



# AVANOS



## Q2 2023 Earnings Presentation

August 9<sup>th</sup>, 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

**Q2 Results & 2023  
Planning Environment**

## 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 success of acquisitions and divestitures, 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](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.



# Reflections on Performance

- Overall results exceeded our expectations
- Continue to experience strong demand in our Digestive Health product portfolio
- Improving supply chain environment
- Remain focused on getting patients back to the things that matter as we meet customer needs



# Second Quarter Performance

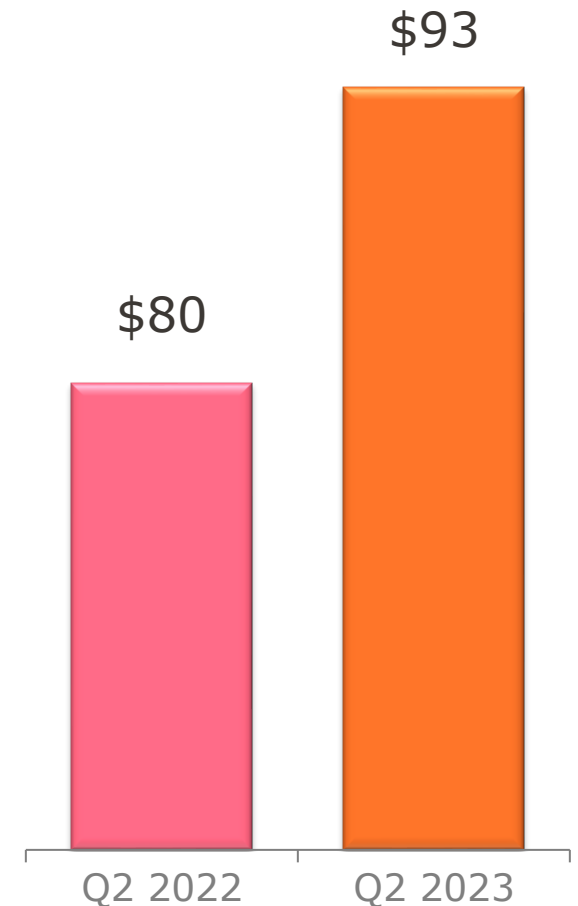
- Achieved net sales of \$169 million. Excluding currency and the impact of products no longer sold, organic growth was favorable 2.6%
- Generated \$0.24 of adjusted diluted EPS and almost \$23 million of adjusted EBITDA
- Adjusted gross margins at 59.9% and SG&A as a percentage of revenue 45.1%

# Strong Quarter for Digestive Health

- Digestive Health revenue up close to 17% (constant currency sales)
- Strong NeoMed execution contributed nearly 50% of total growth
- Above market growth from CORTRAK guided tube placement; record quarter capital sales

## Digestive Health Sales

Millions

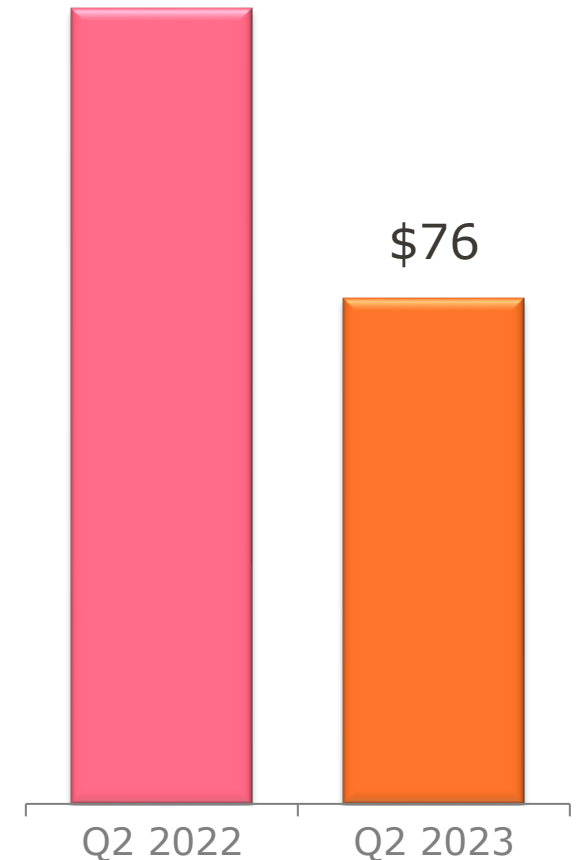


# Pain portfolio remains challenged

- Pain Management down 11% (constant currency / normalized sales)
- Surgical pain pump businesses flat
- Supply challenges persist and will continue through 2023
- HA 3-shot (TriVisc) sales in line with our internal expectations and long-term strategy

## Pain Management & Recovery Sales \*

Millions  
\$86



# 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



# Priorities for Reimagining Our Business

- Transformation agenda remains on track
- Improved Pain Management & Recovery go-to-market strategy
- Capital allocation priorities toward tuck-in M&A and share repurchase

# Q2 2023 Results

Michael Greiner  
Senior Vice President, CFO &  
Chief Transformation Officer

**AVANOS**



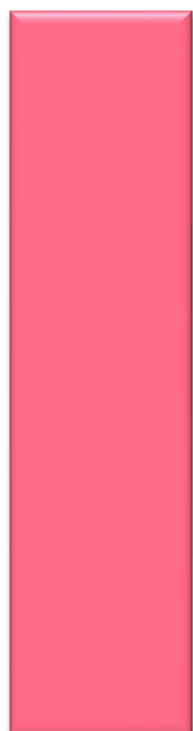
# Second Quarter Performance

## TOTAL

### Sales

Millions

\$203

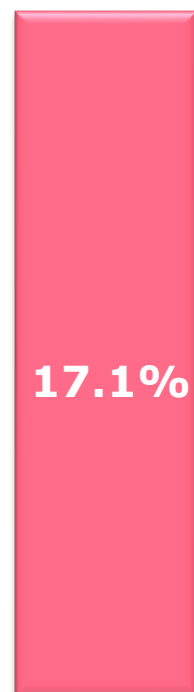


\$200

### Adj. EBITDA

Millions

\$35



\$32

17.1%

15.9%

Q2 2022

Q2 2023

Q2 2022

Q2 2023

## CONTINUING OPERATIONS

### Sales

Millions

\$171



\$169

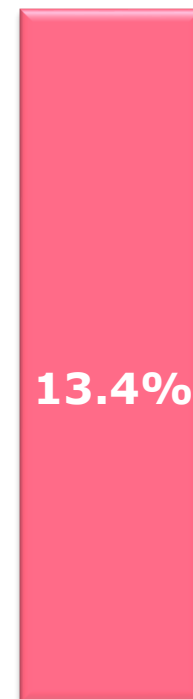
Q2 2022

Q2 2023

### Adj. EBITDA

Millions

\$23



\$23

13.4%

13.5%

Q2 2022

Q2 2023

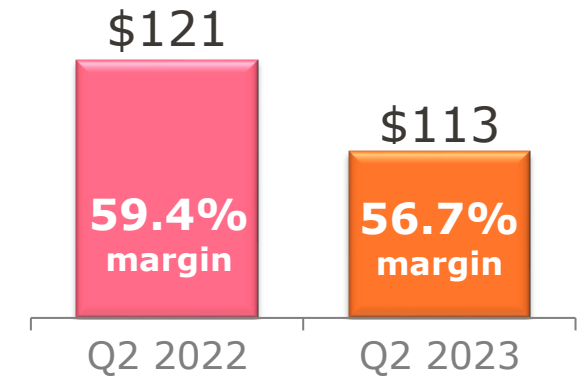
# Adjusted Gross Profit and SG&A

Adjusted gross margin 270 bps lower compared to second quarter of 2022

- Unfavorable impact of currency and unfavorable product mix
- Sequential improvement of 30 bps compared to first quarter of this year

## Adjusted Gross Profit

Millions

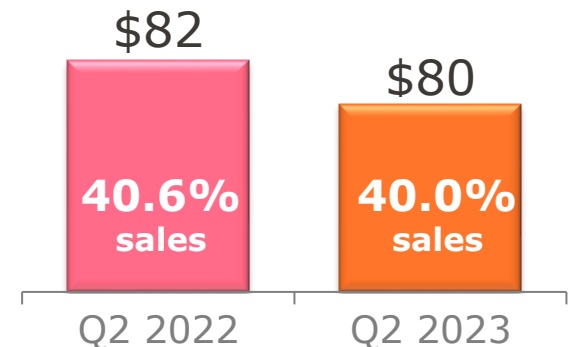


Like last year, our SG&A margin profile will improve throughout the year

- SG&A spend decreased by 2% inclusive of inflation
- Remain committed to leverage our operational cost structure with annualized SG&A profile less than 40%

## Adjusted SG&A

Millions

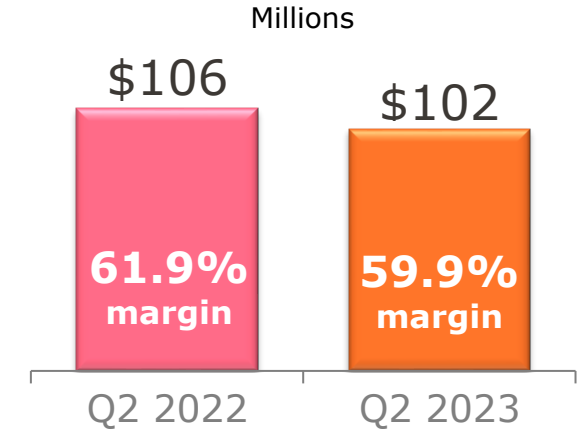


# EBITDA Margin in line with 2022

Adjusted gross margin 200 bps lower compared to second quarter of 2022

- Unfavorable impact of currency and unfavorable product mix
- Anticipate gross margin at approximately 60% throughout 2023

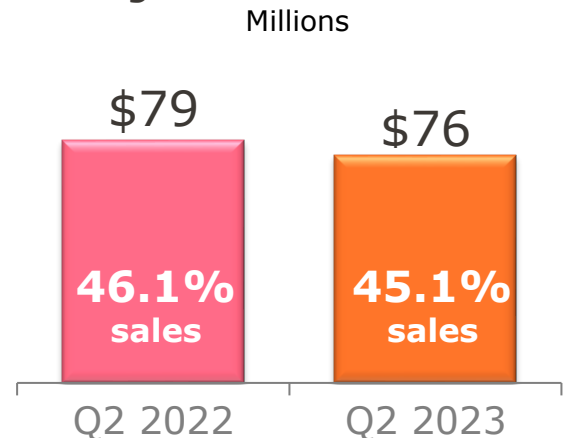
## Adjusted Gross Profit



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

- Sequential improvement of 280 bps compared to first quarter of this year

## Adjusted SG&A

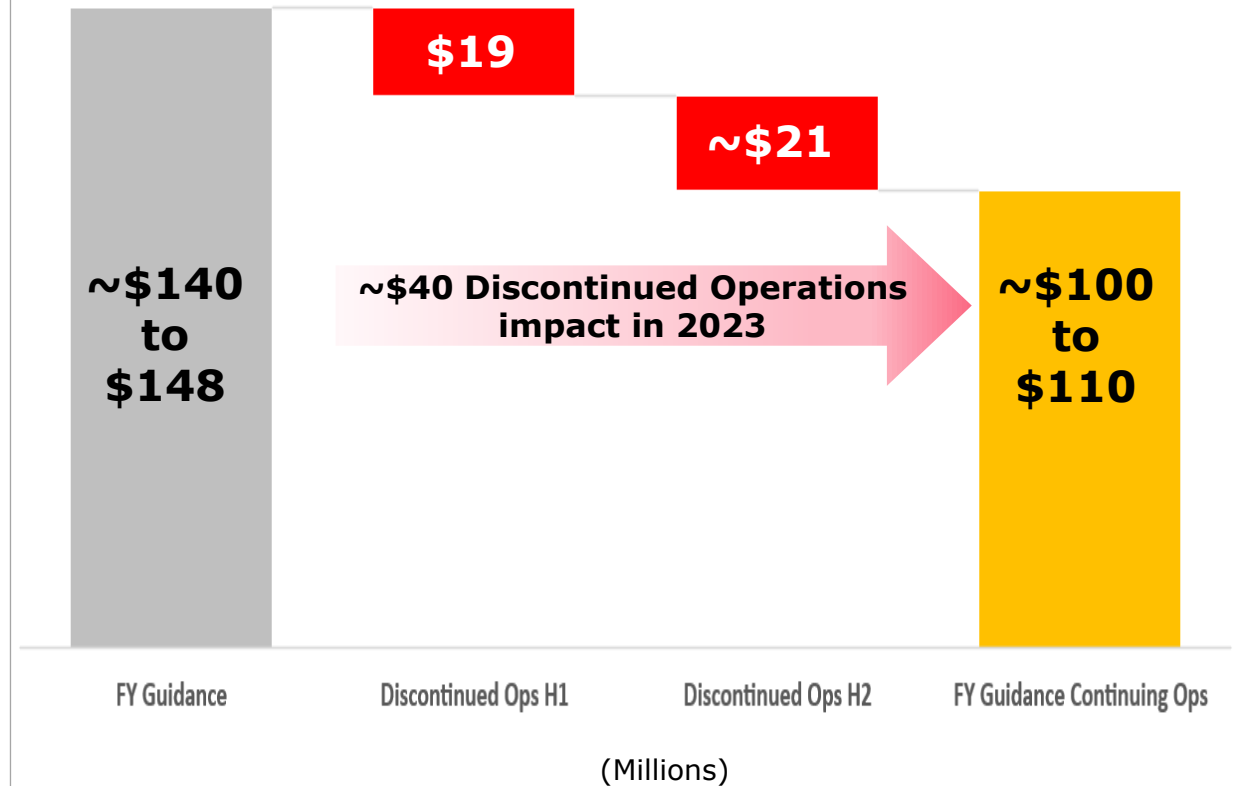


# Discontinued Operations Impact

## STRANDED COSTS MITIGATION

- On a non-burdened basis, Respiratory Health is estimated to contribute approximately \$40 million of adjusted EBITDA for 2023
- Stranded costs partially offset by TSA agreements with AirLife through 2024
- We estimate remaining dis-synergies post 2025 between \$10 to \$15 million

## IMPACT TO OUR 2023 ADJUSTED EBITDA





# 2023 Guidance adjusted for divestiture

## 2023 GUIDANCE

Sales

Low single-digit organic growth

Margins

EBITDA margin expansion ~100 bps

Adjusted  
Diluted  
EPS

\$1.05 - \$1.15

	Revenue (in millions)	Adj. Gross Margin	SG&A %	Adj. EBITDA (in millions)	Adj. Diluted EPS
<b>Q1</b>	\$159	59.6%	47.9%	\$16	\$0.13
<b>Q2</b>	\$169	59.9%	45.1%	\$23	\$0.24
<b>H1</b>	\$329	59.8%	46.5%	\$39	\$0.37
<b>H2</b>	\$345 - \$355	59.0 - 60.0%	40.5 - 41.5%	\$60 - \$70	\$0.70 - \$0.80
<b>FY</b>	<b>\$675 - \$685</b>	<b>59.5 - 60.0%</b>	<b>43.0 - 44.0%</b>	<b>\$100 - \$110</b>	<b>\$1.05 - \$1.15</b>

# 2024 Preliminary Outlook & 2025 Targets

## 2024 OUTLOOK

Sales

Mid single-digit organic growth

Margins

EBITDA margin expansion

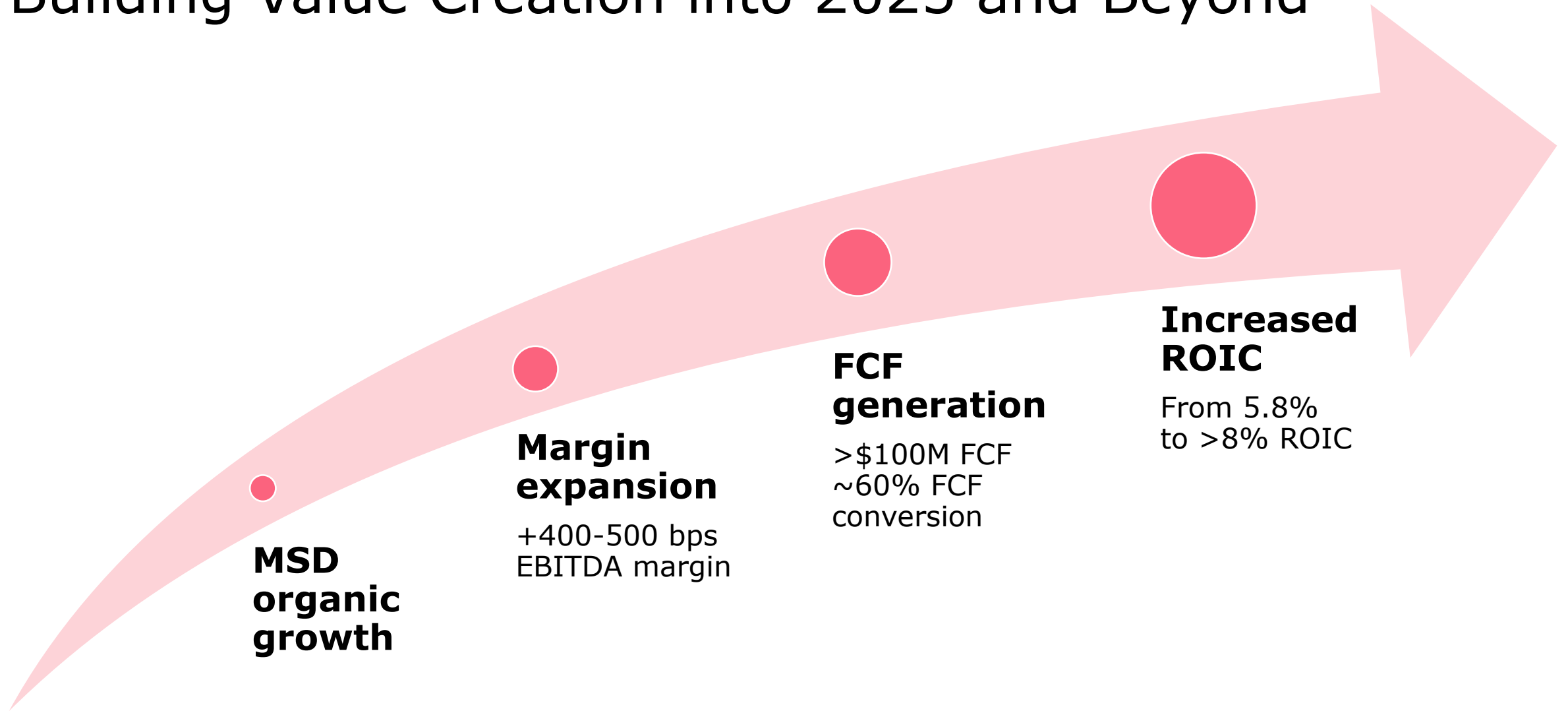
Adjusted Diluted EPS

\$1.40 - \$1.65

	Revenue (in millions)	Adj. Gross Margin	SG&A %	Adj. EBITDA (in millions)	Adj. Diluted EPS
<b>23FY</b>	\$675 - \$685	59.5 - 60.0%	43 - 44%	\$100 - \$110	\$1.05 - \$1.15
<b>24FY</b>	<b>\$705 - \$725</b>	<b>~60%</b>	<b>40 - 42%</b>	<b>\$120 - \$140</b>	<b>\$1.40 - \$1.65</b>
<b>25 Target</b>	~750M exc. new M&A	60 - 61%	38 - 39%	\$155 - \$170	\$1.90 - \$2.10

25 Target numbers as highlighted during our Investor Day in June with an Adjusted EBITDA target of 20 to 21%

# Building Value Creation into 2025 and Beyond



**MSD  
organic  
growth**

**Margin  
expansion**  
+400-500 bps  
EBITDA margin

**FCF  
generation**  
>\$100M FCF  
~60% FCF  
conversion

**Increased  
ROIC**  
From 5.8%  
to >8% ROIC

# AVANOS

Thank You



# APPENDICES

Non-GAAP Reconciliations

# NON-GAAP RECONCILIATIONS

In millions

	Gross Profit					
	Three Months Ended June 30, 2023			Three Months Ended June 30, 2022		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
As reported	\$ 97.8	\$ 11.8	\$ 109.6	\$ 101.6	\$ 14.8	\$ 116.4
Acquisition and integration-related charges	—	—	—	0.7	—	0.7
Restructuring and transformation charges	0.1	—	0.1	—	—	—
Intangibles Amortization	3.6	—	3.6	3.5	—	3.5
As adjusted, non-GAAP	\$ 101.5	\$ 11.8	\$ 113.3	\$ 105.8	\$ 14.8	\$ 120.6
Gross profit margin, as reported	57.7 %	38.8 %	54.9 %	59.4 %	46.1 %	57.3 %
Gross profit margin, as adjusted	59.9 %	38.8 %	56.7 %	61.9 %	46.1 %	59.4 %

	Gross Profit					
	Six Months Ended June 30, 2023			Six Months Ended June 30, 2022		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
As reported	\$ 189.2	\$ 24.9	\$ 214.1	\$ 191.1	\$ 31.9	\$ 223.0
Acquisition and integration-related charges	—	—	—	1.4	—	1.4
Restructuring and transformation charges	0.1	—	0.1	—	—	—
Intangibles Amortization	7.2	—	7.2	6.6	—	6.6
As adjusted, non-GAAP	\$ 196.5	\$ 24.9	\$ 221.4	\$ 199.1	\$ 31.9	\$ 231.0
Gross profit margin, as reported	57.6 %	39.6 %	54.7 %	57.9 %	45.4 %	55.7 %
Gross profit margin, as adjusted	59.8 %	39.6 %	56.6 %	60.3 %	45.4 %	57.7 %



# NON-GAAP RECONCILIATIONS

In millions

	Operating (Loss) Profit					
	Three Months Ended June 30, 2023			Three Months Ended June 30, 2022		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
As reported	\$ (2.1)	\$ 7.7	\$ 5.6	\$ 10.1	\$ 10.4	\$ 20.5
Acquisition and integration-related charges	0.3	—	0.3	1.0	—	1.0
Restructuring and transformation charges	9.8	—	9.8	—	—	—
Divestiture related charges	3.7	—	3.7	—	—	—
EU MDR Compliance	0.9	—	0.9	1.7	—	1.7
Intangibles Amortization	5.8	0.3	6.1	5.7	0.5	6.2
As adjusted, non-GAAP	\$ 18.4	\$ 8.0	\$ 26.4	\$ 18.5	\$ 10.9	\$ 29.4

	Operating (Loss) Profit					
	Six Months Ended June 30, 2023			Six Months Ended June 30, 2022		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
As reported	\$ (8.2)	\$ 16.4	\$ 8.2	\$ 6.1	\$ 23.0	\$ 29.1
Acquisition and integration-related charges	1.8	—	1.8	2.8	—	2.8
Restructuring and transformation charges	18.7	—	18.7	—	—	—
Divestiture related charges	3.7	—	3.7	—	—	—
EU MDR Compliance	2.0	—	2.0	3.2	—	3.2
Intangibles Amortization	11.6	0.8	12.4	10.9	1.0	11.9
As adjusted, non-GAAP	\$ 29.6	\$ 17.2	\$ 46.8	\$ 23.0	\$ 24.0	\$ 47.0

# NON-GAAP RECONCILIATIONS

In millions

	(Loss) Income Before Taxes					
	Three Months Ended June 30, 2023			Three Months Ended June 30, 2022		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
As reported	\$ (5.1)	\$ (64.6)	\$ (69.7)	\$ 7.6	\$ 10.4	\$ 18.0
Acquisition and integration-related charges	0.3	—	0.3	1.0	—	1.0
Restructuring and transformation charges	9.8	—	9.8	—	—	—
Divestiture related charges	3.7	—	3.7	—	—	—
EU MDR Compliance	0.9	—	0.9	1.7	—	1.7
Intangibles Amortization	5.8	0.3	6.1	5.7	0.5	6.2
Estimated loss on divestiture	—	72.3	72.3	—	—	—
Loss on extinguishment of debt	—	—	—	1.1	—	1.1
As adjusted, non-GAAP	<u>\$ 15.4</u>	<u>\$ 8.0</u>	<u>\$ 23.4</u>	<u>\$ 17.1</u>	<u>\$ 10.9</u>	<u>\$ 28.0</u>

	(Loss) Income Before Taxes					
	Six Months Ended June 30, 2023			Six Months Ended June 30, 2022		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
As reported	\$ (14.2)	\$ (55.9)	\$ (70.1)	\$ 2.3	\$ 23.0	\$ 25.3
Acquisition and integration-related charges	1.8	—	1.8	2.8	—	2.8
Restructuring and transformation charges	18.7	—	18.7	—	—	—
Divestiture related charges	3.7	—	3.7	—	—	—
EU MDR Compliance	2.0	—	2.0	3.2	—	3.2
Intangibles Amortization	11.6	0.8	12.4	10.9	1.0	11.9
Estimated loss on divestiture	—	72.3	72.3	—	—	—
Loss on extinguishment of debt	—	—	—	1.1	—	1.1
As adjusted, non-GAAP	<u>\$ 23.6</u>	<u>\$ 17.2</u>	<u>\$ 40.8</u>	<u>\$ 20.3</u>	<u>\$ 24.0</u>	<u>\$ 44.3</u>

# NON-GAAP RECONCILIATIONS

In millions

	Tax Provision					
	Three Months Ended June 30, 2023			Three Months Ended June 30, 2022		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
As reported	\$ 0.8	\$ 0.8	\$ 1.6	\$ (2.8)	\$ (2.7)	\$ (5.5)
Tax effects of adjusting items	(5.0)	(2.9)	(7.9)	(1.8)	(0.2)	(2.0)
As adjusted non-GAAP	<u>\$ (4.2)</u>	<u>\$ (2.1)</u>	<u>\$ (6.3)</u>	<u>\$ (4.6)</u>	<u>\$ (2.9)</u>	<u>\$ (7.5)</u>
Effective tax rate, as reported	15.7 %	1.2 %	2.3 %	36.8 %	26.0 %	30.6 %
Effective tax rate, as adjusted	27.0 %	26.3 %	26.8 %	27.0 %	26.8 %	26.9 %

	Tax Provision					
	Six Months Ended June 30, 2023			Six Months Ended June 30, 2022		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
As reported	\$ 2.1	\$ (0.6)	\$ 1.5	\$ (1.5)	\$ (5.9)	\$ (7.4)
Tax effects of adjusting items	(8.5)	(4.0)	(12.5)	(4.0)	(0.5)	(4.5)
As adjusted non-GAAP	<u>\$ (6.4)</u>	<u>\$ (4.6)</u>	<u>\$ (11.0)</u>	<u>\$ (5.5)</u>	<u>\$ (6.4)</u>	<u>\$ (11.9)</u>
Effective tax rate, as reported	14.8 %	(1.1) %	2.1 %	65.2 %	25.7 %	29.2 %
Effective tax rate, as adjusted	27.0 %	27.0 %	27.0 %	27.0 %	26.7 %	26.9 %

# NON-GAAP RECONCILIATIONS

In millions, except per share amounts

	Net (Loss) Income					
	Three Months Ended June 30, 2023			Three Months Ended June 30, 2022		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
As reported	\$ (4.3)	\$ (63.8)	\$ (68.1)	\$ 4.8	\$ 7.7	\$ 12.5
Acquisition and integration-related charges	0.3	—	0.3	1.0	—	1.0
Restructuring and transformation charges	9.8	—	9.8	—	—	—
Divestiture related charges	3.7	—	3.7	—	—	—
Estimated loss on divestiture	—	72.3	72.3	—	—	—
EU MDR Compliance	0.9	—	0.9	1.7	—	1.7
Amortization of intangibles	5.8	0.3	6.1	5.7	0.5	6.2
Loss on extinguishment of debt	—	—	—	1.1	—	1.1
Tax effects of adjusting items	(5.0)	(2.9)	(7.9)	(1.8)	(0.2)	(2.0)
As adjusted, non-GAAP	\$ 11.2	\$ 5.9	\$ 17.1	\$ 12.5	\$ 8.0	\$ 20.5
Diluted loss (earnings) per share, as reported	\$ (0.09)	\$ (1.37)	\$ (1.46)	\$ 0.10	\$ 0.16	\$ 0.26
Diluted earnings per share, as adjusted	\$ 0.24	\$ 0.13	\$ 0.37	\$ 0.26	\$ 0.17	\$ 0.43

# NON-GAAP RECONCILIATIONS

In millions, except per share amounts

	Net (Loss) Income					
	Six Months Ended June 30, 2023			Six Months Ended June 30, 2022		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
As reported	\$ (12.1)	\$ (56.5)	\$ (68.6)	\$ 0.8	\$ 17.1	\$ 17.9
Acquisition and integration-related charges	1.8	—	1.8	2.8	—	2.8
Restructuring and transformation charges	18.7	—	18.7	—	—	—
Divestiture related charges	3.7	—	3.7	—	—	—
Estimated loss on divestiture	—	72.3	72.3	—	—	—
EU MDR Compliance	2.0	—	2.0	3.2	—	3.2
Amortization of intangibles	11.6	0.8	12.4	10.9	1.0	11.9
Loss on extinguishment of debt	—	—	—	1.1	—	1.1
Tax effects of adjusting items	(8.5)	(4.0)	(12.5)	(4.0)	(0.5)	(4.5)
As adjusted, non-GAAP	\$ 17.2	\$ 12.6	\$ 29.8	\$ 14.8	\$ 17.6	\$ 32.4
Diluted loss (earnings) per share, as reported	\$ (0.26)	\$ (1.21)	\$ (1.47)	\$ 0.01	\$ 0.36	\$ 0.37
Diluted earnings per share, as adjusted	\$ 0.37	\$ 0.27	\$ 0.64	\$ 0.31	\$ 0.37	\$ 0.68

# NON-GAAP RECONCILIATIONS

In millions, except per share amounts

	Selling, General and Administrative Expense					
	Three Months Ended June 30, 2023			Three Months Ended June 30, 2022		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
As reported	\$ 93.0	\$ 3.8	\$ 96.8	\$ 83.2	\$ 3.9	\$ 87.1
Acquisition and integration-related charges	(0.3)	—	(0.3)	(0.4)	—	(0.4)
Restructuring and transformation charges	(9.5)	—	(9.5)	—	—	—
Divestiture related charges	(3.7)	—	(3.7)	—	—	—
EU MDR Compliance	(0.9)	—	(0.9)	(1.7)	—	(1.7)
Intangibles Amortization	(2.2)	(0.3)	(2.5)	(2.1)	(0.5)	(2.6)
As adjusted, non-GAAP	\$ 76.4	\$ 3.5	\$ 79.9	\$ 79.0	\$ 3.4	\$ 82.4
SG&A as a percentage of revenue, as reported	54.9 %	12.5 %	48.4 %	48.7 %	12.1 %	42.9 %
SG&A as a percentage of revenue, as adjusted	45.1 %	11.5 %	40.0 %	46.2 %	10.6 %	40.6 %

	Selling, General and Administrative Expense					
	Six Months Ended June 30, 2023			Six Months Ended June 30, 2022		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
As reported	\$ 181.8	\$ 7.7	\$ 189.5	\$ 169.5	\$ 7.7	\$ 177.2
Acquisition and integration-related charges	(0.4)	—	(0.4)	(1.4)	—	(1.4)
Restructuring and transformation charges	(18.4)	—	(18.4)	—	—	—
Divestiture related charges	(3.7)	—	(3.7)	—	—	—
EU MDR Compliance	(2.0)	—	(2.0)	(3.3)	—	(3.3)
Intangibles Amortization	(4.4)	(0.8)	(5.2)	(4.3)	(1.0)	(5.3)
As adjusted, non-GAAP	\$ 152.9	\$ 6.9	\$ 159.8	\$ 160.5	\$ 6.7	\$ 167.2
SG&A as a percentage of revenue, as reported	55.3 %	12.3 %	48.4 %	51.3 %	11.0 %	44.3 %
SG&A as a percentage of revenue, as adjusted	46.5 %	11.0 %	40.8 %	48.6 %	9.6 %	41.8 %



# NON-GAAP RECONCILIATIONS

In millions, except per share amounts

	EBITDA					
	Three Months Ended June 30, 2023			Three Months Ended June 30, 2022		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
Net (loss) income	\$ (4.3)	\$ (63.8)	\$ (68.1)	\$ 4.8	\$ 7.7	\$ 12.5
Interest expense, net	3.0	—	3.0	2.5	—	2.5
Income tax (provision) benefit	(0.8)	(0.8)	(1.6)	2.8	2.7	5.5
Depreciation	4.5	0.9	5.4	4.4	1.0	5.4
Amortization	5.8	0.3	6.1	5.7	0.5	6.2
EBITDA	8.2	(63.4)	(55.2)	20.2	11.9	32.1
Acquisition and integration-related charges	0.3	—	0.3	1.0	—	1.0
Restructuring and transformation charges	9.8	—	9.8	—	—	—
Divestiture related charges	3.7	—	3.7	—	—	—
Estimated loss on divestiture	—	72.3	72.3	—	—	—
EU MDR Compliance	0.9	—	0.9	1.7	—	1.7
Adjusted EBITDA	<u>\$ 22.9</u>	<u>\$ 8.9</u>	<u>\$ 31.8</u>	<u>\$ 22.9</u>	<u>\$ 11.9</u>	<u>\$ 34.8</u>

# NON-GAAP RECONCILIATIONS

In millions, except per share amounts

	EBITDA					
	Six Months Ended June 30, 2023			Six Months Ended June 30, 2022		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
Net (loss) income	\$ (12.1)	\$ (56.5)	\$ (68.6)	\$ 0.8	\$ 17.1	\$ 17.9
Interest expense, net	6.0	—	6.0	3.8	—	3.8
Income tax (provision) benefit	(2.1)	0.6	(1.5)	1.5	5.9	7.4
Depreciation	9.4	1.8	11.2	8.8	2.0	10.8
Amortization	11.6	0.8	12.4	10.9	1.0	11.9
EBITDA	12.8	(53.3)	(40.5)	25.8	26.0	51.8
Acquisition and integration-related charges	1.8	—	1.8	2.8	—	2.8
Restructuring and transformation charges	18.7	—	18.7	—	—	—
Divestiture related charges	3.7	—	3.7	—	—	—
Estimated loss on divestiture	—	72.3	72.3	—	—	—
EU MDR Compliance	2.0	—	2.0	3.2	—	3.2
Adjusted EBITDA	<u>\$ 39.0</u>	<u>\$ 19.0</u>	<u>\$ 58.0</u>	<u>\$ 31.8</u>	<u>\$ 26.0</u>	<u>\$ 57.8</u>

# NON-GAAP RECONCILIATIONS

In millions, except per share amounts

	Free Cash Flow			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Cash provided by (used in) operating activities	\$ (2.6)	\$ 27.0	\$ (9.4)	\$ 28.8
Capital expenditures	(4.0)	(4.1)	(8.0)	(9.1)
Free Cash Flow	<u>\$ (6.6)</u>	<u>\$ 22.9</u>	<u>\$ (17.4)</u>	<u>\$ 19.7</u>

	2023 Outlook	
	Estimated Range	
Diluted earnings per share (GAAP)	\$ (1.21) to \$	(0.77)
Intangibles amortization	0.37 to	0.37
Restructuring and transformation	0.42 to	0.35
EU Medical Device Regulation	0.16 to	0.13
Divestiture related charges	0.16 to	0.13
Estimated loss on divestiture	1.23 to	1.01
Other	(0.08) to	(0.07)
Adjusted diluted earnings per share (non-GAAP)	<u>\$ 1.05 to</u>	<u>\$ 1.15</u>