

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

	Three Months Ended December 31,		Change
	2021	2020	
NET SALES	\$ 3,514	\$ 3,181	10 %
COST OF SALES	2,108	1,990	6 %
GROSS MARGIN	1,406	1,191	18 %
<i>% of Net Sales</i>	40.0 %	37.4 %	2.6 pts
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	885	650	36 %
<i>% of Net Sales</i>	25.2 %	20.4 %	4.8 pts
RESEARCH AND DEVELOPMENT EXPENSES	138	135	2 %
<i>% of Net Sales</i>	3.9 %	4.2 %	(0.3 pts)
OPERATING INCOME	383	406	(6)%
<i>% of Net Sales</i>	10.9 %	12.8 %	(1.9 pts)
INTEREST EXPENSE, NET	74	38	95 %
OTHER EXPENSE, NET	26	158	(84)%
INCOME BEFORE INCOME TAXES	283	210	35 %
INCOME TAX EXPENSE	41	39	5 %
<i>% of Income Before Income Taxes</i>	14.5 %	18.6 %	(4.1 pts)
NET INCOME	242	171	42 %
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	4	3	33 %
NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS	\$ 238	\$ 168	42 %
EARNINGS PER SHARE			
Basic	\$ 0.48	\$ 0.33	45 %
Diluted	\$ 0.47	\$ 0.33	42 %
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING			
Basic	501	510	
Diluted	507	516	
ADJUSTED OPERATING INCOME (excluding special items)¹	\$ 714	\$ 563	27 %
ADJUSTED INCOME BEFORE INCOME TAXES (excluding special items)¹	\$ 649	\$ 520	25 %
ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)¹	\$ 525	\$ 412	27 %
ADJUSTED DILUTED EPS (excluding special items)¹	\$ 1.04	\$ 0.80	30 %

¹ Refer to page 12 for a description of the adjustments and a reconciliation to U.S. GAAP measures.

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 December 31, 2021 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	Interest Expense, Net	Other Expense, Net	Income Before Income Taxes	Income Tax Expense	Net Income	Net Income Attributable to Baxter Stockholders	Diluted Earnings Per Share
Reported	\$ 1,406	\$ 885	\$ 138	\$ 383	\$ 74	\$ 26	\$ 283	\$ 41	\$ 242	\$ 238	\$ 0.47
Reported percent of net sales (or percent of income before income taxes for income tax expense)	40.0 %	25.2 %	3.9 %	10.9 %	2.1 %	0.7 %	8.1 %	14.5 %	6.9 %	6.8 %	
Intangible asset amortization ¹	88	(11)	—	99	—	—	99	23	76	76	0.15
Business optimization items ²	2	(30)	(1)	33	—	—	33	5	28	28	0.06
Acquisition and integration expenses ³	49	(121)	(4)	174	(30)	—	204	29	175	175	0.35
European medical devices regulation ⁴	12	—	—	12	—	—	12	3	9	9	0.02
Loss on debt extinguishment ⁷	—	—	—	—	—	(5)	5	1	4	4	0.01
Litigation matter ⁹	—	(13)	—	13	—	—	13	—	13	13	0.03
Tax matters ¹⁰	—	—	—	—	—	—	—	18	(18)	(18)	(0.04)
Adjusted	\$ 1,557	\$ 710	\$ 133	\$ 714	\$ 44	\$ 21	\$ 649	\$ 120	\$ 529	\$ 525	\$ 1.04
Adjusted percent of net sales (or adjusted percent of income before income taxes for income tax expense)	44.3 %	20.2 %	3.8 %	20.3 %	1.3 %	0.6 %	18.5 %	18.5 %	15.1 %	14.9 %	

The company's U.S. GAAP results for the three months ended December 31, 2020 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 Expense, Net	Income Before Income Taxes	Income Tax Expense	Net Income	Net Income Attributable to Baxter Stockholders	Diluted Earnings Per Share
Reported	\$1,191	\$ 650	\$ 135	\$ 406	\$ 158	\$ 210	\$ 39	\$ 171	\$ 168	\$ 0.33
Reported percent of net sales (or percent of income before income taxes for income tax expense)	37.4 %	20.4 %	4.2 %	12.8 %	5.0 %	6.6 %	18.6 %	5.4 %	5.3 %	
Intangible asset amortization ¹	57	—	—	57	—	57	13	44	44	0.09
Business optimization items ²	29	(25)	(3)	57	—	57	14	43	43	0.08
Acquisition and integration expenses ³	—	(2)	—	2	—	2	—	2	2	0.00
European medical devices regulation ⁴	11	—	—	11	—	11	2	9	9	0.02
Investigation and related costs ⁵	—	(1)	—	1	—	1	—	1	1	0.00
Pension settlement ⁶	—	—	—	—	(43)	43	10	33	33	0.06
Loss on debt extinguishment ⁷	—	—	—	—	(110)	110	20	90	90	0.17
Product-related items ⁸	29	—	—	29	—	29	7	22	22	0.04
Adjusted	\$1,317	\$ 622	\$ 132	\$ 563	\$ 5	\$ 520	\$ 105	\$ 415	\$ 412	\$ 0.80
Adjusted percent of net sales (or adjusted percent of income before income taxes for income tax expense)	41.4 %	19.6 %	4.1 %	17.7 %	0.2 %	16.3 %	20.2 %	13.0 %	13.0 %	

¹ The company's results in 2021 and 2020 included intangible asset amortization expense of \$99 million (\$76 million, or \$0.15 per diluted share, on an after-tax basis) and \$57 million (\$44 million, or \$0.09 per diluted share, on an after-tax basis), respectively.

² The company's results in 2021 and 2020 included charges of \$33 million (\$28 million, or \$0.06 per diluted share, on an after-tax basis) and \$57 million (\$43 million, or \$0.08 per diluted share, on an after-tax basis), respectively, associated with its programs to optimize its organization and cost structure on a global basis.

³ The company's results in 2021 included \$204 million (\$175 million, or \$0.35 per diluted share, on an after-tax basis) of acquisition, integration and related financing expenses for its acquisition of Hill-Rom Holdings, Inc. (Hillrom) and the acquisition of the rights to **Caelyx** and **Doxil** for specified territories outside of the U.S. that was partially offset by the change in estimated fair value of contingent consideration liabilities. The company's results in 2020 included \$2 million (\$2 million, or \$0.00 per diluted share, on an after-tax basis) of acquisition and integration expenses related to the acquisition of **Seprafilm**.

⁴ The company's results in 2021 and 2020 included costs of \$12 million (\$9 million, or \$0.02 per diluted share, on an after-tax basis) and \$11 million (\$9 million, or \$0.02 per diluted share, on an after-tax basis) related to updating its quality systems and product labeling to comply with the new medical device reporting regulation and other requirements of the European Union's regulations for medical devices that become effective in stages beginning in 2021.

- ⁵ The company's results in 2020 included costs of \$1 million (\$1 million, or \$0.00 per diluted share, on an after-tax basis) for investigation and related costs. This item primarily included professional fees related to the company's investigation of foreign exchange gains and losses.
- ⁶ The company's results in 2020 included a charge of \$43 million (\$33 million, or \$0.06 per diluted share, on an after-tax basis) related to lump-sum settlement distributions made to certain former U.S. employees with vested pension benefits.
- ⁷ The company's results in 2021 included a loss of \$5 million (\$4 million, or \$0.01 per diluted share, on an after-tax basis) on the early extinguishment of the \$2.4 billion debt assumed as part of its Hillrom acquisition. The company's results in 2020 included a loss of \$110 million (\$90 million, or \$0.17 per diluted share, on an after-tax basis) on the November 2020 early extinguishment of \$750 million of 3.75% senior notes that were issued in March 2020.
- ⁸ The company's results in 2020 included a net charge of \$29 million (\$22 million, or \$0.04 per diluted share, on an after-tax basis) related to **Sigma Spectrum** infusion pump inspection and remediation activities.
- ⁹ The company's results in 2021 included a charge of \$13 million (\$13 million, or \$0.03 per diluted share, on an after-tax basis) associated with claimants alleging injuries as a result of proximity to one of its plants.
- ¹⁰ The company's results in 2021 included an income tax benefit of \$18 million, or \$0.04 per diluted share related to a change in U.S. foreign tax credit regulations.

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

	Years Ended December 31,		Change
	2021	2020	
NET SALES	\$ 12,784	\$ 11,673	10 %
COST OF SALES	7,679	7,086	8 %
GROSS MARGIN	5,105	4,587	11 %
<i>% of Net Sales</i>	39.9 %	39.3 %	0.6 pts
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	2,867	2,469	16 %
<i>% of Net Sales</i>	22.4 %	21.2 %	1.2 pts
RESEARCH AND DEVELOPMENT EXPENSES	534	521	2 %
<i>% of Net Sales</i>	4.2 %	4.5 %	(0.3 pts)
OTHER OPERATING INCOME, NET	(6)	(19)	(68)%
OPERATING INCOME	1,710	1,616	6 %
<i>% of Net Sales</i>	13.4 %	13.8 %	(0.4 pts)
INTEREST EXPENSE, NET	192	134	43 %
OTHER EXPENSE, NET	41	190	(78)%
INCOME BEFORE INCOME TAXES	1,477	1,292	14 %
INCOME TAX EXPENSE	182	182	0 %
<i>% of Income Before Income Taxes</i>	12.3 %	14.1 %	(1.8 pts)
NET INCOME	1,295	1,110	17 %
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	11	8	38 %
NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS	\$ 1,284	\$ 1,102	17 %
EARNINGS PER SHARE			
Basic	\$ 2.56	\$ 2.17	18 %
Diluted	\$ 2.53	\$ 2.13	19 %
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING			
Basic	502	509	
Diluted	508	517	
ADJUSTED OPERATING INCOME (excluding special items)¹	\$ 2,400	\$ 2,097	14 %
ADJUSTED INCOME BEFORE INCOME TAXES (excluding special items)¹	\$ 2,220	\$ 1,926	15 %
ADJUSTED NET INCOME ATTRIBUTABLE TO BAXTER STOCKHOLDERS (excluding special items)¹	\$ 1,836	\$ 1,597	15 %
ADJUSTED DILUTED EPS (excluding special items)¹	\$ 3.61	\$ 3.09	17 %

¹ Refer to page 14 for a description of the adjustments and a reconciliation to U.S. GAAP measures.

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 year ended December 31, 2021 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	Interest Expense, Net	Other Expense, Net	Income Before Income Taxes	Income Tax Expense	Net Income	Net Income Attributable to Baxter Stockholders	Diluted Earnings Per Share
Reported	\$5,105	\$ 2,867	\$ 534	\$ (6)	\$ 1,710	\$ 192	\$ 41	\$1,477	\$ 182	\$1,295	\$ 1,284	\$ 2.53
Reported percent of net sales (or percent of income before income taxes for income tax expense)	39.9 %	22.4 %	4.2 %	0.0 %	13.4 %	1.5 %	0.3 %	11.6 %	12.3 %	10.1 %	10.0 %	
Intangible asset amortization ¹	287	(11)	—	—	298	—	—	298	64	234	234	0.46
Business optimization items ²	53	(60)	(1)	—	114	—	—	114	23	91	91	0.18
Acquisition and integration expenses ³	50	(144)	(4)	6	192	(48)	—	240	36	204	204	0.40
European medical devices regulation ⁴	42	—	—	—	42	—	—	42	10	32	32	0.06
Investigation and related costs ⁵	—	(31)	—	—	31	—	—	31	3	28	28	0.06
Loss on debt extinguishment ⁸	—	—	—	—	—	—	(5)	5	1	4	4	0.01
Litigation matter ¹⁰	—	(13)	—	—	13	—	—	13	—	13	13	0.03
Tax matters ¹¹	—	—	—	—	—	—	—	—	54	(54)	(54)	(0.11)
Adjusted	\$5,537	\$ 2,608	\$ 529	\$ —	\$ 2,400	\$ 144	\$ 36	\$2,220	\$ 373	\$1,847	\$ 1,836	\$ 3.61
Adjusted percent of net sales (or adjusted percent of income before income taxes for income tax expense)	43.3 %	20.4 %	4.1 %	0.0 %	18.8 %	1.1 %	0.3 %	17.4 %	16.8 %	14.4 %	14.4 %	

The company's U.S. GAAP results for the year ended December 31, 2020 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 Before Income Taxes	Income Tax Expense	Net Income	Net Income Attributable to Baxter Stockholders	Diluted Earnings Per Share
Reported	\$4,587	\$ 2,469	\$ 521	\$ (19)	\$ 1,616	\$ 190	\$ 1,292	\$ 182	\$1,110	\$ 1,102	\$ 2.13
Reported percent of net sales (or percent of income before income taxes for income tax expense)	39.3 %	21.2 %	4.5 %	(0.2)%	13.8 %	1.6 %	11.1 %	14.1 %	9.5 %	9.4 %	
Intangible asset amortization ¹	222	—	—	—	222	—	222	51	171	171	0.33
Business optimization items ²	53	(78)	(3)	17	117	—	117	27	90	90	0.17
Acquisition and integration expenses ³	11	(9)	(22)	2	40	—	40	8	32	32	0.06
European medical devices regulation ⁴	33	—	—	—	33	—	33	8	25	25	0.05
Investigation and related costs ⁵	3	(19)	(1)	—	23	—	23	4	19	19	0.04
Intangible asset impairment ⁶	17	—	—	—	17	—	17	4	13	13	0.03
Pension settlement ⁷	—	—	—	—	—	(43)	43	10	33	33	0.06
Loss on debt extinguishment ⁸	—	—	—	—	—	(110)	110	20	90	90	0.17
Product-related items ⁹	29	—	—	—	29	—	29	7	22	22	0.04
Adjusted	\$4,955	\$ 2,363	\$ 495	\$ —	\$ 2,097	\$ 37	\$ 1,926	\$ 321	\$1,605	\$ 1,597	\$ 3.09
Adjusted percent of net sales (or adjusted percent of income before income taxes for income tax expense)	42.4 %	20.2 %	4.2 %	0.0 %	18.0 %	0.3 %	16.5 %	16.7 %	13.7 %	13.7 %	

- The company's results in 2021 and 2020 included intangible asset amortization expense of \$298 million (\$234 million, or \$0.46 per diluted share, on an after-tax basis) and \$222 million (\$171 million, or \$0.33 per diluted share, on an after-tax basis), respectively.
- The company's results in 2021 and 2020 included charges of \$114 million (\$91 million, or \$0.18 per diluted share, on an after-tax basis) and \$134 million (\$107 million, or \$0.20 per diluted share, on an after-tax basis), respectively, associated with its programs to optimize its organization and cost structure on a global basis. Additionally, we recorded a gain of \$17 million (\$17 million, or \$0.03 per diluted share, on an after-tax basis) in 2020 for property we sold in conjunction with our business optimization initiatives.
- The company's results in 2021 included \$240 million (\$204 million, or \$0.40 per diluted share, on an after-tax basis) of acquisition, integration and related financing expenses for its acquisition of Hillrom and the acquisition of the rights to **Caelyx** and **Doxil** for specified territories outside of the U.S. that was partially offset by the change in the estimated fair value of contingent consideration liabilities. The company's results in 2020 included \$40 million (\$32 million, or \$0.06 per diluted share, on an after-tax basis) of acquisition and integration expenses. This included acquisition and integration expenses related to the company's acquisitions of **Cheetah Medical** and **Seprafilm** and the purchase of in-process R&D assets, partially offset by a benefit related to the change in the estimated fair value of contingent consideration liabilities.

4. The company's results in 2021 and 2020 included costs of \$42 million (\$32 million, or \$0.06 per diluted share, on an after-tax basis) and \$33 million (\$25 million, or \$0.05 per diluted share, on an after-tax basis) related to updating its quality systems and product labeling to comply with the new medical device reporting regulation and other requirements of the European Union's regulations for medical devices that become effective in stages beginning in 2021.
5. The company's results in 2021 and 2020 included costs of \$31 million (\$28 million, or \$0.06 per diluted share, on an after-tax basis) and \$23 million (\$19 million, or \$0.04 per diluted share, on an after-tax basis) for investigation and related costs. In 2021, this item primarily included charges related to matters associated with the company's investigation of foreign exchange gains and losses. In 2020, this item primarily included professional fees for the investigation and related matters, as well as incremental stock compensation expense as the company extended the terms of certain stock options that were scheduled to expire in the first quarter of 2020.
6. The company's results in 2020 included a charge of \$17 million (\$13 million, or \$0.03 per diluted share, on an after-tax basis) for an asset impairment related to a developed-technology intangible asset.
7. The company's results in 2020 included a charge of \$43 million (\$33 million, or \$0.06 per diluted share, on an after-tax basis) related to lump-sum settlement distributions made to certain former U.S. employees with vested pension benefits.
8. The company's results in 2021 include a loss of \$5 million (\$4 million, or \$0.01 per diluted share, on an after-tax basis) on the early extinguishment of the \$2.4 billion debt assumed as part of its Hillrom acquisition. The company's results in 2020 included a loss of \$110 million (\$90 million, or \$0.17 per diluted share, on an after-tax basis) on the November 2020 early extinguishment of \$750 million of 3.75% senior notes that were issued in March 2020.
9. The company's results in 2020 included a net charge of \$29 million (\$22 million, or \$0.04 per diluted share, on an after-tax basis) related to **Sigma Spectrum** infusion pump inspection and remediation activities.
10. The company's results in 2021 included a charge of \$13 million (\$13 million, or \$0.03 per diluted share, on an after-tax basis) associated with claimants alleging injuries as a result of proximity to one of its plants.
11. The company's results in 2021 included a net income tax benefit of \$54 million or \$0.11 per diluted share, related to a tax-deductible foreign statutory loss on an investment in a foreign subsidiary and a change in U.S. foreign tax credit regulations that was partially offset by an unfavorable court ruling for an uncertain tax position.

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)

	Three Months Ended December 31,				Years Ended December 31,			
	2021	2020	% Growth @ Actual Rates	% Growth @ Constant Rates	2021	2020	% Growth @ Actual Rates	% Growth @ Constant Rates
Americas	\$ 1,755	\$ 1,681	4 %	5 %	\$ 6,666	\$ 6,321	5 %	5 %
EMEA	815	800	2 %	5 %	3,115	2,877	8 %	5 %
APAC	732	700	5 %	6 %	2,791	2,475	13 %	8 %
Hillrom	212	—	n/a	n/a	212	—	n/a	n/a
Total Baxter	\$ 3,514	\$ 3,181	10 %	12 %	\$ 12,784	\$ 11,673	10 %	7 %

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.
Sales by Product Category
(unaudited)
(\$ in millions)

In connection with the acquisition of Hillrom in December 2021, the company has added three new product categories: Patient Support Systems, Front Line Care and Surgical Solutions.

	Three Months Ended December 31,				Years Ended December 31,			
	2021	2020	% Growth @ Actual Rates	% Growth @ Constant Rates	2021	2020	% Growth @ Actual Rates	% Growth @ Constant Rates
Renal Care ¹	\$ 1,033	\$ 1,013	2 %	4 %	\$ 3,900	\$ 3,757	4 %	2 %
Medication Delivery ²	784	743	6 %	6 %	2,880	2,691	7 %	6 %
Pharmaceuticals ³	604	562	7 %	8 %	2,291	2,098	9 %	5 %
Clinical Nutrition ⁴	249	243	2 %	4 %	964	910	6 %	4 %
Advanced Surgery ⁵	255	259	(2) %	0 %	977	886	10 %	9 %
Acute Therapies ⁶	202	221	(9) %	(7) %	782	740	6 %	3 %
BioPharma Solutions ⁷	145	115	26 %	31 %	669	486	38 %	35 %
Patient Support Systems ⁸	115	—	n/a	n/a	115	—	n/a	n/a
Front Line Care ⁹	70	—	n/a	n/a	70	—	n/a	n/a
Surgical Solutions ¹⁰	27	—	n/a	n/a	27	—	n/a	n/a
Other ¹¹	30	25	20 %	20 %	109	105	4 %	3 %
Total Baxter	3,514	3,181	10 %	12 %	12,784	11,673	10 %	7 %

¹ Includes sales of the company's peritoneal dialysis (PD), hemodialysis (HD) and additional dialysis therapies and services.

² Includes sales of the company's intravenous (IV) therapies, infusion pumps, administration sets and drug reconstitution devices.

³ Includes sales of the company's premixed and oncology drug platforms, inhaled anesthesia and critical care products and pharmacy compounding services.

⁴ Includes sales of the company's parenteral nutrition (PN) therapies and related products.

⁵ Includes sales of the company's biological products and medical devices used in surgical procedures for hemostasis, tissue sealing and adhesion prevention.

⁶ Includes sales of the company's continuous renal replacement therapies (CRRT) and other organ support therapies focused in the intensive care unit (ICU).

⁷ Includes sales of contracted services the company provides to various pharmaceutical and biopharmaceutical companies.

⁸ Includes sales of connected care solutions: devices, software, communications and integration technologies.

⁹ Includes sales of integrated patient monitoring and diagnostic technologies to help diagnose, treat and manage a wide variety of illness and diseases, including respiratory therapy, cardiology, vision screening and physical assessment.

¹⁰ Includes sales of surgical video technologies, tables, lights, pendants, precision positioning devices and other accessories.

¹¹ Includes sales of other miscellaneous product and service offerings.

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.
Product Category Sales by U.S. and International
(unaudited)
(\$ in millions)

Three Months Ended December 31,

	2021			2020			% Growth		
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
Renal Care	\$ 235	\$ 798	\$ 1,033	\$ 219	\$ 794	\$ 1,013	7 %	1 %	2 %
Medication Delivery	514	270	784	476	267	743	8 %	1 %	6 %
Pharmaceuticals	203	401	604	212	350	562	(4)%	15 %	7 %
Clinical Nutrition	88	161	249	89	154	243	(1)%	5 %	2 %
Advanced Surgery	140	115	255	147	112	259	(5)%	3 %	(2)%
Acute Therapies	76	126	202	82	139	221	(7)%	(9)%	(9)%
BioPharma Solutions	55	90	145	48	67	115	15 %	34 %	26 %
Patient Support Systems	86	29	115	—	—	—	n/a	n/a	n/a
Front Line Care	51	19	70	—	—	—	n/a	n/a	n/a
Surgical Solutions	12	15	27	—	—	—	n/a	n/a	n/a
Other	23	7	30	17	8	25	35 %	(13)%	20 %
Total Baxter	1,483	2,031	3,514	1,290	1,891	3,181	15 %	7 %	10 %

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

	Years Ended December 31,								
	2021			2020			% Growth		
	U.S.	International	Total	U.S.	International	Total	U.S.	International	Total
Renal Care	\$ 890	\$ 3,010	\$ 3,900	\$ 848	\$ 2,909	\$ 3,757	5 %	3 %	4 %
Medication Delivery	1,859	1,021	2,880	1,738	953	2,691	7 %	7 %	7 %
Pharmaceuticals	753	1,538	2,291	849	1,249	2,098	(11)%	23 %	9 %
Clinical Nutrition	343	621	964	330	580	910	4 %	7 %	6 %
Advanced Surgery	545	432	977	516	370	886	6 %	17 %	10 %
Acute Therapies	287	495	782	286	454	740	0 %	9 %	6 %
BioPharma Solutions	273	396	669	234	252	486	17 %	57 %	38 %
Patient Support Systems	86	29	115	—	—	—	n/a	n/a	n/a
Front Line Care	51	19	70	—	—	—	n/a	n/a	n/a
Surgical Solutions	12	15	27	—	—	—	n/a	n/a	n/a
Other	81	28	109	77	28	105	5 %	0 %	4 %
Total Baxter	5,180	7,604	12,784	4,878	6,795	11,673	6 %	12 %	10 %

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

	Years Ended	
	December 31,	
	2021	2020
Cash flows from operations - continuing operations	\$ 2,222	\$ 1,870
Cash flows from investing activities	(11,200)	(1,179)
Cash flows from financing activities	8,245	(345)
Cash flows from operations - continuing operations	\$ 2,222	\$ 1,870
Capital expenditures	(743)	(709)
Free cash flow - continuing operations	\$ 1,479	\$ 1,161

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 Operational Sales Growth
From The Three Months Ended December 31, 2020 to The Three Months Ended December 31, 2021
(unaudited)

	Net Sales Growth As Reported	Caelyx and Doxil	Hillrom	FX	Operational Sales Growth*
Renal Care	2 %	0 %	0 %	2 %	4 %
Medication Delivery	6 %	0 %	0 %	0 %	6 %
Pharmaceuticals	7 %	(6)%	0 %	1 %	2 %
Clinical Nutrition	2 %	0 %	0 %	2 %	4 %
Advanced Surgery	(2)%	0 %	0 %	2 %	0 %
Acute Therapies	(9)%	0 %	0 %	2 %	(7)%
BioPharma Solutions	26 %	0 %	0 %	5 %	31 %
Patient Support Systems	n/a	n/a	n/a	n/a	n/a
Front Line Care	n/a	n/a	n/a	n/a	n/a
Surgical Solutions	n/a	n/a	n/a	n/a	n/a
Other	20 %	0 %	0 %	0 %	20 %
Total Baxter	10 %	(1)%	(7)%	2 %	4 %
U.S.	15 %	0 %	(12)%	0 %	3 %
International	7 %	(2)%	(3)%	2 %	4 %

*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, 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 Operational Sales Growth
From The Year Ended December 31, 2020 to The Year Ended December 31, 2021
(unaudited)

	Net Sales Growth As Reported	Caelyx and Doxil	Hillrom	FX	Operational Sales Growth*
Renal Care	4 %	0 %	0 %	(2) %	2 %
Medication Delivery	7 %	0 %	0 %	(1) %	6 %
Pharmaceuticals	9 %	(5) %	0 %	(4) %	0 %
Clinical Nutrition	6 %	0 %	0 %	(2) %	4 %
Advanced Surgery	10 %	0 %	0 %	(1) %	9 %
Acute Therapies	6 %	0 %	0 %	(3) %	3 %
BioPharma Solutions	38 %	0 %	0 %	(3) %	35 %
Patient Support Systems	n/a	n/a	n/a	n/a	n/a
Front Line Care	n/a	n/a	n/a	n/a	n/a
Surgical Solutions	n/a	n/a	n/a	n/a	n/a
Other	4 %	0 %	0 %	(1) %	3 %
Total Baxter	10 %	(1) %	(2) %	(3) %	5 %
U.S.	6 %	0 %	(3) %	0 %	3 %
International	12 %	(2) %	(1) %	(4) %	6 %

*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, please see the Non-GAAP Financial Measures section of this press release.

BAXTER INTERNATIONAL INC.
Reconciliation of Non-GAAP Financial Measure

**Projected First Quarter and Full Year 2022 U.S. GAAP Sales Growth to Projected Operational Sales Growth and
Projected First Quarter and Full Year 2022 U.S. GAAP Earnings Per Share to Projected Adjusted Earnings Per Share
(unaudited)**

Sales Growth Guidance	Q1 2022*	FY 2022*
Sales Growth - U.S. GAAP	24% - 25%	24% - 25%
Hillrom	(25)% - (26)%	(22)% - (23)%
Foreign exchange	3%	2%
Sales Growth - Operational	1% - 3%	4%

Earnings Per Share Guidance	Q1 2022*	FY 2022*
Earnings per Diluted Share - U.S. GAAP	\$0.46 - \$0.49	\$2.91 - \$3.01
Estimated intangible asset amortization	\$0.27	\$1.08
Estimated business optimization charges	\$0.01	\$0.05
Estimated acquisition and integration expenses	\$0.03	\$0.12
Estimated European medical devices regulation	\$0.02	\$0.09
Earnings per Diluted Share - Adjusted	\$0.79 - \$0.82	\$4.25 - \$4.35

*Totals may not foot due to rounding

The company's outlook for U.S. GAAP earnings per share only includes the impact of special items that are known or expected as of the date of this release. Accordingly, actual U.S. GAAP earnings per share for the first quarter and full year of 2022 may differ significantly from those amounts. For example, the company's outlook does not reflect the potential impact of future business or asset acquisitions or dispositions, intangible asset impairments, restructuring actions, developments related to gain or loss contingencies, or unusual or infrequently occurring items that may occur during 2022.