



ΔVΔNOS

Q1 2025 Earnings Presentation

May 6, 2025

Getting patients back to the things that matter.



Dave Pacitti

Chief Executive Officer

**Q1 Results &
Business Environment**



Jason Pickett

Interim Chief Financial Officer

**Q1 Results & 2025
Planning Assumptions**



Scott Galovan

SVP, Strategy & Corporate
Development

Q&A

DISCLAIMER REGARDING FORWARD-LOOKING STATEMENTS

Certain matters in this presentation, including expectations and planning assumptions, any comments about our expected performance, and any estimates, projections, or statements relating to our business plans, objectives, acquisitions and transformation initiatives, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based upon the current plans and expectations of the management of Avanos Medical, Inc. ("the Company," "we" or "our") concerning future events impacting the Company.

These statements are subject to various risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in such statements, including risks related to changes in the competitive environment; market demand and pricing pressure; cost containment measures that could adversely affect the price of or demand for our products; raw material, energy, and other input costs; supply chain disruptions (including availability of drugs used in our Surgical Pain and Recovery products); inflation; rising interest rates; the ongoing conflicts between Russia and Ukraine and in the Middle East; our ability to successfully execute on or achieve the expected benefits of our transformation initiative or our divestiture, acquisition or merger transactions; financial conditions affecting the banking system and the potential threats to the solvency of commercial banks; economic conditions; currency exchange risks; human capital risks, cybersecurity risks; intellectual property risks; new or increased tariffs; changes in reimbursement levels from third-party payors; and legislative and regulatory actions. There can be no assurance that these future events will occur as anticipated or that the Company's results will be as estimated. Forward-looking statements speak only as of the date they were made, and we undertake no obligation to publicly update them. For a more complete listing and description of these and other factors that could cause the Company's future results to differ materially from those expressed in any forward-looking statements, see the Company's most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

NON-GAAP FINANCIAL MEASURES

This presentation includes financial measures that have not been calculated in accordance with accounting principles generally accepted in the U.S., or GAAP. The Company provides these non-GAAP financial measures as supplemental information to its GAAP financial measures. Management believes that such non-GAAP financial measures enhance investors' understanding and analysis of the Company's performance. As such, results and outlook have been adjusted to exclude certain items for relevant time periods as indicated in the non-GAAP reconciliations to the comparable GAAP financial measures included in this presentation and posted on our website (www.avanos.com/investors). These non-GAAP financial measures should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP.

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Strong First Quarter

- Solid commercial execution and mid-single-digit organic growth on our strategic segments
- Company is well-positioned to improve growth profile and margin expansion
- Remained focused on getting patients back to the things that matter



First Quarter Delivers 18% Adjusted EPS Growth

Net Sales

Millions



Adjusted EBITDA

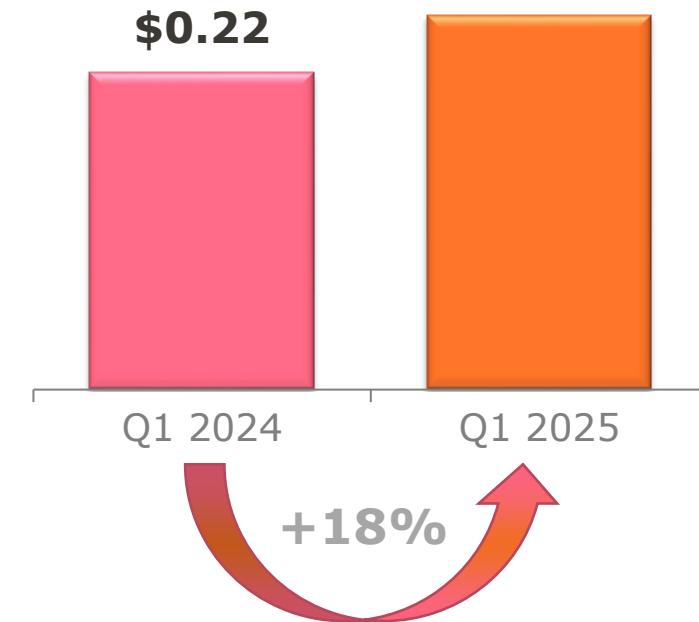
Millions



Adjusted EPS

\$0.22

\$0.26



Maintaining Strong Financial Position

- Healthy balance sheet provides strategic capital allocation flexibility
- Generated \$19 million of free cash flow during the quarter
- Continuing to pursue active M&A pipeline
- Measured CapEx deployment to support key supply chain initiatives

\$ in millions	12/31/24	3/31/25
Cash	\$108	\$97
Term Debt	(110)	(107)
Revolver	(25)	-
Net (Debt)	(\$27)	(\$10)
TTM Adjusted EBITDA	108	108
Net Debt / EBITDA	~0.3x	~0.1x

Adjusted EBITDA = Continued Operations results

Implemented Segment Reporting

Specialty Nutrition Systems

Long-Term Feeding



Short-Term Feeding



Neonate Solutions



Pain Management & Recovery

Radiofrequency Ablation



Surgical Pain Pumps



Cold & Compression Therapy



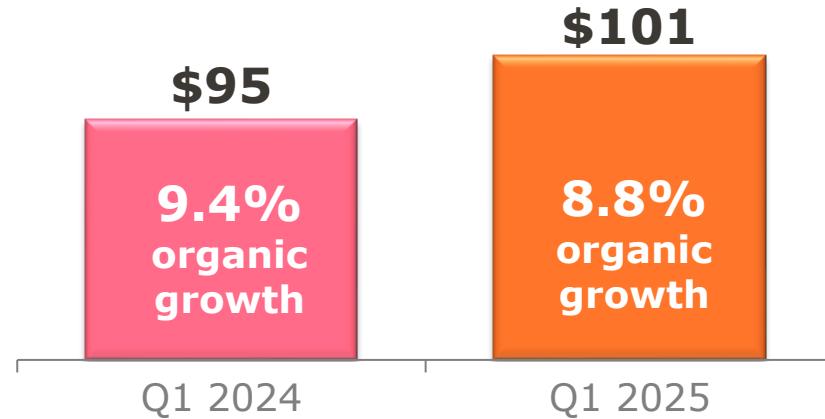
Hyaluronic Acid injections and intravenous infusion product lines are combined and reported in Corporate and Other

Specialty Nutrition Systems Growing ~9%

Strong Organic Topline Growth and Margin Expansion

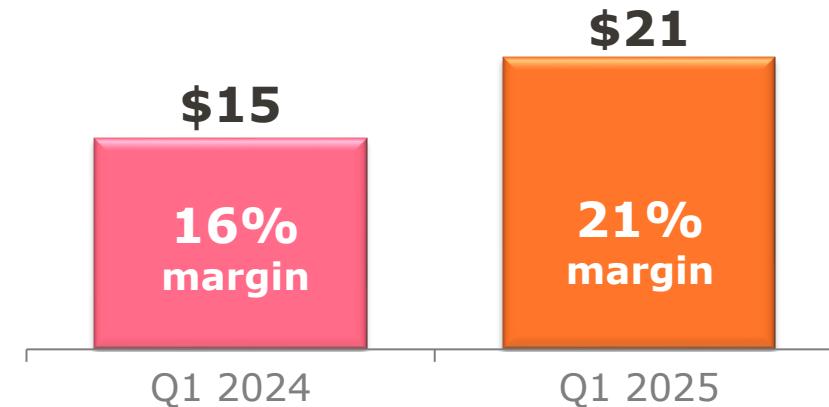
Net Sales

Millions



GAAP Operating Profit

Millions



- **Continued above market growth**
- **#1 position** in long-term, short-term and neonatal enteral feeding

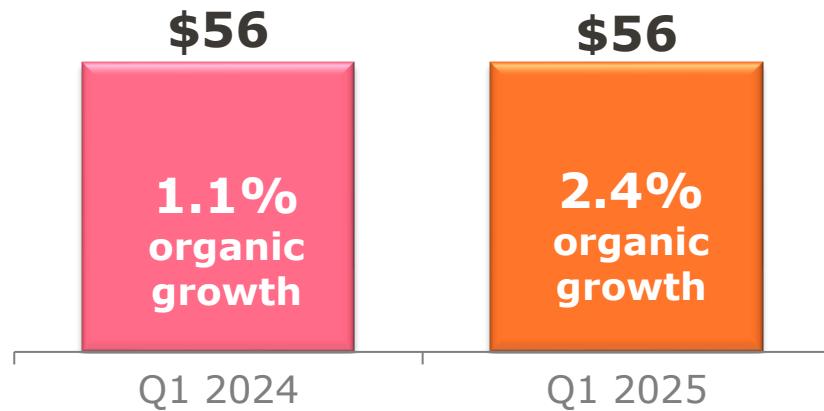
- **Operating Profit increased +37%**
- Higher sales volumes and improve cost efficiencies from our transformation initiatives

Pain Management & Recovery Stabilization

Low Single-Digit Growth and Margin Parity

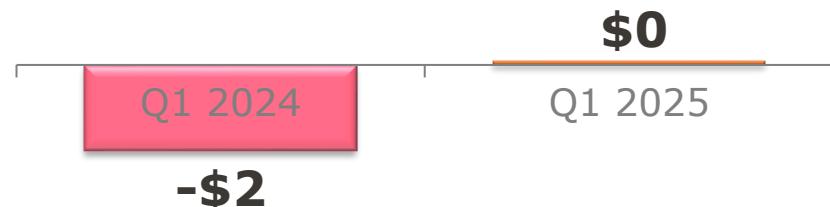
Net Sales

Millions



GAAP Operating Profit

Millions



- Near double-digit growth in our RFA business
- Surgical Pain in line with our expectations
- Low single-digit growth in Game Ready

- **Operating Profit improvement** through portfolio optimization and cost management execution

Transformation Programs Embedded in Operations

1 Optimization

Strategic & Commercial Optimization

2 Portfolio

Transform the Product Portfolio

3 Cost Management

Additional Cost Management Initiatives to Enhance Operating Profitability

4 Capital Allocation

Continued Efficient Capital Allocation Strategies to Expand Return on Invested Capital

DELIVERING VALUE TO ALL STAKEHOLDERS

2025 Outlook in Dynamic Environment

Sales

Maintaining estimate of \$665 million to \$685 million

Adjusted Diluted EPS

Lowering estimate to \$0.75 to \$0.95 primarily due to tariff impacts

AVANOS

Thank You



APPENDICES

Non-GAAP Reconciliations

NON-GAAP RECONCILIATIONS

In millions

	Gross Profit				Total	
	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024				
		Continuing Operations	Discontinued Operations			
As reported	\$ 89.8	\$ 94.8	\$ 1.0	\$ 95.8		
Restructuring and transformation charges	—	0.7	—	0.7		
Post RH-Divestiture transition charges	—	0.5	—	0.5		
Post RH-Divestiture restructuring charges	2.3	—	—	—		
Intangibles Amortization	2.9	3.4	—	3.4		
As adjusted, non-GAAP	<u>\$ 95.0</u>	<u>\$ 99.4</u>	<u>\$ 1.0</u>	<u>\$ 100.4</u>		
Gross profit margin, as reported	53.6 %	57.1 %	5.9 %	52.3 %		
Gross profit margin, as adjusted	56.7 %	59.8 %	5.9 %	54.9 %		

NON-GAAP RECONCILIATIONS

In millions

	Operating Income (Loss)					Total	
	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024					
		Continuing Operations	Discontinued Operations				
As reported	\$ 10.3	\$ 4.0	\$ (1.9)	\$ 2.1			
Acquisition and integration-related charges	—	0.3	—	0.3			
Restructuring and transformation charges	—	2.9	—	2.9			
Post RH-Divestiture transition charges	—	1.0	—	1.0			
Post RH-Divestiture restructuring charges	3.1	0.7	—	0.7			
EU MDR Compliance	—	1.3	—	1.3			
Litigation and legal	(1.4)	—	—	—			
Intangibles Amortization	5.1	6.1	—	6.1			
As adjusted, non-GAAP	<u>\$ 17.1</u>	<u>\$ 16.3</u>	<u>\$ (1.9)</u>	<u>\$ 14.4</u>			

NON-GAAP RECONCILIATIONS

In millions

	Income (Loss) Before Taxes				Total	
	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024				
		Continuing Operations	Discontinued Operations			
As reported	\$ 9.7	\$ 1.5	\$ (1.9)	\$ (0.4)		
Acquisition and integration-related charges	—	0.3	—	0.3		
Restructuring and transformation charges	—	2.9	—	2.9		
Post RH-Divestiture transition charges	—	1.0	—	1.0		
Post RH-Divestiture restructuring charges	3.1	0.7	—	0.7		
EU MDR Compliance	—	1.3	—	1.3		
Litigation and legal	(1.4)	—	—	—		
Intangibles Amortization	5.1	6.1	—	6.1		
As adjusted, non-GAAP	<u>\$ 16.5</u>	<u>\$ 13.8</u>	<u>\$ (1.9)</u>	<u>\$ 11.9</u>		

NON-GAAP RECONCILIATIONS

In millions

	Tax (Provision) Benefit				Total	
	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024				
		Continuing Operations	Discontinued Operations			
As reported	\$ (3.1)	\$ (1.0)	\$ 0.5	\$ (0.5)		
Tax effects of adjusting items	(1.4)	(2.7)	—	(2.7)		
As adjusted non-GAAP	\$ (4.5)	\$ (3.7)	\$ 0.5	\$ (3.2)		
Effective tax rate, as reported	32.0 %	66.7 %	26.3 %	125.0 %		
Effective tax rate, as adjusted	27.3 %	26.8 %	26.3 %	26.9 %		

NON-GAAP RECONCILIATIONS

In millions (except per-share amounts)

	Net Income (Loss)				Total	
	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024				
		Continuing Operations	Discontinued Operations			
As reported	\$ 6.6	\$ 0.5	\$ (1.4)	\$ (0.9)		
Acquisition and integration-related charges	—	0.3	—	0.3		
Restructuring and transformation charges	—	2.9	—	2.9		
Post RH-Divestiture transition charges	—	1.0	—	1.0		
Post-RH Divestiture restructuring	3.1	0.7	—	0.7		
EU MDR Compliance	—	1.3	—	1.3		
Litigation and legal	(1.4)	—	—	—		
Intangibles Amortization	5.1	6.1	—	6.1		
Tax effects of adjusting items	(1.4)	(2.7)	—	(2.7)		
As adjusted, non-GAAP	\$ 12.0	\$ 10.1	\$ (1.4)	\$ 8.7		
Diluted earnings (loss) per share, as reported	\$ 0.14	\$ 0.01	\$ (0.03)	\$ (0.02)		
Diluted earnings (loss) per share, as adjusted	\$ 0.26	\$ 0.22	\$ (0.03)	\$ 0.19		

NON-GAAP RECONCILIATIONS

In millions

	Selling, General and Administrative Expense				Total	
	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024				
		Continuing Operations	Discontinued Operations			
As reported	\$ 75.7	\$ 83.6	\$ —	\$ 83.6		
Acquisition and integration-related charges	—	(0.3)	—	(0.3)		
Restructuring and transformation charges	—	(2.1)	—	(2.1)		
Post RH-Divestiture transition charges	—	(0.4)	—	(0.4)		
Post-RH Divestiture restructuring	(0.8)	(0.7)	—	(0.7)		
EU MDR Compliance	—	(1.3)	—	(1.3)		
Intangibles Amortization	(2.2)	(2.7)	—	(2.7)		
As adjusted, non-GAAP	<u>\$ 72.7</u>	<u>\$ 76.1</u>	<u>\$ —</u>	<u>\$ 76.1</u>		
SG&A as a percentage of revenue, as reported	45.2 %	50.3 %	— %	45.7 %		
SG&A as a percentage of revenue, as adjusted	43.4 %	45.8 %	— %	41.6 %		

NON-GAAP RECONCILIATIONS

In millions

	EBITDA				Total	
	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024				
		Continuing Operations	Discontinued Operations			
Net income (loss)	\$ 6.6	\$ 0.5	\$ (1.4)	\$ (0.9)		
Interest expense, net	0.6	2.5	—	2.5		
Income tax provision (benefit)	3.1	1.0	(0.5)	0.5		
Depreciation	4.5	5.3	—	5.3		
Amortization	5.1	6.1	—	6.1		
EBITDA	19.9	15.4	(1.9)	13.5		
Acquisition and integration-related charges	—	0.3	—	0.3		
Restructuring and transformation charges	—	2.9	—	2.9		
Post RH-Divestiture transition charges	—	1.0	—	1.0		
Post-RH Divestiture restructuring	3.1	0.7	—	0.7		
EU MDR Compliance	—	1.3	—	1.3		
Litigation and legal	(1.4)	—	—	—		
Adjusted EBITDA	\$ 21.6	\$ 21.6	\$ (1.9)	\$ 19.7		

NON-GAAP RECONCILIATIONS

In millions

	Three Months Ended March 31,	
	2025	2024
Cash provided by operating activities	\$ 25.7	\$ (8.0)
Capital expenditures	(6.7)	(4.1)
Free Cash Flow	\$ 19.0	\$ (12.1)

	2025 Outlook	
	Estimated Range	
Diluted earnings per share (GAAP)	\$ 0.33	to \$ 0.56
Intangibles amortization	0.25	to 0.24
Post RH-Divestiture transition charges	0.12	to 0.10
Other	0.05	to 0.05
Adjusted diluted earnings per share (non-GAAP)	\$ 0.75	\$ 0.95