

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

	Three Months Ended March 31,		Change
	2026	2025	
NET SALES	\$ 2,701	\$ 2,625	3%
COST OF SALES	1,810	1,764	3%
GROSS MARGIN	891	861	3%
<i>% of Net Sales</i>	<i>33.0 %</i>	<i>32.8 %</i>	<i>0.2 pts</i>
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	728	703	4%
<i>% of Net Sales</i>	<i>27.0 %</i>	<i>26.8 %</i>	<i>0.2 pts</i>
RESEARCH AND DEVELOPMENT EXPENSES	139	140	(1)%
<i>% of Net Sales</i>	<i>5.1 %</i>	<i>5.3 %</i>	<i>(0.2) pts</i>
OTHER OPERATING INCOME, NET	(42)	(40)	5%
OPERATING INCOME	66	58	14%
<i>% of Net Sales</i>	<i>2.4 %</i>	<i>2.2 %</i>	<i>0.2 pts</i>
INTEREST EXPENSE, NET	66	64	3%
OTHER (INCOME) EXPENSE, NET	6	(3)	NM
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(6)	(3)	100%
INCOME TAX EXPENSE (BENEFIT)	11	(67)	(116)%
<i>% of Income (loss) from Continuing Operations Before Income Taxes</i>	<i>(183.3)%</i>	<i>2,233.3 %</i>	<i>NM</i>
INCOME (LOSS) FROM CONTINUING OPERATIONS	(17)	64	(127)%
INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX	2	62	(97)%
NET INCOME (LOSS)	(15)	126	(112)%
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	—	—	NM
NET INCOME (LOSS) ATTRIBUTABLE TO BAXTER STOCKHOLDERS	\$ (15)	\$ 126	(112)%
INCOME (LOSS) FROM CONTINUING OPERATIONS PER COMMON SHARE			
Basic	\$ (0.03)	\$ 0.13	NM
Diluted	\$ (0.03)	\$ 0.13	NM
INCOME (LOSS) FROM DISCONTINUED OPERATIONS PER COMMON SHARE			
Basic	\$ 0.00	\$ 0.12	NM
Diluted	\$ 0.00	\$ 0.12	NM
INCOME (LOSS) PER COMMON SHARE			
Basic	\$ (0.03)	\$ 0.25	NM
Diluted	\$ (0.03)	\$ 0.25	NM
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING			
Basic	515	512	
Diluted	515	514	
ADJUSTED OPERATING INCOME (excluding special items)¹	\$ 297	\$ 392	(24)%
ADJUSTED INCOME (LOSS) FROM CONTINUING OPERATIONS (excluding special items)¹	\$ 188	\$ 285	(34)%
ADJUSTED INCOME (LOSS) FROM DISCONTINUED OPERATIONS (excluding special items)¹	\$ 2	\$ 35	(94)%
ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)¹	\$ 190	\$ 320	(41)%
ADJUSTED DILUTED EPS FROM CONTINUING OPERATIONS (excluding special items)¹	\$ 0.36	\$ 0.55	(35)%
ADJUSTED DILUTED EPS FROM DISCONTINUED OPERATIONS (excluding special items)¹	\$ 0.01	\$ 0.07	(86)%
ADJUSTED DILUTED EPS (excluding special items)¹	\$ 0.37	\$ 0.62	(40)%

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 March 31, 2026 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 (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 (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	\$ 891	\$ 728	\$ 139	\$ 66	\$ 6	\$ (6)	\$ 11	\$ (17)	\$ 2	\$ (15)	\$ (15)	\$ (0.03)	\$ 0.00	\$ (0.03)	
Reported percent of net sales (or effective tax rate for income tax expense (benefit))	33.0 %	27.0 %	5.1 %	2.4 %	0.2 %	(0.2)%	(183.3)%	(0.6)%	0.1 %	(0.6)%	(0.6)%				
Intangible asset amortization	95	(51)	—	146	—	146	34	112	—	112	112	0.22	0.00	0.22	
Business optimization items ¹	11	(42)	(15)	68	—	68	17	51	—	51	51	0.10	0.00	0.10	
European medical devices regulation ³	4	—	—	4	—	4	1	3	—	3	3	0.01	0.00	0.01	
Product-related items ⁴	(12)	—	—	(12)	—	(12)	(3)	(9)	—	(9)	(9)	(0.02)	0.00	(0.02)	
Hurricane Helene costs ⁵	3	—	—	3	—	3	1	2	—	2	2	0.00	0.00	0.00	
Separation-related costs ⁶	—	(11)	—	11	—	11	3	8	—	8	8	0.02	0.00	0.02	
Investment impairments ⁷	—	—	—	—	(5)	5	1	4	—	4	4	0.01	0.00	0.01	
Business transformation ⁸	1	(10)	—	11	—	11	3	8	—	8	8	0.02	0.00	0.02	
Tax matters ¹¹	—	—	—	—	—	—	(26)	26	—	26	26	0.05	0.00	0.05	
Adjusted	\$ 993	\$ 614	\$ 124	\$ 297	\$ 1	\$ 230	\$ 42	\$ 188	\$ 2	\$ 190	\$ 190	\$ 0.36	\$ 0.01	\$ 0.37	
Adjusted percent of net sales (or effective tax rate for income tax expense (benefit))	36.8 %	22.7 %	4.6 %	11.0 %	0.0 %	8.5 %	18.3 %	7.0 %	0.1 %	7.0 %	7.0 %				
Weighted-average diluted shares as reported						515									
Effect of dilutive securities that were anti-dilutive to dilutive EPS as reported						2									
Weighted-average diluted shares as adjusted						517									

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

	Gross Margin	Selling, General and Administrative Expenses	Research and Development Expenses	Operating Income	Other (Income) Expense, Net	Income (Loss) From Continuing Operations Before Income Taxes	Income Tax Expense (Benefit)	Income (Loss) From Continuing Operations	Income (Loss) From Discontinued Operations, Net of Tax	Net Income (Loss)	Net Income (Loss) Attributable to Baxter Stockholders	Diluted Earnings Per Share from Continuing Operations	Diluted Earnings Per Share from Discontinued Operations	Diluted Earnings Per Share
Reported	\$ 861	\$ 703	\$ 140	\$ 58	\$ (3)	\$ (3)	\$ (67)	\$ 64	\$ 62	\$ 126	\$ 126	\$ 0.13	\$ 0.12	\$ 0.25
Reported percent of net sales (or effective tax rate for income tax expense (benefit))	32.8 %	26.8 %	5.3 %	2.2 %	(0.1)%	(0.1)%	2,233.3 %	2.4 %	2.4 %	4.8 %	4.8 %			
Intangible asset amortization	104	(51)	—	155	—	155	37	118	—	118	118	0.23	0.00	0.23
Business optimization items ¹	13	(30)	(2)	45	—	45	11	34	—	34	34	0.07	0.00	0.07
Acquisition and integration items ²	—	(1)	—	1	(5)	6	1	5	—	5	5	0.01	0.00	0.01
European medical devices regulation ³	5	—	—	5	—	5	1	4	—	4	4	0.01	0.00	0.01
Product-related items ⁴	6	—	—	6	—	6	2	4	—	4	4	0.01	0.00	0.01
Hurricane Helene costs ⁵	98	—	—	98	—	98	25	73	6	79	79	0.14	0.01	0.15
Legal matters ⁹	11	—	—	11	—	11	2	9	—	9	9	0.02	0.00	0.02
Separation-related costs ⁶	—	(13)	—	13	—	13	3	10	31	41	41	0.02	0.06	0.08
Investment impairments ⁷	—	—	—	—	(9)	9	2	7	—	7	7	0.01	0.00	0.01
Gain on Kidney Care sale ¹⁰	—	—	—	—	—	—	—	—	(111)	(111)	(111)	0.00	(0.22)	(0.22)
Tax matters ¹¹	—	—	—	—	—	—	43	(43)	47	4	4	(0.08)	0.09	0.00
Adjusted	\$ 1,098	\$ 608	\$ 138	\$ 392	\$ (17)	\$ 345	\$ 60	\$ 285	\$ 35	\$ 320	\$ 320	\$ 0.55	\$ 0.07	\$ 0.62
Adjusted percent of net sales (or effective tax rate for income tax expense (benefit))	41.8 %	23.2 %	5.3 %	14.9 %	(0.6)%	13.1 %	17.4 %	10.9 %	1.3 %	12.2 %	12.2 %			

¹ The company's results of continuing operations in 2026 and 2025 included costs related to programs to optimize its organization and cost structure. These restructuring and business optimization costs in 2026 and 2025 included costs primarily related to its initiatives to reduce its cost structure following the sale of its former Kidney Care segment.

² The company's results of continuing operations in 2025 included integration-related items comprised of Hill-Rom Holdings, Inc. (Hillrom) acquisition and integration expenses. In 2025 these expenses primarily reflected the recognition of a noncash impairment of property, plant and equipment related to integration activities.

³ The company's results in 2026 and 2025 included incremental costs to comply with the European Union's medical device regulations for previously registered products, which primarily consisted of contractor costs and other direct third-party costs. The company considers the adoption of these regulations to be a significant one-time regulatory change and believes that the costs of initial compliance for previously registered products over the implementation period are not indicative of its core operating results.

⁴ The company's results of continuing operations in 2026 included a benefit related to a revised estimate of warranty and remediation activities from field corrective actions across our infusion pump category initially recorded in 2025. The company's results of continuing operations in 2025 included charges related to a revised estimate of warranty and remediation activities arising from a field corrective action on certain of its infusion pumps initially recorded in 2022.

⁵ The company's results of continuing operations in 2026 and 2025 included charges related to Hurricane Helene which primarily consisted of remediation, air freight and other costs.

⁶ The company's results of continuing operations in 2026 and 2025 and 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 included separation-related costs primarily related to external advisors supporting its activities related to the completed sale of its Kidney Care segment.

- ⁷ The company's results of continuing operations in 2026 and 2025 included investment impairments which include losses from noncash impairment write-downs of investments.
- ⁸ The company's results of continuing operations in 2026 included business transformation costs which include expenses incurred in connection with discrete, newly launched enterprise-wide initiatives to modernize and simplify systems, redesign operating models, and enhance process efficiency and digital capabilities. These costs are distinct from restructuring-related charges (which are included in footnote 1 above as Business Optimization items) and are excluded to provide investors with greater comparability of underlying operating performance.
- ⁹ The company's results of continuing operations in 2025 included charges related to matters involving alleged injury from environmental exposure.
- ¹⁰ The company's results of discontinued operations in 2025 included a gain from the sale of the Kidney Care business.
- ¹¹ The company's results of continuing operations in 2026 included an income tax expense primarily related to an increase in interest related to uncertain tax positions and differences arising from the use of a forecasted effective tax rate to compute income tax expense during the quarter. The company's results of continuing operations in 2025 included an income tax benefit driven by an entity classification election that the Company made for U.S. tax purposes, which resulted in a capital loss. The company's results of discontinued operations in 2025 included indirect impacts of the carryback of the tax benefits generated by the sale of its Kidney Care business to prior years.

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

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

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

	Three Months Ended March 31,		% Change @ Actual Rates	% Change @ Organic Sales Growth
	2026	2025		
Infusion Therapies & Technologies	\$ 981	\$ 994	(1)%	(5)%
Advanced Surgery	304	268	13 %	10 %
Medical Products & Therapies	1,285	1,262	2 %	(2)%
Care & Connectivity Solutions	435	427	2 %	(0)%
Front Line Care	270	277	(3)%	(4)%
Healthcare Systems & Technologies	705	704	0 %	(2)%
Injectables & Anesthesia	301	335	(10)%	(13)%
Drug Compounding	320	246	30 %	20 %
Pharmaceuticals	621	581	7 %	1 %
Other	90	78	15 %	(13)%
Total - Continuing Operations	\$ 2,701	\$ 2,625	3 %	(1)%

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

	Three Months Ended March 31,	
	2026	2025
Medical Products & Therapies	\$ 186	\$ 244
<i>% of Segment Net Sales</i>	<i>14.5 %</i>	<i>19.3 %</i>
Healthcare Systems & Technologies	66	93
<i>% of Segment Net Sales</i>	<i>9.4 %</i>	<i>13.2 %</i>
Pharmaceuticals	46	63
<i>% of Segment Net Sales</i>	<i>7.4 %</i>	<i>10.8 %</i>
Other	11	9
Total	309	409
Unallocated corporate costs	(12)	(17)
Intangible asset amortization expense	(146)	(155)
Legal matters	—	(11)
Business optimization items	(68)	(45)
Acquisition and integration items	—	(1)
Separation-related costs	(11)	(13)
European Medical Devices Regulation	(4)	(5)
Product-related items	12	(6)
Business transformation	(11)	—
Hurricane Helene costs	(3)	(98)
Total operating income (loss)	66	58
Interest expense, net	66	64
Other (income) expense, net	6	(3)
Income (Loss) from continuing operations before income taxes	\$ (6)	\$ (3)

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

	Three Months Ended March 31,								
	2026			2025			% Growth		
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
Infusion Therapies & Technologies	\$ 526	\$ 455	\$ 981	\$ 584	\$ 410	\$ 994	(10)%	11 %	(1)%
Advanced Surgery	165	139	304	145	123	268	14 %	13 %	13 %
Medical Product & Therapies	691	594	1,285	729	533	1,262	(5)%	11 %	2 %
Care & Connectivity Solutions	315	120	435	316	111	427	(0)%	8 %	2 %
Front Line Care	198	72	270	202	75	277	(2)%	(4)%	(3)%
Healthcare Systems & Technologies	513	192	705	518	186	704	(1)%	3 %	0 %
Injectables & Anesthesia	180	121	301	195	140	335	(8)%	(14)%	(10)%
Drug Compounding	—	320	320	—	246	246	0 %	30 %	30 %
Pharmaceuticals	180	441	621	195	386	581	(8)%	14 %	7 %
Other	51	39	90	48	30	78	6 %	30 %	15 %
Total - Continuing Operations	\$1,435	\$ 1,266	\$ 2,701	\$1,490	\$ 1,135	\$ 2,625	(4)%	12 %	3 %

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

	Three Months Ended March 31,	
	2026	2025
Cash flows from (used in) operations – continuing operations	\$ 213	\$ (99)
Cash flows from (used in) investing activities - continuing operations	(133)	(124)
Cash flows from (used in) financing activities	(11)	(3,226)
Cash flows from (used in) operations - continuing operations	\$ 213	\$ (99)
Capital expenditures - continuing operations	(137)	(122)
Free cash flow - continuing operations	\$ 76	\$ (221)

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 Organic Sales Growth
From the Three Months Ended March 31, 2025 to the Three Months Ended March 31, 2026
(unaudited)

	Net Sales Growth As Reported	Kidney Care MSA	FX	Organic Sales Growth*
Infusion Therapies & Technologies	(1)%	0 %	(4)%	(5)%
Advanced Surgery	13 %	0 %	(3)%	10 %
Medical Products & Therapies	2 %	0 %	(4)%	(2)%
Care & Connectivity Solutions	2 %	0 %	(2)%	(0)%
Front Line Care	(3)%	0 %	(1)%	(4)%
Healthcare Systems & Technologies	0 %	0 %	(2)%	(2)%
Injectables & Anesthesia	(10)%	0 %	(3)%	(13)%
Drug Compounding	30 %	0 %	(10)%	20 %
Pharmaceuticals	7 %	0 %	(6)%	1 %
Other	15 %	(17)%	(11)%	(13)%
Total - Continuing Operations	3 %	(1)%	(3)%	(1)%

*Totals may not add across due to rounding

Organic 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 Full Year 2026 U.S. GAAP Sales Growth to Projected Organic Sales Growth and
Projected Full Year 2026 Adjusted Earnings Per Share
(unaudited)

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

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

*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 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 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 and adjusted diluted EPS guidance because it believes that these measures provide useful information for the reasons noted above. Baxter has not provided reconciliations of forward-looking adjusted EPS guidance to forward-looking GAAP EPS guidance because the company is unable to predict with reasonable certainty the impact of legal proceedings, future business optimization actions, separation-related costs, business transformation-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.