



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

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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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

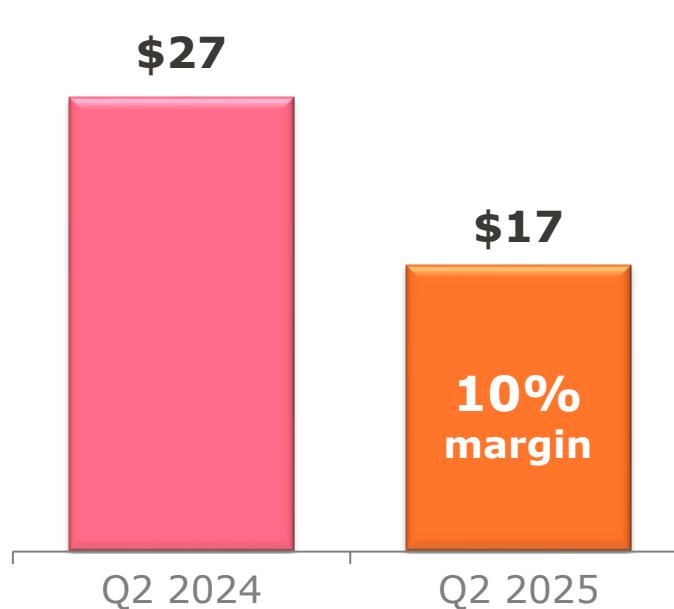
Net Sales

Millions



Adjusted EBITDA

Millions

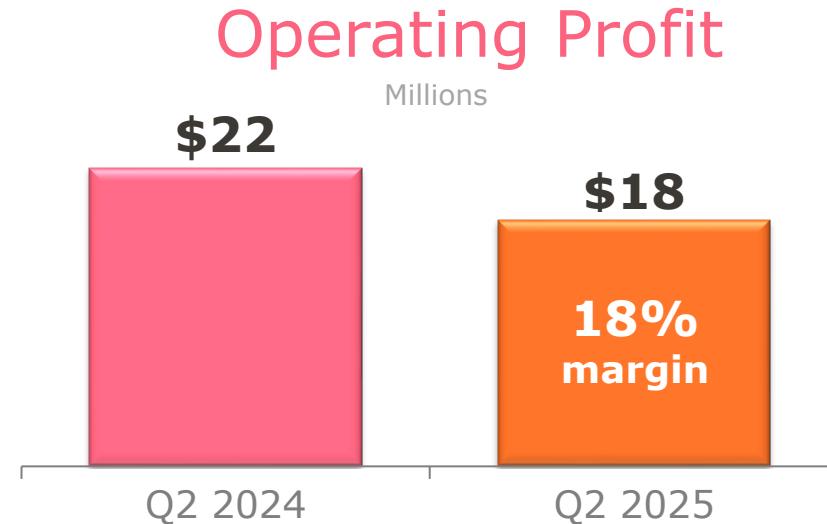
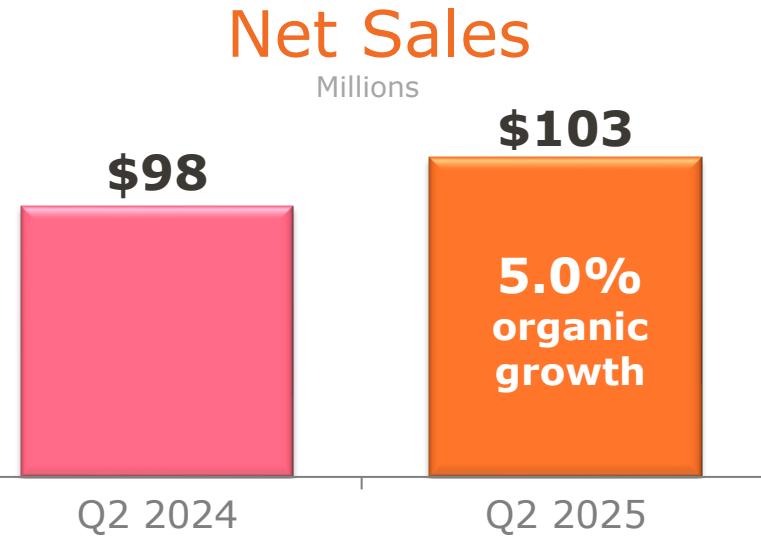


Adjusted EPS

\$0.34



Specialty Nutrition Systems Growing 5%



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

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

Pain Management & Recovery Growing 3%+

Net Sales

Millions

\$59

\$61

**3.4%
organic
growth**

Q2 2024

Q2 2025

Operating Profit *

Millions

\$0

Q2 2024

\$2

Q2 2025

- 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
Net Debt / EBITDA	~0.3x	~0.2x

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
Total Net Sales	\$ 166.1	\$ 171.7	\$ 170.4	\$ 179.6	\$ 687.8	\$ 167.5	\$ 175.0	\$ 342.5
Operating Income (Loss)								
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)
Total Operating Income (Loss)	\$ 4.0	\$ 6.3	\$ 12.0	\$ (418.5)	\$ (396.2)	\$ 10.3	\$ (74.5)	\$ (64.2)

NON-GAAP RECONCILIATIONS

In millions

	Gross Profit				Total	
	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024				
		Continuing Operations	Discontinued Operations			
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				Total	
	Six Months Ended June 30, 2024					
	Six Months Ended June 30, 2025	Continuing Operations	Discontinued Operations			
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	<u>\$ 192.4</u>	<u>\$ 201.5</u>	<u>\$ (1.0)</u>	<u>\$ 200.5</u>		
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)				Total	
	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024				
		Continuing Operations	Discontinued Operations			
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	\$ 12.2	\$ 21.8	\$ (3.4)	\$ 18.4		

NON-GAAP RECONCILIATIONS

In millions

	Operating Income (Loss)				Total	
	Six Months Ended June 30, 2024					
	Six Months Ended June 30, 2025	Continuing Operations	Discontinued Operations			
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	\$ 29.3	\$ 38.1	\$ (5.3)	\$ 32.8		

NON-GAAP RECONCILIATIONS

In millions

	Income (Loss) Before Taxes				Total	
	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024				
		Continuing Operations	Discontinued Operations			
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	\$ 10.8	\$ 21.7	\$ (3.4)	\$ 18.3		

NON-GAAP RECONCILIATIONS

In millions

	Income (Loss) Before Taxes				Total	
	Six Months Ended June 30, 2024					
	Six Months Ended June 30, 2025	Continuing Operations	Discontinued Operations			
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	\$ 27.3	\$ 35.5	\$ (5.3)	\$ 30.2		

NON-GAAP RECONCILIATIONS

In millions

	Tax (Provision) Benefit				Total	
	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024				
		Continuing Operations	Discontinued Operations			
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	\$ (2.9)	\$ (5.9)	\$ 0.9	\$ (5.0)		
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				Total	
	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024				
		Continuing Operations	Discontinued Operations			
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	\$ (7.4)	\$ (9.6)	\$ 1.4	\$ (8.2)		
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)				Total	
	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024				
		Continuing Operations	Discontinued Operations			
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	\$ 7.9	\$ 15.8	\$ (2.5)	\$ 13.3		
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)				Total	
	Six Months Ended June 30, 2024					
	Six Months Ended June 30, 2025	Continuing Operations	Discontinued Operations			
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	\$ 19.9	\$ 25.9	\$ (3.9)	\$ 22.0		
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				Total	
	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024				
		Continuing Operations	Discontinued Operations			
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	<u>\$ 79.1</u>	<u>\$ 73.8</u>	<u>\$ —</u>	<u>\$ 73.8</u>		
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				Total	
	Six Months Ended June 30, 2024		Discontinued Operations	Continuing Operations		
	Six Months Ended June 30, 2025					
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>\$ —</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				Total	
	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024				
		Continuing Operations	Discontinued Operations			
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	\$ 17.0	\$ 26.8	\$ (3.4)	\$ 23.4		

NON-GAAP RECONCILIATIONS

In millions

	EBITDA				Total	
	Six Months Ended June 30, 2024					
	Six Months Ended June 30, 2025	Continuing Operations	Discontinued Operations			
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	\$ 38.6	\$ 48.4	\$ (5.3)	\$ 43.1		

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