

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2025

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-4448

BAXTER INTERNATIONAL INC.

(Exact name of registrant as specified in its charter)

Delaware

36-0781620

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

One Baxter Parkway, Deerfield, Illinois

60015

(Address of Principal Executive Offices)

(Zip Code)

224. 948.2000

(Registrant's telephone number, including
area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$1.00 par value	BAX (NYSE)	New York Stock Exchange
1.3% Global Notes due 2029	BAX 29	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of the registrant's Common Stock, par value \$1.00 per share, outstanding as of October 31, 2025 was 514,055,805 shares.

BAXTER INTERNATIONAL INC.
FORM 10-Q
For the quarterly period ended September 30, 2025
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Baxter International Inc.
Condensed Consolidated Balance Sheets (unaudited)
(in millions, except share information)

	September 30, 2025	December 31, 2024
Current assets:		
Cash and cash equivalents	\$ 1,726	1,764
Accounts receivable, net of allowances of \$69 in 2025 and \$71 2024	1,777	1,679
Inventories	2,460	2,046
Prepaid expenses and other current assets	970	753
Current assets of discontinued operations	—	2,611
Total current assets	6,933	8,853
Property, plant and equipment, net	2,812	2,870
Goodwill	5,400	5,275
Other intangible assets, net	4,805	5,223
Operating lease right-of-use assets	270	306
Other non-current assets	847	755
Non-current assets of discontinued operations	—	2,500
Total assets	\$ 21,067	\$ 25,782
Current liabilities:		
Short-term debt	\$ 4	\$ 2,126
Current maturities of long-term debt and finance lease obligations	751	626
Accounts payable	953	968
Accrued expenses and other current liabilities	2,067	1,861
Current liabilities of discontinued operations	—	930
Total current liabilities	3,775	6,511
Long-term debt and finance lease obligations, less current portion	8,747	10,374
Operating lease liabilities	210	243
Other non-current liabilities	1,121	1,076
Non-current liabilities of discontinued operations	—	554
Total liabilities	13,853	18,758
Commitments and contingencies		
Equity:		
Common stock, \$1 par value, authorized 2,000,000,000 shares, issued 683,494,944 shares in 2025 and 2024	683	683
Common stock in treasury, at cost, 169,548,900 shares in 2025 and 172,567,636 shares in 2024	(10,891)	(11,059)
Additional contributed capital	6,345	6,421
Retained earnings	14,837	14,929
Accumulated other comprehensive loss	(3,733)	(4,010)
Total Baxter stockholders' equity	7,241	6,964
Noncontrolling interests	(27)	60
Total equity	7,214	7,024
Total liabilities and equity	\$ 21,067	\$ 25,782

The accompanying notes are an integral part of these condensed consolidated financial statements.

Baxter International Inc.
Condensed Consolidated Statements of Income (Loss) (unaudited)
(in millions, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Net sales	\$ 2,835	\$ 2,699	\$ 8,270	\$ 7,883
Cost of sales	1,885	1,666	5,468	4,858
Gross margin	950	1,033	2,802	3,025
Selling, general and administrative expenses	708	754	2,129	2,206
Research and development expenses	118	129	392	379
Other operating income, net	(48)	(5)	(140)	(9)
Operating income	172	155	421	449
Interest expense, net	58	87	180	251
Other (income) expense, net	(7)	(1)	(10)	(34)
Income (loss) from continuing operations before income taxes	121	69	251	232
Income tax expense (benefit)	172	8	116	70
Income (loss) from continuing operations	(51)	61	135	162
Income (loss) from discontinued operations, net of tax	5	83	36	(290)
Net income (loss)	(46)	144	171	(128)
Less: Net income attributable to noncontrolling interests included in continuing operations	—	—	—	—
Less: Net income attributable to noncontrolling interests included in discontinued operations	—	4	—	9
Net income attributable to noncontrolling interests	—	4	—	9
Net income (loss) attributable to Baxter stockholders	\$ (46)	\$ 140	\$ 171	\$ (137)
Income (loss) from continuing operations per common share				
Basic	\$ (0.10)	\$ 0.12	\$ 0.26	\$ 0.32
Diluted	\$ (0.10)	\$ 0.12	\$ 0.26	\$ 0.32
Income (loss) from discontinued operations per common share				
Basic	\$ 0.01	\$ 0.15	\$ 0.07	\$ (0.59)
Diluted	\$ 0.01	\$ 0.15	\$ 0.07	\$ (0.59)
Income (loss) per common share				
Basic	\$ (0.09)	\$ 0.27	\$ 0.33	\$ (0.27)
Diluted	\$ (0.09)	\$ 0.27	\$ 0.33	\$ (0.27)
Weighted-average number of shares outstanding				
Basic	514	510	513	509
Diluted	514	512	514	511

The accompanying notes are an integral part of these condensed consolidated financial statements.

Baxter International Inc.
Condensed Consolidated Statements of Comprehensive Income (Loss) (unaudited)
(in millions)

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Income (loss) from continuing operations	\$ (51)	\$ 61	\$ 135	\$ 162
Other comprehensive income (loss) from continuing operations, net of tax:				
Currency translation adjustments, net of tax expense (benefit) of (\$1) and \$(19) for the three months ended September 30, 2025 and 2024, respectively, and (\$13) and (\$3) for nine months ended September 30, 2025 and 2024, respectively.	13	106	148	(61)
Pension and other postretirement benefits, net of tax expense (benefit) of zero and (\$2) for the three months ended September 30, 2025 and 2024, respectively, and (\$7) and zero for nine months ended September 30, 2025 and 2024, respectively.	(1)	(6)	5	(2)
Hedging activities, net of tax expense (benefit) of zero and (\$3) for the three months ended September 30, 2025 and 2024, respectively, and (\$1) and zero for nine months ended September 30, 2025 and 2024, respectively.	1	(9)	(2)	2
Total other comprehensive income (loss) from continuing operations, net of tax	13	91	151	(61)
Comprehensive income (loss) from continuing operations	(38)	152	286	101
Income (loss) from discontinued operations, net of tax	5	83	36	(290)
Other comprehensive income (loss) from discontinued operations				
Currency translation adjustments, net of tax expense (benefit) of zero and \$(11) for the three months ended September 30, 2025 and 2024, respectively, and zero and \$(15) for nine months ended September 30, 2025 and 2024, respectively.	—	90	137	(35)
Pension and other postretirement benefits, net of tax expense (benefit) of zero for the three months ended September 30, 2025 and 2024, and \$(3) and zero for nine months ended September 30, 2025 and 2024, respectively.	—	—	(11)	(1)
Total other comprehensive income (loss) from discontinued operations	—	90	126	(36)
Comprehensive income (loss) from discontinued operations	5	173	162	(326)
Comprehensive income (loss)	(33)	325	448	(225)
Less: Comprehensive income attributable to noncontrolling interests	—	4	—	9
Less: Other comprehensive loss attributable to noncontrolling interests	—	—	—	(4)
Comprehensive income (loss) attributable to Baxter stockholders	\$ (33)	\$ 321	\$ 448	\$ (230)

The accompanying notes are an integral part of these condensed consolidated financial statements.

Baxter International Inc.
Condensed Consolidated Statements of Changes in Equity (unaudited)
(in millions)

For the three months ended September 30, 2025

Baxter International Inc. stockholders' equity										
	Common stock shares	Common stock	Common stock shares in treasury	Common stock in treasury	Additional contributed capital	Retained earnings	Accumulated other comprehensive income (loss)	Total Baxter stockholders' equity	Noncontrolling interests	Total equity
Balance as of July 1, 2025	683	\$ 683	170	\$ (10,915)	\$ 6,328	\$ 14,970	\$ (3,746)	\$ 7,320	\$ (27)	\$ 7,293
Net income (loss)	—	—	—	—	—	(46)	—	(46)	—	(46)
Other comprehensive income (loss)	—	—	—	—	—	—	13	13	—	13
Stock issued under employee benefit plans and other	—	—	—	24	17	—	—	41	—	41
Dividends declared on common stock	—	—	—	—	—	(87)	—	(87)	—	(87)
Balance as of September 30, 2025	683	\$ 683	170	\$ (10,891)	\$ 6,345	\$ 14,837	\$ (3,733)	\$ 7,241	\$ (27)	\$ 7,214

For the nine months ended September 30, 2025

Baxter International Inc. stockholders' equity										
	Common stock shares	Common stock	Common stock shares in treasury	Common stock in treasury	Additional contributed capital	Retained earnings	Accumulated other comprehensive income (loss)	Total Baxter stockholders' equity	Noncontrolling interests	Total equity
Balance as of January 1, 2025	683	\$ 683	173	\$ (11,059)	\$ 6,421	\$ 14,929	\$ (4,010)	\$ 6,964	\$ 60	\$ 7,024
Net income (loss)	—	—	—	—	—	171	—	171	—	171
Other comprehensive income (loss)	—	—	—	—	—	—	162	162	—	162
Reclassification of other comprehensive income (loss) disposed in the Kidney Care separation	—	—	—	—	—	—	115	115	—	115
Stock issued under employee benefit plans and other	—	—	(3)	168	(76)	—	—	92	—	92
Dividends declared on common stock	—	—	—	—	—	(263)	—	(263)	—	(263)
Disposition of noncontrolling interest associated with the Kidney Care separation	—	—	—	—	—	—	—	—	(87)	(87)
Balance as of September 30, 2025	683	\$ 683	170	\$ (10,891)	\$ 6,345	\$ 14,837	\$ (3,733)	\$ 7,241	\$ (27)	\$ 7,214

For the three months ended September 30, 2024

Baxter International Inc. stockholders' equity										
	Common stock shares	Common stock	Common stock shares in treasury	Common stock in treasury	Additional contributed capital	Retained earnings	Accumulated other comprehensive income (loss)	Total Baxter stockholders' equity	Noncontrolling interests	Total equity
Balance as of July 1, 2024	683	\$ 683	173	\$ (11,104)	\$ 6,353	\$ 15,539	\$ (3,828)	\$ 7,643	\$ 65	\$ 7,708
Net income (loss)	—	—	—	—	—	140	—	140	4	144
Other comprehensive income (loss)	—	—	—	—	—	—	181	181	—	181
Stock issued under employee benefit plans and other	—	—	—	20	38	—	—	58	—	58
Dividends declared on common stock	—	—	—	—	—	(150)	—	(150)	—	(150)
Change in noncontrolling interests	—	—	—	—	—	—	—	—	1	1
Balance as of September 30, 2024	683	\$ 683	173	\$ (11,084)	\$ 6,391	\$ 15,529	\$ (3,647)	\$ 7,872	\$ 70	\$ 7,942

For the nine months ended September 30, 2024

Baxter International Inc. stockholders' equity										
	Common stock shares	Common stock	Common stock shares in treasury	Common stock in treasury	Additional contributed capital	Retained earnings	Accumulated other comprehensive income (loss)	Total Baxter stockholders' equity	Noncontrolling interests	Total equity
Balance as of January 1, 2024	683	\$ 683	176	\$ (11,230)	\$ 6,389	\$ 16,114	\$ (3,554)	\$ 8,402	\$ 66	\$ 8,468
Net income (loss)	—	—	—	—	—	(137)	—	(137)	9	(128)
Other comprehensive income (loss)	—	—	—	—	—	—	(93)	(93)	(4)	(97)
Stock issued under employee benefit plans and other	—	—	(3)	146	2	—	—	148	—	148
Dividends declared on common stock	—	—	—	—	—	(448)	—	(448)	—	(448)
Change in noncontrolling interests	—	—	—	—	—	—	—	—	(1)	(1)
Balance as of September 30, 2024	683	\$ 683	173	\$ (11,084)	\$ 6,391	\$ 15,529	\$ (3,647)	\$ 7,872	\$ 70	\$ 7,942

The accompanying notes are an integral part of these condensed consolidated financial statements.

Baxter International Inc.
Condensed Consolidated Statements of Cash Flows (unaudited)
(in millions)

	Nine Months Ended September 30,	
	2025	2024
Cash flows from operations		
Net income (loss)	\$ 171	\$ (128)
Less: Income (loss) from discontinued operations, net of tax	36	(290)
Income (loss) from continuing operations	135	162
Adjustments to reconcile net income (loss) to cash flows from operations:		
Depreciation and amortization	741	752
Deferred income taxes	(115)	(136)
Stock compensation	80	75
Net periodic pension and other postretirement costs	(24)	(21)
Other long-lived asset impairments	24	42
Other	22	20
Changes in balance sheet items:		
Accounts receivable, net	(44)	(17)
Inventories	(360)	(180)
Prepaid expenses and other current assets	(32)	(61)
Accounts payable	(36)	3
Accrued expenses and other current liabilities	31	(192)
Other	(67)	(71)
Cash flows from (used in) operations - continuing operations	355	376
Cash flows from (used in) operations - discontinued operations	(94)	155
Cash flows from (used in) operations	261	531
Cash flows from investing activities		
Capital expenditures	(373)	(314)
Acquisitions of developed technology and investments	(9)	(9)
Proceeds from sale of marketable equity securities	—	34
Other investing activities, net	32	8
Cash flows from (used in) investing activities - continuing operations	(350)	(281)
Cash flows from (used in) investing activities - discontinued operations	3,389	(140)
Cash flows from (used in) investing activities	3,039	(421)
Cash flows from financing activities		
Repayments of debt	(3,505)	(827)
Repayments of debt with original maturities of three months or less	(300)	—
Cash dividends on common stock	(261)	(443)
Proceeds from stock issued under employee benefit plans	25	63
Payments of contingent liabilities	(10)	—
Other financing activities, net	(18)	(15)
Cash flows from (used in) financing activities	(4,069)	(1,222)
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash - continuing operations	83	(45)
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash - discontinued operations	—	39
Increase (decrease) in cash, cash equivalents and restricted cash	(686)	(1,118)
Cash, cash equivalents and restricted cash at beginning of period ⁽¹⁾	2,414	3,198
Cash, cash equivalents and restricted cash at end of period ⁽¹⁾	1,728	2,080
Less cash and cash equivalents of discontinued operations	—	658
Cash, cash equivalents and restricted cash of continuing operations	\$ 1,728	\$ 1,422

(1) The following table provides a reconciliation of cash, cash equivalents and restricted cash shown above to the amounts reported within the condensed consolidated balance sheet as of September 30, 2025, December 31, 2024, and September 30, 2024 (in millions):

	September 30, 2025	December 31, 2024	September 30, 2024
Cash and cash equivalents	\$ 1,726	\$ 1,764	\$ 1,420
Restricted cash included in other non-current assets	2	2	2
Cash and cash equivalents of discontinued operations	—	648	658
Cash, cash equivalents and restricted cash	\$ 1,728	\$ 2,414	\$ 2,080

The accompanying notes are an integral part of these condensed consolidated financial statements.

Baxter International Inc.
Notes to Condensed Consolidated Financial Statements (unaudited)

1. BASIS OF PRESENTATION

The unaudited interim condensed consolidated financial statements of Baxter International Inc. and its subsidiaries (we, our or Baxter) have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) for interim financial reporting. Accordingly, certain information and note disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) in the United States have been condensed or omitted. These unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2024 (2024 Annual Report).

In the opinion of management, the unaudited interim condensed consolidated financial statements reflect all adjustments necessary for a fair statement of the financial position, results of operations and cash flows for the periods presented. All such adjustments, unless otherwise noted herein, are of a normal, recurring nature. The disclosures presented in our notes to the consolidated financial statements are presented on a continuing operations basis. The results of operations for the current interim period are not necessarily indicative of the results of operations to be expected for the full year.

On August 12, 2024, we entered into an Equity Purchase Agreement (EPA) with certain affiliates of Carlyle Group Inc. (Carlyle) to sell our Kidney Care business. That business, which is now known as Vantive Health LLC (Vantive) is comprised of our former Kidney Care segment and provides chronic and acute dialysis therapies and services, including peritoneal dialysis, hemodialysis, continuous renal replacement therapies, and other organ support therapies. On January 31, 2025, we completed the sale of our Kidney Care business to Carlyle for an aggregate purchase price of \$3.80 billion in cash, subject to certain closing cash, working capital and debt adjustments. After giving effect to certain adjustments, we received approximately \$3.71 billion pre-tax cash proceeds at closing of the transaction with the net after tax proceeds of approximately \$3.3 billion, prior to giving effect to certain post-closing adjustments. In the third quarter of 2025, the purchase price was reduced by \$99 million for final closing cash, working capital and other post-closing adjustments in accordance with the terms of the EPA, which are recorded in accrued expenses and other current liabilities in the consolidated balance sheet as of September 30, 2025. The financial position, results of operations and cash flows of our Kidney Care business, including the gain on sale of that business and the related cash proceeds received, are reported as discontinued operations in the accompanying condensed consolidated financial statements, and our prior period results have been adjusted to reflect discontinued operations. See Note 2 for additional information.

Hurricane Helene

In September 2024, Hurricane Helene, which brought significant rain and extensive flooding to Western North Carolina, caused damage to certain of our assets at our North Cove facility in Marion, North Carolina and disrupted operations at that facility. Since then, we have actively worked with customers, regulators and other stakeholders to manage inventory and minimize disruption to patient care as we worked towards resuming our North Cove manufacturing operations. The facility was fully operational by the end of the first quarter of 2025. In the third quarter and first nine months of 2025, we recorded \$8 million and \$123 million, respectively, of pre-tax net charges related to remediation, air freight and other costs as a result of the damages caused by Hurricane Helene. In the third quarter of 2024, we recorded \$25 million of pre-tax net charges related to damages caused by Hurricane Helene. This consisted of \$44 million related to the write-off of damaged inventory and fixed assets offset by a receivable of \$19 million, which is the amount of the loss, net of our insurance deductible, related to insurance recoveries as a result of those asset write-offs. These amounts were recorded as a component of cost of sales in the condensed consolidated statements of income for the three and nine month periods ended September 30, 2025 and 2024.

2. DISCONTINUED OPERATIONS

A component of an entity is reported in discontinued operations after meeting the criteria for held-for-sale classification if the disposition represents a strategic shift that has (or will have) a major effect on the entity's operations and financial results. The condensed consolidated financial statements reflect discontinued operations presentation as described below.

Discontinued Operations - Kidney Care

On January 31, 2025, we completed the sale of our Kidney Care business to Carlyle for an aggregate purchase price of \$3.80 billion in cash, subject to certain closing cash, working capital and debt adjustments. After giving effect to certain adjustments, we received approximately \$3.71 billion pre-tax cash proceeds at closing of the transaction prior to giving effect to certain post-closing adjustments. We recognized a pre-tax gain on the sale of \$191 million (\$111 million net of tax). In the third quarter of 2025, we recognized a pre-tax reduction of the gain on the sale of \$55 million as a result of final working capital adjustments made in accordance with the related EPA. For the nine months ended September 30, 2025, we recognized a pre-tax gain on sale of \$115 million.

We concluded that our Kidney Care business met the criteria to be classified as held-for-sale in August 2024. We analyzed the quantitative and qualitative factors relevant to the sale of our Kidney Care business, including its significance to our overall net income (loss), earnings (loss) per share, and net assets, and determined that those conditions for discontinued operations presentation had been met. As such, the financial position, results of operations and cash flows of that business are reported as discontinued operations in the accompanying condensed consolidated financial statements. Prior period amounts have been adjusted to reflect discontinued operations presentation.

Upon closing of the sale of the Kidney Care business, pursuant to the EPA, Baxter and Vantive entered into several agreements, including a Manufacturing and Supply Agreement (Kidney Care MSA), a Transition Services Agreement (Kidney Care TSA), a Long Term Master Services Agreement, a Distribution Agreement and certain other arrangements providing for short-term supply of saline products, and an Intellectual Property Agreement. Pursuant to the Kidney Care MSA, Baxter and the Kidney Care divested entities provide each other with certain dialysis-related products, other products, product components and fulfillment services for up to 10 years post-closing (with certain extension rights and early exit rights as provided therein). Pursuant to the Kidney Care MSA, our sales to Vantive are recognized in net sales in the condensed consolidated statements of income (loss). Pursuant to the Kidney Care TSA, Baxter and the entities that were divested in connection with the Kidney Care sale (the Kidney Care divested entities) provide each other, on an interim basis, certain transitional services for up to 30 months post-closing (with certain extension rights and early exit rights as provided therein) to help ensure business continuity and help minimize disruptions to the operations of both parties post-closing. Services provided under the Kidney Care TSA include information technology applications and support, supply chain and certain other corporate and administrative services. Billings by us under the Kidney Care TSA are recorded in other operating income, net in the condensed consolidated statements of income. The costs to provide each respective service is recorded in the applicable expense category in the condensed consolidated statements of income (loss).

In accordance with the EPA, we have agreed to indemnify Vantive for certain items, including taxes imposed on or with respect to the Kidney Care divested entities, for pre-closing tax periods. The net indemnification liability as of September 30, 2025 was \$57 million. Further, in accordance with the EPA, Baxter recorded a contingent liability for payments to reimburse Vantive for qualifying capital expenditures of \$133 million over a period of three years post sale. The contingent liability as of September 30, 2025 was \$124 million based on payments made to date.

Certain of the business guarantees originally entered by us on behalf of the Kidney Care business were not released prior to the completion of the sale and remain outstanding. These legacy guarantees primarily relate to certain global employee benefit matters, leases, performance contracts and ones to support regulatory requirements of the Kidney Care business. As of September 30, 2025, the total amount of Kidney Care business guarantees retained by us is approximately \$230 million. Under terms of the EPA, Carlyle has agreed to indemnify us for any cost or expense, or payments made in the future under these arrangements.

Results of Discontinued Operations and Assets and Liabilities of Discontinued Operations

The following tables summarize the major classes of line items included in income (loss) from discontinued operations, net of tax, for the three and nine months ended September 30, 2025 and 2024:

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net sales	\$ —	\$ 1,155	\$ 352	\$ 3,375
Cost of sales	—	731	206	2,125
Gross margin	—	424	146	1,250
Selling, general and administrative expenses	—	278	116	874
Research and development expenses	—	41	16	140
Goodwill impairment	—	—	—	430
Other operating income, net	—	(1)	—	(1)
Operating income (loss)	—	106	14	(193)
Interest expense, net	—	1	13	—
Other (income) expense, net	—	(8)	7	(2)
Income (loss) from discontinued operations before gain on disposition and income taxes	—	113	(6)	(191)
Gain (loss) on disposition	(55)	—	115	—
Income tax expense (benefit)	(60)	30	73	99
Income (loss) from discontinued operations, net of tax	5	83	36	(290)
Less: Net income attributable to noncontrolling interest included in discontinued operations	—	4	—	9
Net income (loss) attributable to Baxter stockholders included in discontinued operations	\$ 5	\$ 79	\$ 36	\$ (299)

For the three and nine months ended September 30, 2025, settlement of certain net working capital adjustments made in accordance with the EPA and increased indemnification liabilities reduced the gain from the sale of our Kidney Care business. For the three months ended September 30, 2024, selling, general and administrative expenses (SG&A) includes \$69 million of separation-related costs incurred in connection with the sale of our Kidney Care business. For the nine months ended September 30, 2025 and 2024, SG&A includes \$37 million and \$236 million, respectively, of separation-related costs incurred in connection with the sale of our Kidney Care business.

In the third quarter of 2025, a \$41 million tax benefit was allocated to discontinued operations due to recording of reserves for uncertain tax positions related to the transfer pricing matters for tax years 2021 through 2025. See Note 12 for additional information.

The following table summarizes the carrying amounts of the major classes of assets and liabilities classified as discontinued operations, related to our Kidney Care business, in the condensed consolidated balance sheets as of December 31, 2024:

(in millions)	December 31, 2024	
Cash and cash equivalents	\$	648
Accounts receivable, net of allowances		942
Inventories		821
Prepaid expenses and other current assets		200
Current assets of discontinued operations		2,611
Property, plant and equipment, net		1,516
Goodwill		265
Other intangible assets, net		148
Operating lease right-of-use assets		204
Other non-current assets		367
Non-current assets of discontinued operations		2,500
Assets of discontinued operations	\$	5,111
Current maturities of finance lease obligations	\$	1
Accounts payable		344
Accrued expenses and other current liabilities		585
Current liabilities of discontinued operations		930
Long-term finance lease obligations, less current portion		37
Operating lease liabilities		173
Other non-current liabilities		344
Non-current liabilities of discontinued operations		554
Liabilities of discontinued operations	\$	1,484

3. SUPPLEMENTAL FINANCIAL INFORMATION

Allowance for Doubtful Accounts

The following table is a summary of the changes in our allowance for doubtful accounts for the three and nine months ended September 30, 2025 and 2024.

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Balance at beginning of period	\$ 71	\$ 67	\$ 71	\$ 62
Charged to costs and expenses	(3)	4	(3)	4
Write-offs	—	(3)	(3)	(6)
Currency translation adjustments	1	(3)	4	5
Balance at end of period	\$ 69	\$ 65	\$ 69	\$ 65

Inventories

(in millions)	September 30, 2025	December 31, 2024
Raw materials	\$ 573	\$ 510
Work in process	311	266
Finished goods	1,576	1,270
Inventories	\$ 2,460	\$ 2,046

Property, Plant and Equipment, Net

(in millions)	September 30, 2025	December 31, 2024
Property, plant and equipment, at cost	\$ 7,750	\$ 7,648
Accumulated depreciation	(4,938)	(4,778)
Property, plant and equipment, net	\$ 2,812	\$ 2,870

Other Current Assets and Liabilities

In connection with the sale of our Kidney Care business and pursuant to the EPA, the Kidney Care assets and liabilities in certain countries are to be transferred at a later date for operational, regulatory or other reasons. Accordingly, the related assets, primarily consisting of accounts receivable, of \$32 million and liabilities, consisting of accounts payable, of \$10 million of these deferred markets and are presented within prepaid and other current assets and accrued expenses and other current liabilities in the accompanying condensed consolidated balance sheet as of September 30, 2025.

In the first quarter of 2025, we signed a purchase agreement with a buyer to sell our manufacturing facility in Opelika, Alabama for \$25 million, subject to the satisfaction of various closing conditions. The related assets are classified as held-for-sale and are presented within prepaid and other current assets in the accompanying condensed consolidated balance sheet as of September 30, 2025. The net book value of the assets as of September 30, 2025 approximates the transaction price net of estimated selling costs.

Interest Expense, Net

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Interest expense, net of capitalized interest	\$ 68	\$ 101	\$ 221	\$ 308
Interest income	(10)	(14)	(41)	(57)
Interest expense, net	\$ 58	\$ 87	\$ 180	\$ 251

Other (Income) Expense, Net

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Foreign exchange losses, net	\$ 3	\$ 7	\$ 15	\$ 21
Pension and other postretirement benefit plans	(11)	(9)	(33)	(34)
Change in fair value of marketable equity securities	3	—	2	(3)
Equity method investment impairment	—	—	9	—
Other, net	(2)	1	(3)	(18)
Other (income) expense, net	\$ (7)	\$ (1)	\$ (10)	\$ (34)

Non-Cash Operating and Investing Activities

Right-of-use operating lease assets obtained in exchange for lease obligations for the nine months ended September 30, 2025 and 2024 were \$14 million and \$54 million, respectively.

Purchases of property, plant and equipment included in accounts payable as of September 30, 2025 and 2024 were \$45 million and \$34 million, respectively.

4. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Goodwill

The following is a reconciliation of goodwill by segment.

(in millions)	Medical Products & Therapies	Healthcare Systems & Technologies	Pharmaceuticals	Total
Balance as of December 31, 2024	\$ 1,185	\$ 3,550	\$ 540	\$ 5,275
Currency translation	72	20	33	125
Balance as of September 30, 2025	\$ 1,257	\$ 3,570	\$ 573	\$ 5,400

Other intangible assets, net

The following is a summary of our other intangible assets.

(in millions)	Customer relationships	Developed technology, including patents	Trade names	Other amortized intangible assets	Indefinite-lived intangible assets		Total
					Trade names	In process Research and Development	
December 31, 2024							
Gross other intangible assets	\$ 3,387	\$ 3,131	\$ 958	\$ 86	\$ 680	\$ 107	\$ 8,349
Accumulated amortization	(878)	(2,075)	(107)	(66)	—	—	(3,126)
Other intangible assets, net	\$ 2,509	\$ 1,056	\$ 851	\$ 20	\$ 680	\$ 107	\$ 5,223
September 30, 2025							
Gross other intangible assets	\$ 3,393	\$ 3,208	\$ 953	\$ 91	\$ 680	\$ 107	\$ 8,432
Accumulated amortization	(1,041)	(2,360)	(154)	(72)	—	—	(3,627)
Other intangible assets, net	\$ 2,352	\$ 848	\$ 799	\$ 19	\$ 680	\$ 107	\$ 4,805

Intangible asset amortization expense was \$147 million and \$159 million for the three months ended September 30, 2025 and 2024, respectively, and \$453 million and \$471 million for the nine months ended September 30, 2025 and 2024.

5. FINANCING ARRANGEMENTS

Significant Debt Activity

In February 2025, we repaid \$1.00 billion under our previously existing \$1.64 billion five-year term loan facility maturing in 2026. In June 2025, we amended and restated this term loan facility in its entirety (as further described under "Credit Facilities" below).

Credit Facilities

On June 11, 2025, we entered into an amended and restated U.S. Dollar-denominated term loan credit facility (the Term Loan Facility), which amends and restates in its entirety our existing term loan credit facility. As of September 30, 2025, we had \$645 million outstanding under the Term Loan Facility, which matures in 2027. Borrowings under the Term Loan Facility bear interest on the principal amount outstanding at either Term SOFR plus an applicable margin or a "base rate" plus an applicable margin. The Term Loan Facility contains various covenants, including a maximum net leverage ratio.

On June 11, 2025, we entered into an amended and restated revolving credit facility (the Multicurrency Revolver), which amends and restates in its entirety our existing U.S. Dollar-denominated revolving credit facility and replaces our existing Euro-denominated revolving credit facility. Our Multicurrency Revolver has a maximum capacity of \$2.20 billion and matures in 2030. Borrowings under the Multicurrency Revolver bear interest on the principal amount outstanding at either Term SOFR plus an applicable margin or a "base rate" plus an applicable margin. The

Multicurrency Revolver contains various covenants, including a maximum net leverage ratio. Borrowings in Euros are subject to a sublimit of \$300 million. We may, at our option, seek to increase the aggregate commitment under the Multicurrency Revolver by up to \$1.10 billion, which would result in a maximum aggregate commitment of up to \$3.30 billion. There were no borrowings outstanding under the Multicurrency Revolver as of September 30, 2025. As of December 31, 2024, there were no borrowings outstanding under our previously existing credit facilities. Our commercial paper borrowing arrangements require us to maintain undrawn borrowing capacity under our credit facilities for an amount at least equal to our outstanding commercial paper borrowings. As of September 30, 2025, we were in compliance with the financial covenants in these agreements. Based on our covenant calculations as of September 30, 2025, we had capacity to draw \$1.10 billion under the Multicurrency Revolver.

On July 17, 2024, we entered into a credit agreement pursuant to which a group of banks provided us senior unsecured term loans in an aggregate principal amount of up to \$2.05 billion ("the bridge facility"). Borrowings under the bridge facility were available in up to three drawings to fund (a) the refinancing of our 1.322% Senior Notes due November 29, 2024, our Floating Rate Notes due November 29, 2024, and certain borrowings under our existing term loan facility and (b) payment of certain U.S. tax liabilities arising from internal reorganization transactions related to the sale of our Kidney Care business. Borrowings under the bridge facility bore interest at a rate based on our long-term debt ratings in effect from time to time. The banks' funding commitments under the bridge facility terminated on December 31, 2024. Outstanding borrowings under the bridge facility were scheduled to mature on the earlier of 364 days from the first funding date and November 24, 2025. Additionally, we were required to use the net cash proceeds from certain transactions (including from the sale of our Kidney Care business) to repay any outstanding borrowings under the bridge facility. There was \$1.83 billion outstanding under this bridge facility as of December 31, 2024. In January 2025, we used a portion of the approximately \$3.3 billion of net after-tax cash proceeds from the sale of our Kidney Care business to repay the \$1.83 billion outstanding under the bridge facility, at which time it was terminated.

In the first nine months of 2025, we repaid \$680 million of senior notes at maturity.

Commercial Paper

There was no commercial paper outstanding as of September 30, 2025. As of December 31, 2024, we had \$300 million of commercial paper outstanding with a weighted-average interest rate of 4.78% and an original term of 45 days. In the first quarter of 2025, we repaid the \$300 million balance outstanding as of December 31, 2024.

6. COMMITMENTS AND CONTINGENCIES

We are involved in product liability, patent, commercial, employment and other legal matters that arise in the normal course of our business. We record a liability when a loss is considered probable and the amount can be reasonably estimated. If the reasonable estimate of a probable loss is a range, and no amount within the range is a better estimate than any other amount, the minimum amount in the range is accrued. If a loss is not probable or a probable loss cannot be reasonably estimated, no liability is recorded. As of September 30, 2025 and December 31, 2024, our total recorded reserves with respect to legal and environmental matters were \$56 million and \$40 million, respectively.

We have established reserves for certain of the matters discussed below. We are not able to estimate the amount or range of any loss for certain contingencies for which there is no reserve or additional loss for matters already reserved. While our liability in connection with these claims cannot be estimated and the resolution thereof in any reporting period could have a significant impact on our results of operations and cash flows for that period, the outcome of these legal proceedings is not expected to have a material adverse effect on our consolidated financial position. While we believe that we have valid defenses in the matters set forth below, litigation is inherently uncertain, excessive verdicts do occur, and we may incur material judgments or enter into material settlements of claims.

In addition to the matters described below, we remain subject to the risk of future administrative and legal actions. With respect to governmental and regulatory matters, these actions may lead to additional product recalls, injunctions and other restrictions on our operations (including our ability to launch new products) and monetary sanctions, including significant civil or criminal penalties. With respect to intellectual property, we may be exposed to significant litigation concerning the scope of our and others' rights. Such litigation could result in a loss of patent protection or the ability to market products, which could lead to a significant loss of sales, or otherwise materially affect future results of operations.

Novum IQ Large Volume Pump (Novum LVP)

On April 24, 2025, we initiated a voluntary correction for the Novum LVP due to the potential for under-infusion when the pump is in "standby mode" for an extended period of time. On May 20, 2025, the U.S. Food and Drug Administration (FDA) classified this voluntary correction as a Class I recall. In July 2025, we initiated voluntary corrections for the Novum LVP due to the potential for under-infusion when the pump is directed to deliver a bolus infusion or significantly increase the rate of infusion after it has been running at a lower infusion rate and the potential for over- and under-infusion related to set misloading as well as certain software anomalies. In August 2025, the FDA classified these additional voluntary corrections as Class I recalls. We have implemented certain corrections related to the recalls, and are developing additional corrections related to these recalls, some of which will require regulatory approval. In July 2025, we elected to temporarily stop distributing and installing the Novum LVP in the U.S. and Canada, except in the case of medical necessity. We have recorded a reserve for remediation costs associated with these initial Novum LVP corrections in the second quarter that is not material to our financial results. However, these estimates may be subject to change and these and other additional costs (including those associated with any additional corrections) could become material in the future.

Environmental

We are involved as a potentially responsible party (PRP) for environmental clean-up costs at six Superfund sites. Additionally, we have reached an agreement in principle to resolve liability through a remedial investigation and feasibility study at a seventh Superfund site for an amount not material to Baxter. Under the U.S. Superfund statute and many state laws, generators of hazardous waste sent to a disposal or recycling site are liable for site cleanup if contaminants from that property later leak into the environment. The laws generally provide that a PRP may be held jointly and severally liable for the costs of investigating and remediating the site. Separate from these Superfund cases noted above, we are involved in ongoing environmental remediations associated with historic operations at certain of our facilities. As of September 30, 2025 and December 31, 2024, our environmental reserves, which are measured on an undiscounted basis, were \$29 million. After considering these reserves, the outcome of these matters is not expected to have a material adverse effect on our financial position or results of operations.

General Litigation

In March 2020, two lawsuits were filed against us in the Northern District of Illinois by plaintiffs alleging injuries as a result of exposure to ethylene oxide used in our manufacturing facility in Mountain Home, Arkansas to sterilize certain of our products. The plaintiffs sought damages, including compensatory and punitive damages in an unspecified amount, and unspecified injunctive and declaratory relief. The parties reached an agreement to settle these lawsuits in the third quarter of 2021 for amounts that were not material to our financial results, which were paid in the fourth quarter of 2021. We have since resolved, without litigation, additional claims of injuries from exposure to ethylene oxide at Mountain Home for amounts within accruals previously established as of December 31, 2021. On October 20, 2022, a lawsuit was filed against us in the Western District of Arkansas alleging injury as a result of exposure to ethylene oxide at Mountain Home. The parties reached an agreement to settle this lawsuit in the third quarter of 2023 for an amount that was not material to our financial results, which was paid in the fourth quarter of 2023. The case was dismissed on October 17, 2023. Since December 2023, lawsuits have been filed against us in the Circuit Court of Cook County, Illinois by plaintiffs alleging injuries as a result of exposure to ethylene oxide used by several companies, including historic use by us for sterilization at our facility in Round Lake, Illinois. The plaintiffs seek damages in an unspecified amount. In the second quarter of 2025, plaintiffs voluntarily dismissed Baxter from 30 of the filed cases, which dismissal was granted by the court, and have filed additional complaints. Thirty-eight complaints are currently filed and pending. The parties have reached an agreement in principle to resolve the remaining filed cases, for an amount not material to Baxter.

We acquired Hill-Rom Holdings, Inc. (Hillrom) on December 13, 2021. In July 2021, Hill-Rom, Inc., a wholly-owned subsidiary of Hillrom, received a subpoena from the United States Office of Inspector General for the Department of Health and Human Services (the DHHS) requesting documents and information related to compliance with the False Claims Act and the Anti-Kickback Statute. The subpoena was related to a lawsuit brought under the qui tam provisions of the False Claims Act. The allegations included in the unsealed complaint relate to conduct prior to our acquisition of Hillrom, and the division involved is no longer operational. Hillrom voluntarily began a related internal review, and Hillrom and Baxter cooperated fully with the DHHS and the Department of Justice (DOJ) with respect to this matter. In January 2024, the parties reached an agreement to settle the allegations. We paid the settlement amounts, which were not material to our financial results, in January 2024 and the matter was dismissed in February 2024. In October 2022, the DOJ issued a separate Civil Investigative Demand (CID) addressed to Hillrom, requesting documents and

information related to compliance with the False Claims Act and the Anti-Kickback Statute. In October 2024, the DOJ issued a subpoena (the 2024 Subpoena), pursuant to 18 U.S.C. 3846, to Hillrom. The 2024 Subpoena substantially overlaps with the CID and requests additional documents relating to Hillrom's respiratory health business. Baxter is cooperating fully with the DOJ in responding to the CID and the 2024 Subpoena. The DHHS and DOJ often issue these types of requests when investigating alleged violations of the federal health care laws.

On December 28, 2021, Linet Americas, Inc. (Linet) filed a complaint against Hill-Rom Holdings, Inc., Hill-Rom Company, Inc., and Hill-Rom Services, Inc. in the United States District Court for the Northern District of Illinois, captioned Linet Americas, Inc. v. Hill-Rom Holdings, Inc.; Hill-Rom Company, Inc.; Hill-Rom Services, Inc. Linet alleges that Hillrom violated Sections 1 and 2 of The Sherman Antitrust Act of 1890, Section 3 of the Clayton Act, and the Illinois Antitrust Act by allegedly engaging in anti-competitive conduct in alleged markets for standard, ICU and birthing beds. Hillrom filed an answer to the complaint on January 28, 2022 and filed a motion challenging certain aspects of plaintiff's case on May 27, 2022, which was denied on January 17, 2024, subject to further discovery. Fact discovery is ongoing.

On June 20, 2024, Reading Hospital filed a putative class action complaint against Hill-Rom Holdings, Inc., Hill-Rom Company, Inc., and Hill-Rom Services, Inc. in the United States District Court for the Eastern District of Pennsylvania. The complaint alleges that Hillrom violated Sections 1 and 2 of The Sherman Antitrust Act and Section 3 of the Clayton Act by allegedly engaging in anti-competitive conduct in alleged markets for standard, ICU and birthing beds. The plaintiff filed the action on behalf of itself and all "direct purchasers of Standard Hospital Beds, ICU Beds, and/or Birthing Beds from Hill-Rom during a period beginning at least as early as June 20, 2020" and continuing past the date of filing. On September 30, 2024, the plaintiff filed a First Amended Complaint. On November 8, 2024, Hillrom filed a Motion to Dismiss Plaintiff's Amended Complaint. Briefing was completed in January 2025, and the court held a hearing on the motion on March 25, 2025. The court granted the motion and dismissed the case with prejudice on September 12, 2025. Reading Hospital filed a Notice of Appeal of the dismissal on October 9, 2025.

On October 16, 2025, we and certain of our current and former officers and employees were named in a class action complaint captioned Electrical Workers Pension Fund, Local 103, I.B.E.W. v. Baxter International Inc. et al. that was filed in the United States District Court for the Northern District of Illinois. The plaintiff, which allegedly purchased or otherwise acquired shares of our common stock during the specified class period, filed this putative class action on behalf of itself and those who purchased or otherwise acquired Baxter common stock between February 23, 2022 and July 30, 2025. The plaintiff alleges that we and certain former and current officers and employees violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by making allegedly false and misleading statements and failing to disclose material facts relating to Novum LVP.

7. STOCKHOLDERS' EQUITY

Cash Dividends

Cash dividends declared per share for the three months ended September 30, 2025 and 2024 were \$0.17 and \$0.29, respectively, and for the nine months ended September 30, 2025 and 2024 were \$0.51 and \$0.87, respectively.

Stock Repurchase Programs

In July 2012, our Board of Directors authorized a share repurchase program and the related authorization amount was subsequently increased a number of times. During the first nine months of 2025 and 2024 we did not repurchase any shares under this authority. We had \$1.30 billion remaining available under the authorization as of September 30, 2025.

8. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Comprehensive income includes all changes in stockholders' equity that do not arise from transactions with stockholders, and consists of net income (loss), cumulative translation adjustments (CTA), certain gains and losses from pension and other postretirement employee benefit (OPEB) plans, gains and losses on cash flow hedges, and unrealized gains and losses on available-for-sale debt securities.

The following table is a net-of-tax summary of the changes in accumulated other comprehensive income (loss) (AOCI) by component for the nine months ended September 30, 2025 and 2024.

(in millions)	Gains (losses)				
	CTA	Pension and OPEB plans	Hedging activities	Available-for-sale debt securities	Total
Balance as of December 31, 2024	\$ (3,430)	\$ (475)	\$ (108)	\$ 3	\$ (4,010)
Other comprehensive income (loss) before reclassifications	159	12	(1)	—	170
Amounts reclassified from AOCI ^(a)	126	(18)	(1)	—	107
Net other comprehensive income (loss)	285	(6)	(2)	—	277
Balance as of September 30, 2025	\$ (3,145)	\$ (481)	\$ (110)	\$ 3	\$ (3,733)

(in millions)	Gains (losses)				
	CTA	Pension and OPEB plans	Hedging activities	Available-for-sale debt securities	Total
Balance as of December 31, 2023	\$ (2,985)	\$ (452)	\$ (120)	\$ 3	\$ (3,554)
Other comprehensive income (loss) before reclassifications	(92)	—	2	—	(90)
Amounts reclassified from AOCI ^(a)	—	(3)	—	—	(3)
Net other comprehensive income (loss)	(92)	(3)	2	—	(93)
Balance as of September 30, 2024	\$ (3,077)	\$ (455)	\$ (118)	\$ 3	\$ (3,647)

(a) See table below for details about these reclassifications.

The following is a summary of the amounts reclassified from AOCI to net income (loss) during the three and nine months ended September 30, 2025 and 2024.

(in millions)	Amounts reclassified from AOCI (a)		Location of impact in income statement
	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2025	
CTA			
Reclassification of cumulative translation loss to earnings from Kidney Care separation	\$ —	\$ (126)	Income from discontinued operations, net of tax
Less: Tax effect	—	—	Income from discontinued operations, net of tax
	\$ —	\$ (126)	Net of tax
Pension and OPEB items			
Amortization of net losses and prior service costs or credits	\$ 3	\$ 9	Other (income) expense, net
Pension settlement from Kidney Care separation	—	14	Income from discontinued operations, net of tax
	\$ 3	\$ 23	Total before tax
Less: Tax effect	—	(2)	Income tax expense (benefit)
Less: Tax effect on pension settlement from Kidney Care separation	—	(3)	Income from discontinued operations, net of tax
	\$ 3	\$ 18	Net of tax
Gains (losses) on hedging activities			
Foreign exchange contracts	\$ —	\$ 6	Cost of sales
Interest rate contracts	(1)	(4)	Interest expense, net
	(1)	2	Total before tax
Less: Tax effect	—	(1)	Income tax expense (benefit)
	\$ (1)	\$ 1	Net of tax
Total reclassifications for the period	\$ 2	\$ (107)	Total net of tax

(in millions)	Amounts reclassified from AOCI (a)		Location of impact in income statement
	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2024	
Pension and OPEB items			
Amortization of net losses and prior service costs or credits	\$ 1	\$ 4	Other (income) expense, net
Less: Tax effect	—	(1)	Income tax expense (benefit)
	\$ 1	\$ 3	Total before tax
Gains (losses) on hedging activities			
Foreign exchange contracts	\$ 4	\$ 9	Cost of sales
Interest rate contracts	(1)	(4)	Interest expense, net
Fair value hedges	—	(5)	Other (income) expense, net
	3	—	Total before tax
Less: Tax effect	(1)	—	Income tax expense (benefit)
	\$ 2	\$ —	Net of tax
Total reclassifications for the period	\$ 3	\$ 3	Total net of tax

(a) Amounts in parentheses indicate reductions to net income

Refer to Note 11 for additional information regarding the amortization of pension and OPEB items and Note 14 for additional information regarding hedging activity.

9. REVENUES

Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in the contract. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Some of our contracts have multiple performance obligations. For contracts with multiple performance obligations, we allocate the contract's transaction price to each performance obligation using our best estimate of the standalone selling price of each distinct good or service in the contract. Our global payment terms are typically between 30 to 90 days.

Our primary customers are hospitals, healthcare distribution companies, and government agencies that purchase healthcare products on behalf of providers. Most of our performance obligations are satisfied at a point in time. This includes sales of our broad portfolio of essential healthcare products across our business segments. We earn revenues from sterile IV solutions; infusion systems and devices; parenteral nutrition therapies; inhaled anesthetics; generic injectable pharmaceuticals; surgical hemostat and sealant products; smart bed systems; patient monitoring and diagnostic technologies; respiratory health devices; and advanced equipment for the surgical space. For most of those offerings, our performance obligation is satisfied upon delivery to the customer. Shipping and handling activities are considered to be fulfillment activities and are not considered to be a separate performance obligation.

To a lesser extent, we enter into arrangements for which revenue may be recognized over time. For example, we lease medical equipment to customers under operating lease arrangements and recognize the related revenues on a monthly basis over the lease term. Our Healthcare Systems & Technologies segment includes connected care solutions and collaboration tools that are implemented over time. We recognize revenue for these arrangements over time or at a point in time depending on our evaluation of when the customer obtains control of the promised goods or services. We also earn revenue from contract manufacturing activities, which is recognized over time as the services are performed. Revenue is recognized over time when we are creating or enhancing an asset that the customer controls as the asset is created or enhanced or our performance does not create an asset with an alternative use and we have an enforceable right to payment for performance completed.

As of September 30, 2025, we had \$9.89 billion of transaction price allocated to remaining performance obligations related to executed contracts with an original duration of more than one year, which are primarily included in the Medical Products & Therapies segment. Some contracts in the United States included in this amount contain index-dependent price increases, which are not known at this time. We expect to recognize approximately 5% of this amount as revenue over the remainder of 2025, 20% in each of 2026 and 2027, 15% in 2028 and 40% thereafter.

Significant Judgments

Revenues from product sales are recorded at the net sales price, which include estimates of variable consideration primarily related to rebates and distributor chargebacks. These reserves are based on estimates of the amounts earned or to be claimed on the related sales and are included in accrued expenses and other current liabilities and as reductions of accounts receivable, net on the condensed consolidated balance sheets. Management's estimates take into consideration historical experience, current contractual and statutory requirements, specific known market events and trends, industry data, and forecasted customer buying and payment patterns. Overall, these reserves reflect our best estimates of the amount of consideration to which we are entitled based on the terms of the contract using the expected value method. The amount of variable consideration included in the net sales price is limited to the amount for which it is probable that a significant reversal in revenue will not occur when the related uncertainty is resolved. Revenue recognized during the three and nine months ended September 30, 2025 and 2024 related to performance obligations satisfied in prior periods was not material. Additionally, our contracts with customers often include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately and determining the allocation of the transaction price may require significant judgment.

Contract Balances

The timing of revenue recognition, billings and cash collections results in the recognition of trade accounts receivable, unbilled receivables, contract assets and customer advances, and deposits (contract liabilities) on our condensed

consolidated balance sheets. Net trade accounts receivable was \$1.64 billion and \$1.54 billion as of September 30, 2025 and December 31, 2024, respectively.

For contract manufacturing arrangements, revenue is primarily recognized throughout the production cycle, which typically lasts up to 90 days, resulting in the recognition of contract assets until the related services are completed and the customers are billed. Additionally, for certain arrangements containing a performance obligation to deliver software that can be used with medical devices, we recognize revenue upon delivery of the software, which results in the recognition of contract assets when customers are billed over time, generally over one to five years. For bundled contracts involving equipment delivered up-front and consumable medical products to be delivered over time, total contract revenue is allocated between the equipment and consumable medical products. In certain of those arrangements, a contract asset is created for the difference between the amount of equipment revenue recognized upon delivery and the amount of consideration initially receivable from the customer. In those arrangements, the contract asset becomes a trade account receivable as consumable medical products are delivered and billed, generally over one to seven years.

The following table summarizes our contract assets:

(in millions)	September 30, 2025	December 31, 2024
Contract manufacturing services	\$ 5	\$ 2
Software sales	34	44
Bundled equipment and consumable medical products contracts	99	87
Contract assets	\$ 138	\$ 133

Contract liabilities represent deferred revenues that arise as a result of cash received from customers or where the timing of billing for services precedes satisfaction of our performance obligations. Such remaining performance obligations represent the portion of the contract price for which work has not been performed and are primarily related to our installation and service contracts. We expect to satisfy the majority of the remaining performance obligations and recognize revenue related to installation and service contracts within the next 12 months with most of the non-current performance obligations satisfied within 24 months.

The following table summarizes contract liability activity for the nine months ended September 30, 2025 and 2024. The contract liability balance represents the transaction price allocated to the remaining performance obligations.

(in millions)	Nine Months Ended September 30,	
	2025	2024
Balance at beginning of period	\$ 171	\$ 169
New revenue deferrals	388	383
Revenue recognized upon satisfaction of performance obligations	(394)	(389)
Currency translation and other	(6)	(3)
Balance at end of period	\$ 159	\$ 160

For the nine months ended September 30, 2025 and 2024, \$89 million and \$94 million of revenue was recognized that was included in contract liabilities as of December 31, 2024 and 2023, respectively.

The following table summarizes the classification of contract assets and contract liabilities as reported in the condensed consolidated balance sheets:

(in millions)	September 30, 2025	December 31, 2024
Prepaid expenses and other current assets	\$ 65	\$ 51
Other non-current assets	73	82
Contract assets	\$ 138	\$ 133
Accrued expenses and other current liabilities	\$ 124	\$ 131
Other non-current liabilities	35	40
Contract liabilities	\$ 159	\$ 171

Disaggregation of Net Sales

Refer to Note 16 for additional information on our net sales including the disaggregation of net sales within each of our segments and net sales by geographic location.

Lease Revenue

We lease medical equipment, such as smart beds and infusion pumps, to customers, often in conjunction with arrangements to provide consumable medical products such as IV fluids and inhaled anesthetics. Certain of our equipment leases are classified as sales-type leases and the remainder are operating leases. The terms of the related contracts, including the proportion of fixed versus variable payments and any options to shorten or extend the lease term, vary by customer. We allocate revenue between equipment leases and medical products based on their standalone selling prices.

The components of lease revenue for the three and nine months ended September 30, 2025 and 2024 were:

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Sales-type lease revenue	\$ —	\$ 3	\$ 8	\$ 8
Operating lease revenue	86	102	264	288
Variable lease revenue	5	10	20	22
Total lease revenue	\$ 91	\$ 115	\$ 292	\$ 318

Our net investment in sales-type leases was \$33 million as of September 30, 2025, of which \$3 million originated in 2021 and prior, \$5 million in 2022, \$6 million in 2023, \$10 million in 2024, and \$9 million in 2025.

10. BUSINESS OPTIMIZATION CHARGES

In recent years, we have undertaken actions to transform our cost structure and enhance operational efficiency. These efforts include restructuring the organization into verticalized segments, optimizing the manufacturing footprint, R&D operations and supply chain network, employing disciplined cost management, and centralizing and streamlining certain support functions. We currently expect to incur additional pre-tax costs, primarily related to the implementation of business optimization programs, of approximately \$1 million through the completion of certain initiatives that are currently underway. We continue to pursue cost savings initiatives, including those intended to mitigate a portion of the dis-synergies that arose as a result of the sale of our Kidney Care business, and to the extent further cost savings opportunities are identified, we would incur additional restructuring charges and costs to implement business optimization programs in future periods. For segment reporting, business optimization charges are unallocated expenses.

During the three and nine months ended September 30, 2025 and 2024, we recorded the following charges related to business optimization programs.

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Restructuring charges	\$ 37	\$ 15	\$ 95	\$ 36
Costs to implement business optimization programs	1	3	5	13
Total business optimization charges	\$ 38	\$ 18	\$ 100	\$ 49

Costs to implement business optimization programs for the three and nine months ended September 30, 2025 and 2024, respectively, consisted primarily of external consulting and transition costs, including employee compensation and related costs. These costs were primarily included within cost of sales and SG&A expense.

During the three and nine months ended September 30, 2025 and 2024, we recorded the following restructuring charges.

(in millions)	Three months ended September 30, 2025			
	COGS	SG&A	R&D	Total
Employee termination costs	\$ 8	\$ 8	\$ 2	\$ 18
Contract termination and other costs	8	2	—	10
Asset write offs	9	—	—	9
Total restructuring charges	\$ 25	\$ 10	\$ 2	\$ 37

(in millions)	Three months ended September 30, 2024		
	COGS	SG&A	Total
Employee termination costs	\$ 2	\$ 10	\$ 12
Contract termination and other costs	—	3	3
Total restructuring charges	\$ 2	\$ 13	\$ 15

(in millions)	Nine months ended September 30, 2025			
	COGS	SG&A	R&D	Total
Employee termination costs	\$ 19	\$ 27	\$ 3	\$ 49
Contract termination and other costs	10	4	—	14
Asset write offs	13	19	—	32
Total restructuring charges	\$ 42	\$ 50	\$ 3	\$ 95

(in millions)	Nine months ended September 30, 2024		
	COGS	SG&A	Total
Employee termination costs	\$ 4	\$ 25	\$ 29
Contract termination and other costs	1	6	7
Total restructuring charges	\$ 5	\$ 31	\$ 36

For the three and nine months ended September 30, 2025, \$10 million and \$41 million of the restructuring charges reflected in the table above, consisting of employee termination costs, were related to initiatives to reduce our cost structure following the sale of our Kidney Care segment. For the three months ended September 30, 2025, \$21 million of the restructuring charges reflected in the table above, consisting of \$8 million of asset impairments, \$8 million of contract termination and other costs, and \$5 million of employee termination costs, were related to the exit of a product line at one of our manufacturing facilities. For the nine months ended September 30, 2025, \$24 million of the restructuring charges reflected in the table above, consisting of \$11 million of asset impairments, \$8 million of contract termination and other costs, and \$5 million of employee termination costs, were related to the exit of a product line at one of our manufacturing facilities.

For the three and nine months ended September 30, 2024, \$7 million and \$14 million of the restructuring charges reflected in the table above, consisting of employee termination costs, were related to business optimization initiatives within our Healthcare Systems and Technologies segment. Additionally, for the nine months ended September 30,

2024, \$7 million of the restructuring charges reflected in the table above, consisting of employee termination costs, were related to the implementation of our operating model intended to streamline our operations.

The following table summarizes activity in the liability related to our restructuring initiatives.

(in millions)	
Liability balance as of December 31, 2024	\$ 122
Charges	70
Payments	(97)
Reserve adjustments	(7)
Currency translation	5
Liability balance as of September 30, 2025	\$ 93

Substantially all of our restructuring liabilities as of September 30, 2025 relate to employee termination costs, with the remaining liabilities attributable to contract termination costs. Substantially all of the cash payments for those liabilities are expected to be disbursed by the end of 2026.

11. PENSION AND OTHER POSTRETIREMENT BENEFIT PROGRAMS

The following is a summary of net periodic benefit cost relating to our pension and OPEB plans.

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
<u>Pension benefits</u>				
Service cost	\$ 3	\$ 4	\$ 9	\$ 13
Interest cost	34	33	102	123
Expected return on plan assets	(44)	(43)	(132)	(160)
Amortization of net losses and prior service costs	1	4	3	11
Net periodic pension cost (benefit)	\$ (6)	\$ (2)	\$ (18)	\$ (13)
<u>OPEB</u>				
Interest cost	\$ 2	\$ 2	\$ 6	\$ 6
Amortization of net loss and prior service credit	(4)	(5)	(12)	(14)
Net periodic OPEB cost (income)	\$ (2)	\$ (3)	\$ (6)	\$ (8)

12. INCOME TAXES

Our effective income tax rate was 142% and 12% for the three months ended September 30, 2025 and 2024, respectively, and 46% and 30% for the nine months ended September 30, 2025 and 2024, respectively. Our effective income tax rate can differ from the 21% U.S. federal statutory rate due to a number of factors, including foreign rate differences, tax incentives, non-deductible expenses, non-taxable income, increases or decreases in valuation allowances, increases or decreases in liabilities for uncertain tax positions, and excess tax benefits or shortfalls on stock compensation awards.

For the three months ended September 30, 2025, the difference between our effective income tax rate and the U.S. federal statutory rate was primarily driven by an increase in liabilities for uncertain tax positions, partially offset by a reduction in the valuation allowance on foreign tax credits and changes in the treatment of accumulated earnings that are considered indefinitely reinvested as of December 31, 2024.

For the nine months ended September 30, 2025, the difference between our effective income tax rate and the U.S. federal statutory rate was primarily driven by an increase in liabilities for uncertain tax positions, partially offset by a reduction in the valuation allowance on foreign tax credits, changes in the treatment of accumulated earnings that are considered indefinitely reinvested as of December 31, 2024 and a tax benefit driven by an entity classification election that we made for U.S. tax purposes, which resulted in a capital loss for the period.

For the three months ended September 30, 2024, the difference between our effective income tax rate and the U.S. federal statutory rate was primarily attributable to a favorable geographic earnings mix, the tax impacts of the write-off

of damaged inventory and fixed assets at our North Cove facility caused by Hurricane Helene, and a change in our assertion on the reinvested foreign earnings related to the sale of our former Kidney Care segment allocated to continuing operations, partially offset by a \$26 million valuation allowance recorded to reduce the carrying amount of a tax attribute carryforward in the U.S. related to the sale of our former Kidney Care segment.

For the nine months ended September 30, 2024, the difference between our effective income tax rate and the U.S. federal statutory rate was primarily attributable to a \$26 million valuation allowance recorded to reduce the carrying amount of a tax attribute carryforward in the U.S. related to the sale of our former Kidney Care segment, an increase in a valuation allowance in a foreign jurisdiction resulting from changes in future projected income, an increase in income tax expense resulting from internal reorganization transactions related to the sale of our former Kidney Care segment, and an increase in our liabilities for various uncertain tax positions, partially offset by a favorable geographic earnings mix.

We are currently under examination by the Internal Revenue Service (IRS) for transfer pricing matters related to transactions with our manufacturing operations in Costa Rica and Puerto Rico for the 2019 and 2020 tax years. While we have not yet received a Notice of Proposed Adjustment (NOPA) from the IRS, the examination is ongoing, and we are in the process of responding to inquiries from, and engaging in ongoing discussions with, the IRS related to certain intercompany transactions between our U.S. entities and these foreign manufacturers. As a result, we have recorded reserves for uncertain tax positions related to these transfer pricing matters for tax years 2019 through 2025. These reserves in aggregate are recorded to expense for approximately \$300 million, exclusive of any potential penalties and interest. While we believe that our transfer pricing positions are well documented, properly supported, and adequate amounts have been reserved to account for any adjustments that may ultimately result from this examination, the ultimate outcome of this matter is uncertain (upon the receipt of a NOPA or otherwise).

On July 4, 2025, the United States enacted the One Big Beautiful Bill Act (OBBBA), which includes significant tax provisions, including extensions of key provisions from the 2017 Tax Cuts and Jobs Act and modifications to the U.S. international tax framework. The legislation has multiple effective dates, with certain provisions effective in 2025 and others to be implemented through 2027. We currently expect that the impact of the OBBBA legislation on our income tax expense for the year ending December 31, 2025 will not be material. We will continue to monitor regulatory guidance and interpretations as they are issued.

13. EARNINGS PER SHARE

The numerator for both basic and diluted earnings per share (EPS) is net income (loss) attributable to Baxter stockholders. The denominator for basic EPS is the weighted-average number of shares outstanding during the period. The dilutive effect of outstanding stock options, restricted stock units (RSUs) and performance share units (PSUs) is reflected in the denominator for diluted EPS using the treasury stock method.

The following table is a reconciliation of income (loss) from continuing operations to net income (loss) attributable to Baxter stockholders.

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Income (loss) from continuing operations	\$ (51)	\$ 61	\$ 135	\$ 162
Less: Net income attributable to noncontrolling interests included in continuing operations	—	—	—	—
Income (loss) from continuing operations attributable to Baxter stockholders	(51)	61	135	162
Income (loss) from discontinued operations	5	83	36	(290)
Less: Net income attributable to noncontrolling interests included in discontinued operations	—	4	—	9
Income (loss) from discontinued operations attributable to Baxter stockholders	5	79	36	(299)
Net income (loss) attributable to Baxter stockholders	\$ (46)	\$ 140	\$ 171	\$ (137)

The following table is a reconciliation of basic shares and diluted shares.

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Basic shares	514	510	513	509
Effect of dilutive securities	—	2	1	2
Diluted shares	514	512	514	511

Basic and diluted shares are the same for three months ended September 30, 2025 due to our loss from continuing operations attributable to Baxter stockholders. The effect of dilutive securities includes unexercised stock options, unvested RSUs and contingently issuable shares related to granted PSUs. The computation of diluted EPS excludes 22 million and 20 million shares issuable under equity awards for the three and nine months ended September 30, 2025, respectively, and 18 million and 19 million shares issuable under equity awards for the three and nine months ended September 30, 2024, respectively, because their inclusion would have had an anti-dilutive effect on diluted EPS.

14. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

We operate on a global basis and are exposed to the risk that our earnings, cash flows and equity could be adversely impacted by fluctuations in foreign exchange and interest rates. Our hedging policy attempts to manage these risks to an acceptable level based on our judgment of the appropriate trade-off between risk, opportunity and costs.

We are primarily exposed to foreign exchange risk with respect to recognized assets and liabilities, forecasted transactions and net assets denominated in the Euro, British Pound, Canadian Dollar, Australian Dollar, Indian Rupee, Turkish Lira, Japanese Yen, Mexican Peso, Korean Wan and Swiss Franc. We manage our foreign currency exposures on a consolidated basis, which allows us to net exposures and take advantage of any natural offsets. In addition, we use derivative and nonderivative instruments to further reduce our net exposure to foreign exchange risk. Gains and losses on the hedging instruments offset losses and gains on the hedged transactions and reduce the earnings and equity volatility resulting from changes in foreign exchange rates. Financial market and currency volatility may limit our ability to cost-effectively hedge these exposures.

We are also exposed to the risk that our earnings and cash flows could be adversely impacted by fluctuations in interest rates. Our policy is to manage interest costs using the mix of fixed- and floating-rate debt that we believe is appropriate at that time. To manage this mix in a cost-efficient manner, we periodically enter into interest rate swaps in which we agree to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional amount.

We do not hold any instruments for trading purposes and none of our outstanding derivative instruments contain credit-risk-related contingent features.

Derivative instruments are recognized as either assets or liabilities at fair value in the condensed consolidated balance sheets and are classified as short-term or long-term based on the scheduled maturity of the instrument. We designate certain of our derivatives and foreign-currency denominated debt as hedging instruments in cash flow, fair value or net investment hedges.

Cash Flow Hedges

We may use options, including collars and purchased options, forwards and cross-currency swaps to hedge the foreign exchange risk to earnings relating to forecasted transactions and recognized assets and liabilities. We periodically use treasury rate locks to hedge the risk to earnings associated with movements in interest rates relating to anticipated issuances of debt.

For each derivative instrument that is designated and effective as a cash flow hedge, the gain or loss on the derivative is recorded in AOCI and then recognized in earnings consistent with the underlying hedged transaction. Cash flow hedges are classified in cost of sales and interest expense, net, and are primarily related to forecasted intra-company sales denominated in foreign currencies and forecasted interest payments on anticipated issuances of debt, respectively.

The notional amounts of foreign exchange contracts designated as cash flow hedges were \$6 million and \$99 million as of September 30, 2025 and December 31, 2024, respectively. The maximum term over which we have cash flow hedge contracts in place related to forecasted transactions at September 30, 2025 is two months for foreign exchange contracts. There were no outstanding interest rate contracts designated as cash flow hedges as of September 30, 2025 and December 31, 2024.

Fair Value Hedges

We periodically use interest rate swaps to convert a portion of our fixed-rate debt into variable-rate debt. These instruments hedge our earnings from changes in the fair value of debt due to fluctuations in the designated benchmark interest rate. For each derivative instrument that is designated and effective as a fair value hedge, the gain or loss on the derivative is recognized immediately to earnings, and offsets changes in fair value attributable to a particular risk, such as changes in interest rates, of the hedged item, which are also recognized in earnings. Changes in the fair value of hedge instruments designated as fair value hedges are classified in interest expense, net, as they hedge the interest rate risk associated with certain of our fixed-rate debt.

There were no outstanding interest rate contracts designated as fair value hedges as of September 30, 2025 and December 31, 2024.

In October 2023, we entered into a foreign currency forward contract with a notional amount of \$798 million and designated that derivative as a fair value hedge of our €750 million of 0.40% senior notes due May 2024. This forward contract matured in May 2024.

Net Investment Hedges

In May 2017, we issued €600 million of 1.3% senior notes due May 2025. We had designated these debt obligations as hedges of our net investment in our European operations and, as a result, mark to spot rate adjustments of the outstanding debt balances were previously recorded as a component of AOCI. In March 2025, we dedesignated this previously designated net investment hedge and concurrently entered into forward contracts to manage foreign exchange risk in earnings relating to these outstanding debt balances. These forward contracts matured in May 2025.

In May 2019, we issued €750 million of 1.3% senior notes due May 2029. We have designated these debt obligations as hedges of our net investment in our European operations and, as a result, mark to spot rate adjustments on the outstanding debt balances are recorded as a component of AOCI.

In May 2019, we issued €750 million of 0.40% senior notes due May 2024. We had designated these debt obligations as hedges of our investment in our European operations and, as a result, mark to spot rate adjustments of the outstanding debt balances were previously recorded as a component of AOCI. In October 2023, we dedesignated this previously designated net investment hedge and concurrently entered into a fair value hedging relationship as discussed in the "Fair Value Hedges" section above.

As of September 30, 2025, we had an accumulated pre-tax unrealized translation loss in AOCI of \$5 million related to the Euro-denominated senior notes.

Dedesignations

If it is determined that a derivative or nonderivative hedging instrument is no longer highly effective as a hedge, we discontinue hedge accounting prospectively. Gains or losses relating to terminations of effective cash flow hedges generally continue to be deferred and are recognized consistent with the loss or income recognition of the underlying hedged transactions. However, if it is probable that the hedged forecasted transactions will not occur, any gains or losses would be immediately reclassified from AOCI to earnings.

There were no cash flow hedge dedesignations in the first nine months of 2025 or 2024 resulting from changes in our assessment of the probability that the hedged forecasted transactions would occur.

If we terminate a fair value hedge, an amount equal to the cumulative fair value adjustment to the hedged item at the date of termination is amortized to earnings over the remaining term of the hedged item. There were no fair value hedges terminated during the first nine months of 2025 or 2024.

If we remove a net investment hedge designation, any gain or loss recognized in AOCI is not reclassified to earnings until we sell, liquidate, or deconsolidate the foreign investments that were being hedged. In March 2025, we

dedesignated one of our net investment hedges as discussed in the "Net Investment Hedges" section above. There were no net investment hedges terminated during the first nine months of 2024.

Undesignated Derivative Instruments

We use forward contracts to hedge earnings from the effects of foreign exchange relating to certain of our intra-company and third-party receivables and payables denominated in a foreign currency. These derivative instruments are generally not formally designated as hedges and the terms of these instruments generally do not exceed one month.

In March 2025, as discussed in the "Net Investment Hedges" section above, we entered into forward contracts with a notional amount of \$655 million to hedge the repayment of our Euro-denominated senior notes due May 2025. These forward contracts matured in May 2025. The total notional amount of undesignated derivative instruments was \$381 million as of September 30, 2025 and \$389 million as of December 31, 2024.

Gains and Losses on Hedging Instruments and Undesignated Derivative Instruments

The following tables summarize the gains and losses on our hedging instruments and the classification of those gains and losses within our condensed consolidated financial statements for the three months ended September 30, 2025 and 2024.

(in millions)	Gain (loss) recognized in OCI		Location of gain (loss) in income statement	Gain (loss) reclassified from AOCI into income	
	2025	2024		2025	2024
Cash flow hedges					
Interest rate contracts	\$ —	\$ —	Interest expense, net	\$ (1)	\$ (1)
Foreign exchange contracts	—	(9)	Cost of sales	—	4
Net investment hedges	(2)	(68)	Other (income) expense, net	—	—
Total	\$ (2)	\$ (77)		\$ (1)	\$ 3

(in millions)	Location of gain (loss) in income statement	Gain (loss) recognized in income	
		2025	2024
Undesignated derivative instruments			
Foreign exchange contracts	Other (income) expense, net	\$ 1	\$ 6
Total		\$ 1	\$ 6

The following tables summarize the gains and losses on our hedging instruments and the classification of those gains and losses within our condensed consolidated financial statements for the nine months ended September 30, 2025 and 2024.

(in millions)	Gain (loss) recognized in OCI		Location of gain (loss) in income statement	Gain (loss) reclassified from AOCI into income	
	2025	2024		2025	2024
Cash flow hedges					
Interest rate contracts	\$ —	\$ —	Interest expense, net	\$ (4)	\$ (4)
Foreign exchange contracts	2	5	Cost of sales	6	9
Fair value hedges					
Foreign exchange contracts	—	(3)	Other (income) expense, net	—	(5)
Net investment hedges	(129)	(19)	Other (income) expense, net	—	—
Total	\$ (127)	\$ (17)		\$ 2	\$ —

(in millions)	Location of gain (loss) in income statement	Gain (loss) recognized in income	
		2025	2024
Fair value hedges			
Foreign exchange contracts	Other (income) expense, net \$	—	\$ (24)
Undesignated derivative instruments			
Foreign exchange contracts	Other (income) expense, net	32	—
Total		\$ 32	\$ (24)

As of September 30, 2025, \$4 million of deferred, net after-tax losses on derivative instruments included in AOCI are expected to be recognized in earnings during the next 12 months, coinciding with when the hedged items are expected to impact earnings.

Derivative Assets and Liabilities

The following table summarizes the classification and fair values of derivative instruments reported in the condensed consolidated balance sheet as of September 30, 2025.

(in millions)	Derivatives in asset positions		Derivatives in liability positions	
	Balance sheet location	Fair value	Balance sheet location	Fair value
Derivative instruments designated as hedges				
Foreign exchange contracts	Prepaid expenses and other current assets	\$ —	Accrued expenses and other current liabilities	\$ —
Net investment hedges			Long-term debt and finance lease obligations, less current portion	\$ 836
Undesignated derivative instruments				
Foreign exchange contracts	Prepaid expenses and other current assets	2	Accrued expenses and other current liabilities	3
Total derivative instruments		\$ 2		\$ 839

The following table summarizes the classification and fair values of derivative instruments reported in the condensed consolidated balance sheet as of December 31, 2024.

(in millions)	Derivatives in asset positions		Derivatives in liability positions	
	Balance sheet location	Fair value	Balance sheet location	Fair value
Derivative instruments designated as hedges				
Foreign exchange contracts	Prepaid expenses and other current assets	\$ 6	Accrued expenses and other current liabilities	\$ —
Net investment hedges			Current maturities of long-term debt and finance lease obligations	618
Net investment hedges			Long-term debt and finance lease obligations, less current portion	727
Undesignated derivative instruments				
Foreign exchange contracts	Prepaid expenses and other current assets	1	Accrued expenses and other current liabilities	2
Total derivative instruments		\$ 7		\$ 1,347

While some of our derivatives are subject to master netting arrangements, we present our assets and liabilities related to derivative instruments on a gross basis within the condensed consolidated balance sheets. Additionally, we are not required to post collateral for any of our outstanding derivatives.

The following table provides information on our derivative positions as if they were presented on a net basis, allowing for the right of offset by counterparty.

(in millions)	September 30, 2025		December 31, 2024	
	Asset	Liability	Asset	Liability
Gross amounts recognized in the condensed consolidated balance sheets	\$ 2	\$ 3	\$ 7	\$ 2
Gross amount subject to offset in master netting arrangements not offset in the condensed consolidated balance sheet	—	—	(1)	(1)
Total	\$ 2	\$ 3	\$ 6	\$ 1

The following table presents the amounts recorded on the condensed consolidated balance sheet related to fair value hedges:

(in millions)	Carrying amount of hedged item		Cumulative amount of fair value hedging adjustment included in the carrying amount of the hedged item (a)	
	Balance as of September 30, 2025	Balance as of December 31, 2024	Balance as of September 30, 2025	Balance as of December 31, 2024
	Long-term debt	\$ 99	\$ 99	\$ 2

(a) These fair value hedges were terminated in 2018 and earlier periods.

15. FAIR VALUE MEASUREMENTS

The following tables summarize our assets and liabilities that are measured at fair value on a recurring basis.

(in millions)	Balance as of September 30, 2025	Basis of fair value measurement		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Foreign exchange contracts	\$ 2	\$ —	\$ 2	\$ —
Available-for-sale debt securities	1	—	—	1
Marketable equity securities	12	12	—	—
Total	\$ 15	\$ 12	\$ 2	\$ 1
Liabilities				
Foreign exchange contracts	\$ 3	\$ —	\$ 3	\$ —
Contingent payments related to acquisitions	14	—	—	14
Indemnifications related to Kidney Care separation ¹	57	—	—	57
Total	\$ 74	\$ —	\$ 3	\$ 71

¹ See Note 2 for additional information.

(in millions)	Balance as of December 31, 2024	Basis of fair value measurement		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Foreign exchange contracts	\$ 7	\$ —	\$ 7	\$ —
Available-for-sale debt securities	1	—	—	1
Marketable equity securities	13	13	—	—
Total	\$ 21	\$ 13	\$ 7	\$ 1
Liabilities				
Foreign exchange contracts	\$ 2	\$ —	\$ 2	\$ —
Contingent payments related to acquisitions	12	—	—	12
Total	\$ 14	\$ —	\$ 2	\$ 12

As of September 30, 2025 and December 31, 2024, cash and cash equivalents of \$1.73 billion and \$1.76 billion, respectively, included money market fund and other short-term funds of approximately \$631 million and \$583 million, respectively, that are considered Level 2 in the fair value hierarchy.

For assets that are measured using quoted prices in active markets, the fair value is the published market price per unit multiplied by the number of units held, without consideration of transaction costs. A majority of the derivatives entered into by us are valued using internal valuation techniques as no quoted market prices exist for such instruments. The principal techniques used to value these instruments are discounted cash flow and Black-Scholes models. The key inputs, which are considered observable and vary depending on the type of derivative, include contractual terms, interest rate yield curves, foreign exchange rates and volatility.

Available-for-sale debt securities, which consist of convertible debt and convertible redeemable preferred shares issued by nonpublic entities, are measured using discounted cash flow and option pricing models. Those available-for-sale debt securities are classified as Level 3 fair value measurements when there are no observable transactions near the balance sheet date due to the lack of observable data over certain fair value inputs such as equity volatility. The fair values of available-for-sale debt securities increase when interest rates decrease, equity volatility increases, or the fair values of the equity shares underlying the conversion options increase.

Contingent payments related to acquisitions, which consist of milestone payments and sales-based payments, are valued using discounted cash flow techniques incorporating management's expectations of future outcomes. The fair value of milestone payments increases as the estimated probability of payment increases or the expected timing of payments is accelerated. The fair value of sales-based payments is based upon probability-weighted future revenue estimates, and increases as revenue estimates increase, probability weighting of higher revenue scenarios increases or the expected timing of payment is accelerated.

In addition, we have contingent payments related to the Kidney Care separation, which consist of reimbursements to Vantive for certain indemnifications contemplated in the EPA. For additional information on these items see Note 2.

The following table is a reconciliation of recurring fair value measurements that use significant unobservable inputs (Level 3), which consist of indemnifications related to the Kidney Care separation, contingent payments related to

acquisitions and available-for-sale debt securities.

(in millions)	Three Months Ended September 30,					
	2025			2024		
	Indemnifications related to Kidney Care separation	Contingent payments related to acquisitions	Available-for-sale debt securities	Contingent payments related to acquisitions	Available-for-sale debt securities	
Fair value at beginning of period	\$ 56	\$ 12	\$ 1	\$ 14	\$ 1	
Additions	1	—	—	—	—	
Change in fair value recognized in earnings	—	2	—	—	—	
Payments	—	—	—	(2)	—	
Fair value at end of period	\$ 57	\$ 14	\$ 1	\$ 12	\$ 1	

(in millions)	Nine Months Ended September 30,					
	2025			2024		
	Indemnifications related to Kidney Care separation	Contingent payments related to acquisitions	Available-for-sale debt securities	Contingent payments related to acquisitions	Available-for-sale debt securities	
Fair value at beginning of period	\$ —	\$ 12	\$ 1	\$ 14	\$ 1	
Additions	57	—	—	—	—	
Change in fair value recognized in earnings	—	2	—	—	—	
Payments	—	—	—	(2)	—	
Fair value at end of period	\$ 57	\$ 14	\$ 1	\$ 12	\$ 1	

Financial Instruments Not Measured at Fair Value

In addition to the financial instruments that we are required to recognize at fair value in the condensed consolidated balance sheets, we have certain financial instruments that are recognized at amortized cost or some basis other than fair value. For these financial instruments, the following table provides the values recognized in the condensed consolidated balance sheets and the estimated fair values as of September 30, 2025 and December 31, 2024.

(in millions)	Book values		Fair values(a)	
	2025	2024	2025	2024
Liabilities				
Short-term debt	\$ 4	\$ 2,126	\$ 4	\$ 2,126
Current maturities of long-term debt and finance lease obligations	751	626	741	619
Long-term debt and finance lease obligations	8,747	10,374	7,918	9,295

(a) These fair value amounts are classified as Level 2 within the fair value hierarchy as they are estimated based on observable inputs.

The estimated fair values of current and long-term debt were computed by multiplying price by the notional amount of the respective debt instruments. Price is calculated using the stated terms of the respective debt instrument and yield curves commensurate with our credit risk. The carrying values of other financial instruments not presented in the above table, such as accounts receivable and accounts payable, approximate their fair values due to the short-term maturities of most of those assets and liabilities.

Investments Without Readily Determinable Fair Values

The carrying values of equity investments without readily determinable fair values that we measure at cost, less impairment were \$51 million as of September 30, 2025 and \$37 million as of December 31, 2024. When applicable, we also adjust the measurement of such equity investments for observable prices in orderly transactions for an identical or similar investment of the same issuer. These investments are included in Other non-current assets on our condensed consolidated balance sheets.

16. SEGMENT INFORMATION

Our business is comprised of three segments: Medical Products & Therapies, Healthcare Systems & Technologies, and Pharmaceuticals. 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 MSA, and sales of products and services provided directly through certain of our manufacturing facilities.

Disaggregation of Net Sales

The following tables present our U.S. and international disaggregated net sales.

(in millions)	Three Months Ended September 30,					
	2025			2024		
	U.S.	International	Total	U.S.	International	Total
Infusion Therapies & Technologies	\$ 555	\$ 468	\$ 1,023	\$ 613	\$ 457	\$ 1,070
Advanced Surgery	168	138	306	149	123	272
Medical Products & Therapies	723	606	1,329	762	580	1,342
Care & Connectivity Solutions	348	125	473	335	121	456
Front Line Care	229	71	300	222	74	296
Healthcare Systems & Technologies	577	196	773	557	195	752
Injectables & Anesthesia	177	156	333	178	143	321
Drug Compounding	—	299	299	—	267	267
Pharmaceuticals	177	455	632	178	410	588
Other	67	34	101	3	14	17
Total Baxter	\$ 1,544	\$ 1,291	\$ 2,835	\$ 1,500	\$ 1,199	\$ 2,699

(in millions)	Nine Months Ended September 30,					
	2025			2024		
	U.S.	International	Total	U.S.	International	Total
Infusion Therapies & Technologies	\$ 1,693	\$ 1,348	\$ 3,041	\$ 1,718	\$ 1,363	\$ 3,081
Advanced Surgery	471	399	870	446	366	812
Medical Products & Therapies	2,164	1,747	3,911	2,164	1,729	3,893
Care & Connectivity Solutions	1,005	369	1,374	945	365	1,310
Front Line Care	652	218	870	635	222	857
Healthcare Systems & Technologies	1,657	587	2,244	1,580	587	2,167
Injectables & Anesthesia	559	441	1,000	566	424	990
Drug Compounding	—	825	825	—	778	778
Pharmaceuticals	559	1,266	1,825	566	1,202	1,768
Other	190	100	290	30	25	55
Total Baxter	\$ 4,570	\$ 3,700	\$ 8,270	\$ 4,340	\$ 3,543	\$ 7,883

Geographic Sales Information

Our net sales are attributed to the following geographic regions based on the location of the customer.

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
United States	\$ 1,544	\$ 1,500	\$ 4,570	\$ 4,340
Emerging markets ¹	355	347	996	1,001
Rest of world ²	936	852	2,704	2,542
Total Baxter	\$ 2,835	\$ 2,699	\$ 8,270	\$ 7,883

¹ Emerging markets includes sales from our operations in Eastern Europe, the Middle East, Africa, Latin America, and Asia (except for Japan).

² Rest of world includes sales from our operations in Western Europe, Canada, Japan, Australia, and New Zealand.

Segment Operating Income

In the first quarter of 2025, in conjunction with the change in our Chief Executive Officer, we determined that our chief operating decision maker (CODM) was comprised of our Chair and Interim Chief Executive Officer, and the Executive Vice President, Chief Operating Officer and Interim Group President, Medical Products & Therapies. In the third quarter of 2025, in conjunction with the appointment of Andrew Hider as our Chief Executive Officer, we determined that our President and Chief Executive Officer is now the CODM, who reviews the financial information presented for purposes of evaluating the performance of our segments and to make resource allocation decisions. The change in CODM during both the first quarter and third quarter of 2025 did not result in a change in our segments.

Segment operating income is the measure of segment profitability and represents income before income taxes, interest and other non-operating income or expense, unallocated corporate costs, intangible asset amortization, and other special items. Special items, which are presented below in our reconciliations of reportable segment operating income to income (loss) from continuing operations before income taxes, are excluded from segment operating income because they are highly variable, difficult to predict and of a size that may substantially impact our reported results of operations for the period.

Corporate costs, inclusive of global functional support costs, overhead costs and other shared costs that benefit our segments are allocated to those segments. Corporate costs that are not allocated to our segments, as well as any differences between actual corporate costs and the amounts allocated to our segments, are presented as unallocated corporate costs.

Segment results include net sales, cost of sales, selling, general and administrative expenses, research and development expenses, corporate costs that had previously been allocated to our former Kidney Care segment which did not convey in the related sale, and other segment items which are directly allocated to each segment. Billings by us under the Kidney Care TSA are included in other segment items as further described in Note 2. Beginning in 2024 annual reporting, we adopted Accounting Standards Update (ASU) 2023-07 retrospectively. The following table

presents our segment information of net sales, significant expense and operating income during the periods presented.

(in millions)	Three Months Ended September 30, 2025			Three Months Ended September 30, 2024		
	Medical Products & Therapies	Healthcare Systems & Technologies	Pharmaceuticals	Medical Products & Therapies	Healthcare Systems & Technologies	Pharmaceuticals
Net sales	\$ 1,329	\$ 773	\$ 632	\$ 1,342	\$ 752	\$ 588
Cost of sales	752	410	450	734	368	408
Selling, general and administrative expenses	286	219	107	291	203	95
Research and development expenses	41	48	26	53	45	23
Other segment items	(23)	(8)	(7)	(4)	—	4
Segment operating income	\$ 273	\$ 104	\$ 56	\$ 268	\$ 136	\$ 58

(in millions)	Nine Months Ended September 30, 2025			Nine Months Ended September 30, 2024		
	Medical Products & Therapies	Healthcare Systems & Technologies	Pharmaceuticals	Medical Products & Therapies	Healthcare Systems & Technologies	Pharmaceuticals
Net sales	\$ 3,911	\$ 2,244	\$ 1,825	\$ 3,893	\$ 2,167	\$ 1,768
Cost of sales	2,201	1,154	1,274	2,136	1,094	1,197
Selling, general and administrative expenses	867	658	316	868	612	289
Research and development expenses	163	142	77	160	138	67
Other segment items	(76)	(25)	(25)	(4)	—	4
Segment operating income	\$ 756	\$ 315	\$ 183	\$ 733	\$ 323	\$ 211

The following table presents our reportable segment operating income and reconciliations of reportable segment operating income to income (loss) from continuing operations before income taxes.

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Medical Products & Therapies	\$ 273	\$ 268	\$ 756	\$ 733
Healthcare Systems & Technologies	104	136	315	323
Pharmaceuticals	56	58	183	211
Total reportable segment operating income	433	462	1,254	1,267
Other	5	2	20	15
Unallocated corporate costs	(15)	(73)	(36)	(227)
Intangible asset amortization expense	(147)	(159)	(453)	(471)
Legal matters	—	(17)	(11)	(17)
Business optimization items	(38)	(18)	(100)	(49)
Acquisition and integration items	(8)	(5)	(14)	(16)
Separation-related costs	(13)	—	(40)	—
European Medical Devices Regulation	(5)	(9)	(15)	(25)
Hurricane Helene costs	(8)	(25)	(123)	(25)
Product-related items	(32)	(3)	(61)	(3)
Total operating income	172	155	421	449
Interest expense, net	58	87	180	251
Other (income) expense, net	(7)	(1)	(10)	(34)
Income from continuing operations before income taxes	\$ 121	\$ 69	\$ 251	\$ 232

Additional financial information for our segments is as follows:

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Depreciation Expense¹				
Medical Products & Therapies	\$ 50	\$ 50	\$ 157	\$ 152
Healthcare Systems & Technologies	26	29	83	83
Pharmaceuticals	14	16	48	46
Total depreciation expense	\$ 90	\$ 95	\$ 288	\$ 281

¹Depreciation expense related to Corporate property, plant and equipment has been fully allocated to our segments and those segment allocations are reflected in the depreciation amounts presented herein.

Our CODM does not receive asset or capital expenditure information by reportable segment and, accordingly, we do not report that information for our segments.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Refer to our Annual Report on Form 10-K for the year ended December 31, 2024 (2024 Annual Report) for management's discussion and analysis of our financial condition and results of operations. The following is management's discussion and analysis of our financial condition and results of operations for the three and nine months ended September 30, 2025 and 2024.

COMPLETED STRATEGIC ACTIONS

Since January 2023, we have completed several strategic actions, as discussed below.

Sale of Kidney Care Business

On August 12, 2024, we entered into an Equity Purchase Agreement (EPA) with certain affiliates of Carlyle Group Inc. (Carlyle) to sell our Kidney Care business. That business, which is now known as Vantive Health LLC (Vantive) is comprised of our former Kidney Care segment and provides chronic and acute dialysis therapies and services, including peritoneal dialysis, hemodialysis, continuous renal replacement therapies, and other organ support therapies. On January 31, 2025, we completed the sale of our Kidney Care business to Carlyle for an aggregate purchase price of \$3.80 billion in cash, subject to certain closing cash, working capital and debt adjustments. After giving effect to certain closing adjustments, we received approximately \$3.71 billion pre-tax cash proceeds at closing of the transaction with the net after tax proceeds of approximately \$3.3 billion, prior to giving effects to certain post-closing adjustments. In the third quarter of 2025, the purchase price was reduced by \$99 million for final closing cash, working capital and other post-closing adjustments in accordance with the terms of the EPA, and we expect to make a payment in such amount to Carlyle in the fourth quarter of 2025. As of September 30, 2025, we repaid \$3.81 billion of short- and long-term indebtedness primarily with the net after-tax cash proceeds from the sale of our Kidney Care business.

The financial position, results of operations and cash flows of our Kidney Care business, including our gain from the sale of that business and the related cash proceeds received, are reported as discontinued operations in the accompanying condensed consolidated financial statements, and our prior period results have been adjusted to reflect discontinued operations.

We have incurred and expect to incur additional dis-synergies following our sale of our Kidney Care business due to the reduced size of our company and, as a result, we have begun to undertake certain restructuring actions (and intend to undertake additional actions) to help ensure our cost structuring is appropriate to support our remaining business.

See Notes 2 and 5 of this Quarterly Report on Form 10-Q for additional information.

Implementation of Operating Model and Resulting Segment Change

In the third quarter of 2023, we completed the implementation of an operating model intended to simplify and streamline our operations and better align our manufacturing and supply chain to our commercial activities. Under this operating model, our business is currently comprised of three reportable segments: Medical Products & Therapies, Healthcare Systems & Technologies, and Pharmaceuticals (each as discussed below).

For financial information about our segments, see Note 16 in Item 1 of this Quarterly Report on Form 10-Q for additional information.

Sale of BioPharma Solutions (BPS) Business

On September 29, 2023, we completed the sale of our BioPharma Solutions (BPS) business and received cash proceeds of \$3.96 billion from that transaction. We used substantially all of the after-tax proceeds from this transaction to repay certain of our debt obligations, including \$514 million of commercial paper borrowings and \$2.28 billion of long-term debt that we repaid during the fourth quarter of 2023, as well as €750 million of senior notes that we repaid during the second quarter of 2024.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Hurricane Helene

In September 2024, Hurricane Helene, which brought significant rain and extensive flooding to Western North Carolina, caused damage to certain of our assets at our North Cove facility in Marion, North Carolina and disrupted operations at that facility. The facility was fully operational by the end of the first quarter of 2025. In response to Hurricane Helene and the related supply disruption, certain customers have enacted fluid conservation practices which have resulted in, and are currently expected to continue to result in, reduced demand in our intravenous (IV) solutions business. See Note 1 in Item 1 of this Quarterly Report on Form 10-Q for additional information.

Novum IQ Large Volume Pump (Novum LVP)

On April 24, 2025, we initiated a voluntary correction for the Novum LVP due to the potential for under-infusion when the pump is in "standby mode" for an extended period of time. On May 20, 2025, the U.S. Food and Drug Administration (FDA) classified this voluntary correction as a Class I recall. In July 2025, we initiated voluntary corrections for the Novum LVP due to the potential for under-infusion when the pump is directed to deliver a bolus infusion or significantly increase the rate of infusion after it has been running at a lower infusion rate and the potential for over- and under-infusion related to set misloading, as well as certain software anomalies. In August 2025, the FDA classified these additional voluntary corrections as Class I recalls. We have implemented certain corrections related to the recalls and are developing additional corrections related to these recalls, some of which will require regulatory approval. In July 2025, we elected to temporarily stop distributing and installing the Novum LVP in the U.S. and Canada, except in the case of medical necessity. While the timing of this continued ship and installation hold remains uncertain, we currently expect it to be in place beyond 2025. Additionally, while we expect no additional sales of Novum LVP while these holds are in effect, our Spectrum IQ large volume pump is generally available as an alternative option for customers with Novum LVPs. We have recorded a reserve for remediation costs associated with these initial Novum LVP corrections in the second quarter that is not material to our financial results. However, these estimates may be subject to change and these and other additional costs (including those associated with any additional corrections) could become material in the future. Additionally, while returns and exchanges of Novum LVP made to date are not material for our financial results, future returns or exchanges (including related costs) could have a material impact on our results in the future.

Supply Constraints, Tariffs, Global Economic Conditions

We have experienced challenges to our global supply chain (some of which have been significant), including, as a result of adverse impacts from significant weather events like Hurricane Helene, as well as adverse impacts as result of other global macroeconomic and geopolitical events, which have had a negative impact on our results of operations and may do so in the future. In addition, announcements regarding changes in U.S. trade policies and practices, including the implementation of global tariffs and proposed further tariffs (including potential pharmaceutical tariffs), and responses from other jurisdictions, have significantly affected financial markets and economic conditions. While we are in the process of implementing select tariff offsets and working to identify additional mitigation opportunities, our results have been adversely affected by these events and we expect for our results to continue to be negatively affected by tariffs. Additionally, continued global macroeconomic uncertainty, including in trade policies and practices, elevated tariffs and operational and policy changes in the governments of the U.S. and other countries (including a prolonged U.S. federal government shutdown), could contribute to further market volatility, deteriorating or prolonged weakened economic conditions and decreased hospital capital spending levels, all of which could adversely affect our business, results of operations or financial condition. Sole source supplier relationships may limit our ability to respond to these tariffs with alternative or lower cost raw materials or component parts.

Our results of operations are also affected by macroeconomic conditions and levels of business confidence. The aforementioned tariffs and any retaliatory countermeasures, operational and policy changes in the governments of the U.S. and other countries, the war in Ukraine, the conflict in the Middle East, other geopolitical events (and the potential for escalation of these and other conflicts), and recent political changes to trade policies, have increased the levels of economic and political uncertainty and we continue to closely monitor the developing situations and the estimated impact on our business, results of operations, financial condition and cash flows. While we have substantially completed our wind down efforts related to our business in Russia, a significant escalation or expansion of economic disruption or the current scope of the war in Ukraine could have an adverse effect on our operations (including our supply chain) in the region.

Over the past few years, the existence of high inflation rates in the United States and in many of the countries where we conduct business has resulted in, and may in the future result in, higher interest rates, shipping costs, labor costs, and other costs and expenses. Additionally, adverse changes in foreign currency exchange rates have increased, and could continue to increase, our costs of sourcing certain raw materials in some jurisdictions. We have experienced and are likely in the future to experience inflationary and other increases in manufacturing costs and operating expenses (including as a result of the aforementioned tariffs) and are limited in our ability to pass these cost increases on to our customers in a timely manner or at all due to the longer term nature of our customer contracts and arrangements, which could have a material adverse impact on our profitability and results of operations. Inflation and general macroeconomic factors have caused certain of our customers to reduce or delay orders for our products and services and could cause them to do so in the future, which could have a material adverse impact on our sales and results of operations.

As a medical products company, our operations and many of the products manufactured or sold by us are subject to extensive regulation by numerous government agencies, both within and outside the United States. These regulations (as described in Item 1, Government Regulation, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2024) require that we obtain specific approval from FDA or the applicable non-U.S. regulatory authorities before we can market and sell most of our products in a particular country. Failure to obtain or maintain those approvals, clearances (including temporary importation authorizations), licenses or other marketing authorizations could have a material adverse impact on our business (including with respect to our ability to compete in the product markets in which we currently operate). Furthermore, FDA in the United States, the European Medicines Agency in Europe, the China Food and Drug Administration in China, Health Canada and other government agencies, inside and outside of the United States, administer requirements covering the testing, safety, effectiveness, manufacturing, labeling, promotion and advertising, pricing, distribution, and post-market surveillance of our products. Our failure to comply with these requirements have subjected us to and may in the future subject us to various actions. These have included, or may in the future include, warning letters, product recalls or seizures, import bans, adverse regulatory site inspection reports, voluntary or official action indicated classifications, monetary sanctions, injunctions to halt the manufacture or distribution of products, civil or criminal sanctions (which may include corporate integrity agreements or consent decrees), costly litigation, refusal of a government to grant or the government withdrawal approvals, clearances, licenses or other marketing authorizations, or restrictions on our operations or withdrawal of existing approvals and licenses, and may have a material adverse impact on our results of operations (including on our ability to launch new products and demand for those products).

For further discussion, please refer to Item 1A, Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

NON-GAAP FINANCIAL MEASURES

Our presentation of percentage changes in net sales at operational sales growth excludes the impact of the Kidney Care MSA sales not reflected in reportable segments, reflects the previously announced exit of IV solutions in China in our Infusion Therapies & Technologies division, in our Medical Products & Therapies reportable segment, and is calculated at constant currency rates. Constant currency rates are computed using current period local currency sales at the prior period's foreign exchange rates. Operational sales growth is a non-GAAP financial measure. This measure provides information about growth (or declines) in our net sales as if the Kidney Care MSA and the exit of IV solutions in China had no impact on our sales and foreign currency exchange rates had not changed between the prior period and the current period. We believe that the non-GAAP measure of percent change in net sales at operational sales growth, when used in conjunction with the U.S. GAAP measure of percent change in net sales at actual rates, may provide a more complete understanding and facilitate a fuller analysis of our results of operations, particularly in evaluating performance from one period to another.

RESULTS OF OPERATIONS

Net income (loss) attributable to Baxter stockholders for the three months ended September 30, 2025 was \$(46) million, or \$(0.09) per diluted share, compared to \$140 million, or \$0.27 per diluted share for the three months ended September 30, 2024. For the three months ended September 30, 2025, our results included special items that adversely impacted net income (loss) attributable to Baxter stockholders by \$401 million, or \$0.78 per diluted share. For the three months ended September 30, 2024, our results included special items that adversely impacted net income (loss) attributable to Baxter stockholders by \$271 million, or \$0.53 per diluted share.

Net income (loss) attributable to Baxter stockholders for the nine months ended September 30, 2025 was \$171 million, or \$0.33 per diluted share, compared to \$(137) million, or \$(0.27) per diluted share for the nine months ended September 30, 2024. For the nine months ended September 30, 2025, our results included special items that adversely impacted net income (loss) attributable to Baxter stockholders by \$780 million, or \$1.52 per diluted share. For the nine months ended September 30, 2024, our results included special items that adversely impacted net income (loss) attributable to Baxter stockholders by \$1.22 billion, or \$2.40 per diluted share.

Net income (loss) from continuing operations for the three months ended September 30, 2025 was \$(51) million, or \$(0.10) per diluted share, compared to \$61 million, or \$0.12 per diluted share for the three months ended September 30, 2024. Net income (loss) from continuing operations for the three months ended September 30, 2025 included special items that adversely impacted net income (loss) by \$404 million, or \$0.79 per diluted share. Net income (loss) from continuing operations for the three months ended September 30, 2024 included special items that adversely impacted net income (loss) by \$191 million, or \$0.37 per diluted share.

Net income (loss) from continuing operations for the nine months ended September 30, 2025 was \$135 million, or \$0.26 per diluted share, compared to \$162 million, or \$0.32 per diluted share for the nine months ended September 30, 2024. Net income (loss) from continuing operations for the nine months ended September 30, 2025 included special items that adversely impacted net income (loss) by \$807 million, or \$1.57 per diluted share. Net income (loss) from continuing operations for the nine months ended September 30, 2024 included special items that adversely impacted net income (loss) by \$507 million, or \$0.99 per diluted share.

See the subsection entitled “Special Items” for information about special items for all periods presented.

CONSOLIDATED NET SALES

(in millions)	Three Months Ended September 30,		Percent change	
	2025	2024	At actual rates	At operational sales growth ¹
United States	\$ 1,544	\$ 1,500	3 %	(1)%
Emerging markets ²	355	347	2 %	6 %
Rest of world ³	936	852	10 %	5 %
Total net sales	\$ 2,835	\$ 2,699	5 %	2 %

(in millions)	Nine Months Ended September 30,		Percent change	
	2025	2024	At actual rates	At operational sales growth ¹
United States	\$ 4,570	\$ 4,340	5 %	2 %
Emerging markets ²	996	1,001	(0)%	4 %
Rest of world ³	2,704	2,542	6 %	3 %
Total net sales	\$ 8,270	\$ 7,883	5 %	2 %

1 Percent change in net sales at operational sales growth is a non-GAAP financial measure. See the section entitled “Non-GAAP Financial Measures” for additional information about our use of that measure.

2 Emerging markets includes sales from our operations in Eastern Europe, the Middle East, Africa, Latin America, and Asia (except for Japan).

3 Rest of world includes sales from our operations in Western Europe, Canada, Japan, Australia, and New Zealand.

In the third quarter of 2025, the Kidney Care MSA sales favorably impacted sales growth by 3% and the previously announced exit of IV solutions in China adversely impacted sales by 1%. Additionally, in the third quarter of 2025, foreign currency rates favorably impacted net sales growth by 1%. In the first nine months of 2025, the Kidney Care MSA sales favorably impacted sales growth by 3%. The exit of IV solutions in China and foreign currency rates were not meaningful.

NET SALES BY SEGMENT

Medical Products & Therapies

Our 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.

(in millions)	Three Months Ended September 30,		Percent change	
	2025	2024	At actual rates	At operational sales growth ¹
Infusion Therapies & Technologies	\$ 1,023	\$ 1,070	(4)%	(4)%
Advanced Surgery	306	272	13 %	11 %
Total Medical Product & Therapies net sales	\$ 1,329	\$ 1,342	(1)%	(1)%

(in millions)	Nine Months Ended September 30,		Percent change	
	2025	2024	At actual rates	At operational sales growth ¹
Infusion Therapies & Technologies	\$ 3,041	\$ 3,081	(1)%	0 %
Advanced Surgery	870	812	7 %	7 %
Total Medical Product & Therapies net sales	\$ 3,911	\$ 3,893	0 %	2 %

¹ Percent change in net sales at operational sales growth is a non-GAAP financial measure. See the section entitled "Non-GAAP Financial Measures" for additional information about our use of that measure.

Medical Product & Therapies segment net sales decreased 1% in the third quarter and were flat in the first nine months of 2025, as compared to the prior year periods.

Infusion Therapies & Technologies net sales decreased 4% in the third quarter and decreased 1% in the first nine months of 2025, as compared to the prior year periods. The decline in the third quarter of 2025 was primarily the lower Novum LVP pump sales as a result of the shipment hold. Sales volumes were further impacted by reduced U.S. demand in our IV Solutions business as hospital customers continued IV fluid conservation practices originally instituted in response to Hurricane Helene. Volume declines in the third quarter were partially offset by price increases and one-time pricing benefits. The previously announced exit of IV solutions in China adversely impacted sales growth by 1% and foreign exchange rates favorably impacted sales growth by 1% for the third quarter of 2025, as compared to the prior year period. Sales performance in the first nine months of 2025 declined, primarily due to lower demand in our IV Solutions business in the U.S. as customers continued the aforementioned fluid conservation practices. This decline was partially offset by one-time pricing benefits and price increases in certain products globally. The previously announced exit of IV solutions in China adversely impacted sales growth by 1% for the first nine months of 2025, as compared to the prior year period. We expect some hospital customers to continue a level of conservation through the remainder of 2025 and potentially beyond with the impact expected to lessen over time. As previously discussed in "Factors Affecting our Results of Operations", we elected to temporarily stop distributing and installing the Novum LVP in the U.S. and Canada, except in the case of medical necessity. Although the timing of this continued ship and installation hold remains uncertain, we currently expect it to be in place beyond 2025. As a result, we expect no additional sales of Novum LVP while these holds are in effect, however our Spectrum IQ large volume pump is generally available as an alternative option for customers with Novum LVPs. Additionally, while returns and exchanges of Novum LVP made to date are not material for our financial results, future returns or exchanges could have a material impact on our financial results in the future.

Advanced Surgery net sales increased 13% in the third quarter and increased 7% in the first nine months of 2025, as compared to the prior year period. Sales performance was primarily driven by growth in hemostats and sealants and was primarily attributable to increased sales volume globally. Foreign currency exchange rates favorably impacted sales growth by 2% for the third quarter of 2025, as compared to the prior year period.

Healthcare Systems & Technologies

Our 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.

(in millions)	Three Months Ended September 30,		Percent change	
	2025	2024	At actual rates	At operational sales growth ¹
Care & Connectivity Solutions	\$ 473	\$ 456	4 %	3 %
Front Line Care	300	296	1 %	1 %
Total Healthcare Systems & Technologies net sales	\$ 773	\$ 752	3 %	2 %

(in millions)	Nine Months Ended September 30,		Percent change	
	2025	2024	At actual rates	At operational sales growth ¹
Care & Connectivity Solutions	\$ 1,374	\$ 1,310	5 %	4 %
Front Line Care	870	857	2 %	2 %
Total Healthcare Systems & Technologies net sales	\$ 2,244	\$ 2,167	4 %	3 %

¹ Percent change in net sales at operational sales growth is a non-GAAP financial measure. See the section entitled "Non-GAAP Financial Measures" for additional information about our use of that measure.

Healthcare Systems & Technologies segment net sales increased 3% in the third quarter and increased 4% in the first nine months of 2025, as compared to the prior year periods.

Care & Connectivity Solutions net sales increased 4% in the third quarter and increased 5% in the first nine months of 2025, as compared to the prior year periods. Sales performance was primarily driven by increased volume associated with increased capital spending by customers in the U.S., as compared to the prior year periods, as well as higher installations of our care communications products. Foreign currency exchange rates favorably impacted sales growth by 1% for the third quarter and the first nine months of 2025, as compared to the prior year periods.

Front Line Care net sales increased 1% in the third quarter and increased 2% in the first nine months of 2025, as compared to the prior year periods. Sales performance in both periods was primarily driven by growth in our cardiology products partially offset by a strategic product exit within our respiratory health products business.

Pharmaceuticals

Our Pharmaceuticals segment includes sales of specialty injectable pharmaceuticals, inhaled anesthesia and drug compounding.

(in millions)	Three Months Ended September 30,		Percent change	
	2025	2024	At actual rates	At operational sales growth ¹
Injectables & Anesthesia	\$ 333	\$ 321	4 %	3 %
Drug Compounding	299	267	12 %	11 %
Total Pharmaceuticals net sales	\$ 632	\$ 588	7 %	7 %

(in millions)	Nine Months Ended September 30,		Percent change	
	2025	2024	At actual rates	At operational sales growth ¹
Injectables & Anesthesia	\$ 1,000	\$ 990	1 %	1 %
Drug Compounding	825	778	6 %	6 %
Total Pharmaceuticals net sales	\$ 1,825	\$ 1,768	3 %	3 %

¹ Percent change in net sales at operational growth rates is a non-GAAP financial measure. See the section entitled "Non-GAAP Financial Measures" for additional information about our use of that measure.

Pharmaceuticals segment net sales increased 7% in the third quarter and increased 3% in the first nine months of 2025, as compared to the prior year periods.

Injectables & Anesthesia net sales increased 4% in the third quarter and increased 1% in the first nine months of 2025, as compared to the prior year periods. Sales performance in the third quarter and first nine months was primarily driven by strong growth in inhaled anesthesia in certain international markets and a favorable comparison in specialty injectables to the prior year periods due to the timing of certain sales and supply constraints impacting international sales. Foreign exchange favorably impacted sales growth by 1% for the third quarter, as compared to the prior year period.

Drug Compounding net sales increased 12% in the third quarter and increased 6% in the first nine months of 2025, as compared to the prior year periods. Sales performance in the current year periods was driven by improved product mix and increased demand for our international pharmacy compounding offerings. Foreign currency exchange rates favorably impacted sales growth by 1% for the third quarter of 2025, as compared to the prior year period.

Other

During the three months ended September 30, 2025 and 2024, we earned \$101 million and \$17 million, and \$290 million and \$55 million for the nine months ended September 30, 2025 and 2024, respectively, of revenues that were not attributable to our reportable segments. In the current year periods, Other sales primarily represented revenue recognized under the Kidney Care MSA and to a lesser extent, revenues earned by certain of our manufacturing facilities from contract manufacturing activities. In the prior year periods, Other sales primarily represented revenues earned by certain of our manufacturing facilities from contract manufacturing activities. The increase in Other sales for the third quarter and nine months ended September 30, 2025 as compared to the prior year periods reflects the impact of the Kidney Care MSA entered into upon the sale of our Kidney Care business in January 2025.

COSTS AND EXPENSES

Special Items

The following table provides a summary of our special items from continuing operations and the related impact by line item on our results for the three and nine months ended September 30, 2025 and 2024.

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Gross Margin				
Intangible asset amortization expense	\$ (96)	\$ (108)	\$ (301)	\$ (316)
Business optimization items ¹	(25)	(2)	(44)	(8)
Acquisition and integration items ²	—	—	—	(1)
European medical devices regulation ³	(5)	(9)	(15)	(25)
Separation-related costs ⁴	(1)	—	(2)	—
Product related items ⁵	(32)	(3)	(61)	(3)
Hurricane Helene costs ⁶	(8)	(25)	(123)	(25)
Legal matters ⁷	—	—	(11)	—
Total Special Items	\$ (167)	\$ (147)	\$ (557)	\$ (378)
Impact on Gross Margin Ratio	(5.9) pts	(5.4) pts	(6.7) pts	(4.8) pts
Selling, General and Administrative (SG&A) Expenses				
Intangible asset amortization expense	\$ 51	\$ 51	\$ 152	\$ 155
Business optimization items ¹	10	16	51	41
Acquisition and integration items ²	6	5	12	15
Separation-related costs ⁴	12	\$ —	38	—
Legal matters ⁷	—	17	—	17
Total Special Items	\$ 79	\$ 89	\$ 253	\$ 228
Impact on SG&A Ratio	2.8 pts	3.3 pts	3.0 pts	2.9 pts
Research and Development (R&D) Expenses				
Business optimization items ¹	\$ 3	\$ —	\$ 5	\$ —
Total Special Items	\$ 3	\$ —	\$ 5	\$ —
Impact on R&D Ratio	0.1 pts	0.0 pts	0.0 pts	0.0 pts
Other Operating Income, net				
Acquisition and integration items ²	\$ 2	\$ —	\$ 2	\$ —
Total Special Items	\$ 2	\$ —	\$ 2	\$ —
Other (Income) Expense, net				
Investment impairments ⁸	\$ —	\$ —	\$ 9	\$ —
Acquisition and integration items ²	—	—	5	—
Total Special Items	\$ —	\$ —	\$ 14	\$ —
Income Tax Expense				
Tax matters ⁹	\$ 213	\$ 11	\$ 174	\$ 45
Tax effects of special items ¹⁰	(60)	(56)	(198)	(144)
Total Special Items	\$ 153	\$ (45)	\$ (24)	\$ (99)
Impact on Effective Tax Rate	137.0 pts	(5.8) pts	33.3 pts	10.0 pts

1 Our results for third quarter of 2025 and 2024 included business optimization charges of \$38 million and \$18 million, respectively. Our results for the first nine months of 2025 and 2024 included business optimization charges of \$100 million and \$49 million, respectively. These restructuring and business optimization charges in the third quarter and first nine months of 2025 included costs primarily related to our initiatives to reduce our cost structure following the sale of our former Kidney Care segment and the exit of a product line at one of our manufacturing facilities. These restructuring and business optimization costs in the third quarter and first nine months of 2024 included costs related to the 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 and initiatives within our Healthcare Systems & Technologies segment. Refer to Note 10 in Item 1 of this Quarterly Report on Form 10-Q for further information regarding these charges and related liabilities.

- 2 Our results for the third quarter of 2025 and 2024 included \$8 million and \$5 million, respectively, and for the first nine months of 2025 and 2024 included \$19 million and \$16 million, respectively, of integration costs which primarily reflected third party consulting costs related to our ongoing integration of Hill-Rom Holdings, Inc. (Hillrom). In the first nine months of 2025, those costs also included the recognition of a noncash impairment of property, plant and equipment related to integration activities.
- 3 Our results for the third quarter of 2025 and 2024 included \$5 million and \$9 million, respectively, and for the first nine months of 2025 and 2024 included \$15 million and \$25 million, respectively, of 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. We consider the adoption of these regulations to be a significant one-time regulatory change and believe that the costs of initial compliance for previously registered products over the implementation period are not indicative of our core operating results.
- 4 Our results for the third quarter and the first nine months of 2025 included \$13 million and \$40 million, respectively, of separation-related costs primarily reflecting costs of external advisors supporting our activities related to the sale of our former Kidney Care segment.
- 5 Our results for the third quarter and first nine months of 2025 included charges of \$32 million and \$61 million, respectively, related to estimates of warranty and remediation activities from field corrective actions across our infusion pump category and a revised estimate of warranty and remediation activities arising from a field corrective action on certain of our infusion pumps initially recorded in 2022. Our results for the third quarter and first nine months of 2024 included charges of \$3 million 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.
- 6 Our results in the third quarter and first nine months of 2025 included pre-tax charges of \$8 million and \$123 million, respectively, related to damages caused by Hurricane Helene. This amount consisted of remediation, air freight and other costs. Our results in the third quarter and first nine months of 2024 included net charges of \$25 million related to Hurricane Helene. This amount consisted of \$44 million related to the write-off of damaged inventory and fixed assets, partially offset by a \$19 million benefit related to insurance recoveries as a result of those asset write-offs. Refer to Note 1 in Item 1 of this Quarterly Report on Form 10-Q for further information.
- 7 Our results in the first nine months of 2025 included charges of \$11 million related to matters involving alleged injury from environmental exposure. Our results in the third quarter and first nine months of 2024 included charges of \$17 million related to environmental reserves for remediation actions associated with historic operations at certain of our facilities.
- 8 Our results in first nine months of 2025 included \$9 million of losses from a noncash impairment write-down in an equity method investment.
- 9 Our results in the third quarter and first nine months of 2025 included \$213 million and \$174 million of income tax expense primarily related to an increase in reserves for uncertain tax positions and a step-up in Swiss valuation allowances, partially offset by the release of valuation allowances on foreign tax credits. The nine months ended period also included a tax benefit driven by an entity classification election that we made for U.S. tax purposes, which resulted in a capital loss. Our results in the third quarter of 2024, included \$11 million of income tax expense consisting of a \$26 million valuation allowance recorded to reduce the carrying amount of a tax attribute carryforward in the U.S. related to the sale of our former Kidney Care segment, partially offset by the application of the intraperiod tax allocation between continuing operations and discontinued operations. Our results for the first nine months of 2024, included \$45 million of income tax expense 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 sale of our former Kidney Care segment.
- 10 This item reflects the income tax impact of the special items identified in this table. The tax effect of each special item is based on the jurisdiction in which the item was incurred and the tax laws in effect for each such jurisdiction.

Gross Margin and Expense Ratios

	Three Months Ended September 30,					
	2025	% of net sales	2024	% of net sales	\$ change	% change
Gross margin	\$ 950	33.5 %	\$ 1,033	38.3 %	\$(83)	(8.0)%
SG&A	\$ 708	25.0 %	\$ 754	27.9 %	\$(46)	(6.1)%
R&D	\$ 118	4.2 %	\$ 129	4.8 %	\$(11)	(8.5)%

	Nine Months Ended September 30,					
	2025	% of net sales	2024	% of net sales	\$ change	% change
Gross margin	\$ 2,802	33.9 %	\$ 3,025	38.4 %	\$(223)	(7.4)%
SG&A	\$ 2,129	25.7 %	\$ 2,206	28.0 %	\$(77)	(3.5)%
R&D	\$ 392	4.7 %	\$ 379	4.8 %	\$ 13	3.4 %

Gross Margin

Our gross margin ratio was 33.5% and 38.3% for the three months ended September 30, 2025 and 2024, respectively. The special items identified earlier in this section had an unfavorable impact of approximately 5.9 and 5.4 percentage points on the gross margin ratio for the three months ended September 30, 2025 and 2024, respectively. Our gross margin ratio was 33.9% and 38.4% for the nine months ended September 30, 2025 and 2024, respectively. The special items identified earlier in this section had an unfavorable impact of approximately 6.7 and 4.8 percentage points on the gross margin ratio for the nine months ended September 30, 2025 and 2024, respectively. Refer to the Special Items caption above for additional detail.

Excluding the impact of special items, the gross margin ratio decreased by 4.3 and 2.6 percentage points in the third quarter and first nine months of 2025, respectively, compared to the prior year periods. The lower gross margins were driven primarily by the impact of the Kidney Care MSA, product mix and unfavorable manufacturing variances, partially offset by initiatives to reduce our manufacturing and supply chain costs.

SG&A

Our SG&A expenses ratio was 25.0% and 27.9% for the three months ended September 30, 2025 and 2024, respectively. The special items identified earlier in this section had an unfavorable impact of approximately 2.8 and 3.3 percentage points on the SG&A expenses ratio for the three months ended September 30, 2025 and 2024, respectively. Our SG&A expenses ratio was 25.7% and 28.0% for the nine months ended September 30, 2025 and 2024, respectively. The special items identified earlier in this section had an unfavorable impact of approximately 3.0 and 2.9 percentage points on the SG&A expenses ratio for the nine months ended September 30, 2025 and 2024, respectively.

Excluding the impact of special items, the SG&A expenses ratio decreased by 2.4 percentage points in the third quarter and first nine months of 2025 compared to the prior year periods. The decrease primarily reflects an updated estimate of indirect costs previously recorded in SG&A now capitalized into inventory after the separation of our Kidney Care business and lower accruals under our annual employee incentive compensation plans.

R&D

Our R&D expenses ratio was 4.2% and 4.8% for each of the three months ended September 30, 2025 and 2024. The special items identified earlier in this section had an unfavorable impact of 0.1 percentage points and no impact on the R&D expenses ratio for each of the three months ended September 30, 2025 and 2024, respectively. Our R&D expenses ratio was 4.7% and 4.8% for the nine months ended September 30, 2025 and 2024, respectively. The special items identified earlier in this section had no impact on the R&D expenses ratio for each of the nine months ended September 30, 2025 and 2024.

The R&D expenses ratio decreased by 0.7 and 0.1 percentage points in the third quarter and first nine months of 2025, respectively, compared to the prior year periods, primarily reflecting a one-time benefit related to the release of a contingent milestone liability.

Business Optimization Items

In recent years, we have undertaken actions to transform our cost structure and enhance operational efficiency. These efforts have included restructuring the organization into verticalized segments, optimizing our manufacturing footprint, R&D operations, and supply chain network, employing disciplined cost management, and centralizing and streamlining certain support functions. The related costs of these actions consisted primarily of employee termination costs, implementation costs, contract termination costs, and asset impairments.

For the three and nine months ended September 30, 2025, \$10 million and \$41 million, respectively, of the restructuring charges, consisting of employee termination costs, were related to initiatives to reduce our cost structure following the sale of our Kidney Care segment. For the three months ended September 30, 2025, \$21 million of the restructuring charges reflected in the table above, consisting of \$8 million of asset impairments, \$8 million of contract termination and other costs, and \$5 million of employee termination costs, were related to the exit of a product line at one of our manufacturing facilities. For the nine months ended September 30, 2025, \$24 million of the restructuring charges reflected in the table above, consisting of \$11 million of asset impairments, \$8 million of contract termination and other costs, and \$5 million of employee termination costs, were related to the exit of a product line at one of our manufacturing facilities.

We currently expect to incur additional pre-tax costs, primarily related to the implementation of business optimization programs, of approximately \$1 million through the completion of certain initiatives that are currently underway. We continue to pursue cost savings initiatives, including those intended to mitigate a portion of the dis-synergies that arose as a result of the sale of our Kidney Care business, and to the extent further cost savings opportunities are identified, we would incur additional restructuring charges and costs to implement business optimization programs in future periods. Refer to Note 10 in Item 1 of this Quarterly Report on Form 10-Q for additional information regarding our business optimization programs.

Other Operating Income, Net

Other operating income, net was \$48 million and \$5 million in the third quarter of 2025 and 2024, respectively, and \$140 million and \$9 million for the nine months ended September 30, 2025, and 2024, respectively. In the current year periods, this amount was primarily related to the income recognized under the Kidney Care TSA entered into upon the sale of the Kidney Care business in January 2025.

Interest Expense, Net

Interest expense, net was \$58 million and \$87 million in the third quarter of 2025 and 2024, respectively, and \$180 million and \$251 million for the nine months ended September 30, 2025 and 2024, respectively. The decrease in 2025, was driven by debt repayments in the first nine months of 2025 and the fourth quarter of 2024.

Other (Income) Expense, net

Other (income) expense, net was income of \$7 and \$1 million in the third quarter of 2025 and 2024, respectively. In the current and prior year periods, other (income) expense, net was primarily driven by pension and other postretirement benefits, partially offset by foreign exchange losses. Other (income) expense, net was income of \$10 million and \$34 million for the nine months ended September 30, 2025 and 2024, respectively. In the current year period, other income, net was primarily driven by pension and other postretirement benefits, partially offset by foreign exchange losses and losses from a noncash impairment write-down in an equity method investment. In the prior year period, other income, net was primarily driven by pension and other postretirement benefits, partially offset by foreign exchange losses.

Income Taxes

Our effective income tax rate was 142% and 12% for the three months ended September 30, 2025 and 2024, respectively, and 46% and 30% for the nine months ended September 30, 2025 and 2024, respectively. Our effective income tax rate can differ from the 21% U.S. federal statutory rate due to a number of factors, including foreign rate differences, tax incentives, non-deductible expenses, non-taxable income, increases or decreases in valuation allowances, increases or decreases in liabilities for uncertain tax positions, and excess tax benefits or shortfalls on stock compensation awards.

For the three months ended September 30, 2025, the difference between our effective income tax rate and the U.S. federal statutory rate was primarily driven by an increase in liabilities for uncertain tax positions (as discussed below), partially offset by a reduction in the valuation allowance on foreign tax credits and changes in the treatment of accumulated earnings that are considered indefinitely reinvested as of December 31, 2024.

For the nine months ended September 30, 2025, the difference between our effective income tax rate and the U.S. federal statutory rate was primarily driven by an increase in liabilities for uncertain tax positions (as discussed below), partially offset by a reduction in the valuation allowance on foreign tax credits, changes in the treatment of accumulated earnings that are considered indefinitely reinvested as of December 31, 2024 and a tax benefit drive by an entity classification election that we made for U.S. tax purposes, which resulted in a capital loss.

For the three months ended September 30, 2024, the difference between our effective income tax rate and the U.S. federal statutory rate was primarily attributable to a favorable geographic earnings mix, the tax impacts of the write-off of damaged inventory and fixed assets at our North Cove facility caused by Hurricane Helene, and a change in our assertion on the reinvested foreign earnings related to the sale of our Kidney Care segment allocated to continuing operations, partially offset by a \$26 million valuation allowance recorded to reduce the carrying amount of a tax attribute carryforward in the U.S. related to the sale of our Kidney Care segment.

For the nine months ended September 30, 2024, the difference between our effective income tax rate and the U.S. federal statutory rate was primarily attributable to a \$26 million valuation allowance recorded to reduce the carrying amount of a tax attribute carryforward in the U.S. related to the sale of our Kidney Care segment, an increase in a valuation allowance in a foreign jurisdiction resulting from changes in future projected income, an increase in income tax expense resulting from internal reorganization transactions related to the sale of our Kidney Care segment, and an increase in our liabilities for various uncertain tax positions, partially offset by a favorable geographic earnings mix.

We are currently under examination by the Internal Revenue Service (IRS) for transfer pricing matters related to transactions with our manufacturing operations in Costa Rica and Puerto Rico for the 2019 and 2020 tax years. While

we have not yet received a Notice of Proposed Adjustment (NOPA) from the IRS, the examination is ongoing, and we are in the process of responding to inquiries from, and engaging in ongoing discussions with, the IRS related to certain intercompany transactions between our U.S. entities and these foreign manufacturers. As a result, we have recorded reserves for uncertain tax positions related to these transfer pricing matters for tax years 2019 through 2025. These reserves in aggregate are recorded to expense for approximately \$300 million as of September 30, 2025, exclusive of any potential penalties and interest. While we believe that our transfer pricing positions are well documented and properly supported, and adequate amounts have been reserved to account for any adjustments that may ultimately result from this examination, the ultimate outcome of this matter is uncertain (upon the receipt of a NOPA or otherwise). Additionally, if the IRS were to assert we owe additional taxes and prevails in this assertion, such outcome could have a material impact on our financial position, results of operations, and cash flows.

There is a reasonable possibility within the next twelve months, we may reach a conclusion that an increase to the valuation allowance is needed on U.S. deferred tax assets. Our current valuation allowance is based on our historical and estimated future earnings. The timing and amount of any potential change in the valuation allowance could vary based on our future earnings (which may vary from current estimates).

The Organization of Economic Co-operation and Development (OECD) reached agreement among over 140 countries to implement a minimum 15% tax rate on certain multinational enterprises, commonly referred to as Pillar Two. We currently expect that the impact of the Pillar Two legislation on our income tax expense for the year ending December 31, 2025 is not expected to be material. We will continue to evaluate the impact of legislative changes as additional guidance becomes available.

On July 4, 2025, the United States enacted the One Big Beautiful Bill Act (OBBBA), which includes significant tax provisions, including extensions of key provisions from the 2017 Tax Cuts and Jobs Act and modifications to the U.S. international tax framework. The legislation has multiple effective dates, with certain provisions effective in 2025 and others to be implemented through 2027. We currently expect that the impact of the OBBBA legislation on our income tax expense for the year ending December 31, 2025 will not be material. We will continue to monitor regulatory guidance and interpretations as they are issued.

Discontinued Operations

On January 31, 2025, we completed the sale of our Kidney Care business and its results have been presented as discontinued operations for the three and nine months ended September 30, 2025 and 2024. Income (loss) from discontinued operations, net of tax was \$5 million in the third quarter of 2025, compared to \$83 million in the third quarter of 2024. The decrease in the current year period was driven by the settlement of certain net working capital adjustments reducing the gain from the sale of our Kidney Care business. For the nine months ended September 30, 2025, income (loss) from discontinued operations, net of tax was \$36 million and \$(290) million, respectively. The increase in the current year period was primarily driven by the \$115 million pre-tax gain from the sale our Kidney Care business (\$54 million net of tax) and the \$430 million goodwill impairment recognized in the prior year period related to the Chronic Therapies reporting unit within our former Kidney Care segment. Refer to Note 2 within Item 1 for additional information.

SEGMENT OPERATING INCOME

The following is a summary of our operating income for our reportable segments.

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Medical Products & Therapies	\$ 273	\$ 268	\$ 756	\$ 733
<i>% of Segment Net Sales</i>	20.5 %	20.0 %	19.3 %	18.8 %
Healthcare Systems & Technologies	104	136	315	323
<i>% of Segment Net Sales</i>	13.5 %	18.1 %	14.0 %	14.9 %
Pharmaceuticals	56	58	183	211
<i>% of Segment Net Sales</i>	8.9 %	9.9 %	10.0 %	11.9 %
Total reportable segment operating income	433	462	1,254	1,267
Other	5	2	20	15
Unallocated corporate costs	(15)	(73)	(36)	(227)
Intangible asset amortization expense	(147)	(159)	(453)	(471)
Legal matters	—	(17)	(11)	(17)
Business optimization items	(38)	(18)	(100)	(49)
Acquisition and integration items	(8)	(5)	(14)	(16)
Separation-related costs	(13)	—	(40)	—
European Medical Devices Regulation	(5)	(9)	(15)	(25)
Product-related items	(32)	(3)	(61)	(3)
Hurricane Helene Costs	(8)	(25)	(123)	(25)
Total operating income	172	155	421	449
Interest expense, net	58	87	180	251
Other (income) expense, net	(7)	(1)	(10)	(34)
Income from continuing operations before income taxes	\$ 121	\$ 69	\$ 251	\$ 232

Medical Products & Therapies

Segment operating income was \$273 million and \$268 million in the third quarter of 2025 and 2024, and \$756 million and \$733 million for the nine months ended September 30, 2025 and 2024, respectively. The increase in segment operating income in the third quarter and the nine months ended September 30, 2025 compared to the prior year periods was primarily driven by increased pricing, partially offset by lower sales volume, and increased manufacturing and supply costs.

Healthcare Systems & Technologies

Segment operating income was \$104 million and \$136 million in the third quarter of 2025 and 2024, and \$315 million and \$323 million for the nine months ended September 30, 2025 and 2024, respectively. Segment operating income decreased in the third quarter compared to the prior year period primarily due to the impact of a higher allocation of corporate costs following the sale of our Kidney Care segment, higher accruals under our annual employee incentive compensation plans, and higher costs related to tariffs. The decrease in segment operating income for the nine months ended September 30, 2025 compared to the prior year period was primarily due to the impact of a higher allocation of corporate costs following the sale of our Kidney Care segment, higher accruals under our annual employee incentive compensation plans, and higher costs related to tariffs, partially offset by increased gross profit from higher sales and margin improvement projects.

Pharmaceuticals

Segment operating income was \$56 million and \$58 million in the third quarter of 2025 and 2024, and \$183 million and \$211 million for the nine months ended September 30, 2025 and 2024, respectively. The decrease in segment

operating income in the third quarter and the nine months ended September 30, 2025 compared to the prior year periods was primarily due to unfavorable product mix and increased costs of goods sold.

Other

Other operating income, which represents operating income not attributable to our reportable segments, was \$5 million and \$2 million in the third quarter of 2025 and 2024, and \$20 million and \$15 million for the nine months ended September 30, 2025 and 2024 respectively. In the current year periods, other operating income primarily represents income from revenues earned under the Kidney Care MSA. In the prior year periods, other operating income primarily represents income from revenues earned by certain of our manufacturing facilities from contract manufacturing activities. The increase in the current year periods compared to the prior year periods reflects the revenues earned under the Kidney Care MSA following the closing of the sale of the Kidney Care business on January 31, 2025.

Unallocated Corporate Costs

Under our operating model, most global functional support costs, overhead costs and other shared costs that benefit our segments are allocated to those segments. Corporate costs that are not allocated to our segments, as well as any differences between actual corporate costs and the amounts allocated to our segments, are presented as unallocated corporate costs. Additionally, intangible asset amortization and other special items are not allocated to our segments. Certain of the costs that were previously maintained at corporate under our prior segment structure that are now allocated to our segments include manufacturing variances and centrally managed supply chain costs, certain R&D costs, product category support costs, stock compensation expense, and certain employee benefit plan costs.

LIQUIDITY AND CAPITAL RESOURCES

The following table is a summary of the statement of cash flows for the nine-month periods ended September 30, 2025 and 2024.

(in millions)	Nine Months Ended September 30,	
	2025	2024
Cash flows from (used in) operations - continuing operations	\$ 355	\$ 376
Cash flows from (used in) investing activities - continuing operations	(350)	(281)
Cash flows from (used in) financing activities	(4,069)	(1,222)

Cash Flows from Operations - Continuing Operations

For the nine months ended September 30, 2025 operating cash flows from continuing operations were \$355 million. For the nine months ended September 30, 2024, operating cash flows from continuing operations were \$376 million. Operating cash flows from continuing operations in the current year period were unfavorably impacted by increased inventory levels.

Cash Flows from Investing Activities - Continuing Operations

For the nine months ended September 30, 2025, cash used in investing activities from continuing operations primarily included capital expenditures of \$373 million. For the nine months ended September 30, 2024, cash used in investing activities from continuing operations primarily included capital expenditures of \$314 million, partially offset by \$34 million of proceeds from sales of marketable equity securities.

Cash Flows from Financing Activities

For the nine months ended September 30, 2025, cash used in financing activities included debt repayments of \$3.51 billion, a decrease in commercial paper borrowings of \$300 million, and dividend payments of \$261 million, partially offset by proceeds from stock issued under employee benefit plans of \$25 million. For the nine months ended September 30, 2024, cash used in financing activities included debt repayments of \$827 million and dividend payments of \$443 million, partially offset by proceeds from stock issued under employee benefit plans of \$63 million.

As authorized by our Board of Directors, we repurchase our stock depending upon our cash flows, net debt levels and market conditions. In July 2012, our Board of Directors authorized a share repurchase program and the related authorization was subsequently increased a number of times. We did not repurchase any shares under this authority

in the first nine months of 2025. We had \$1.30 billion remaining available under this authorization as of September 30, 2025.

Credit Facilities, Commercial Paper Program and Access to Capital and Credit Ratings

Credit Facilities and Commercial Paper Program

As of September 30, 2025, we had a U.S. Dollar-denominated term loan credit facility and a multicurrency revolving credit facility, as described below.

On June 11, 2025, we entered into an amended and restated U.S. Dollar-denominated term loan credit facility (the Term Loan Facility), which amends and restates in its entirety our existing term loan credit facility. As of September 30, 2025, we had \$645 million outstanding under the Term Loan Facility, which matures in 2027. Borrowings under the Term Loan Facility bear interest on the principal amount outstanding at either Term SOFR plus an applicable margin or a “base rate” plus an applicable margin. The Term Loan Facility contains various covenants, including a maximum net leverage ratio. In February 2025, we repaid \$1.00 billion under our previously existing five-year term loan facility maturing in 2026.

On June 11, 2025, we entered into an amended and restated revolving credit facility (the Multicurrency Revolver), which amends and restates in its entirety our existing U.S. Dollar-denominated revolving credit facility and replaces our existing Euro-denominated revolving credit facility. Our Multicurrency Revolver has a maximum capacity of \$2.20 billion and matures in 2030. Borrowings under the Multicurrency Revolver bear interest on the principal amount outstanding at either Term SOFR plus an applicable margin or a “base rate” plus an applicable margin. The Multicurrency Revolver contains various covenants, including a maximum net leverage ratio. Borrowings in Euros are subject to a sublimit of \$300 million. We may, at our option, seek to increase the aggregate commitment under the Multicurrency Revolver by up to \$1.10 billion, which would result in a maximum aggregate commitment of up to \$3.30 billion. There were no borrowings outstanding under the Multicurrency Revolver as of September 30, 2025. As of December 31, 2024, there were no borrowings outstanding under our previously existing credit facilities. Our commercial paper borrowing arrangements require us to maintain undrawn borrowing capacity under our credit facilities for an amount at least equal to our outstanding commercial paper borrowings.

On July 17, 2024, we entered into a credit agreement in which a group of banks have committed to provide us senior unsecured term loans in an aggregate principal amount of up to \$2.05 billion (the bridge facility). Borrowings under the bridge facility were available in up to three drawings to fund (a) the refinancing of our 1.322% Senior Notes due November 29, 2024, our Floating Rate Notes due November 29, 2024, and certain borrowings under our existing term loan facility and (b) payment of certain U.S. tax liabilities arising from internal reorganization transactions related to the sale of our Kidney Care business. Borrowings under the bridge facility bore interest at a rate based on our long-term debt ratings in effect from time to time. The banks’ funding commitments under the bridge facility terminated on December 31, 2024. Outstanding borrowings under the bridge facility were scheduled to mature on the earlier of 364 days from the first funding date and November 24, 2025. Additionally, we are required to use the net cash proceeds from certain transactions (including from the sale of our Kidney Care business) to repay any outstanding borrowings under the bridge facility. There was \$1.83 billion outstanding under this bridge facility as of December 31, 2024. In January 2025, we used a portion of the approximately \$3.3 billion of net after-tax proceeds from the sale of our Kidney Care business to repay the \$1.83 billion outstanding under this bridge facility as of December 31, 2024, at which time it was terminated.

As of September 30, 2025, we were in compliance with the financial covenants in these agreements. Based on our covenant calculations as of September 30, 2025, we had capacity to draw \$1.10 billion under the Multicurrency Revolver. The non-performance of any financial institution supporting either of the credit facilities would reduce the maximum capacity of these facilities by the institution’s respective commitment. Additionally, a deterioration in our financial performance may further reduce our ability to draw on the Multicurrency Revolver.

We have a commercial paper program that currently enables us to borrow efficiently at short-term interest rates. Upon maturity of any commercial paper borrowings under this program, and to the extent old issuances are not repaid by cash on hand, we are exposed to the rollover risk of not being able to issue new commercial paper. Our commercial paper borrowing arrangements require us to maintain undrawn borrowing capacity under our revolving credit facility for an amount at least equal to our outstanding commercial paper borrowings. If we were not able to issue new commercial paper, we have the option of drawing on the Multicurrency Revolver; however, electing to do so would result in higher interest expense. We had no commercial paper borrowings outstanding as of September 30, 2025. As

of December 31, 2024 we had \$300 million of commercial paper outstanding, which was repaid in full in the first quarter of 2025.

Access to Capital and Credit Ratings

We intend to fund short-term and long-term obligations as they mature through cash on hand, future cash flows from operations, or by issuing additional debt, which could include commercial paper. We had \$1.73 billion of cash and cash equivalents as of September 30, 2025, with adequate cash available to meet operating requirements in each jurisdiction in which we operate. We invest our excess cash in money market and other funds and diversify the concentration of cash among different financial institutions. As of September 30, 2025, we had approximately \$9.50 billion of long-term debt and finance lease obligations, including current maturities, and short-term debt. During the first nine months of 2025, we repaid \$3.81 billion of short-and long-term indebtedness primarily with the net after-tax cash proceeds from the sale of our Kidney Care business. Subject to market conditions, we regularly evaluate opportunities with respect to our capital structure (including with respect to the potential refinancing of our outstanding indebtedness).

Our ability to generate cash flows from operations, issue debt, including commercial paper, or enter into other financing arrangements on acceptable terms (including with respect to interest and other borrowing costs) could be adversely affected if there is a material decline in the sales of our products or in the solvency of our customers or suppliers, deterioration in our credit ratings (as discussed below), or other significantly unfavorable changes in conditions (including if our key financial ratios do not show sustained improvement). However, we believe we have sufficient financial flexibility to issue debt, enter into other financing arrangements, and attract long-term capital on acceptable terms to support our growth objectives and reduce our debt levels as we take actions consistent with our capital allocation priorities (which may include reductions to our quarterly dividend rate).

Our credit ratings are subject to ongoing review by the rating agencies, and they consider a number of factors, including our financial strength, performance, prospects and operations as well as factors not under our control. The rating agencies could make adjustments to our ratings at any time, and they provide no assurances that they will maintain our ratings at current level. During the third quarter of 2025, Moody's Ratings (Moody's) revised our senior debt credit rating outlook rating from stable to negative. In November 2025, Moody's placed our senior secured rating and long-term debt rating and our commercial paper rating on review for downgrade. There have been no other changes to our investment grade credit ratings that we disclosed in our 2024 Annual Report.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses. A summary of our significant accounting policies is included in Note 1 to our consolidated financial statements in our 2024 Annual Report. Certain of our accounting policies are considered critical, as these policies are the most important to the depiction of our financial statements and require significant, difficult or complex judgments by us, often employing the use of estimates about the effects of matters that are inherently uncertain. Such policies are summarized in the Management's Discussion and Analysis of Financial Condition and Results of Operations section in our 2024 Annual Report.

Impairment of Goodwill and Other Long-Lived Assets

Front Line Care Reporting Unit

In connection with our November 1, 2024 annual goodwill impairment tests, we recorded a goodwill impairment related to our Front Line Care reporting unit within our Healthcare Systems & Technologies segment to reduce the carrying value of the reporting unit to its fair value. While no triggering events were identified during the nine months ended September 30, 2025, we are continuing to closely monitor the performance of this reporting unit (including in light of evolving global macroeconomic conditions and capital spending patterns), and if there is a significant adverse change in our outlook for this business in the future, a goodwill impairment could arise at that time. As of September 30, 2025, the carrying amount of goodwill for our Front Line Care reporting unit was \$2.00 billion.

There have been no significant changes in the application of our critical accounting policies during the first nine months of 2025.

RECENT ACCOUNTING PRONOUNCEMENTS

Recently issued accounting standards not yet adopted

In November 2024, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which requires disaggregated disclosure of certain expenses on an interim and annual basis in the notes to the financial statements. This standard is effective for annual consolidated financial statements for the year ending December 31, 2027 and for interim periods beginning in 2028. We are currently evaluating the impact of this new standard on our consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvement to Income Tax Disclosures, which requires (1) disclosure of specific categories in the rate reconciliation and (2) additional information for reconciling items that meet a quantitative threshold. Additionally, the amendment requires disclosure of certain disaggregated information about income taxes paid, income from continuing operations before income tax expense (benefit) and income tax expense (benefit). The standard is effective for our annual consolidated financial statements for the year ending December 31, 2025. We are currently evaluating the impact of this standard on our consolidated financial statements.

LEGAL CONTINGENCIES

Refer to Note 6 within Item 1 for a discussion of our legal contingencies. Upon resolution of any of these uncertainties, we may incur charges in excess of presently established liabilities. While our liability in connection with certain claims cannot be estimated with any certainty, and although the resolution in any reporting period of one or more of these matters could have a significant impact on our results of operations and cash flows for that period, the outcome of these legal proceedings is not currently expected to have a material adverse effect on our consolidated financial position. While we believe that we have valid defenses in these matters, litigation is inherently uncertain, excessive verdicts do occur, and we may in the future incur material judgments or enter into material settlements of claims.

CERTAIN REGULATORY MATTERS

In July 2017, immediately prior to the closing of our acquisition of Claris Injectables Limited (Claris), FDA commenced an inspection of the Claris' facilities in Ahmedabad, India. FDA completed the inspection and subsequently issued a Warning Letter based on observations identified in the 2017 inspection¹. FDA completed a re-inspection of the facilities in May 2022, which was subsequently classified as Voluntary Action Indicated (VAI). FDA performed an additional inspection of the facilities in January 2023. In April 2023, the site received an Official Action Indicated, or "OAI", classification following FDA's January 2023 inspection. In July 2023, FDA issued a Warning Letter to the site based on the observations from the agency's January 2023 inspection (2023 Warning Letter)². In June 2025, FDA performed another re-inspection of the site. On October 31, 2025, FDA classified the June 2025 inspection as VAI, indicating that the site is in acceptable compliance with FDA's current Good Manufacturing Practice requirements. Based on the VAI reclassification, Baxter expects that the 2023 Warning Letter will be closed and no additional Warning Letters on the facilities will remain outstanding.

¹ Available online at <https://www.fda.gov/ICECI/EnforcementActions/WarningLetters/ucm613538.htm>

² Available online at <https://www.fda.gov/inspections-compliance-enforcement-and-criminal-investigations/warning-letters/baxter-healthcare-corporation-654136-07252023>

FORWARD-LOOKING INFORMATION

Certain statements contained in this quarterly report on Form 10-Q may constitute "forward-looking statements," as defined in the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. These statements by their nature address matters that are uncertain to different degrees. Use of the words "may," "will," "would," "could," "should," "believes," "estimates," "projects," "potential," "expects," "plans," "seeks," "intends," "evaluates," "pursues," "anticipates," "continues," "designs," "impacts," "affects," "forecasts," "target," "outlook," "initiative," "objective," "designed," "priorities," "goal," or the negative of those words or other similar expressions may identify forward-looking statements, although not all forward-looking statements contain such words.

These forward-looking statements are based on certain assumptions and analyses made in light of our experience and perception of historical trends, current conditions, and expected future developments as well as other factors that we believe are appropriate in the circumstances. While these statements represent our judgment on what the future may hold, and we believe these judgments are reasonable, these statements are not guarantees of any events or financial results. Whether actual future results and developments will conform to expectations and predictions is subject to a number of risks and uncertainties, including the following factors, many of which are beyond our control:

- our ability to achieve the intended benefits of our recent strategic actions, including the sale of our Kidney Care business, business strategy and development activities (including the acquisition of Hillrom and completion of related integration activities) and cost saving initiatives, or of future long-term financial improvement goals;
- the impact of global economic conditions (including, among other things, changes in tariffs, taxation, trade policies and treaties, sanctions, embargos, export control restrictions, the potential for a recession, supply chain disruptions, inflation levels and interest rates, financial market volatility, banking crises, the war in Ukraine, the conflict in the Middle East and other geopolitical events (and the potential for escalation of these and other conflicts), the related economic sanctions being imposed globally in response to the conflicts and potential trade wars, global public health crises, pandemics and epidemics, or the anticipation of any of the foregoing, on our operations and our employees, customers, suppliers, and foreign governments in countries in which we operate) and our ability to identify actions to mitigate the impact of those conditions (or to realize the anticipated benefits of any such mitigating actions);
- demand and market acceptance risks for, and competitive pressures (including pricing) related to, new and existing products and services (including customer response to recent Novum LVP field actions and the related voluntary ship and installation hold, which may include additional returns or exchanges), challenges and reputational risks associated with converting customers to new or alternative products and challenges with accurately predicting changing customer preferences and future expenditures and inventory levels (including with respect to the impact of the Novum LVP ship and installation hold and what the company believes to be continuing fluid conservation practices) and with being able to monetize new and existing products and services, the impact of those products and services on quality and patient safety concerns, and the need for ongoing training and support for our products and services;
- product development risks, including satisfactory clinical performance and obtaining and maintaining required regulatory approvals (including as a result of evolving regulatory requirements or the withdrawal or resubmission of any pending applications), the ability to manufacture at appropriate scale, and the general unpredictability associated with the product development cycle (which may result in monetary penalties owed to our suppliers in the event we do not place orders at levels contemplated in our contractual arrangements);
- future actions of, or failures to act or delays in acting by FDA, the European Medicines Agency, or any other regulatory body or government authority (including the SEC, DOJ, Health Canada or the Attorney General of any state), or any product quality or patient safety issues (including those related to the company's infusion pump category) that could delay, limit or suspend product development, manufacturing, or sale or otherwise lead to product recalls (either voluntary or required by governmental authorities), adverse regulatory site inspection reports, voluntary or official action indicated classifications, labeling changes, launch delays, warning letters, import bans, refusal of a government to grant or the government withdrawal of approvals, clearances, licenses or other marketing authorizations, denial of import certifications, sanctions, seizures, injunctions (including to halt manufacture or distribution), monetary sanctions, criminal or civil liabilities or litigation;
- the continuity, availability, and pricing of acceptable raw materials and component parts, our ability to pass some or all of any increased costs to our customers through price increases or otherwise, and the related continuity of our manufacturing, sterilization, supply and distribution and those of our suppliers;
- failure to accurately forecast or achieve our short-and long-term financial performance and goals, market and category growth rates, growth rates for our segments, customer demand and related impacts on our liquidity (including with respect to increased inventory levels);
- our ability to execute on our capital allocation plans, including our debt repayment plans, the timing and amount of any dividends, share repurchases and divestiture proceeds;

- any future downgrades to our credit ratings or ratings outlooks (including as a result of the Moody's review), or withdrawals by rating agencies from rating us and our indebtedness, and the related impact on our funding costs and liquidity;
- our ability to finance and develop new products or services, or enhancements thereto, on commercially acceptable terms or at all;
- actions by tax authorities in connection with ongoing tax audits (including with respect to transfer pricing matters and the potential issuance of one or more NOPAs), the outcome of pending or future litigation (including as a result of customer or supplier disputes) and the sufficiency of any related reserves;
- fluctuations in foreign exchange and interest rates;
- the impact of any accounting estimates and assumptions, including with respect to goodwill, intangible assets, or other long-lived asset impairments on our operating results;
- failures with respect to our quality, compliance or ethics programs;
- our ability to attract, develop, retain and engage key employees, including as a result of organizational or other corporate changes and strategic initiatives, and the occurrence of labor disruptions resulting from labor disagreements under bargaining agreements or national trade union agreements, disputes with works councils or otherwise;
- inability to create additional production capacity in a timely manner or the occurrence of other manufacturing, sterilization, or supply difficulties, including as a result of natural disaster or severe weather event (such as Hurricane Helene), war, terrorism, global public health crises and epidemics/pandemics, regulatory actions, or otherwise;
- future actions of third parties, including third-party payors and our customers and distributors (including group purchasing organizations (GPOs) and integrated delivery networks);
- breaches and breakdowns affecting our information technology systems or protected information, including by cyber-attack, data leakage, unauthorized access or theft, or failures of or vulnerabilities in our information technology systems or products;
- ability to effectively develop, integrate or deploy artificial intelligence, machine learning and other emerging technologies into our products, services and operations in a manner that is compliant with existing and emerging regulations and consistent with evolving customer preferences;
- the impact of physical effects of climate change, severe storms (including Hurricane Helene) and storm-related events;
- changes to legislation and regulation and other governmental pressures in the United States and globally, including the cost of compliance and potential penalties for purported noncompliance thereof, including new or amended laws, rules and regulations as well as the impact of healthcare reform and its implementation, suspension, repeal, replacement, amendment, modification and other similar actions undertaken by the United States or foreign governments, including with respect to pricing, reimbursement, taxation (including taxation of income, whether with respect to current or future tax reform) and rebate policies;
- ability to meet evolving and varied corporate responsibility expectations of our stakeholders, including compliance with emerging and potentially contradictory global sustainability regulations;
- the ability to protect or enforce our patents or other proprietary rights (including trademarks, copyrights, trade secrets, and know-how) or where the patents of third parties prevent or restrict our manufacture, sale, or use of affected products or technology; and
- other factors discussed elsewhere in this report and other filings with the SEC, including those factors described in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2024, all of which are available on our website.

Actual results may differ materially from those projected in the forward-looking statements, which are more fully discussed in Item 1A. Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2024. These forward-looking statements are not exclusive and are in addition to other factors discussed elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2024. Further, other unknown or unpredictable factors could also have material adverse effects on future results. Any forward-looking statement in this Quarterly Report on

Form 10-Q speaks only as of the date on which it is made. Except as required by law, we assume no obligation, and expressly disclaim any obligation, to update or revise any forward-looking statements, whether as a result of new information or future events.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Currency Risk

We are primarily exposed to foreign exchange risk with respect to revenues generated outside of the United States denominated in the Euro, British Pound, Canadian Dollar, Australian Dollar, Indian Rupee, Turkish Lira, Japanese Yen, Mexican Peso, Korean Wan and Swiss Franc. We manage our foreign currency exposures on a consolidated basis, which allows us to net exposures and take advantage of any natural offsets. In addition, we use derivative and nonderivative financial instruments to further reduce the net exposure to foreign exchange. Gains and losses on the hedging instruments offset losses and gains on the hedged transactions and reduce the earnings and stockholders' equity volatility relating to foreign exchange. However, we don't hedge our entire foreign exchange exposure and are still subject to earnings and stockholders' equity volatility relating to foreign exchange risk. Financial market and currency volatility may limit our ability to cost-effectively hedge these exposures.

We primarily use forward contracts to hedge the foreign exchange risk to earnings relating to forecasted transactions and recognized assets and liabilities denominated in foreign currencies. The maximum term over which we have cash flow hedge contracts in place related to foreign exchange risk on forecasted transactions as of September 30, 2025 is two months. We also enter into derivative instruments to hedge foreign exchange risk on certain intra-company and third-party receivables and payables and debt denominated in foreign currencies.

As part of our risk-management program, we perform sensitivity analyses to assess potential changes in the fair value of our foreign exchange instruments relating to hypothetical and reasonably possible near-term movements in foreign exchange rates.

A sensitivity analysis of changes in the fair value of foreign exchange contracts outstanding as of September 30, 2025, while not predictive in nature, indicated that if the U.S. Dollar uniformly weakened by 10% against all currencies, the net pre-tax liability balance of \$1 million with respect to those contracts would change by \$5 million.

The sensitivity analysis model recalculates the fair value of the foreign exchange contracts outstanding as of September 30, 2025 by replacing the actual exchange rates as of September 30, 2025 with exchange rates that are 10% weaker compared to the actual exchange rates for each applicable currency. All other factors are held constant. These sensitivity analyses disregard the possibility that currency exchange rates can move in opposite directions and that gains from one currency may or may not be offset by losses from another currency. The analyses also disregard the offsetting change in value of the underlying hedged transactions and balances.

In February 2022, the three-year cumulative inflation rate in Turkey exceeded 100 percent. As a result, on April 1, 2022, we began reporting the results of our subsidiary in that jurisdiction using highly inflationary accounting, which requires that the functional currency of the entity be changed to the reporting currency of its parent. As of September 30, 2025, our subsidiary in Turkey had net monetary assets of \$35 million.

Interest Rate and Other Risks

Refer to the caption "Interest Rate and Other Risks" in the "Financial Instrument Market Risk" section of the 2024 Annual Report. There were no significant changes during the quarter ended September 30, 2025.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act), as of September 30, 2025. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2025.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The information in Part I, Item 1, Note 6 is incorporated herein by reference.

Item 1A. Risk Factors

We do not believe that there have been any material changes to the risk factors previously disclosed in our 2024 Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In July 2012, the Board of Directors authorized a share repurchase program and the related authorization was subsequently increased a number of times. During the third quarter of 2025, we did not repurchase any shares under this authority. We had \$1.30 billion remaining under this program as of September 30, 2025. This program does not have an expiration date.

Item 5. Other Information

Certain of our officers have made elections to participate in, and are participating in, our employee stock purchase plan, and certain of our officers and directors have made, and may from time to time make, elections to have shares withheld to cover withholding taxes or pay the exercise price of options, which may constitute non-Rule 10b5-1 trading arrangements (as defined in Item 408(c) of Regulation S-K). Further, our officers are eligible to participate in Baxter's U.S. tax-qualified Section 401(k) plan (401(k) Plan). The 401(k) Plan permits both employer and employee contributions to be invested through a self-directed "brokerage window", which is subject to Rule 10b5-1(c)(1).

Item 6. Exhibits

Exhibit Index:

Exhibit Number	Description
C10.1*	Change-in-Control Agreement, dated as of August 19, 2025, between the Company and Andrew Hider.
C10.2	Offer Letter, effective as of July 7, 2025, by and between the Company (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 7, 2025).
C10.3	Amended and Restated Letter Agreement, dated August 2, 2025, by and between Brent Shafer and the Company (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2025).
31.1*	Certification of Chief Executive Officer Pursuant to Rules 13a-14 (a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2*	Certification of Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1**	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained within the Inline XBRL Instance Document in Exhibit 101)

* Filed herewith.

** Furnished herewith. This exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that Section. Such exhibit shall not be deemed incorporated into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

C Management contract or compensatory plan or arrangement.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 4, 2025

BAXTER INTERNATIONAL INC.

(Registrant)

By: /s/ Joel T. Grade

Joel T. Grade
Executive Vice President and Chief Financial Officer, (duly
authorized officer and principal financial officer)

Change In Control Agreement

This Change in Control Agreement (“Agreement”) is entered into by Baxter International Inc. (the “Company”) and Andrew Hider (the “Executive”).

Whereas, the Company considers it essential to the best interests of its stockholders to foster the continued employment of key management personnel; and

Whereas, the Board recognizes that, as is the case with many publicly held corporations, the possibility of a Change in Control exists and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its stockholders; and

Whereas, the Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company’s key management, including the Executive, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a Change in Control; and

Now, therefore, in consideration of the premises and the mutual covenants herein contained, the Company and the Executive hereby agree as follows:

1. Defined Terms. The definitions of capitalized terms used in this Agreement are provided in the last Section.

2. Term of Agreement. The Term of this Agreement shall commence on the Effective Date and shall continue in effect through the second anniversary of the Effective Date; provided, however, that commencing on the first anniversary of the Effective Date and on each anniversary thereafter, the Term shall automatically be extended for one additional year unless, not later than one year before the end of the then-existing Term, the Company or the Executive shall have given notice not to extend the Term; and further provided, however, that if a Change in Control shall have occurred during the Term, the Term shall expire no earlier than twenty-four (24) months beyond the date on which such Change in Control occurred.

3. The Company’s Covenants Summarized. In order to induce the Executive to remain in the employ of the Company and in consideration of the Executive’s covenants set forth in Section 4 hereof, the Company agrees, under the conditions described herein, to pay the Executive the Severance Payments and the other payments and benefits described herein. No Severance Payments shall be payable under this Agreement unless there shall have been (or, under the terms of the second sentence of Section 6.1 hereof, there shall be deemed to have been) a termination of the Executive’s employment with the Company following a Change in Control and during the Term, all subject to the terms and conditions set forth herein and provided that such termination of employment constitutes a “separation from service” for purposes of Section 409A of the Code. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between the Executive and the Company, the Executive shall not have any right to be retained in the employ of the Company.

4. The Executive’s Covenants. The Executive agrees that, subject to the terms and conditions of this Agreement, in the event of a Potential Change in Control during the Term, the Executive will remain in the employ of the Company until the earliest of (i) the last day of the Potential Change in Control Period, (ii) the date of a Change in Control, (iii) the date of termination by the Executive of the Executive’s employment for Good Reason or by reason of death, Disability or Retirement, or (iv) the termination by the Company of the Executive’s employment for any reason.

5. Compensation Other Than Severance Payments.

5.1 Following a Change in Control and during the Term, during any period that the Executive fails to perform the Executive’s full-time duties with the Company as a result of incapacity due to physical or mental illness, the Company shall pay the Executive’s full salary to the Executive at the rate in effect at the commencement of any such period,

together with all compensation and benefits payable to the Executive under the terms of any compensation or benefit plan, program or arrangement maintained by the Company during such period (other than any disability plan), until the Executive's employment is terminated by the Company for Disability.

5.2 If the Executive's employment shall be terminated for any reason following a Change in Control and during the Term, the Company shall pay the Executive's full salary to the Executive through the Date of Termination at the rate in effect immediately prior to the Date of Termination or, if higher, the rate in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason, together with all compensation and benefits payable to the Executive through the Date of Termination under the terms of the Company's compensation and benefit plans, programs or arrangements as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason.

5.3 If the Executive's employment shall be terminated for any reason following a Change in Control and during the Term, the Company shall pay to the Executive the Executive's normal post-termination compensation and benefits as such payments become due. Such post-termination compensation and benefits shall be determined under, and paid in accordance with, the Company's retirement, insurance and other compensation or benefit plans, programs and arrangements as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the occurrence of the first event or circumstance constituting Good Reason.

5.4 Upon the occurrence of a change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company (in any case within the meaning of Section 409A of the Code), notwithstanding any provision of any non-qualified defined contribution deferred compensation plans to the contrary, in lieu of any other benefit under such plans attributable to the period before 2009 or for a year commencing after the date of this Agreement, the Company shall pay to the Executive a lump sum amount, in cash, equal to the then present value of the deferred compensation otherwise payable to the Executive pursuant to the terms of such plans. The payments required by this Section 5.4 shall be made not later than the fifth day following the date of such change in ownership or control of the Company or change in asset ownership. The provisions of this Section 5.4 shall survive the termination of this Agreement.

5.5 For the two-year period commencing immediately following a Change in Control, the Company agrees: (A) to continue in effect any compensation plan in which the Executive participates immediately prior to the Change in Control which is material to the Executive's total compensation, including but not limited to the Company's equity-based long term incentive plans and annual incentive plans, or any substitute plans adopted prior to the Change in Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan; (B) to continue the Executive's participation in the plans described in the foregoing paragraph (A) (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount or timing of payment of benefits provided and the level of the Executive's participation relative to other participants, as existed immediately prior to the Change in Control; and (C) to continue to provide the Executive with benefits substantially similar to those enjoyed by the Executive under any of the Company's pension, savings, life insurance, medical, health and accident, or disability plans in which the Executive was participating immediately prior to the Change in Control (except for across the board changes similarly affecting all senior executives of the Company and all senior executives of any Person in control of the Company), not to take any other action which would directly or indirectly materially reduce any of such benefits or deprive the Executive of any material fringe benefit enjoyed by the Executive at the time of the Change in Control, and to provide the Executive with the number of paid vacation days to which the Executive is entitled on the basis of years of service with the Company in accordance with the Company's normal vacation policy in effect at the time of the Change in Control.

6. Severance Payments.

6.1 If the Executive's employment is terminated following a Change in Control and during the Term (provided that such termination of employment constitutes a "separation from service" within the meaning of Section 409A of the Code), other than (A) by the Company for Cause, (B) by reason of death or Disability, or (C) by the Executive without Good Reason, then the Company shall pay the Executive the amounts, and provide the Executive the benefits, described in this Section 6.1 ("Severance Payments"), in addition to any payments and benefits to which the Executive is entitled

under Section 5 hereof, provided that the Executive shall have properly executed, within forty-five (45) days of his Date of Termination, and not revoked a customary general waiver and release of claims in a form reasonably acceptable to the Company. For purposes of this Agreement, the Executive's employment shall be deemed to have been terminated following a Change in Control by the Company without Cause or by the Executive with Good Reason, if (i) the Executive's employment is terminated by the Company without Cause prior to a Change in Control (whether or not a Change in Control ever occurs) and such termination was at the request or direction of a Person who has entered into an agreement with the Company the consummation of which would constitute a Change in Control, (ii) the Executive terminates his employment for Good Reason prior to a Change in Control (whether or not a Change in Control ever occurs) and the circumstance or event which constitutes Good Reason occurs at the request or direction of such Person, or (iii) the Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason and such termination or the circumstance or event which constitutes Good Reason is otherwise in connection with or in anticipation of a Change in Control (whether or not a Change in Control ever occurs). For purposes of any determination regarding the applicability of the immediately preceding sentence, any position taken by the Executive shall be presumed to be correct unless the Company establishes to the Board by clear and convincing evidence that such position is not correct.

(A) In lieu of any further salary payments to the Executive for periods subsequent to the Date of Termination and in lieu of any severance benefit otherwise payable to the Executive, the Company shall pay to the Executive a lump sum severance payment, in cash, equal to two and one-half times the sum of (i) the Executive's base salary as in effect immediately prior to the Date of Termination or, if higher, in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason, and (ii) the Executive's target annual bonus under any annual bonus or incentive plan maintained by the Company in respect of the fiscal year in which occurs the Date of Termination or, if higher, the highest target annual bonus in respect of the fiscal year in which occurs the Change in Control or the first event or circumstance constituting Good Reason.

(B) (1) For the eighteen (18) month period immediately following the Date of Termination, the Company shall arrange to provide the Executive and his dependents life, accident and health insurance benefits substantially similar to those provided to the Executive and his dependents immediately prior to the Date of Termination or, if more favorable to the Executive, those provided to the Executive and his dependents immediately prior to the first occurrence of an event or circumstance constituting Good Reason, at no greater after-tax cost to the Executive than the after-tax cost to the Executive immediately prior to such date or occurrence; provided, however, that such health and welfare benefits shall be provided, as applicable, through an arrangement that satisfies the requirements of Section 105 or 106 of the Code and, to the extent the payments represent a reimbursement of expenses incurred by the Participant, shall be paid not later than the last day of the year following the year in which the underlying expenses were incurred. Benefits otherwise receivable by the Executive pursuant to this Section 6.1(B) shall be eliminated if benefits of the same type are received by or made available to the Executive during the eighteen (18) month period following the Executive's termination of employment (and any such benefits received by or made available to the Executive shall be reported to the Company by the Executive).

(2) In addition, if the Executive would have become entitled to benefits under the Company's post-retirement health care or life insurance plans, as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason, had the Executive's employment terminated at any time during the period of twenty-four (24) months after the Date of Termination, the Company shall provide such post-retirement health care or life insurance benefits to the Executive and the Executive's dependents commencing on the later of (i) the date on which such coverage would have first become available and (ii) the date on which benefits described in subsection (1) terminate.

(3) To the extent the benefits to be made available under this Section 6.1(B) are not medical expenses within the meaning of Treas. Reg. § 1.409A-1(b)(9)(v)(B) and are not short-term deferrals within the meaning of Section 409A of the Code, then during the first six months following the Date of Termination the Executive shall pay to the Company, at the time such benefits are provided, the fair market value of such benefits, and the Company shall reimburse the Executive for any such payment not later than the fifth day following the expiration of such six-month period unless the

Company reasonably determines, based on the advice of counsel, that the benefits can be provided during such six-month period without causing the Executive to be subject to an "additional tax" under Section 409A(a)(2) of the Code.

(C) Notwithstanding any provision of any annual incentive plan to the contrary, the Company shall pay to the Executive a lump sum amount, in cash, equal to the sum of (i) any unpaid incentive compensation which has been allocated or awarded to the Executive for a completed fiscal year or other measuring period preceding the Date of Termination under any such plan and which, as of the Date of Termination, is contingent only upon the continued employment of the Executive to a subsequent date, and (ii) a pro rata portion to the Date of Termination of the aggregate value of all contingent incentive compensation awards to the Executive for all then uncompleted periods under any such plan, calculated as to each such award by multiplying the award that the Executive would have earned on the last day of the performance award period, assuming the achievement, at the target level, of the individual and corporate performance goals established with respect to such award, by the fraction obtained by dividing the number of full months and any fractional portion of a month during such performance award period through the Date of Termination by the total number of months contained in such performance award period. The provisions of this Section 6.1(C) shall survive the termination of this Agreement in respect of awards granted under any such annual incentive plans before the date of such termination.

(D) The Company shall provide the Executive with outplacement services suitable to the Executive's position for a period of two years or, if earlier, until the first acceptance by the Executive of an offer of employment, in an aggregate amount not exceeding \$50,000. Subject to the foregoing, in no event shall any payment described in this Section 6.1(D) be made after the end of the calendar year following the calendar year in which the services were provided.

(E) The lump-sum cash payments required pursuant to the preceding provisions of this Section 6.1 hereof shall be made not later than the fifty-fifth (55th) day following the Date of Termination. Notwithstanding the above, the Executive shall not be considered to have terminated employment with the Company for purposes of this Agreement and no payments shall be due to the Executive under this Agreement unless the Executive would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A of the Code. Each amount to be paid or benefit to be provided under this Agreement shall be construed as a separate identified payment for purposes of Section 409A of the Code. Any payments described in this Agreement that are due within the "short term deferral period" within the meaning of Section 409A of the Code or that are otherwise exempt from application of Section 409A of the Code, shall not be treated as deferred compensation unless applicable law requires otherwise. If the Executive, at the Date of Termination, is a "specified employee" as defined in the Baxter International Inc. and Subsidiaries Deferred Compensation Plan, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following the Executive's termination of employment shall instead be paid on the first business day after the date that is six months following the Executive's termination of employment (or upon the Executive's death, if earlier) unless the Company reasonably determines, based on the advice of counsel, that such delayed commencement is not required to avoid an "additional tax" under Section 409A(a)(2) of the Code. In addition, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, in the event that the Executive's termination of employment occurs within fifty-five (55) days prior to the end of a calendar year, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement on or before December 31 of the year in which the termination of employment occurs shall, subject to the previous sentence of this section, instead be paid on the first business day following January 1 of the first calendar year beginning after the Executive's termination of employment.

6.2 The payments provided in subsections (A) and (C) of Section 6.1 hereof shall be made not later than the fifty-fifth (55th) day following the Date of Termination. At the time that payments are made under this Agreement, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations. If the Executive at the time of such separation from service is a "specified employee" as defined in the Baxter International Inc. and Subsidiaries Deferred Compensation Plan, no payments shall be made to the Executive prior to the earlier of (a) the expiration of the six (6) month period measured from the date of the Executive's "separation from service" (as such term is defined in Section 409A of the Code), or (b) the date

of the Executive's death unless the Company reasonably determines, based on the advice of counsel, that such delayed commencement is not required to avoid an "additional tax" under Section 409A(a)(2) of the Code.

6.3 The Company also shall pay to the Executive all legal fees and expenses incurred by the Executive in disputing any issue hereunder relating to the termination of the Executive's employment (provided the Executive shall prevail in such dispute), in seeking to obtain or enforce any benefit or right provided by this Agreement (provided the Executive shall obtain or successfully enforce such benefit or right) or in connection with any tax audit or proceeding to the extent attributable to the application of Section 409A of the Code to any payment or benefit provided hereunder. Such payments shall be made within five (5) business days after delivery of the Executive's written request for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require; provided that no such payment shall be made in respect of fees or expenses incurred by the Executive after the later of the tenth anniversary of the Date of Termination or the Executive's death, and provided further, that, upon the Executive's separation from service with the Company, in no event shall any additional such payments be made prior to the date that is six months after the date of the Executive's separation from service unless the Company reasonably determines, based on the advice of counsel, that such delay is not required to avoid an "additional tax" under Section 409A(a)(2) of the Code.

7. Termination Procedures.

7.1 Notice of Termination. After a Change in Control and during the Term, any purported termination of the Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with Section 12 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board (excluding Executive, if Executive is a member of the Board) at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, the Executive was guilty of conduct set forth in clause (i) or (ii) of the definition of Cause herein, and specifying the particulars thereof in detail.

7.2 Date of Termination. "Date of Termination," shall mean, solely with respect to any purported termination of the Executive's employment after a Change in Control and during the Term, (i) if the Executive's employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that the Executive shall not have returned to the full-time performance of the Executive's duties during such thirty (30) day period), and (ii) if the Executive's employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of a termination by the Company, shall not be less than thirty (30) days (except in the case of a termination for Cause) and, in the case of a termination by the Executive, shall not be less than fifteen (15) days nor more than sixty (60) days, respectively, from the date such Notice of Termination is given); provided that Executive shall not be considered to have terminated employment with the Company for purposes of this Agreement and no payments shall be due to the Executive under this Agreement unless the Executive would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A of the Code.

7.3 Dispute Concerning Termination. If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this Section 7.3), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be extended until the earlier of (i) the date on which the Term ends or (ii) the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, that the Date of Termination shall be extended by a notice of dispute given by the Executive only if such notice is given in good faith and the Executive pursues the resolution of such dispute with reasonable diligence; and further provided, however, that the provisions of this Section 7.3 shall

apply only to the extent that, pursuant to Treas. Reg. § 1.409A-3(g), they will not cause an additional tax under Section 409A of the Code.

8. No Mitigation. The Company agrees that, if the Executive's employment with the Company terminates during the Term, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to Section 6. Further, except as specifically provided in Section 6.1(B), no payment or benefit provided for in this Agreement shall be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

9. Certain Restrictive Covenants.

9.1 Noncompetition. The Executive understands that any entrusting of Confidential Information to him by the Company is done in reliance on a confidential relationship arising out of his employment with the Company. The Executive understands that Confidential Information may include, for example, Trade Secrets, inventions, know-how and products, customer, patient, supplier and competitor information, sales, pricing, cost, and financial data, research, development, marketing and sales programs and strategies, manufacturing, marketing and service techniques, processes and practices, and regulatory strategies. The Executive understands that Confidential Information also includes all information received by the Company or the Subsidiaries under an obligation of confidentiality to a third party. The Executive further understands that Confidential Information that the Executive may acquire or to which the Executive may have access, especially with regard to research and development projects and findings, formulae, designs, formulation, processes, the identity of suppliers, customers and patients, methods of manufacture, and cost and pricing data is of great value to the Company. In consequence of such entrusting and such consideration, the Executive shall not, directly or indirectly, for a period of two years after the Date of Termination: (i) render services to any Competing Organization in connection with any Competing Product within such geographic limits as the Company and such Competing Organization are, or would be, in actual competition when such rendering of services might potentially involve the disclosure or use of confidential information or trade secrets; or (ii) provide advice as to investment in a Competitive Business (including, without limitation, advice with respect to the purchase, sale, or operation of such business, or advice with respect to financing or other economic structuring of such business). The Executive understands that services described in the preceding sentence, including without limitation those rendered to such Competing Organization in an executive, scientific, administrative, or consulting capacity in connection with Competing Products are in support of actual competition in various geographic areas and thus fall within the prohibition of this Agreement regardless of where such services physically are rendered.

9.2 Solicitation of Customers, Suppliers and Employees. While Executive is employed by the Company, and for a period of twenty-four (24) months after the Date of Termination for any reason:

(A) The Executive shall not solicit or attempt to solicit any party who is then or, during the 12-month period prior to such solicitation or attempt by the Executive was (or was solicited to become), a customer or supplier of the Company or Affiliate, provided that the restriction in this Section 9.2 shall not apply to any activity on behalf of a business that is not a Competing Organization.

(B) The Executive shall not solicit, entice, persuade or induce any individual who is employed by the Company or the Subsidiaries (or was so employed within 90 days prior to the Executive's action) to terminate or refrain from renewing or extending such employment or to become employed by or enter into contractual relations with any other individual or entity other than the Company or the Subsidiaries, and the Executive shall not approach any such employee for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity.

9.3 Nondisparagement. The Executive agrees that, while he is employed by the Company, and after his Date of Termination, he shall not make any false, defamatory or disparaging statements about the Company, the Subsidiaries, or the officers or directors of the Company or the Subsidiaries that are reasonably likely to cause material damage to the Company, the Subsidiaries, or the officers or directors of the Company or the Subsidiaries. While the Executive is employed by the Company, and after his Date of Termination, the Company agrees, on behalf of itself and the Subsidiaries, that neither the officers nor the directors of the Company or the Subsidiaries shall make any false, defamatory or disparaging statements about the Executive that are reasonably likely to cause material damage to the

Executive. Notwithstanding the foregoing, nothing in this paragraph will prevent either the Company or any Executive from responding to incorrect, disparaging or derogatory public statement by the other to the extent necessary to correct or refute such public statement. The parties acknowledge that the Executive has the right to: (1) report any good faith allegation of unlawful employment practices to any appropriate federal, state, or local government agency enforcing discrimination laws; (2) report any good faith allegation of criminal conduct to any appropriate federal, state, or local official; (3) participate in a proceeding with any appropriate federal, state, or local government agency enforcing discrimination laws; (4) make any truthful statements or disclosures required by law, regulation, or legal process; and (5) request or receive confidential legal advice.

10. Section 280G. If any payment or benefit received or to be received by the Executive (including any payment or benefit received pursuant to this Agreement or otherwise) would be, in whole or in part, subject to the excise tax imposed by Section 4999 of the Code, or any successor provision thereto, or any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the payments or benefits provided under this Agreement or any other agreement pursuant to which the Executive receives payments that give rise to the Excise Tax will either be (a) paid in full, or (b) reduced to the extent necessary to make such payments and benefits not subject to such Excise Tax. The Company shall reduce or eliminate the payments in the following order of priority in a manner consistent with Section 409A of the Code: (i) first by reducing cash compensation, (ii) next from equity compensation, and then (iii) pro rata among all remaining payments and benefits, in each case, in reverse order beginning with payments that are to be paid the farthest in time from the determination. The Executive shall receive the greater, on an after-tax basis, of (a) or (b). In no event will the Company be required to gross up any payment or benefit to the Executive to avoid the effects of the Excise Tax or to pay any regular or excise taxes arising from the application of the Excise Tax. Unless the Company and the Executive otherwise agree in writing, any parachute payment calculation will be made in writing by the Accounting Firm, whose calculations will be conclusive and binding upon the Company and the Executive for all purposes. The Company and the Executive will furnish to the Accounting Firm such information and documents as they may reasonably request in order to make a parachute payment determination. The Accounting Firm also will provide its calculations, together with detailed supporting documentation, both to the Company and to the Executive, before making any payments that may be subject to the Excise Tax. For purposes of this Agreement, "Accounting Firm" shall mean the then-current independent auditors of the Company or such other nationally recognized certified public accounting firm as may be designated by the Company prior to the Change in Control.

11. Successors; Binding Agreement.

11.1 In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

11.2 This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.

12. Notices. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed, if to the Executive, to the address inserted below the Executive's signature on the final page hereof and, if to the Company, to the address set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon actual receipt:

To the Company:

Baxter International Inc.
Attention: General Counsel
One Baxter Parkway
Deerfield, Illinois 60015

13. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by either party; provided, however, that this Agreement shall supersede any agreement setting forth the terms and conditions of the Executive's employment with the Company only in the event that the Executive's employment with the Company is terminated on or following a Change in Control, by the Company other than for Cause or by the Executive for Good Reason. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Illinois. All references to sections of the Exchange Act or the Code shall be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which the Executive has agreed. The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total performance after the expiration of the Term (including, without limitation, those under Sections 6, 7 and 9 hereof) shall survive such expiration. To the extent applicable, it is intended that the Agreement comply with the provisions of Section 409A of the Code. The Agreement will be administered and interpreted in a manner consistent with this intent, and any provision that would cause the Agreement to fail to satisfy Section 409A of the Code will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Section 409A of the Code).

14. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

15. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

16. Settlement of Disputes; Arbitration.

16.1 All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Board and shall be in writing. Any denial by the Board of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Board shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim and shall further allow the Executive to appeal to the Board a decision of the Board within sixty (60) days after notification by the Board that the Executive's claim has been denied. Notwithstanding the above, in the event of any dispute, any decision by the Board hereunder shall be subject to a de novo review by the arbitrator in accordance with Section 16.2 hereof.

16.2 Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Chicago, Illinois in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding any provision of this Agreement to the contrary, the Executive shall be entitled to seek specific performance of the Executive's right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

16.3 The Executive acknowledges that the Company would be irreparably injured by a violation of Section 9 hereof, and the Executive agrees that the Company, notwithstanding the foregoing provisions of this Section 16 and in addition to any other remedies available to it for such breach or threatened breach, shall be entitled to a preliminary injunction, temporary restraining order, or other equivalent relief, restraining the Executive from any actual or threatened breach of Section 9. If a bond is required to be posted in order for the Company to secure an injunction or other equitable remedy, the parties agree that said bond need not be more than a nominal sum.

17. **Definitions.** For purposes of this Agreement, the following terms shall have the meanings indicated below:

(A) "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act.

(B) "Beneficial Owner" shall have the meaning set forth in Rule 13d3 under the Exchange Act.

(C) "Board" shall mean the Board of Directors of the Company.

(D) "Cause" for termination by the Company of the Executive's employment shall mean (i) the willful and continued failure by the Executive to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section 7.1 hereof) that has not been cured within 30 days after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties or (ii) the willful engaging by the Executive in conduct which is demonstrably and materially injurious to the Company or its subsidiaries, monetarily or otherwise. For purposes of clauses (i) and (ii) of this definition, (x) no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interest of the Company and (y) in the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Company establishes to the Board by clear and convincing evidence that Cause exists.

(E) "Change in Control" shall have the same meaning given to such term in the Baxter International Inc. 2015 Incentive Plan, as may be amended and as in effect from time to time, or any shareholder-approved successor plan thereto.

(F) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(G) "Company" shall mean Baxter International Inc. and, except in determining under Section 17(E) hereof whether or not any Change in Control of the Company has occurred, shall include any successor to its business and/or assets which assumes this Agreement by operation of law, or otherwise.

(H) "Competing Products" shall mean products, processes, or services of any person or organization other than the Company, in existence or under development, which are substantially the same, may be substituted for, or applied to substantially the same end use as the products, processes or services with which the Executive works during the time of his employment with the Company or about which the Executive acquires Confidential Information through his work with the Company.

(I) "Competing Organization" shall mean persons or organizations engaged in, or about to become engaged in, research or development, production, distribution, marketing, providing or selling of a Competing Product.

(J) "Competitive Business" means any business in which the Company or any of the Subsidiaries was engaged during the 12-month period prior to the Executive's Date of Termination, any business if the Company or any Subsidiary has devoted material resources to entering into such business during such 12-month period prior to the Date of Termination, and any business to the extent that it is engaged in the investing in or acquisition of all or a portion of the assets or stock of the Company or the Subsidiaries.

(K) "Confidential Information" means information relating to the present or planned business of the Company or the Subsidiaries which has not been released publicly by authorized representatives of the Company or the Subsidiaries.

(L) "Date of Termination" shall have the meaning set forth in Section 7.2 hereof.

(M) "Disability" shall be deemed the reason for the termination by the Company of the Executive's employment, if, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from the full-time performance of the Executive's duties with the Company for a period of six (6) consecutive months, the Company shall have given the Executive a Notice of Termination for Disability, and, within thirty (30) days after such Notice of Termination is given, the Executive shall not have returned to the full-time performance of the Executive's duties.

(N) "Effective Date" shall mean August 19, 2025.

(O) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time. (P) "Executive" shall mean the individual named in the first paragraph of this Agreement.

(Q) "Good Reason" for termination by the Executive of the Executive's employment shall mean the occurrence (without the Executive's express written consent which specifically references this Agreement) after any Change in Control, or prior to a Change in Control under the circumstances described in clauses (ii) and (iii) of the second sentence of Section 6.1 hereof (treating all references in paragraphs (I) through (V) below to a "Change in Control" as references to a "Potential Change in Control"), of any one of the following acts by the Company, or failures by the Company to act:

(I) an adverse change by the Company in the Executive's titles or reporting relationship,

(II) a material diminution by the Company in the Executive's duties, responsibilities or authorities as contemplated by this letter or as may be subsequently increased from those in effect immediately prior to the Change in Control;

(III) a material reduction by the Company in the Executive's annual base salary, Bonus Target or LTI Target Value (each, as defined in that certain offer letter, dated [•], 2025, by and between the Company and the Executive (the "Offer Letter");

(III) a relocation of the Executive's principal place of employment more than fifty (50) miles from the Executive's principal place of employment immediately prior to the Change in Control; or

(IV) the failure by the Company to pay to the Executive material amounts due to the Executive when due or any material breach of this Agreement or the Offer Letter.

The Executive will not be deemed to have resigned for Good Reason unless (A) the Executive has provided notice to the Company of the occurrence of the event or circumstance described in this definition within 60 days of the Executive's knowledge of the occurrence thereof; (B) if curable, the Company has failed to cure such event or circumstance within 10 days of receipt of such notice; and (C) the Executive resigns within 180 days of the end of the period described in clause (B) or, if the event or circumstance is not curable, the end of the period described in clause (A).

The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder. For purposes of any determination regarding the existence of Good Reason, any claim by the Executive that Good Reason exists shall be presumed to be correct unless the Company establishes to the Board by clear and convincing evidence that Good Reason does not exist.

(R) "Items" include documents, reports, drawings, photographs, designs, specifications, formulae, plans, samples, research or development information, prototypes, tools, equipment, proposals, marketing or sales plans, customer information, customer lists, patient lists, patient information, regulatory files, financial data, costs, pricing information, supplier information, written, printed or graphic matter, or other information and materials that concern the Company's or the Subsidiaries' business that come into his possession or about which the Executive has knowledge by reason of his employment.

(S) "Notice of Termination" shall have the meaning set forth in Section 7.1 hereof.

(T) "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(U) "Potential Change in Control Period" shall mean the period commencing on the occurrence of a Potential Change in Control and ending upon the occurrence of a Change in Control or, if earlier (i) with respect to a Potential Change in Control occurring pursuant to Section 16(V)(I) hereof, immediately upon the abandonment or termination of the applicable agreement, (ii) with respect to a Potential Change in Control occurring pursuant to Section 16(V)(II) hereof, immediately upon a public announcement by the applicable party that such party has abandoned its intention to take or consider taking actions which if consummated would result in a Change in Control or (iii) with respect to a Potential Change in Control occurring pursuant to Section 16(V)(III) or (IV) hereof, upon the eighteen month anniversary of the occurrence of such Potential Change in Control (or such earlier date as may be determined by the Board).

(V) "Potential Change in Control" shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(I) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control;

(II) the Company or any Person publicly announces an intention to take or to consider taking actions which, if consummated, would constitute a Change in Control;

(III) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 15% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its affiliates); or

(IV) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

(W) "Retirement" shall be deemed the reason for the termination by the Executive of the Executive's employment if such employment is terminated in accordance with the Company's retirement policy, including early retirement, generally applicable to its salaried employees.

(X) "Severance Payments" shall have the meaning set forth in Section 6.1 hereof.

(Y) "Subsidiary," for purposes of Section 9 hereof, shall mean any corporation, partnership, joint venture or other entity during any period in which at least fifty percent in such entity is owned, directly or indirectly, by the Company.

(Z) "Term" shall mean the period of time described in Section 2 hereof (including any extension, continuation or termination described therein).

(AA) "Trade Secrets" include all information encompassed in all Items, including but not limited to all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing, that the Company and its Subsidiaries have taken reasonable measures to keep such information secret, and the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date by their signatures below.

ANDREW HIDER

BAXTER INTERNATIONAL INC.

/s/ Andrew Hider

/s/ Jeanne K. Mason

Executive's Signature

Name: Jeanne Mason

Title: EVP and CHRO

August 27, 2025

August 28, 2025

Executive's Signature Date

Signature Date

Certification of Chief Executive Officer
Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as Amended

I, Andrew Hider, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Baxter International Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Andrew Hider

Andrew Hider
President and Chief Executive Officer

Date: November 4, 2025

Certification of Chief Financial Officer
Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as Amended

I, Joel T. Grade, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Baxter International Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Joel T. Grade

Joel T. Grade
Executive Vice President and Chief Financial Officer

Date: November 4, 2025

**Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Andrew Hider, as President and Chief Executive Officer of Baxter International Inc. (the "Company"), certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Andrew Hider

Andrew Hider
President and Chief Executive Officer

November 4, 2025

**Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Joel T. Grade, as Executive Vice President and Chief Financial Officer of Baxter International Inc. (the "Company"), certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joel T. Grade

Joel T. Grade

Executive Vice President and Chief Financial Officer

November 4, 2025