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BAXTER REPORTS FOURTH-QUARTER AND FULL-YEAR 2021 RESULTS

- *Fourth-quarter sales of \$3.5 billion increased 10% on a reported basis, 12% on a constant currency basis and 4% on an operational basis¹*
- *Fourth-quarter U.S. GAAP earnings per share (EPS) of \$0.47 and adjusted EPS of \$1.04*
- *Full-year revenue of \$12.8 billion increased 10% on a reported basis, 7% on a constant currency basis and 5% on an operational basis*
- *Full-year U.S. GAAP EPS of \$2.53 and adjusted EPS of \$3.61*
- *Baxter's acquisition of Hillrom positions company to accelerate top- and bottom-line performance and drive innovation in connected care solutions focused on enhancing clinical outcomes for patients and improving workflow efficiency for customers*

DEERFIELD, ILL., FEB. 17, 2022 – Baxter International Inc. (NYSE:BAX), a global medtech leader, today reported results for the fourth quarter and full year ended Dec. 31, 2021, and provided its financial guidance for full-year and first-quarter 2022. Fourth-quarter and full-year 2021 results reflect 19 days of contribution from Hillrom Holdings, Inc. (Hillrom) subsequent to Baxter's acquisition of the company on Dec. 13, 2021.

“In 2021, Baxter's dedicated employees remained focused on responding to the COVID-19 public health crisis while also embracing new opportunities to advance innovation and accelerate performance, all in support of our Mission to Save and Sustain Lives,” said José (Joe) E. Almeida, chairman, president and chief executive officer. “Amid a historic pandemic and global supply chain

¹ See tables to the press release for reconciliations of non-GAAP measures used in this press release to the corresponding U.S. GAAP measures.

challenges, Baxter achieved solid top- and bottom-line growth for the fourth quarter and full year. Performance reflects sustained demand for our portfolio of medically essential products coupled with the impact of our ongoing transformation. Our December 2021 acquisition of Hillrom creates new potential for our team to advance connected care solutions, expand portfolio access and capture efficiencies to drive enhanced value for patients, clinicians, employees, investors and other stakeholders.”

Fourth-Quarter Financial Results

Following Baxter’s acquisition of Hillrom on Dec. 13, 2021, Baxter’s fourth-quarter and full-year 2021 financial results include Hillrom’s financial results for the last 19 days of the quarter ended Dec. 31, 2021. Hillrom’s financial results for these periods are reported as a new operating segment in addition to Baxter’s existing three geographic segments.

Worldwide sales in the fourth quarter totaled \$3.5 billion, an increase of 10% on a reported basis, 12% on a constant currency basis and 4% on an operational basis. Operational sales in the fourth quarter exclude the impacts of foreign exchange, the December 2021 acquisition of Hillrom, and the February 2021 acquisition of the rights to **Caelyx** and **Doxil**, the branded versions of liposomal doxorubicin, for specified territories outside of the U.S. (OUS).

Sales in the U.S. totaled \$1.5 billion, growing 15% on a reported basis and 3% on an operational basis. International sales of \$2.0 billion advanced 7% on a reported basis, 9% on a constant currency basis and 4% on an operational basis.

Baxter’s three geographic segments – Americas, EMEA and APAC – all positively contributed to sales growth in the fourth quarter, reflecting ongoing global demand for select Baxter products and therapies amid the pandemic, partially offset by the impact of lower surgical procedures resulting from the late 2021 emergence of the COVID-19 Omicron variant.

Growth among Baxter’s legacy businesses was led by BioPharma Solutions, which grew more than 30 percent on a constant currency basis, reflecting the benefit of multiple collaborations to help manufacture COVID-19 vaccines. Baxter’s Renal Care, Medication Delivery, Pharmaceuticals and Clinical Nutrition businesses delivered constant currency growth of mid-to-high single digits. Baxter’s Advanced Surgery business was flat at constant currency rates, reflecting a slowdown in elective



surgeries correlated with the emergence of the COVID-19 Omicron variant. Acute Therapies declined high single digits at constant currency rates, reflecting a challenging comparison to the prior year.

The accompanying schedules include additional details on sales performance in the quarter, including breakouts by Baxter's product categories and segments. Sales from Hillrom's product categories, Patient Support Systems, Front Line Care and Surgical Solutions, for the last 19 days of the quarter ended Dec. 31, 2021, can be also found in the schedules accompanying this press release. In addition, Baxter is providing supplemental unaudited historical sales results for Hillrom for the quarters and year ended Dec. 31, 2021.

For the fourth quarter, net income attributable to Baxter was \$238 million, or \$0.47 per diluted share, an increase of 42% on a U.S. GAAP (Generally Accepted Accounting Principles) basis compared to the prior-year period. These results include special items totaling \$287 million after-tax, which were primarily related to Hillrom acquisition and integration expenses, business optimization, intangible amortization and other regulatory expenses, among other items. On an adjusted basis, net income attributable to Baxter totaled \$525 million in the fourth quarter, or \$1.04 per diluted share, an increase of 30% compared to the prior-year period. Adjusted results for the fourth quarter of 2021 include a contribution to earnings of \$0.08 per diluted share from Hillrom. Baxter's underlying earnings in the quarter were negatively impacted by foreign exchange losses, as well as increased freight-related costs, particularly as cases of COVID-19 surged toward the end of the quarter.

"Overall demand for our products across both the Baxter and Hillrom businesses remains strong," said Almeida. "Like many of our peers and companies across industries, we are not immune to the disruptive impact of COVID-19, which has caused staffing-related challenges in our plants as well as increased inflationary pressures leading to rising costs of raw materials, components, and logistics. As always, our efforts are driven foremost by our Mission, and colleagues from across our operations are working diligently to ensure steady access to the lifesaving products used by patients and clinicians globally."

Full-Year Financial Results

Baxter's 2021 worldwide sales totaled \$12.8 billion, an increase of 10% on a reported basis, 7% on a constant currency basis and 5% on an operational basis. Operational sales for the full year exclude the impacts of foreign exchange, the December 2021 acquisition of Hillrom, and the February 2021 acquisition of the rights to **Caelyx** and **Doxil** for specified territories OUS.



Sales in the U.S. totaled \$5.2 billion, growing 6% on a reported basis and 3% on an operational basis. International sales of \$7.6 billion grew 12% on a reported basis, 8% at constant currency rates and 6% operationally.

The accompanying schedules include additional details on sales performance by product categories and segments.

For full-year 2021, net income attributable to Baxter totaled \$1.3 billion, or \$2.53 per diluted share, increasing 19% on a U.S. GAAP basis compared to the prior year. These results include special items totaling \$552 million after-tax, which were primarily related to Hillrom acquisition and integration expenses, business optimization, intangible amortization and other regulatory expenses, among other items. On an adjusted basis, 2021 net income attributable to Baxter totaled \$1.8 billion, or \$3.61 per diluted share, an increase of 17% compared to the prior-year period. Adjusted results for full-year 2021 include a contribution to earnings of \$0.08 per diluted share from Hillrom.

For the full year, Baxter generated \$2.2 billion in operating cash flow from continuing operations and \$1.5 billion in free cash flow (operating cash flow from continuing operations less capital expenditures of \$743 million).

“We remain focused on strategically redeploying capital to advance our performance and position Baxter for future success,” said Jay Saccaro, executive vice president and chief financial officer. “This strategy was clearly evidenced during 2021, as the company returned approximately \$1.1 billion to shareholders through dividends and share repurchases, and deployed over \$12 billion to inorganic investments to fuel growth, including our acquisition of Hillrom.”

Business Highlights²

Baxter’s 2021 acquisition of Hillrom begins the next stage of the company’s ongoing transformation. The acquisition unites the portfolios of two medtech leaders, fostering the potential for advances in connected care to improve clinical insights, enhance patient outcomes and increase workflow efficiencies. Baxter expects this combination to accelerate revenue growth through

² See links to original press releases for additional product information.

innovation and geographic expansion, among other opportunities, while also yielding meaningful cost synergies that are anticipated to contribute to bottom-line performance.

While the scale of the Hillrom acquisition sets it apart, it is just one of many recent highlights illustrating the company's momentum in support of its Mission. Among other key milestone achievements of 2021 and early 2022, Baxter:

- Commenced the production of multiple COVID-19 vaccines on a contract basis through the company's BioPharma Solutions business. The vaccines are currently being used to combat the impact of COVID-19 among patients across an array of global markets.
- Announced the global launch of [PrisMax 2](#), the latest version of Baxter's leading-edge critical care technology, designed to help simplify delivery of continuous renal replacement therapy (CRRT) and other organ support therapies. The **PrisMax 2** system features new solutions within the company's **TrueVue** digital health portfolio, as well as the **PrismaLung+** blood-gas exchanger that delivers extracorporeal carbon dioxide removal (ECCO₂R) therapy to support the management of acute respiratory dysfunction.
- Announced the [CE marking of the NEPHROCLEAR™ CCL14 Test](#) in partnership with bioMérieux. The test is designed to predict persistent severe acute kidney injury (PS-AKI) and can be used to support timely clinical decision-making and care pathways. The companies intend to introduce the **NEPHROCLEAR™ CCL14 Test** in select Western Europe markets this year.
- Launched the [Sharesource Analytics 1.0 premium module](#), a next-generation digital health resource that provides healthcare professionals with a comprehensive dashboard containing simplified trend data from their home dialysis patients' treatments, and evidence-based clinical guidance to help resolve potential therapy complications.
- Received U.S. Food and Drug Administration (FDA) clearance for its [AK 98 \(Artificial Kidney 98\) dialysis machine](#), which is designed to be portable and easy to use, and offers encrypted two-way connectivity to pull prescriptions directly from the electronic medical record (EMR) for simplified workflow and data handling.
- Announced the FDA approval and commercial launch of [premix Norepinephrine Bitartrate in 5% Dextrose Injection](#) (norepinephrine), a cardiovascular medication indicated to raise blood

pressure in adult patients with severe, acute hypotension (low blood pressure). Baxter's formulation of norepinephrine is the first and only manufacturer-prepared ready-to-use formulation available.

- Acquired full U.S. and specified OUS rights to the anti-nausea medication **Transderm Scop**, representing a key adjacency to Baxter's industry-leading inhaled anesthetics portfolio.
- Acquired the OUS rights to **Caelyx** (doxorubicin hydrochloride liposome injection), supplementing Baxter's previously acquired rights to this medication in the U.S., where it is known as **Doxil**. The launch of **Caelyx** in EMEA builds upon Baxter's geographic expansion of key businesses in additional markets around the world.
- Acquired certain assets related to [PerClot Polysaccharide Hemostatic System](#) from CryoLife, Inc., broadening Baxter's Advanced Surgery portfolio and marking the company's global entry into the hemostatic powder segment.
- Announced a [\\$100 million expansion](#) of Baxter's BioPharma Solutions (BPS) facility in Halle/Westfalen, Germany, to expand the site's manufacturing footprint and add state-of-the-art equipment designed to help products achieve stability and improved shelf life through lyophilization (freeze drying).
- Led an [investment in Medically Home](#), a company committed to establishing patients' homes as safe alternate sites for receiving high and lower acuity care. This investment reflects Baxter's prioritization of alternate sites of care and the company's expanding focus on digital health and monitoring technologies.

Corporate Responsibility

Baxter is committed to addressing the environmental, social and governance (ESG) issues touching the lives of patients, employees and the diversity of communities the company serves worldwide. In 2021, Baxter launched its 2030 Corporate Responsibility Commitment, comprising 10 goals for prioritized action across three pillars: Empower Our Patients, Protect Our Planet, and Champion Our People and Communities. This Commitment supports a number of the [United Nations Sustainable Development Goals](#) (UN SDGs) and 2030 Agenda with a global blueprint for achieving a more sustainable future. Details can be found in Baxter's most recent [Corporate Responsibility Report](#).

In addition, Baxter continued to prioritize its expansive [ACT \(Activating Change Today\)](#) initiative, a multidisciplinary effort to advance racial justice by driving meaningful, sustainable change within Baxter and the communities and markets the company serves. Among recent ACT milestones, the company has launched multiple programs to support students at historically Black colleges and universities (HBCUs) in the U.S., and programs to address disproportionate challenges affecting Black Americans related to diabetes and kidney health.

Baxter was recognized for its commitment to corporate responsibility and workplace excellence throughout 2021 and early 2022. Of note, the company:

- Was named to the Dow Jones Sustainability Indices – DJSI World and DJSI North America; Baxter has appeared each year since the indices launched, in 1999 and 2005, respectively.
- Scored 100% on the 2022 Human Rights Campaign Corporate Equality Index, marking the seventh consecutive year the company has received a perfect score.
- Ranked number 8 on *Newsweek*'s 2022 list of America's Most Responsible Companies.
- Was cited among top scoring companies on Disability:IN's 2021 Disability Equality Index (DEI), designating Baxter as a Best Place to Work for Disability Inclusion.
- Was named to 3BL Media's list of 100 Best Corporate Citizens for 2021.
- Was recognized by Seramount on its 2021 lists of the 100 Best Companies, Best Companies for Dads, and Best Companies for Multicultural Women; and named a leading company on the 2021 Seramount Inclusion Index (formerly known as the Diversity Best Practices Inclusion Index).
- Was recognized by *Forbes* on its 2021 lists of the World's Best Employers, America's Best Employers for Diversity, Best Employers for Women, and World's Top Female-Friendly Companies.

2022 Financial Outlook

For full-year 2022: Baxter expects sales growth of 24% to 25% on a reported basis, 26% to 27% on a constant currency basis and approximately 4% on an operational basis. The company expects U.S. GAAP earnings of \$2.91 to \$3.01 per diluted share and adjusted earnings, before special items, of \$4.25 to \$4.35 per diluted share.



For first-quarter 2022: The company expects sales growth of 24% to 25% on a reported basis, 27% to 28% on a constant currency basis and low single-digit revenue growth on an operational basis. The company expects U.S. GAAP earnings of \$0.46 to \$0.49 per diluted share and adjusted earnings, before special items, of \$0.79 to \$0.82 per diluted share.

A webcast of Baxter's fourth-quarter 2021 conference call for investors can be accessed live from a link on the company's website at www.baxter.com beginning at 7:30 a.m. CST on Feb. 17, 2022. Please see www.baxter.com for more information regarding this and future investor events and webcasts.

About Baxter

Every day, millions of patients, caregivers and healthcare providers rely on Baxter's leading portfolio of diagnostic, critical care, kidney care, nutrition, hospital and surgical products used across patient homes, hospitals, physician offices and other sites of care. For 90 years, we've been operating at the critical intersection where innovations that save and sustain lives meet the healthcare providers who make it happen. With products, digital health solutions and therapies available in more than 100 countries, Baxter's employees worldwide are now building upon the company's rich heritage of medical breakthroughs to advance the next generation of transformative healthcare innovations. To learn more, visit www.baxter.com and follow us on [Twitter](#), [LinkedIn](#) and [Facebook](#).

Non-GAAP Financial Measures

This press release and the accompanying tables contain financial measures that are not calculated in accordance with U.S. GAAP. The non-GAAP financial measures include adjusted gross margin, adjusted selling, general and administrative expense, adjusted research and development expense, adjusted other operating income, net, adjusted operating income, adjusted operating margin, adjusted interest expense, net, adjusted income before income taxes, adjusted income tax expense, adjusted net income, adjusted net income attributable to Baxter stockholders, and adjusted diluted earnings per share, all of which exclude special items, sales growth on a constant currency and operational basis, and free cash flow. Special items are excluded because they are highly variable or unusual, and of a size that may substantially affect the company's reported operations for a period. Certain of those items represent estimates based on information reasonably available at the time of the press release. Future events or new information may result in different actual results.

Net sales growth rates are presented on a constant currency basis. These measures provide information on the percentage change in net sales growth assuming that foreign currency exchange rates have not changed between the prior and current periods. Net sales growth rates are also presented on an operational basis. For the quarter and twelve months ended Dec. 31, 2021, operational sales growth excludes the impact of foreign exchange, the December 2021 acquisition of Hillrom and the February 2021 acquisition of specified OUS rights to **Caelyx/Doxil**. This measure provides information on the change in net sales growth rates assuming that foreign exchange rates

remained constant and excluding the impact of the company's recent acquisitions of Hillrom and specified OUS rights to **Caelyx/Doxil**.

For the quarter and twelve months ended Dec. 31, 2021, special items include intangible asset amortization, business optimization charges, acquisition and integration expenses, expenses related to European medical devices regulation, investigation and related costs, a loss on debt extinguishment, a litigation matter, and tax matters. These items are excluded because they are highly variable or unusual and of a size that may substantially impact the company's reported operations for a period. Additionally, intangible asset amortization is excluded as a special item to facilitate an evaluation of current and past operating performance and is consistent with how management and the company's Board of Directors assess performance.

Non-GAAP financial measures may enhance an understanding of the company's operations and may facilitate an analysis of those operations, particularly in evaluating performance from one period to another. Management believes that non-GAAP financial measures, when used in conjunction with the results presented in accordance with U.S. GAAP and the reconciliations to corresponding U.S. GAAP financial measures, may enhance an investor's overall understanding of the company's past financial performance and prospects for the future. Accordingly, management uses these non-GAAP measures internally in financial planning, to monitor business unit performance, and, in some cases, for purposes of determining incentive compensation. This information should be considered in addition to, and not as substitutes for, information prepared in accordance with U.S. GAAP.

Forward-Looking Statements

*This release includes forward-looking statements concerning the company's financial results (including the outlook for first-quarter and full-year 2022) and business development activities (including the December 2021 acquisition of Hillrom). 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 impact of global economic conditions (including potential trade wars) and public health crises and epidemics, such as the ongoing coronavirus (COVID-19) pandemic, on the company and its employees, customers and suppliers, including foreign governments in countries in which the company operates; demand for and market acceptance of risks for new and existing products; product development risks; product quality or patient safety concerns; continuity, availability and pricing of acceptable raw materials and component supply; inability to create additional production capacity in a timely manner or the occurrence of other manufacturing or supply difficulties (including as a result of a natural disaster, public health crises and epidemics/pandemics, regulatory actions or otherwise); accurate identification of and execution on business development and R&D opportunities and realization of anticipated benefits (including the acquisitions of Cheetah Medical; **Seprafilm Adhesion Barrier**; specified OUS rights to **Caelyx/Doxil**; full U.S. and specific OUS rights to **Transderm Scop**; **PerClot**; and the acquisition of Hillrom); breaches or failures of the company's information technology systems or products, including by cyberattack, unauthorized access or theft; the adequacy of the company's cash flows from operations and other sources of liquidity to meet its ongoing cash obligations and fund its investment program; loss of key employees or inability to identify and recruit new employees; future actions of regulatory bodies and other governmental authorities, including FDA, the Department of Justice, the SEC, the New York Attorney General and*

foreign regulatory agencies, including the SEC's investigation of foreign exchange gains or losses or the continued delay in lifting the warning letter at the company's Ahmedabad facility; the outcome of pending or future litigation, including the opioid litigation and current and future ethylene oxide litigation or other claims; proposed regulatory changes of the U.S. Department of Health and Human Services in kidney health policy and reimbursement, which may substantially change the U.S. end-stage renal disease market and demand for the company's peritoneal dialysis products, necessitating significant multiyear capital expenditures, which are difficult to estimate in advance; failures with respect to compliance programs; future actions of third parties, including payers; U.S. healthcare reform and other global austerity measures; pricing, reimbursement, taxation and rebate policies of government agencies and private payers; the impact of competitive products and pricing, including generic competition, drug reimportation and disruptive technologies; fluctuations in foreign exchange and interest rates; the ability to enforce owned or in-licensed patents or the prevention or restriction of the manufacture, sale or use of products or technology affected by patents of third parties; global, trade and tax policies; any change in laws concerning the taxation of income (including current or future tax reform), including income earned outside the United States and potential taxes associated with the Base Erosion and Anti-Abuse Tax or the Build Back Better framework; actions taken by tax authorities in connection with ongoing tax audits; and other risks identified in Baxter's most recent filing on Form 10-K 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.

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