AVANOS

THIRD QUARTER 2022 EARNINGS CALL

NOVEMBER 2nd, 2022

AGENDA AND SPEAKERS

Joe Woody
Chief Executive Officer

Update on Business
Progress Against 2022 Priorities

Q&A

Michael Greiner
Senior Vice President and Chief Financial Officer

Review Third Quarter Results
Discuss 2022 Guidance

OVERVIEW

FORWARD-LOOKING INFORMATION

Certain matters in this presentation and conference call, including expectations and planning assumptions, any comments about our expected 2022 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 and are based upon current plans and management's expectations and beliefs concerning future events impacting the Company.

These statements are subject to risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in such statements, including risks related to the ongoing COVID-19 pandemic, competition, market demand, cost savings and reductions, raw material, energy, and other input costs, supply chain disruptions (including availability of drugs used in our Acute Pain products), the ongoing conflict between Russia and Ukraine, economic conditions, currency exchange risks, human capital risks, cyber risks, intellectual property risks, 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 and today's earnings release include 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 in today's earnings release, which is 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.

REFLECTION ON PERFORMANCE

- Operational and commercial execution against a range of challenging macro-economic dynamics
- Maintain our full year guidance ranges
- Continue to experience consistent demand throughout our product portfolio
- Strong margin and free cash flow execution
- Remain focused on getting patients back to the things that matter as we meet needs of customers

THIRD QUARTER PERFORMANCE

- Net Sales increased 10% to $202 million (including OrthogenRx sales)
- Earned $0.38 of adjusted diluted EPS
- Generated $23 million of free cash flow
- On a constant currency basis, Digestive Health grew more than 14% and Interventional Pain grew mid-single digit while Respiratory Health and Acute Pain sales were below prior year
- OrthogenRx sales exceeded internal expectations

EXPANDING GROSS MARGIN

- Achieved 56.3% of adjusted gross margin for the quarter
- Adjusted gross margin improved 420 basis points compared to third quarter 2021
- Favorable product mix, cost savings and manufacturing efficiencies
- Raw material availability, inflation and transportation challenges remain
- Maintain our annual gross margin expectation between 55% and 57%

OPERATING EXPENSE PROFILE

- As indicated during our last Earnings Call, our increased investment across our SG&A profile in the first half of the year to support a range of growth initiatives is now coming down
- Our third quarter SG&A as a percentage of revenue improved 230 basis points versus our second quarter 2022 to 38.3%
- Commitment remains to deliver SG&A as percent of revenue less than 40% for full year 2022 and on a go-forward basis

CHRONIC CARE GROWTH DRIVEN BY DIGESTIVE HEALTH

- Maintained positive trend in Digestive Health; supply constraints limited upside
- Record quarter for NeoMed
- Respiratory Health continues to experience industry-wide post-Covid slowdowns. Anticipate growth to revert to historical rates during 2023

DEMAND FOR OUR PAIN PRODUCTS

- Low single-digit Interventional Pain growth offset by decline in Acute Pain
- Supply challenges persist and will continue through end of year
- Expect low single-digit growth full year
- Over 100,000 patients treated across portfolio in Q3

FREE CASH FLOW GENERATION

- Ability to generate consistent and repeatable cash flow a priority which will continue into 2023 and beyond

- Continue to focus on improved operating results and managing working capital

- Free cash flow generation of $23 million in the third quarter 2022

DEPLOYING CAPITAL TOWARDS M&A

- M&A pipeline remains healthy
- Most attractive opportunities leverage existing footprint, generate synergies, and enhance top-line growth profile
- Remain disciplined in identifying targets that meet strategic initiatives
- Ensure strong return of capital that exceeds financial hurdles

ΛVΛNOS: FINISHING STRONG INTO 2023

- Macro environment uncertainties remain
- Update on our 2022 priorities:
  - Delivering consistent growth despite product supply challenges
  - Executing on our OrthogenRx strategy
  - Improving gross margin profile
  - Generating free cash flow
- Well-positioned to advance strategies across four areas of value creation as we complete 2022 and begin 2023

Third Quarter 2022 Results

Michael Greiner

Senior Vice President and Chief Financial Officer

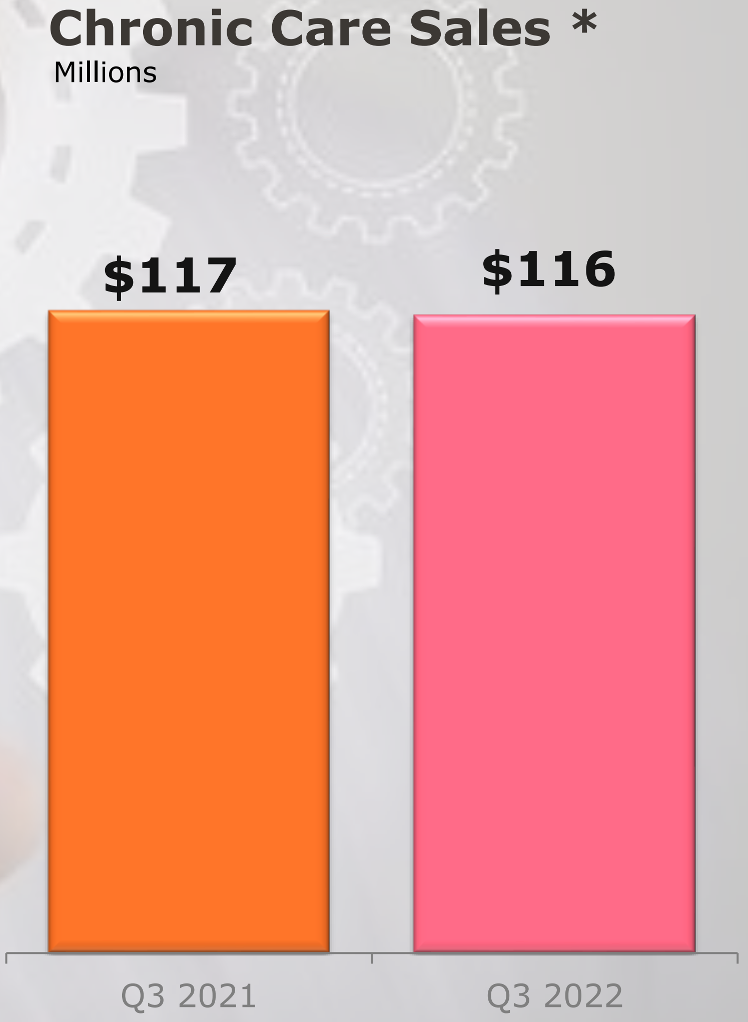
MAINTAINING FOCUS ON EXECUTION

- Total sales of $202 million increased 10% versus prior year
  - 12% increase in volume
  - 1% favorable impact from price
  - 3% unfavorable impact from currency
- Adjusted diluted EPS of $0.38
- Gross margin expansion, SG&A improvement, OrthogenRx execution and consistent free cash flow generation
- Continuing industry specific macro-economic pressures

CHRONIC CARE THIRD QUARTER SALES

Consolidated net sales totaled $202 million

- Chronic Care sales, excluding Maxter, unfavorable $1 million to prior year at $116 million
- Double-digit growth in Digestive Health
  - NeoMed grew over 39% bolstered by ENFit conversions
- Respiratory Health post-Covid headwind from distributors inventory rebalancing, lower ICU census and product supply challenges

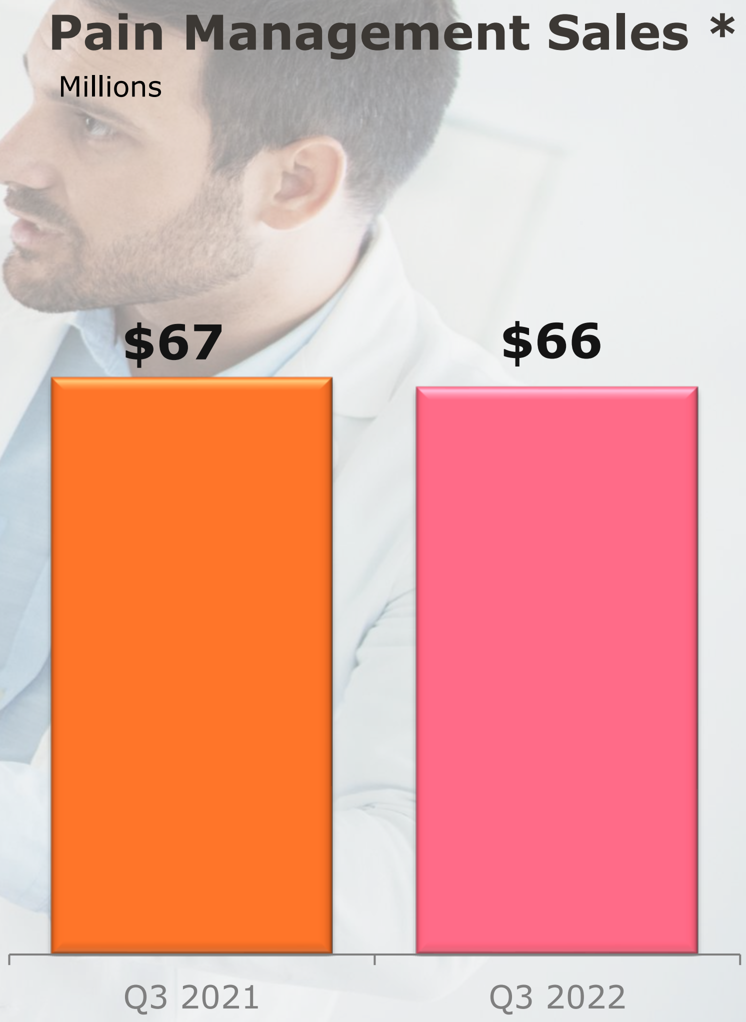


* Excluding Maxter

PAIN MANAGEMENT THIRD QUARTER SALES

Consolidated net sales totaled $202 million

- Pain Management sales, excluding OrthogenRx, unfavorable $1 million to prior year at $66 million
- Low single-digit growth in Interventional Pain offset by decrease in Acute Pain
- Positive contribution from OrthogenRx

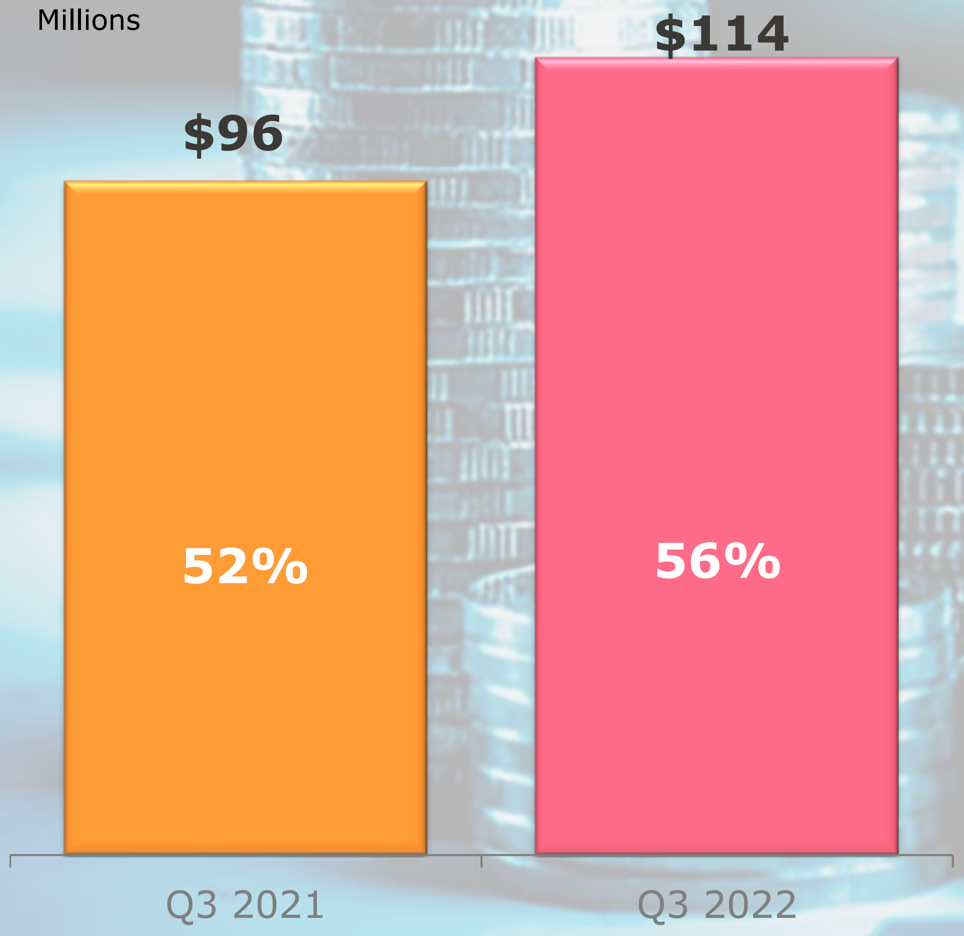


THIRD QUARTER PERFORMANCE

Gross margin and Operating margin improvement

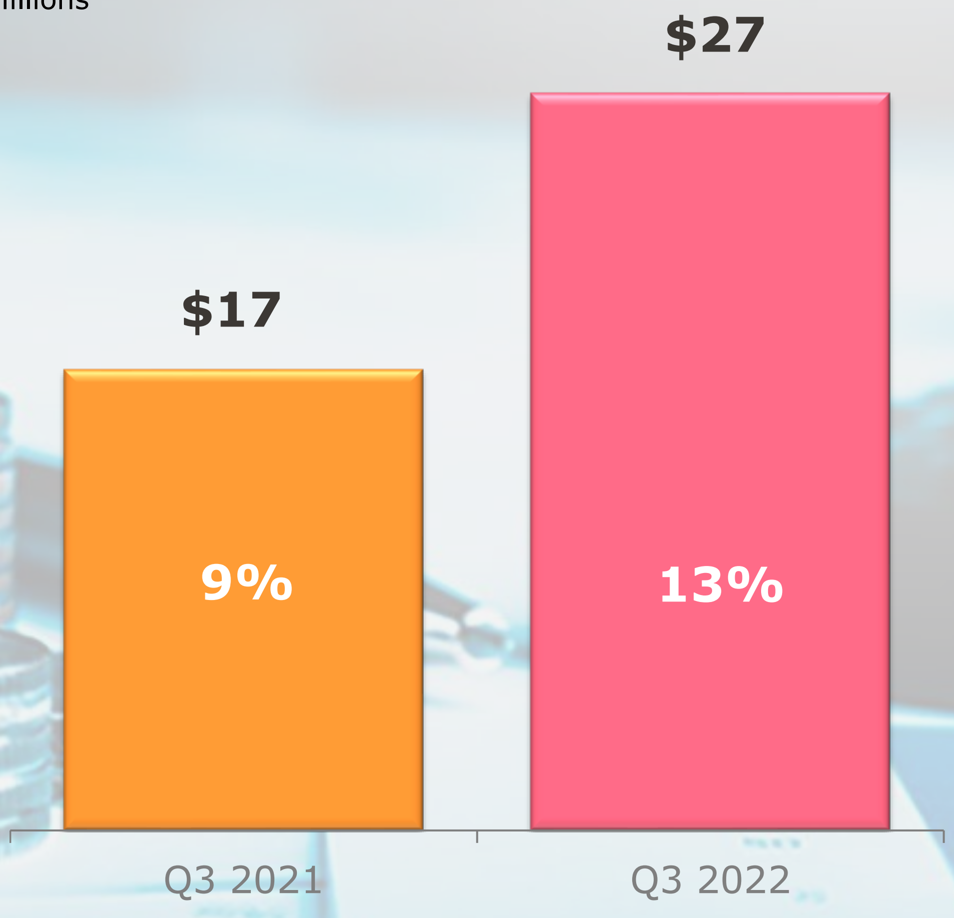
Adjusted Gross Profit and Margin

Millions



Adjusted Operating Profit and Margin

Millions

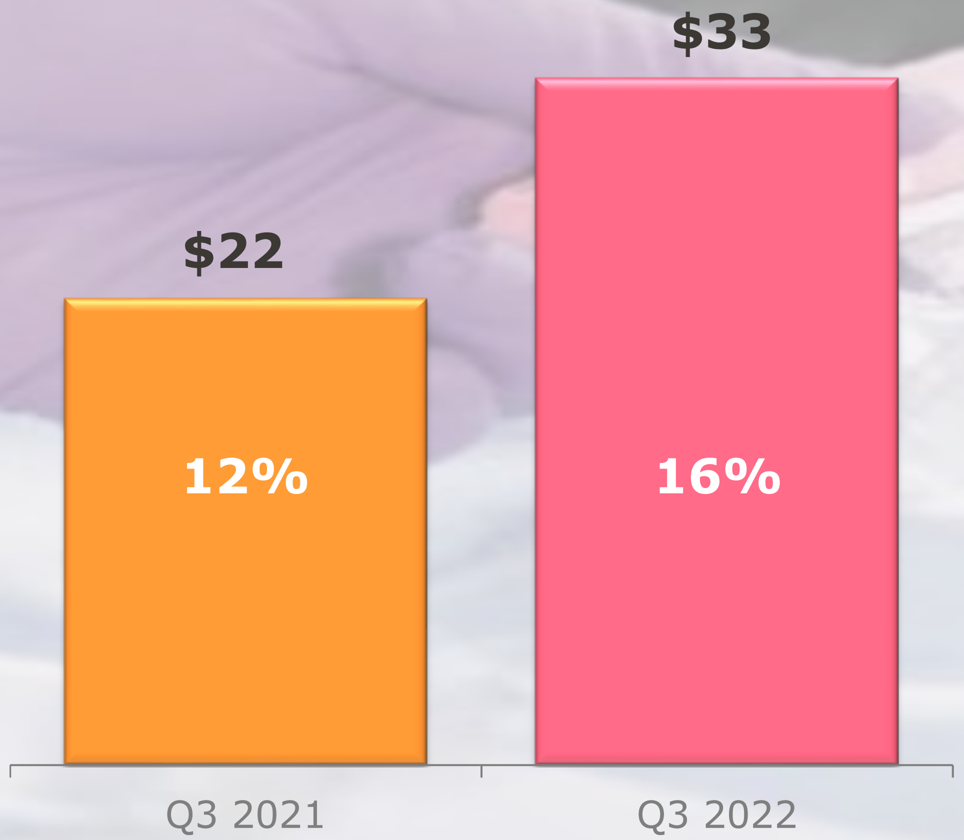


THIRD QUARTER PERFORMANCE

Earned $0.38 of Adjusted Diluted EPS

Adjusted EBITDA

Millions



Adjusted Net Income

Millions

CAPITAL ALLOCATION

Generated $43 million of Free Cash Flow YTD

Strong Balance Sheet Provides Flexibility …

Strong Free Cash Flow

$76 million Trailing 4 Quarters ~ 10% of Revenue

Net Debt / Adjusted EBITDA

Total Debt	$254
Less Cash	120
Net Debt	**$134**

~1.1x Trailing 4 Qtrs Adj. EBITDA

Ample Liquidity

Cash	$120
Credit Facility Availability	243
Financial Liquidity	**$363**

… To Fund Our Capital Allocation Priorities

- **Have maintained ~1x Net Debt / EBITDA**
- **Fully Funded internal investment**
  - Maintenance + growth capital
  - Investments in innovation and selling
  - Highest ROI investments
- **Pursued value-creating acquisitions**
  - Disciplined M&A framework
  - Strategic, tuck-in opportunities that add to our capabilities and growth profile
  - Drive returns above our cost of capital
- **Returned capital to shareholders**
  - $55 million share repurchase program driven by intrinsic value disconnect

2022 OUTLOOK

- Re-affirming external guidance
  - Total sales between $815 million and $835 million
  - Adjusted gross margin of 55% to 57%
  - Continued SG&A spend control, below 40% of sales for the year
  - Expect to earn $1.45 to $1.65 adjusted diluted EPS
- Product supply challenges, global environment uncertainties and inflation remain

AVANOS: FINISHING STRONG INTO 2023

- Meaningful progress towards value creation goals
- Confident in ability to execute strategy
- Taking appropriate steps to drive gross and operating margin improvement and deliver significant free cash flow as we look toward 2023

AVANOS

The best at getting patients back to the things that matter

APPENDICES

Non-GAAP Reconciliations

NON-GAAP RECONCILIATIONS
In millions

	Gross Profit			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
As reported	**$ 110.1**	$ 90.2	**$ 333.1**	$ 266.9
2020 Restructuring charges	**—**	1.1	**—**	4.1
Post divestiture restructuring charges	**—**	2.9	**—**	5.5
Post divestiture transition charges	**—**	—	**—**	3.8
Acquisition and integration-related charges	**—**	0.1	**1.4**	0.1
EU MDR Compliance	**0.2**	—	**0.2**	—
Intangibles amortization	**3.5**	1.7	**10.1**	5.0
As adjusted, non-GAAP	**$ 113.8**	$ 96.0	**$ 344.8**	$ 285.4
Gross profit margin, as reported	**54.5 %**	49.0 %	**55.3 %**	48.4 %
Gross profit margin, as adjusted	**56.3 %**	52.1 %	**57.2 %**	51.8 %

	Operating (Loss) Profit			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
As reported	**$ 18.7**	$ 3.4	**$ 47.8**	$ (16.6)
COVID-19 related expenses	**—**	—	**—**	0.2
2020 Restructuring charges	**—**	1.7	**—**	10.4
Post divestiture restructuring charges	**—**	2.9	**—**	5.5
Post divestiture transition charges	**—**	—	**—**	3.6
Acquisition and integration-related charges	**0.2**	0.1	**3.0**	0.7
EU MDR Compliance	**2.2**	1.2	**5.4**	2.4
Litigation and legal	**—**	3.3	**—**	28.5
Intangibles amortization	**6.1**	4.2	**18.0**	12.5
As adjusted, non-GAAP	**$ 27.2**	$ 16.8	**$ 74.2**	$ 47.2

NON-GAAP RECONCILIATIONS
In millions

	(Loss) Income Before Taxes			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
As reported	**$ 16.0**	$ 2.7	**$ 41.3**	$ (19.0)
COVID-19 related expenses	**—**	—	**—**	0.2
2020 Restructuring charges	**—**	1.7	**—**	10.4
Post divestiture restructuring charges	**—**	2.9	**—**	5.5
Post divestiture transition charges	**—**	—	**—**	3.6
Acquisition and integration-related charges	**0.2**	0.1	**3.0**	0.7
EU MDR Compliance	**2.2**	1.2	**5.4**	2.4
Litigation and legal	**—**	3.3	**—**	28.5
Intangibles amortization	**6.1**	4.2	**18.0**	12.5
Loss on extinguishment of debt	**—**	—	**1.1**	—
As adjusted, non-GAAP	**$ 24.5**	$ 16.1	**$ 68.8**	$ 44.8

	Tax Benefit (Provision)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
As reported	**$ (0.3)**	$ (38.0)	**$ (7.7)**	$ 13.8
Tax effects of adjusting items	**(2.5)**	33.4	**(7.1)**	(23.6)
Effects of the CARES Act and other	**(3.8)**	0.2	**(3.8)**	(2.3)
As adjusted non-GAAP	**$ (6.6)**	$ (4.4)	**$ (18.6)**	$ (12.1)
Effective tax rate, as reported	**1.9 %**	1407.4 %	**18.6 %**	72.6 %
Effective tax rate, as adjusted	**26.9 %**	27.3 %	**27.0 %**	27.0 %

NON-GAAP RECONCILIATIONS
In millions, except per share amounts

	Net (Loss) Income							
	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022		2021		2022		2021	
As reported	**$**	**15.7**	$	(35.3)	**$**	**33.6**	$	(5.2)
COVID-19 related expenses		**—**		—		**—**		0.2
2020 Restructuring charges		**—**		1.7		**—**		10.4
Post divestiture restructuring charges		**—**		2.9		**—**		5.5
Post divestiture transition charges		**—**		—		**—**		3.6
Acquisition and integration-related charges		**0.2**		0.1		**3.0**		0.7
EU MDR Compliance		**2.2**		1.2		**5.4**		2.4
Litigation and legal		**—**		3.3		**—**		28.5
Intangibles amortization		**6.1**		4.2		**18.0**		12.5
Loss on extinguishment of debt		**—**		—		**1.1**		—
Tax effects of adjusting items		**(2.5)**		33.4		**(7.1)**		(23.6)
Tax effects of the CARES Act and other		**(3.8)**		0.2		**(3.8)**		(2.3)
As adjusted, non-GAAP	**$**	**17.9**	$	11.7	**$**	**50.2**	$	32.7
Diluted EPS, as reported	**$**	**0.33**	$	(0.73)	**$**	**0.71**	$	(0.11)
Diluted EPS, as adjusted	**$**	**0.38**	$	0.24	**$**	**1.06**	$	0.68

NON-GAAP RECONCILIATIONS

In millions, except per share amounts

EBITDA

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
EBITDA, as reported	**$ 30.3**	$ 13.0	$ 82.1	$ 12.2
COVID-19 related expenses	**—**	—	—	0.2
2020 Restructuring charges	**—**	1.7	—	10.4
Post divestiture restructuring charges	**—**	2.9	—	5.5
Post divestiture transition charges	**—**	—	—	3.6
Acquisition and integration-related charges	**0.2**	0.1	3.0	0.7
EU MDR Compliance	**2.2**	1.2	5.4	2.4
Litigation and legal	**—**	3.3	—	28.5
Adjusted EBITDA	**$ 32.7**	$ 22.2	**$ 90.5**	$ 63.5

Free Cash Flow

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Cash provided by (used in) operating activities	**$ 28.4**	$ 23.2	**$ 57.2**	$ 35.2
Capital expenditures	**(5.3)**	(4.8)	**(14.4)**	(16.3)
Free Cash Flow	**$ 23.1**	$ 18.4	**$ 42.8**	$ 18.9

NON-GAAP RECONCILIATIONS
In millions, except per share amounts

	2022 Outlook				
	Estimated Range				
Diluted earnings per share (GAAP)	$	0.95	to	$	1.25
Intangibles amortization		0.25	to		0.25
Other		0.25	to		0.15
Adjusted diluted earnings per share (non-GAAP)	$	1.45	to	$	1.65