



# ΔVΔNOS

## Q2 2025 Earnings Presentation

August 5, 2025

*Getting patients back to the things that matter.*



**Dave Pacitti**

Chief Executive Officer

**Business Progress  
Against 2025 Priorities**



**Jason Pickett**

Interim Chief Financial Officer\*

**Q2 Results & 2025  
Planning Assumptions**



**Scott Galovan**

SVP, Chief Financial Officer

**Q&A**

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## 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](http://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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# Reflections on Performance

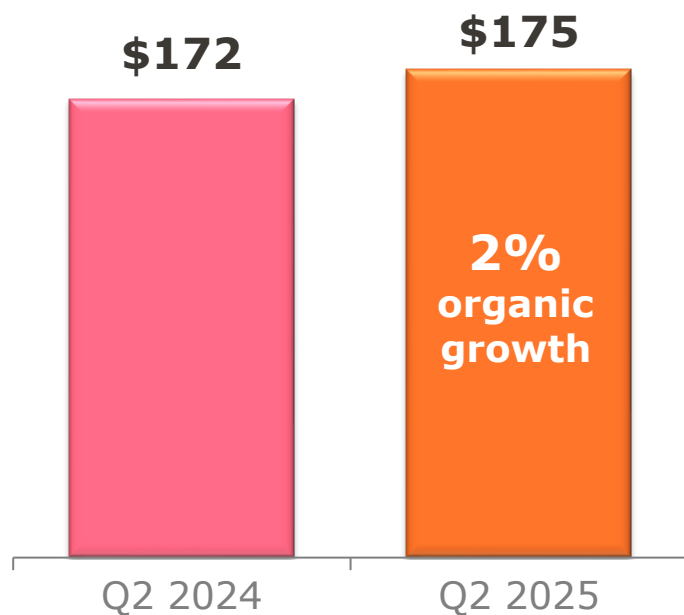
- Strong second quarter building momentum for back half of the year
- Assessing additional cost opportunities and optimization initiatives to extend the Transformation journey benefits
- Divestiture of our Hyaluronic Acid product line; enhances focus on our two strategic segments



# 2Q25 Financial Highlights

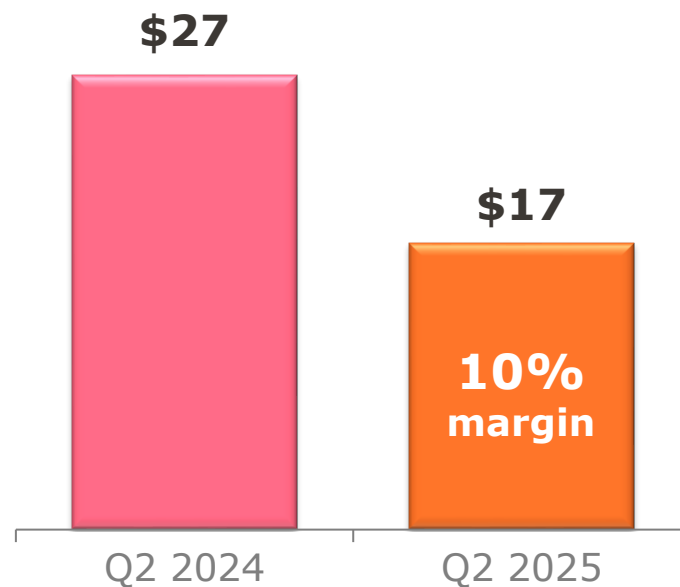
## Net Sales

Millions

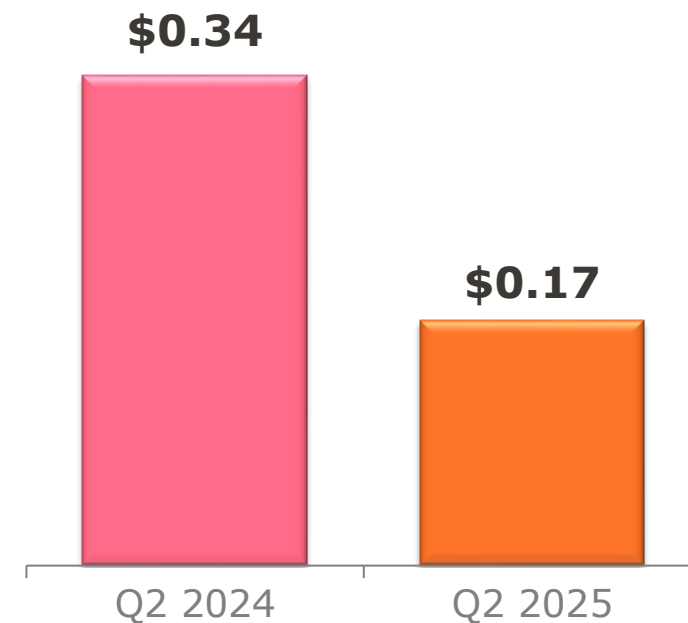


## Adjusted EBITDA

Millions



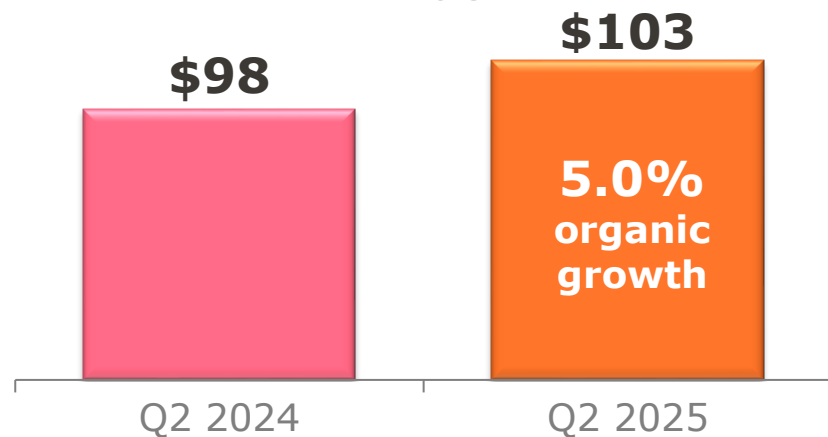
## Adjusted EPS



# Specialty Nutrition Systems Growing 5%

## Net Sales

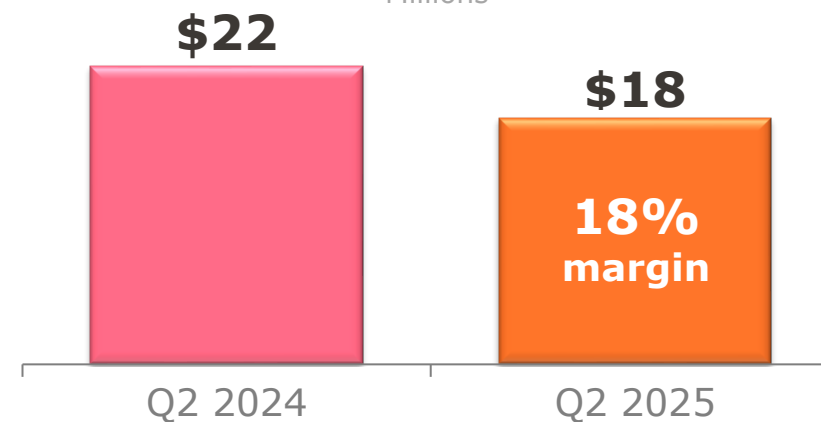
Millions



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

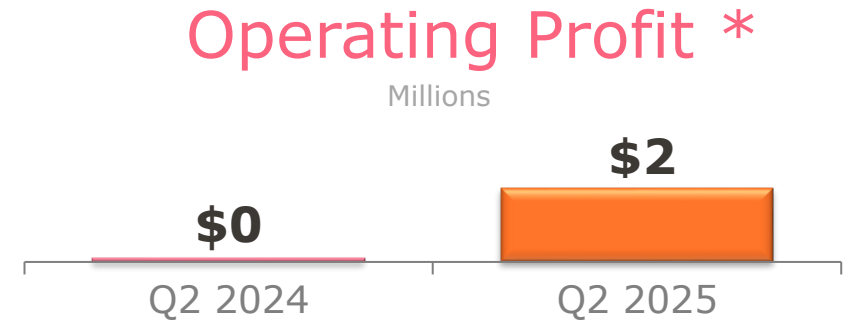
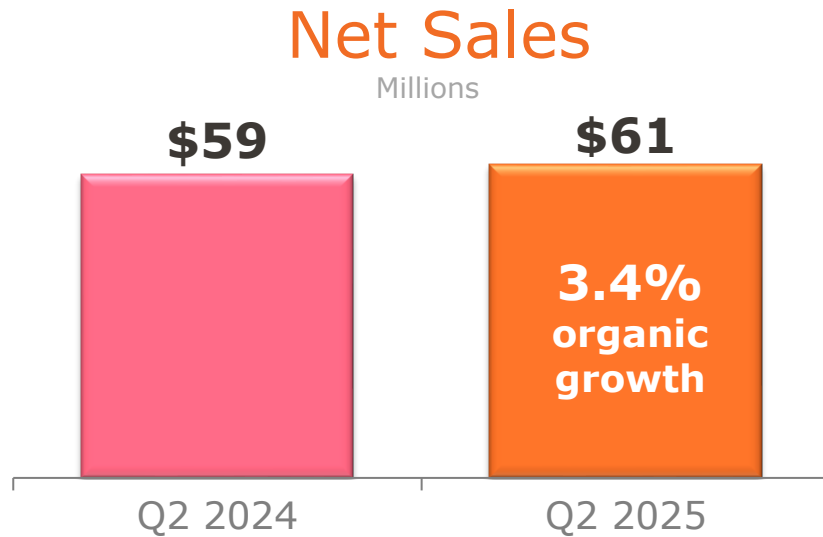
## Operating Profit

Millions



- Higher sales volumes offset by unfavorable tariff impacts and lower transient cost absorption

# Pain Management & Recovery Growing 3%+



- Double-digit growth in our RFA business
- Surgical Pain in line with our expectations
- Enhancing Game Ready go-to-market model
- Operating Profit expansion through topline growth and cost management execution

# Maintaining Strong Financial Position

- Healthy balance sheet provides strategic capital investment flexibility
- Capital expense deployment to support key supply chain initiatives
- Continuing to pursue active M&A pipeline

\$ in millions	12/31/24	6/30/25
Cash	\$108	\$90
Term Debt	(110)	(105)
Revolver	(25)	-
Net (Debt)	(\$27)	(\$15)
TTM Adjusted EBITDA	108	98
<b>Net Debt / EBITDA</b>	<b>~0.3x</b>	<b>~0.2x</b>

Adjusted EBITDA = Continued Operations results



# 2025 Outlook in Dynamic Environment

**Inclusive of Hyaluronic Acid Divestiture Impact**

## **Sales**

**Re-affirming guidance of \$665 million to \$685 million**

## **Adjusted Diluted EPS**

**Maintaining estimate of \$0.75 to \$0.95**

# AVANOS

Thank You



# APPENDICES

Segments

Non-GAAP Reconciliations

# SEGMENTS

In millions

	Segment Income								
	2024					2025			
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Total	
Specialty Nutrition Systems:									
Enteral feeding	\$ 70.0	\$ 72.7	\$ 72.0	\$ 75.0	\$ 289.7	\$ 74.5	\$ 74.5	\$ 149.0	
Neonate solutions	24.6	25.0	26.2	30.8	106.6	26.6	28.2	54.8	
Total Specialty Nutrition Systems	94.6	97.7	98.2	105.8	396.3	101.1	102.7	203.8	
Pain Management & Recovery:									
Surgical pain and recovery	27.0	27.8	26.5	26.7	108.0	24.5	25.2	49.7	
Radiofrequency ablation	29.3	31.5	31.3	34.1	126.2	31.7	35.8	67.5	
Total Pain Management & Recovery	56.3	59.3	57.8	60.8	234.2	56.2	61.0	117.2	
Corporate and Other	15.2	14.7	14.4	13.0	57.3	10.2	11.3	21.5	
<b>Total Net Sales</b>	<b>\$ 166.1</b>	<b>\$ 171.7</b>	<b>\$ 170.4</b>	<b>\$ 179.6</b>	<b>\$ 687.8</b>	<b>\$ 167.5</b>	<b>\$ 175.0</b>	<b>\$ 342.5</b>	
<b>Operating Income (Loss)</b>									
Specialty Nutrition Systems	15.4	21.8	18.6	25.0	80.8	21.1	18.0	39.1	
Pain Management & Recovery	(2.1)	0.1	0.6	4.0	2.6	0.2	1.8	2.0	
Corporate and Other	(9.3)	(15.6)	(7.2)	(447.5)	(479.6)	(11.0)	(94.3)	(105.3)	
<b>Total Operating Income (Loss)</b>	<b>\$ 4.0</b>	<b>\$ 6.3</b>	<b>\$ 12.0</b>	<b>\$ (418.5)</b>	<b>\$ (396.2)</b>	<b>\$ 10.3</b>	<b>\$ (74.5)</b>	<b>\$ (64.2)</b>	

# NON-GAAP RECONCILIATIONS

In millions

	Gross Profit			
	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024		
		Continuing Operations	Discontinued Operations	Total
As reported	\$ 92.1	\$ 95.6	\$ (2.0)	\$ 93.6
Acquisition and integration-related charges	—	0.1	—	0.1
Restructuring and transformation charges	—	0.3	—	0.3
Post RH-Divestiture transition charges	—	0.4	—	0.4
Post RH-Divestiture restructuring charges	2.3	2.2	—	2.2
Intangibles Amortization	3.0	3.6	—	3.6
As adjusted, non-GAAP	<u>\$ 97.4</u>	<u>\$ 102.2</u>	<u>\$ (2.0)</u>	<u>\$ 100.2</u>
Gross profit margin, as reported	52.6 %	55.7 %	(14.7) %	50.5 %
Gross profit margin, as adjusted	55.7 %	59.6 %	(14.7) %	54.1 %

# NON-GAAP RECONCILIATIONS

In millions

		Gross Profit		
		Six Months Ended June 30, 2024		
	Six Months Ended June 30, 2025	Continuing Operations	Discontinued Operations	Total
As reported	\$ 181.9	\$ 190.4	\$ (1.0)	\$ 189.4
Acquisition and integration-related charges	—	0.1	—	0.1
Restructuring and transformation charges	—	1.0	—	1.0
Post-divestiture transition charges	—	0.8	—	0.8
Post-divestiture restructuring	4.6	2.2	—	2.2
Intangibles amortization	5.9	7.0	—	7.0
As adjusted non-GAAP	\$ 192.4	\$ 201.5	\$ (1.0)	\$ 200.5
Gross profit margin, as reported	53.1 %	56.4 %	(3.3) %	51.4 %
Gross profit margin, as adjusted	56.2 %	59.7 %	(3.3) %	54.4 %



# NON-GAAP RECONCILIATIONS

In millions

	Operating Income (Loss)			
	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024		
		Continuing Operations	Discontinued Operations	Total
As reported	\$ (74.5)	\$ 6.3	\$ (3.4)	\$ 2.9
Acquisition and integration-related charges	—	2.2	—	2.2
Restructuring and transformation charges	—	1.6	—	1.6
Post-divestiture transition charges	—	0.5	—	0.5
Post-divestiture restructuring	4.5	3.4	—	3.4
Goodwill impairment	77.0	—	—	—
EU MDR Compliance	—	1.5	—	1.5
Intangibles amortization	5.2	6.3	—	6.3
As adjusted, non-GAAP	<u>\$ 12.2</u>	<u>\$ 21.8</u>	<u>\$ (3.4)</u>	<u>\$ 18.4</u>

# NON-GAAP RECONCILIATIONS

In millions

	Operating Income (Loss)			
	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024		
		Continuing Operations	Discontinued Operations	Total
As reported	\$ (64.2)	\$ 10.3	\$ (5.3)	\$ 5.0
Acquisition and integration-related charges	—	2.5	—	2.5
Restructuring and transformation charges	—	4.5	—	4.5
Post-divestiture transition charges	—	1.5	—	1.5
Post-divestiture restructuring	7.6	4.1	—	4.1
Goodwill impairment	77.0	—	—	—
EU MDR Compliance	—	2.8	—	2.8
Litigation and legal	(1.4)	—	—	—
Intangibles amortization	10.3	12.4	—	12.4
As adjusted, non-GAAP	<u>\$ 29.3</u>	<u>\$ 38.1</u>	<u>\$ (5.3)</u>	<u>\$ 32.8</u>

# NON-GAAP RECONCILIATIONS

In millions

	Income (Loss) Before Taxes			
	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024		
		Continuing Operations	Discontinued Operations	Total
As reported	\$ (75.9)	\$ 6.2	\$ (3.4)	\$ 2.8
Acquisition and integration-related charges	—	2.2	—	2.2
Restructuring and transformation charges	—	1.6	—	1.6
Post RH-Divestiture transition charges	—	0.5	—	0.5
Post RH-Divestiture restructuring charges	4.5	3.4	—	3.4
Goodwill impairment	77.0	—	—	—
EU MDR Compliance	—	1.5	—	1.5
Litigation and legal	—	—	—	—
Intangibles Amortization	5.2	6.3	—	6.3
As adjusted, non-GAAP	<u>\$ 10.8</u>	<u>\$ 21.7</u>	<u>\$ (3.4)</u>	<u>\$ 18.3</u>

# NON-GAAP RECONCILIATIONS

In millions

	Income (Loss) Before Taxes			
	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024		
		Continuing Operations	Discontinued Operations	Total
As reported	\$ (66.2)	\$ 7.7	\$ (5.3)	\$ 2.4
Acquisition and integration-related charges	—	2.5	—	2.5
Restructuring and transformation charges	—	4.5	—	4.5
Post RH-Divestiture transition charges	—	1.5	—	1.5
Post RH-Divestiture restructuring charges	7.6	4.1	—	4.1
Goodwill impairment	77.0	—	—	—
EU MDR Compliance	—	2.8	—	2.8
Litigation and legal	(1.4)	—	—	—
Intangibles Amortization	10.3	12.4	—	12.4
As adjusted, non-GAAP	<u>\$ 27.3</u>	<u>\$ 35.5</u>	<u>\$ (5.3)</u>	<u>\$ 30.2</u>

# NON-GAAP RECONCILIATIONS

In millions

	Tax (Provision) Benefit			
	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024		
		Continuing Operations	Discontinued Operations	Total
As reported	\$ (0.9)	\$ (1.9)	\$ 0.9	\$ (1.0)
Tax effects of adjusting items	(2.0)	(4.0)	—	(4.0)
As adjusted non-GAAP	<u>\$ (2.9)</u>	<u>\$ (5.9)</u>	<u>\$ 0.9</u>	<u>\$ (5.0)</u>
Effective tax rate, as reported	(1.2) %	30.6 %	26.5 %	35.7 %
Effective tax rate, as adjusted	26.9 %	27.2 %	26.5 %	27.3 %

	Tax (Provision) Benefit			
	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024		
		Continuing Operations	Discontinued Operations	Total
As reported	\$ (4.0)	\$ (2.9)	\$ 1.4	\$ (1.5)
Tax effects of adjusting items	(3.4)	(6.7)	—	(6.7)
As adjusted non-GAAP	<u>\$ (7.4)</u>	<u>\$ (9.6)</u>	<u>\$ 1.4</u>	<u>\$ (8.2)</u>
Effective tax rate, as reported	(6.0) %	37.7 %	26.4 %	(62.5) %
Effective tax rate, as adjusted	27.1 %	27.0 %	26.4 %	27.2 %

# NON-GAAP RECONCILIATIONS

In millions

	Net Income (Loss)			
	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024		
		Continuing Operations	Discontinued Operations	Total
As reported	\$ (76.8)	\$ 4.3	\$ (2.5)	\$ 1.8
Acquisition and integration-related charges	—	2.2	—	2.2
Restructuring and transformation charges	—	1.6	—	1.6
Post RH-Divestiture transition charges	—	0.5	—	0.5
Post-RH Divestiture restructuring	4.5	3.4	—	3.4
Goodwill impairment	77.0	—	—	—
EU MDR Compliance	—	1.5	—	1.5
Litigation and legal	—	—	—	—
Intangibles Amortization	5.2	6.3	—	6.3
Tax effects of adjusting items	(2.0)	(4.0)	—	(4.0)
As adjusted, non-GAAP	<u>\$ 7.9</u>	<u>\$ 15.8</u>	<u>\$ (2.5)</u>	<u>\$ 13.3</u>
Diluted earnings (loss) per share, as reported	\$ (1.66)	\$ 0.09	\$ (0.05)	\$ 0.04
Diluted earnings (loss) per share, as adjusted	\$ 0.17	\$ 0.34	\$ (0.05)	\$ 0.29



# NON-GAAP RECONCILIATIONS

In millions

	Net Income (Loss)			
	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024		
		Continuing Operations	Discontinued Operations	Total
As reported	\$ (70.2)	\$ 4.8	\$ (3.9)	\$ 0.9
Acquisition and integration-related charges	—	2.5	—	2.5
Restructuring and transformation charges	—	4.5	—	4.5
Post RH-Divestiture transition charges	—	1.5	—	1.5
Post-RH Divestiture restructuring	7.6	4.1	—	4.1
Goodwill impairment	77.0	—	—	—
EU MDR Compliance	—	2.8	—	2.8
Litigation and legal	(1.4)	—	—	—
Intangibles Amortization	10.3	12.4	—	12.4
Tax effects of adjusting items	(3.4)	(6.7)	—	(6.7)
As adjusted, non-GAAP	<u>\$ 19.9</u>	<u>\$ 25.9</u>	<u>\$ (3.9)</u>	<u>\$ 22.0</u>
Diluted earnings (loss) per share, as reported	\$ (1.52)	\$ 0.10	\$ (0.08)	\$ 0.03
Diluted earnings (loss) per share, as adjusted	\$ 0.43	\$ 0.56	\$ (0.08)	\$ 0.48

# NON-GAAP RECONCILIATIONS

In millions (except per-share amounts)

	Selling, General and Administrative Expense			
	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024		
		Continuing Operations	Discontinued Operations	Total
As reported	\$ 83.5	\$ 80.9	\$ —	\$ 80.9
Acquisition and integration-related charges	—	(0.3)	—	(0.3)
Restructuring and transformation charges	—	(1.3)	—	(1.3)
Post RH-Divestiture transition charges	—	(0.1)	—	(0.1)
Post-RH Divestiture restructuring	(2.2)	(1.2)	—	(1.2)
EU MDR Compliance	—	(1.5)	—	(1.5)
Intangibles Amortization	(2.2)	(2.7)	—	(2.7)
As adjusted, non-GAAP	\$ 79.1	\$ 73.8	\$ —	\$ 73.8
SG&A as a percentage of revenue, as reported	47.7 %	47.1 %	— %	43.7 %
SG&A as a percentage of revenue, as adjusted	45.2 %	43.0 %	— %	39.8 %

# NON-GAAP RECONCILIATIONS

In millions

	Selling, General and Administrative Expense			
	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024		
		Continuing Operations	Discontinued Operations	Total
As reported	\$ 159.2	\$ 164.5	\$ —	\$ 164.5
Acquisition and integration-related charges	—	(0.6)	—	(0.6)
Restructuring and transformation charges	—	(3.4)	—	(3.4)
Post RH-Divestiture transition charges	—	(0.5)	—	(0.5)
Post-RH Divestiture restructuring	(3.0)	(1.9)	—	(1.9)
EU MDR Compliance	—	(2.8)	—	(2.8)
Intangibles Amortization	(4.4)	(5.4)	—	(5.4)
As adjusted, non-GAAP	<u>\$ 151.8</u>	<u>\$ 149.9</u>	<u>\$ —</u>	<u>\$ 149.9</u>
SG&A as a percentage of revenue, as reported	46.5 %	48.7 %	— %	44.7 %
SG&A as a percentage of revenue, as adjusted	44.3 %	44.4 %	— %	40.7 %

# NON-GAAP RECONCILIATIONS

In millions

	EBITDA			
	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024		
		Continuing Operations	Discontinued Operations	Total
Net income (loss)	\$ (76.8)	\$ 4.3	\$ (2.5)	\$ 1.8
Interest expense, net	1.4	0.1	—	0.1
Income tax provision (benefit)	0.9	1.9	(0.9)	1.0
Depreciation	4.8	5.0	—	5.0
Amortization	5.2	6.3	—	6.3
EBITDA	(64.5)	17.6	(3.4)	14.2
Acquisition and integration-related charges	—	2.2	—	2.2
Restructuring and transformation charges	—	1.6	—	1.6
Post RH-Divestiture transition charges	—	0.5	—	0.5
Post-RH Divestiture restructuring	4.5	3.4	—	3.4
Goodwill impairment	77.0	—	—	—
EU MDR Compliance	—	1.5	—	1.5
Litigation and legal	—	—	—	—
Adjusted EBITDA	<u>\$ 17.0</u>	<u>\$ 26.8</u>	<u>\$ (3.4)</u>	<u>\$ 23.4</u>

# NON-GAAP RECONCILIATIONS

In millions

	EBITDA			
	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024		
		Continuing Operations	Discontinued Operations	Total
Net income (loss)	\$ (70.2)	\$ 4.8	\$ (3.9)	\$ 0.9
Interest expense, net	2.0	2.6	—	2.6
Income tax provision (benefit)	4.0	2.9	(1.4)	1.5
Depreciation	9.3	10.3	—	10.3
Amortization	10.3	12.4	—	12.4
EBITDA	(44.6)	33.0	(5.3)	27.7
Acquisition and integration-related charges	—	2.5	—	2.5
Restructuring and transformation charges	—	4.5	—	4.5
Post RH-Divestiture transition charges	—	1.5	—	1.5
Post-RH Divestiture restructuring	7.6	4.1	—	4.1
Goodwill impairment	77.0	—	—	—
EU MDR Compliance	—	2.8	—	2.8
Litigation and legal	(1.4)	—	—	—
Adjusted EBITDA	<u>\$ 38.6</u>	<u>\$ 48.4</u>	<u>\$ (5.3)</u>	<u>\$ 43.1</u>

# NON-GAAP RECONCILIATIONS

In millions

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Cash provided by operating activities	\$ 6.8	\$ 27.8	\$ 32.5	\$ 19.8
Capital expenditures	(11.0)	(5.9)	(17.7)	(10.0)
Free Cash Flow	<u>\$ (4.2)</u>	<u>\$ 21.9</u>	<u>\$ 14.8</u>	<u>\$ 9.8</u>

	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)	<u>\$</u>	<u>0.75</u>	to	<u>\$ 0.95</u>