AVANOS

Q1 2023 Earnings Presentation

May 3, 2023

Getting patients back to the things that matter.

Joe Woody

Chief Executive Officer

Business Progress Against 2023 Priorities

Michael Greiner

Senior Vice President, CFO & Chief Transformation Officer

Q1 Results & 2023 Planning Environment

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FORWARD-LOOKING INFORMATION

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 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), inflation, the ongoing conflict between Russia and Ukraine, our ability to successfully execute on or achieve the expected benefits of our transformation initiative, the effects of the recent financial conditions affecting the banking system and the potential threats to the solvency of commercial banks, 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 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.

Reflections on Performance

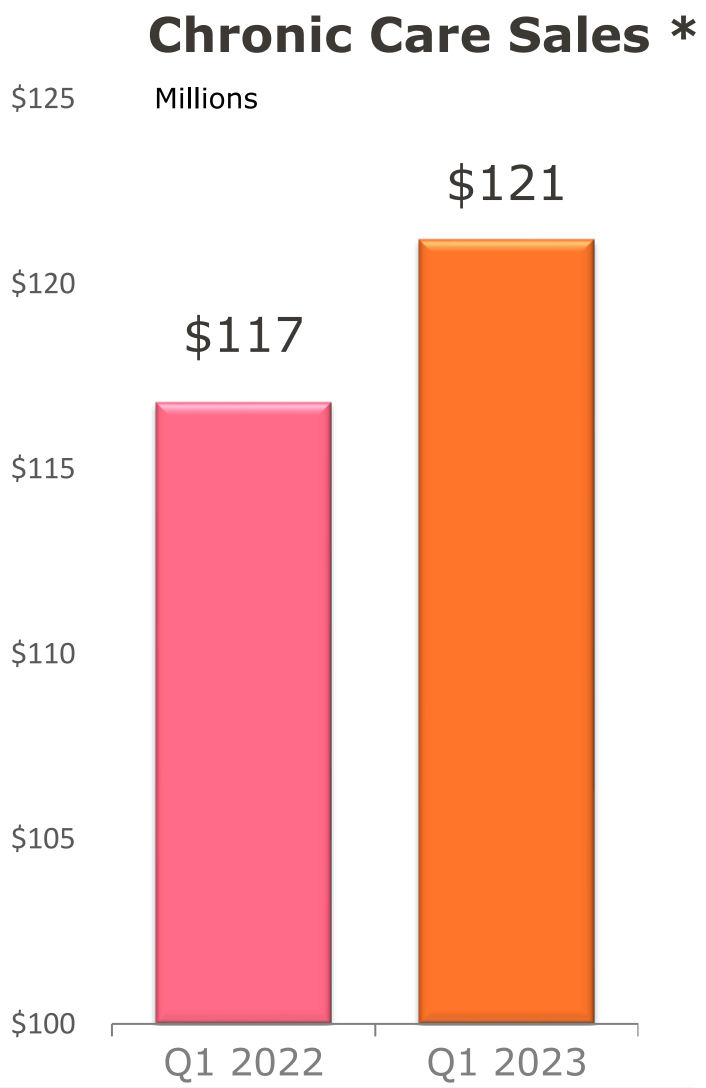
- Overall results in line with our expectations
- Continue to experience consistent demand throughout our product portfolio
- Challenging but improved supply chain
- Remain focused on getting patients back to the things that matter as we meet customer needs

First Quarter Performance: Start as Expected

- Achieved net sales of $192 million. Excluding currency and the impact of products no longer sold, organic growth was unfavorable 0.7%
- Generated $0.27 of adjusted diluted EPS and greater than $26 million of adjusted EBITDA
- Improved adjusted gross margins at 56.4% and reduced SG&A to 41.6% as a percentage of revenue versus prior year

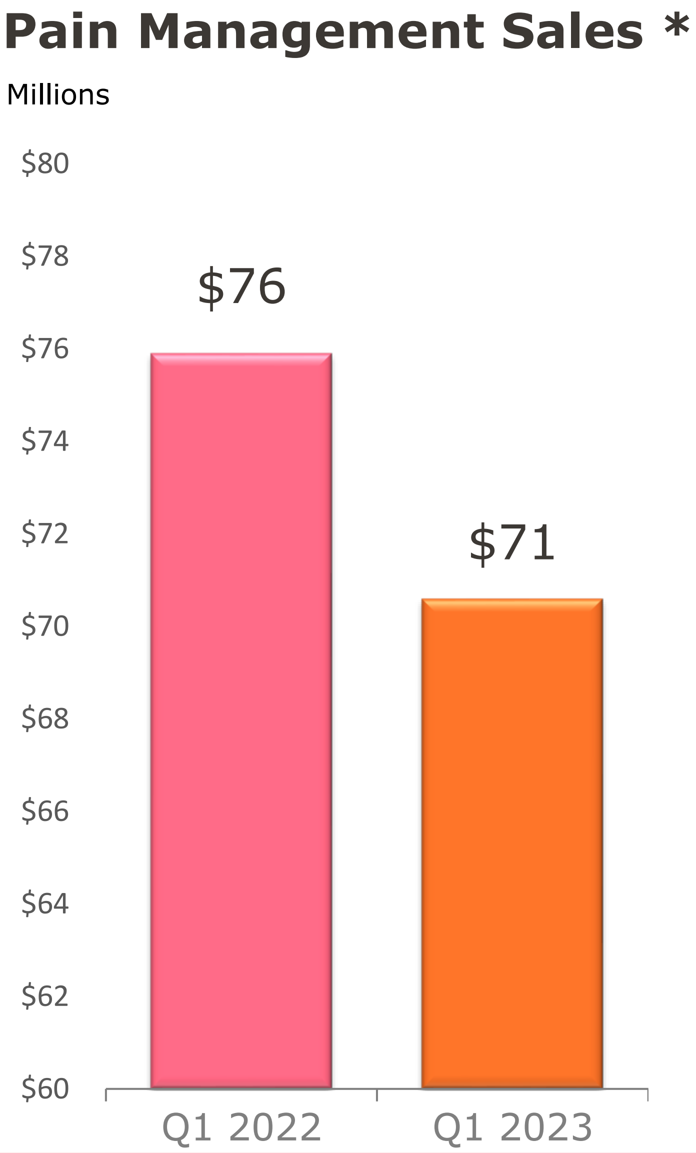
Chronic Care Growth Driven by Digestive Health

- Chronic Care revenue up more than 5% (constant currency / normalized sales)
- Digestive Health grew over 10%
  - Maintained positive trend; alleviated supply constraints
  - Continued execution for NeoMed, growing over 36%
  - CORPAK gained over 5%
- Respiratory Health declined over 6%
  - We expect the category to grow over 2% for the full year



Pain Products Struggle in First Quarter

- Pain Management down 10% (constant currency / normalized sales)
- Interventional Pain grew 1%
- Supply challenges persist and will continue through the first part of 2023
- HA 3-shot (TriVisc) sales in line with our internal expectations and long-term strategy



Sales growth % presented on a constant currency basis and exclude portfolio rationalization impacts
* Sales chart exclude portfolio rationalization impacts

Priorities for Reimagining Our Business

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

Q1 2023 Results

Michael Greiner
Senior Vice President, CFO &
Chief Transformation Officer

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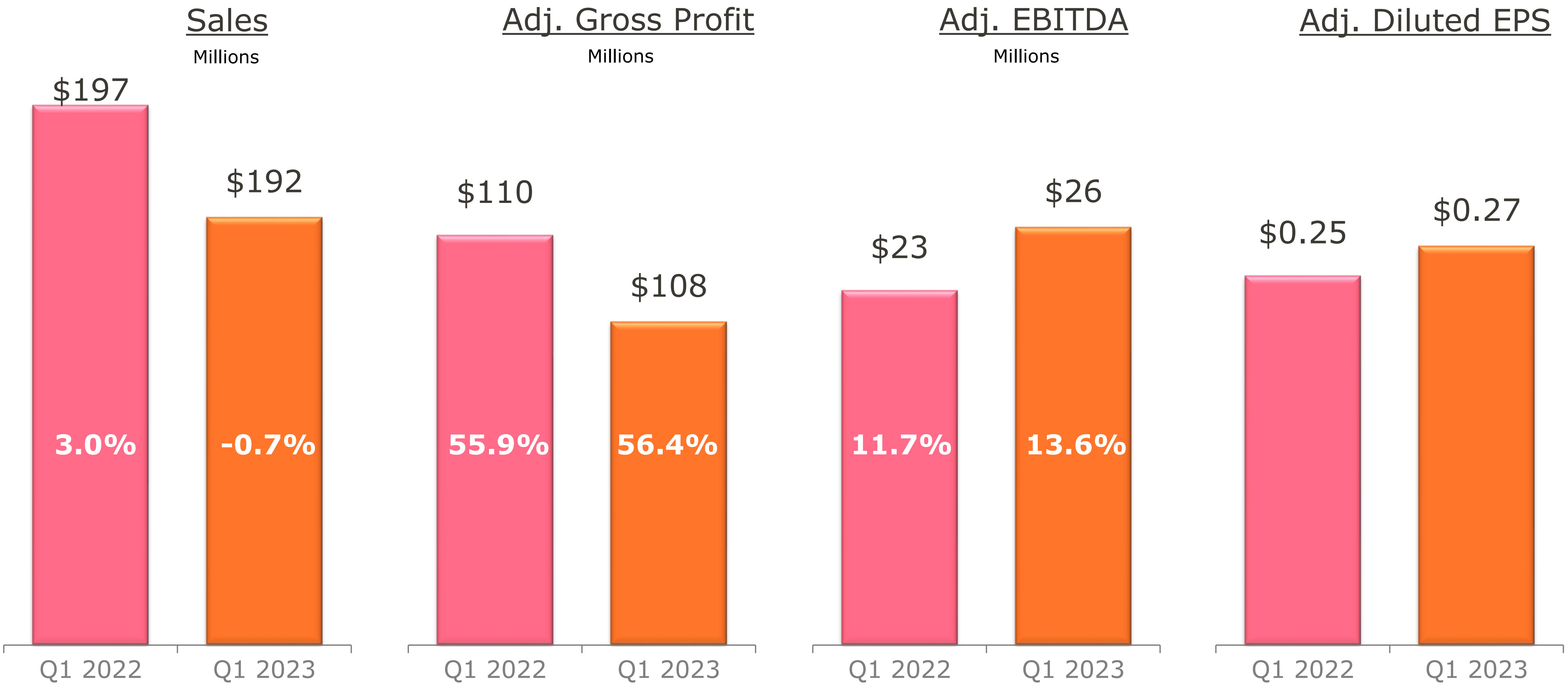
First Quarter Performance



Sales growth % presented on a constant currency basis and exclude portfolio rationalization impacts

Expanding Margins

Adjusted gross margin improved 50 bps compared to first quarter of 2022

- Favorable price, manufacturing efficiencies and lower freight expenses
- Anticipate gross margin at or above 56% throughout 2023

Like last year, our SG&A margin profile will improve throughout the year

- Reported 41.6% in Q1 compared to 43.0% a year ago
- Remain committed to leverage our operational cost structure with annualized SG&A profile less than 40%

2023: Affirming Guidance

We remain confident in our ability to meet our guidance for the year

- Operating and EBITDA margin improvement by at least 100 bps
- Expect to earn between $1.60 and $1.80 of adjusted diluted EPS
- Deliver $60 million of free cash flow, excluding the one-time cash costs associated with the exit and restructuring efforts expected to total approximately $25 million
- Excluding the product rationalization, expect organic revenue growth to be low single-digit

A 3-Year Transformation Journey

Portfolio Rationalization

Enhanced ROIC

$45M-$55M

Gross Savings

Cost Structure

Improved Profitability

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Thank You

APPENDICES

Non-GAAP Reconciliations

NON-GAAP RECONCILIATIONS

In millions

	Gross Profit	
	Three Months Ended March 31,	
	2023	**2022**
As reported	**$ 104.5**	$ 106.6
Acquisition and integration-related charges	**—**	0.7
Intangibles amortization	**3.6**	3.1
As adjusted, non-GAAP	**$ 108.1**	$ 110.4
Gross profit margin, as reported	**54.5 %**	54.0 %
Gross profit margin, as adjusted	**56.4 %**	55.9 %

	Operating Profit (Loss)	
	Three Months Ended March 31,	
	2023	**2022**
As reported	**$ 2.6**	$ 8.6
Acquisition and integration-related charges	**1.5**	1.7
Transformation Process	**8.9**	—
EU MDR Compliance	**1.1**	1.6
Intangibles amortization	**6.3**	5.7
As adjusted, non-GAAP	**$ 20.4**	$ 17.6

NON-GAAP RECONCILIATIONS
In millions

	Income (Loss) Before Taxes	
	Three Months Ended March 31,	
	2023	**2022**
As reported	**$ (0.4)**	$ 7.3
Acquisition and integration-related charges	**1.5**	1.7
Transformation Process	**8.9**	—
EU MDR Compliance	**1.1**	1.6
Intangibles amortization	**6.3**	5.7
As adjusted, non-GAAP	**$ 17.4**	$ 16.3

	Tax Provision (Benefit)	
	Three Months Ended March 31,	
	2023	**2022**
As reported	**$ (0.1)**	$ (1.9)
Tax effects of adjusting items	**(4.6)**	(2.5)
As adjusted non-GAAP	**$ (4.7)**	$ (4.4)
Effective tax rate, as reported	**25.0 %**	26.0 %
Effective tax rate, as adjusted	**27.0 %**	27.0 %

NON-GAAP RECONCILIATIONS
In millions

	Net Income (Loss)	
	Three Months Ended March 31,	
	2023	**2022**
As reported	**$ (0.5)**	$ 5.4
Acquisition and integration-related charges	**1.5**	1.7
Transformation Process	**8.9**	—
EU MDR Compliance	**1.1**	1.6
Intangibles amortization	**6.3**	5.7
Tax effects of adjusting items	**(4.6)**	(2.5)
As adjusted, non-GAAP	**$ 12.7**	$ 11.9
Diluted EPS, as reported	**$ (0.01)**	$ 0.11
Diluted EPS, as adjusted	$ 0.27	$ 0.25

NON-GAAP RECONCILIATIONS

In millions

	EBITDA	
	Three Months Ended March 31,	
	2023	**2022**
EBITDA, as reported	$ 14.7	$ 19.7
Acquisition and integration-related charges	1.5	1.7
Transformation Process	8.9	—
EU MDR Compliance	1.1	1.6
Adjusted EBITDA	**$ 26.2**	$ 23.0

	Free Cash Flow	
	Three Months Ended March 31,	
	2023	**2022**
Cash provided by (used in) operating activities	**$ (6.8)**	$ 1.8
Capital expenditures	**(4.0)**	(5.0)
Free Cash Flow	**$ (10.8)**	$ (3.2)

NON-GAAP RECONCILIATIONS

In millions, except per share amounts

	2023 Outlook		
	Estimated Range		
Diluted earnings per share (GAAP)	$ 0.71	to	$ 1.00
Intangibles amortization	0.39	to	0.39
Restructuring and transformation	0.34	to	0.28
EU Medical Device Regulation	0.16	to	0.13
Adjusted diluted earnings per share (non-GAAP)	$ 1.60	to	$ 1.80