and Technologies	\$1,718	\$ 1,363	\$ 3,081	\$1,654	\$ 1,264	\$ 2,918	4 %	8 %	6 %
Advanced Surgery	446	366	812	433	340	773	3 %	8 %	5 %
Medical Products and Therapies	2,164	1,729	3,893	2,087	1,604	3,691	4 %	8 %	5 %
Care and Connectivity Solutions	945	365	1,310	926	381	1,307	2 %	(4)%	0 %
Front Line Care	635	222	857	681	230	911	(7)%	(3)%	(6)%
Healthcare Systems and Technologies	1,580	587	2,167	1,607	611	2,218	(2)%	(4)%	(2)%
Injectables and Anesthesia	566	424	990	550	437	987	3 %	(3)%	0 %
Drug Compounding	—	778	778	—	665	665	0 %	17 %	17 %
Pharmaceuticals	566	1,202	1,768	550	1,102	1,652	3 %	9 %	7 %
Other	30	25	55	56	17	73	(46)%	47 %	(25)%
Total - Continuing Operations	\$4,340	\$ 3,543	\$ 7,883	\$4,300	\$ 3,334	\$ 7,634	1 %	6 %	3 %

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

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operations – continuing operations	\$ 376	\$ 792
Cash flows from investing activities - continuing operations	(281)	(325)
Cash flows from financing activities - continuing operations	(1,222)	(554)
Cash flows from operations - continuing operations	\$ 376	\$ 792
Capital expenditures - continuing operations	(314)	(340)
Free cash flow - continuing operations	\$ 62	\$ 452

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operations – discontinued operations	\$ 155	\$ 403
Cash flows from investing activities - discontinued operations	(140)	3,768
Cash flows from operations - discontinued operations	\$ 155	\$ 403
Capital expenditures - discontinued operations	(138)	(189)
Free cash flow - discontinued operations	\$ 17	\$ 214

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operations – Total Baxter	\$ 531	\$ 1,195
Cash flows from investing activities - Total Baxter	(421)	3,443
Cash flows from financing activities - Total Baxter	(1,222)	(554)
Cash flows from operations - Total Baxter	\$ 531	\$ 1,195
Capital expenditures - Total Baxter	(452)	(529)
Free cash flow - Total Baxter	\$ 79	\$ 666

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

BAXTER INTERNATIONAL INC.
Reconciliation of Non-GAAP Financial Measure
Change in Net Sales Growth As Reported to Constant Currency Sales Growth
From the Three Months Ended September 30, 2023 to the Three Months Ended September 30, 2024
(unaudited)

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

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

*Totals may not add across due to rounding

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

BAXTER INTERNATIONAL INC.
Reconciliation of Non-GAAP Financial Measure
Change in Net Sales Growth As Reported to Constant Currency Sales Growth
From The Nine Months Ended September 30, 2023 to The Nine Months Ended September 30, 2024
(unaudited)

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

*Totals may not add across due to rounding

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

BAXTER INTERNATIONAL INC.
Reconciliation of Non-GAAP Financial Measures
Projected Fourth Quarter and Full Year 2024 U.S. GAAP Sales Growth to Projected Constant Currency Sales Growth
and Projected Fourth Quarter and Full Year 2024 Adjusted Earnings Per Share
(unaudited)

Sales Growth Guidance	Q4 2024*	FY 2024*
Sales growth - U.S. GAAP	Decline Low Single Digit	1% - 2%
Foreign Exchange	< 50 bps	~ 50 bps
Sales growth - Constant currency	Decline Low Single Digit	~2%
Adjusted Earnings Per Share Guidance		
	Q4 2024	FY 2024
Adjusted diluted EPS	\$0.77 - \$0.81	\$2.90 - \$2.94

Reconciliation of Non-GAAP Financial Measures
Projected Annual Operational Sales Growth and Projected Full Year 2025 Adjusted Operating Margin
(unaudited)

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

*Totals may not foot due to rounding

Baxter calculates forward-looking non-GAAP financial measures based on forecasts that omit certain amounts that would be included in GAAP financial measures. For instance, forward-looking annual operational sales guidance represents the company's targeted future sales growth excluding sales to Vantive under the related manufacturing supply agreement and assuming foreign currency exchange rates remain constant in future periods. Additionally, forward-looking full year 2025 adjusted operating margin guidance and forward-looking adjusted diluted EPS guidance excludes potential charges or gains that would be reflected as non-GAAP adjustments to earnings. Baxter provides forward-looking annual operational sales growth guidance, forward-looking full year 2025 adjusted operating margin guidance and forward-looking adjusted diluted EPS guidance because it believes that these measures provide useful information for the reasons noted in the accompanying release. Baxter has not provided reconciliations of forward-looking annual operational sales growth guidance to forward-looking GAAP reported sales growth guidance, forward-looking full year 2025 adjusted operating margin guidance to forward-looking GAAP operating margin guidance and forward-looking adjusted EPS guidance to forward-looking GAAP EPS guidance for the fourth quarter and full year of 2024 because the company is unable to predict with reasonable certainty the impact of legal proceedings, future business optimization actions, separation-related costs, integration-related costs, asset impairments, unusual gains and losses, and changes in foreign currency exchange rates, and the related amounts are unavailable without unreasonable efforts (as specified in the exception provided by Item 10(e)(1)(i)(B) of Regulation S-K). In addition, Baxter believes that such reconciliations would imply a degree of precision and certainty that could be confusing to investors. Such items could have a substantial impact on GAAP measures of financial performance.