UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2022

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 1-15103

INVACARE CORPORATION
(Exact name of Registrant as specified in its charter)

Ohio	95-2680965
(State or other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**

One Invacare Way, Elyria, Ohio 44035
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: (440) 329-6000

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Shares, without par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act. Yes ☐ No ☒
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒
Indicate by check mark whether the Registrant (1) has filed all reports to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to the filing requirements for the past 90 days. Yes ☒ No ☐
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such short period that the registrant was required to submit and post such files). Yes ☒ No ☐
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large Accelerated filer	☐	Accelerated filer	☐	Emerging growth company	☐
Non-accelerated filer	☒	Smaller reporting company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report Yes ☐ No ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the Filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Act). Yes ☐ No ☒

As of June 30, 2022, the aggregate market value of the 32,866,455 Common Shares of the Registrant held by non-affiliates was $42,069,062 and the aggregate market value of the 3,667 Class B Common Shares of the Registrant held by non-affiliates was $4,694. While the Class B Common Shares are not listed for public trading on any exchange or market system, shares of that class are convertible into Common Shares at any time on a share-for-share basis. The market values indicated were calculated based upon the last sale price of the Common Shares as reported by The New York Stock Exchange on June 30, 2022, which was $1.28. For purposes of this information, the 2,744,711 Common Shares and 0 Class B Common Shares which were held by Executive Officers and Directors of the Registrant were deemed to be the Common Shares and Class B Common Shares held by affiliates.

As of April 12, 2023, there were 37,982,425 Common Shares and 3,667 Class B Common Shares outstanding.

Except as otherwise stated, the information contained in this Annual Report on Form 10-K is as of December 31, 2022.

INVACARE CORPORATION
2022 ANNUAL REPORT ON FORM 10-K CONTENTS

Item 1. Business.

GENERAL

Invacare Corporation ("Invacare," the "company," including its subsidiaries, unless otherwise noted) is a leading manufacturer and distributor in its markets for medical equipment used in non-acute care settings. At its core, the company designs, manufactures and distributes medical devices that help people to move, rest and perform essential hygiene. The company provides clinically complex medical device solutions for congenital (e.g., cerebral palsy, muscular dystrophy, spina bifida), acquired (e.g., stroke, spinal cord injury, traumatic brain injury, post-acute recovery, pressure ulcers) and degenerative (e.g., ALS, multiple sclerosis, age related, bariatric) conditions. The company's products are an important component of care for people facing a wide range of medical challenges, from those who are active and heading to work or school each day and may need additional mobility, to those who are cared for in residential care settings, at home and in rehabilitation centers. The company sells its products principally to home medical equipment providers, through retail and e-commerce channels, residential care operators, dealers and government health services in North America, Europe and Asia Pacific. Invacare's products are sold through its worldwide distribution network by its sales force, independent manufacturers' representatives, and distributors.

Invacare is committed to providing medical products that deliver the best clinical value; promote recovery, independence and active lifestyles; and support long-term conditions and palliative care. The company's global tagline - *Yes, You Can.*® is indicative of the "can do" attitude of many of the people who use the company's products and their care providers. In everything it does, the company strives to leave its stakeholders with its brand promise - *Making Life's Experiences Possible*®.

The company is a corporation organized under the laws of the State of Ohio in 1971. When the company was first established as a stand-alone enterprise in December 1979, it had $19.5 million in net sales and a limited product line of basic wheelchairs and patient aids. Since then, the company has made approximately fifty acquisitions and, after some recent divestitures to harmonize its portfolio, Invacare's net sales in 2022 were approximately $740 million. Based upon the company's distribution channels, breadth of product lines and net sales, Invacare is a leading company in many of the following medical product categories: custom power wheelchairs; custom manual wheelchairs; electromotive technology to augment wheelchairs and recreational products; recreational adaptive sports products; non-acute bed systems; and patient transfer and bathing equipment.

BANKRUPTCY

On January 31, 2023 (the "Petition Date"), the company and two of its U.S. subsidiaries (collectively, the "Debtors" or "Company Parties") filed voluntary petitions under chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United Sates Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"). The Debtors obtained joint administration of their chapter 11 cases under the caption *In re Invacare Corporation, et al.*, Case No. 23-90068 (CML) (the "Chapter 11 Cases").

The Debtors continue to operate their business and manage their properties as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. To ensure ordinary course operations, the Company Parties obtained approval from the Bankruptcy Court for certain "first day" motions, including motions to obtain customary relief intended to continue ordinary course operations after the Petition Date.

Restructuring Support Agreement

On January 31, 2023, the Debtors entered into a Restructuring Support Agreement (the "Restructuring Support Agreement" or "RSA") with certain prepetition stakeholders (the "Consenting Stakeholders"). The Consenting Stakeholders represent holders of at least a majority of the aggregate principal amount of the Company Parties' debt obligations under various debt agreements. Under the RSA, the Consenting Stakeholders have agreed, subject to certain terms and conditions, to support a financial restructuring (the "Restructuring") of the existing debt of, existing equity interests in, and certain other obligations of the Debtors, The Restructuring Support Agreement contemplated: (a) the Debtors' entry into the $70 million debtor-in-possession term loan facility; (b) the Debtors' entry into the $17.4 million debtor-in-possession ABL facility; (c) the consummation of a rights offering, backstopped by members of the Ad Hoc Committee of Noteholders (the "Backstop Parties") pursuant to a certain Backstop Commitment Agreement (as may be modified, amended, or supplemented from time to time, the "Backstop Commitment Agreement"); (d) issuance of the new common equity; (e) exit takeback financing in the form of an Exit Term Loan Facility and Exit Secured Convertible Notes, and (f) as necessary, exit financing in the form of the Exit NA ABL Facility and Exit EMEA ABL Facility.

Chapter 11 Plan

Since the Petition Date, the Debtors have developed the Restructuring Support Agreement into a chapter 11 plan of reorganization (as may be modified, amended, or supplemented from time to time, the "Plan"). The Plan, among other Plan treatment, contemplates the following:

- Each holder of an allowed term loan claim shall receive (i) with respect to allowed term loan claims representing principal amounts owed, its pro rata share of the exit term loan facility and (ii) with respect to allowed term loan claims representing principal amounts owed, its pro rata share of the exit term loan facility and (ii) with respect to all other allowed term loan claims, payment in full in cash.
- Each holder of an allowed secured notes claim shall receive (i) with respect to allowed secured notes claims representing principal amounts owed, its pro rata share of the exit secured convertible notes and (ii) with respect to all other allowed secured notes claims, payment in full in cash; provided that, if applicable pursuant to and in accordance with the Plan, such holder will also receive its pro rata share of the applicable portion of the excess new money in cash.
- Each holder of an allowed unsecured notes claim shall receive (i) the unsecured noteholder rights, in accordance with the rights offering procedures; (ii) with respect to any residual unsecured notes claims, its share (on a pro rata basis with other holders of allowed unsecured notes claims and holders of allowed general unsecured claims that select the class 6 equity option) of 100% of the new common equity after the distribution of the new common equity on account of the backstop commitment premium (subject to dilution on account of the exit secured convertible notes, the new convertible preferred equity, the backstop commitment premium, and the management incentive plan); (iii) and the distributions in respect of its litigation trust interests, to the extent provided in the Plan.
- Each holder of an allowed general unsecured claim shall receive its pro rata either (x) (i) if such holder of an allowed general unsecured claim does not elect to receive the class 6 equity option, the general unsecured claims cash settlement and (ii) its pro rata share of the distributions in respect of its litigation trust interests, to the extent provided in the Plan; or (y) if such holder of an allowed general unsecured claim elects to receive the class 6 equity option in lieu of the general unsecured creditors cash settlement, its share (on a pro rata basis with holders of allowed unsecured notes claims in respect of their residual unsecured notes claims and other holders of allowed general unsecured claims that select the class 6 equity option) of 100% of the new common equity after the distribution of the new common equity on account of the backstop commitment premium (subject to dilution on account of the exit secured convertible notes, the new convertible preferred equity, and the management incentive plan); and (z) its pro rata share of the distributions in respect of its litigation trust interests, to the extent provided in the Plan.
- All existing equity interests shall be discharged, cancelled, released, and extinguished without any distribution, and will be of no further force or effect, and each holder of an existing equity interest shall not receive or retain any distribution, property, or other value on account of such existing equity interest.

Although the company intends to pursue the Restructuring in accordance with the terms set forth in the Plan, there can be no assurance that the company will be successful in completing a restructuring or any other similar transaction on the terms set forth in the Plan, on different terms or at all.

DIP Credit Agreements

The company and certain lenders (the "DIP Parties") have agreed to a superpriority, senior secured and priming debtor-in-possession term loan credit facility in an aggregate principal amount of $70 million subject to the terms and conditions set forth in the superpriority secured credit agreement dates as of February 2, 2023 (the "Term DIP Credit Agreement") and a superpriority senior secured and priming debtor-in-possession asset-based revolving facility in an aggregate amount of $17.4 million subject to the terms and conditions set forth in the debtor-in-possession revolving credit and security agreement dated as of February 2, 2023 (the "ABL DIP Credit Agreement" and together with the Term DIP Credit Agreement, the "DIP Credit Agreements").

The DIP Credit Agreements include conditions precedent, representations and warranties, affirmative and negative covenants, and events of default customary for financings of this type and size. The proceeds of all or a portion of the proposed DIP Credit Agreements may be used for, among other things, post-petition working capital for the company and its subsidiaries, payment of costs to administer the Chapter 11 Cases, payment of expenses and fees of the transactions contemplated by the Chapter 11 Cases, payment of court-approved adequate protection obligations under the DIP Credit Agreements, and payment of other costs in an approved budget and other such purposes permitted under the DIP Credit Agreements.

The foregoing description of the RSA and the DIP Credit Agreements is not complete and is qualified in its entirety by reference to each of the Restructuring Support Agreement and each DIP Credit Agreement, which were filed on February 1, 2023 on the Current Report on Form 8-K, February 3, 2023 on the Current Report on Form 8-K, as applicable. Additionally, the foregoing description of the Backstop Commitment Agreement is not complete and is qualified in its entirety by reference to the Backstop Commitment Agreement filed in this Annual Report on 10-K.

The company cannot predict the ultimate outcome of its Chapter 11 Cases at this time or the satisfaction of any of the RSA milestones yet to come. For the duration of the company's Chapter 11 Cases, the company's operations and ability to develop and execute its business plan are subject to the risks and uncertainties associated with the Chapter 11 process. As a result of these risks and uncertainties, the amount and composition of the company's assets, liabilities, officers and/or directors could be significantly different following the outcome of the Chapter 11 Cases, and the description of the company's operations, properties and liquidity and capital resources included in this annual report may not accurately reflect its operations, properties and liquidity and capital resources following the Chapter 11 process. Refer to "Item 1A. Risk Factors – Bankruptcy" for further discussion of potential adverse effects on the company of the Bankruptcy.

THE NON-ACUTE DURABLE MEDICAL EQUIPMENT INDUSTRY

The non-acute durable medical equipment market includes a broad range of equipment and services that enable the care and lifestyle needs of individuals with a broad range of conditions. With expected long-term pressure to control healthcare spending per capita, the company believes the market for equipment and services that support higher acuity care in lower acuity settings will continue to grow. Healthcare payors and providers continue to seek to optimize therapies which result in improved outcomes, reduced cost protocols, and ultimately, earlier discharge, including recovery and treatment in non-acute settings. Care in these settings may reduce exposure to concomitant issues and be preferred by patients.

As healthcare costs continue to increase, the interests of patients and healthcare providers are converging to focus on the most cost-effective delivery of the best care. As healthcare payors become more judicious in their spending, companies that provide better care or demonstrate better clinical outcomes will have an advantage. With its diverse product portfolio, clinical solutions, global scale and focus on the non-acute care setting, the company believes it is well positioned to serve this growing market.

Macro trends are impacting the world's aging population. While institutional care will likely remain an important part of healthcare systems in the wealthiest economies, the company believes care settings other than traditional hospitals will increasingly provide higher acuity care. With a broad product offering, diversified channels of trade, and infrastructure capable of serving many of the largest healthcare economies, the company believes it is well positioned to benefit from these global demographic trends and changes to the provision of healthcare.

North America Market

The population of the United States is growing and aging. As a result, there is a greater prevalence of disability among major U.S. population groups and an increasing need for assistance and care. The U.S. Census Bureau has projected the U.S. population will continue to grow to an estimated 400 million by 2050. Along the way, the bolus of Baby Boomers is expected to continue to raise the average age of the U.S. population. By 2030, the government estimates that more than 20% of the U.S. population will consist of individuals over the age of 65, a 50% increase compared to the population in 2010.

In the United States, healthcare provision is supported by reimbursement from the federal Centers for Medicare and Medicaid Services ("CMS"), the Department of Veterans Affairs, state agencies, private payors and healthcare recipients themselves. In total, CMS estimates U.S. national healthcare expenditures will grow by more than 5% annually between 2019 and 2028. At this rate, healthcare spending would exceed GDP growth by 1%, which will sustain pressure to deploy care in ways that deliver the best outcomes for lower cost.

The Canadian health care system is a publicly funded model that provides coverage to all citizens. Provinces and territories are primarily responsible for the administration and delivery of Canada's health care services, and all health insurance plans are expected to meet the national guidelines established by the Canada Health Act. The objective of the Canada Health Act is to provide consumer-centered support and funding to residents with long-term physical disabilities and to provide access to personalized assistive devices that meet the basic needs of each patient. Each provincial and territorial health insurance plan differs with respect to reimbursement policies and product specification standards, allowing healthcare services to be adjusted based on regional needs. Invacare sells across Canada, taking into consideration the regional differences among the various provinces and territories.

Europe, Middle East and Africa Markets

While the healthcare equipment market in each country in Europe has distinct characteristics, many of the factors driving demand and affecting reimbursement are consistent with those in North America: population aging; more patients with chronic illnesses; an increasing preference to deliver healthcare outside hospitals; and a focus on the use of technology to increase productivity and reduce ancillary costs. Each European country has variations in product specifications and service requirements, regulations, distribution needs and reimbursement policies. These differences, as well as differences in the competitive landscape, require the company to tailor its approach based on the local market and the reimbursement requirements into which the products are being sold. The company's core strategy is to address these distinct markets with global product platforms that are localized with country-specific adjustments as necessary. This is especially the case for power wheelchairs and manual wheelchairs. Customers in all European markets typically make product selections based upon quality, features, alignment with local reimbursement requirements, ability to reduce total cost of care, and customer service.

The company serves various markets in Eastern Europe, Middle East and Africa. It approaches these markets with the global portfolio of products developed and manufactured elsewhere. Sales in these markets are made somewhat opportunistically to balance changes in demand and specific product requirements. Often, sales in the Middle East and Africa represent episodic tenders as well as in some cases consistent sustained trade over the years. Most of the company's sales in these markets result from business conducted in Western Europe, as well as through dedicated local distributors.

Asia Pacific Market

The company's Asia Pacific market comprises revenue from products sold in Australia, New Zealand, China, Japan, Korea, India and Southeast Asia. Invacare's Asia Pacific businesses sell through multiple channels. Mobility and seating products are sold directly in New Zealand and through a network of dealers in all other countries, with almost all sales funded to reimbursed levels directly by governmental payors. Homecare products are sold via a dealer network that sells products to the consumer market. Long-term care products are sold via a dealer network and directly to care facilities. The company operates a rental business in New Zealand supporting the three largest hospital districts on New Zealand's North Island. Sales to other parts of Asia are sold via distributors and agents based in China, Japan, Korea, India and Southeast Asia. The company has a distribution and assembly center in Thailand.

Reimbursement

In most markets, the company does not make significant sales directly to end-users. In some markets, such as the United States, the United Kingdom, New Zealand and certain Scandinavian countries, the company sells directly to a government payor. In other markets, the company's customers purchase products to have available for use by, or re-sale to, end-users. These customers then work with end-users to determine what equipment may be needed to address the end-user's particular medical needs. Products are then provided to the end-user, and the company's customer may seek reimbursement on behalf of the end-user or sell the products, as appropriate. Product mix, pricing and payment terms vary by market. The company believes its market position and technical expertise will allow it to respond to ongoing changes in demand and reimbursement.

PRODUCT CATEGORIES

The company designs, manufactures, markets and distributes products in two key product categories: Mobility and Seating and Lifestyle.

Mobility and Seating

- **Power Wheelchairs**. This product category includes complex power wheelchairs for individuals who require powered mobility. The company's power wheelchair product offerings include products that can be highly customized to meet an individual end-user's needs, as well as products that are inherently versatile and designed to meet a broad range of requirements. Center-wheel drive power wheelchair lines include the Invacare® TDX® SP2 (Total Driving eXperience) product line and the ROVI® X3 and A3 power base product line, offered through the company's Motion Concepts subsidiary. ROVI® is a registered trademark owned by Shoprider Mobility Products, Inc. The TDX SP2 line of power wheelchairs offers a combination of power, stability and maneuverability, including the Invacare® SureStep® suspension system with Stability Lock and available G-Trac™ Technology. Seating systems offer elevate, power tilt and recline features. The ROVI A3 also offers the Multi-Positioning-Standing-MAXX System (MPS), an innovative, highly adjustable system that provides consumers the medical benefits of adjusting to a standing position throughout the day, adding additional independence, function and accessibility.

  The company also offers rear-wheel and front-wheel drive power wheelchair technology through the Invacare® AVIVA® Power Wheelchairs, a new generation of power products. The rear-wheel drive chair has become a leader in some markets thanks to its innovation suspension technology. AVIVA® expanded the portfolio and provided new market share opportunities. Several of the company's subsidiaries specialize in the development and implementation of complementary technology designed to enhance the utility of wheelchairs to meet unique and complex physiological needs. For example, Adaptive Switch Labs has developed alternative electronic control systems and human/ machine input devices that enable wheelchair and environmental control via alternative interfaces to joysticks, such as sip/puff, and head position inputs. Motion Concepts designs and produces custom powered seating and power positioning systems. Alber GmbH sells innovative power add-on devices that enable manual wheelchair users to have optional electric power to augment manual propulsion and enable caretakers to easily maneuver manual wheelchairs. The company continues to be a leader in this market with unique intellectual property in wheelchair suspension, seating, alternative controls, and electronic components.

- **Manual and Custom Manual Wheelchairs**. The company provides a wide range of mobility solutions for everyday activities. The company offers a wide range of highly customized and standard box wheelchairs with superior features and functionality. Cross compatible and adjustable across the portfolio with some wheelchairs that can be folded to fit into very small spaces for ease of transportability.

  These products are sold for use in the home and in institutional care settings. Users include people who are chronically or temporarily-disabled, require basic mobility with little or no frame modification, and may propel themselves or be moved by a caregiver.

  The company's standard / manual wheelchairs are marketed under the Invacare® brand name. Examples include the 9000 and Tracer® wheelchair product lines in North America, as well as the Action family in Europe.

  The company also offers custom manual wheelchairs for independent everyday use under the Invacare® brand name. The company markets a premiere line of lightweight, aesthetically-stylish custom manual wheelchairs under the Küschall® brand name. It was relaunched during 2020 and has been continuously growing in customer demand since then. Thanks to new Hydroforming technology, the rigidity and the driving performance of chairs improved significantly while the weight has been reduced. This new technology has allowed Invacare to increase its price in the market and gain competitive advantage.

- **Seating and Positioning Products**. At the core of care for seated end-users is the need for proper seating and positioning. Invacare designs, manufactures and markets some of the industry's best custom seating and positioning systems, custom molded and modular seat cushions, back supports and accessories to enable care givers to optimize the posture of their patients in mobility products. The Invacare® Seating and Positioning series provides seating solutions for less complex end-user needs. The Invacare® Matrx® Series offers versatile modular seating components with unique proprietary designs and materials designed to optimize pressure management and to help ensure long-term proper posture. The company's Pin Dot® series provides custom molded seat modules that can accommodate the most unique anatomic needs, and that can be adapted to fit with a wide range of mobility products. The company's ability to rapidly produce highly-customized products is highly specialized in the market, and is valued by therapists who need timely solutions for their patient's most complex clinical needs. Through Invacare One Solution, the company promotes its seating solutions integrated with its Manual & Power Wheelchairs offer. This initiative was launched in Europe in 2021 on Küschall® wheelchairs range and rolled out to the rest of the portfolio.

- **Power Add-Ons** The company sells innovative power add-on devices that enable manual wheelchair users to have optional electric power to augment manual propulsion and enable caretakers to more easily maneuver manual wheelchairs. This product category includes six main product lines: stairclimbers (scalamobil® and scalacombi); push and brake aids (viamobil® and viamobil eco), push-rim activated power assists (e-motion™, twion®, SMOOV®), Joystick controlled add-on kits (e-fix® and Esprit); Handbikes (e-pilot®) and E-Bike drive train components (neodrives®). Add-on drives can be retrofitted to almost any manual wheelchair. The products are characterized by their light weight design and compactness, which makes them an ideal travel companion. Highly efficient hub motors along with the latest lithium-ion battery technology are used to enhance freedom of movement for users and their caregivers.

Lifestyle Products

- **Pressure Relieving Sleep Surfaces**. This product category includes a complete line of therapeutic pressure redistributing overlays and mattress replacement systems. Invacare's portfolio consists of well-known and respected brand names such as Softform, Dacapo, Propad and microAir™ and offer a broad range of pressure redistributing foam mattresses, hybrid mattresses, and powered mattresses with alternating pressure, low-air-loss, or rotational design features, which redistribute weight and assist with microclimate management. These mattresses are designed to provide comfort, support, and pressure redistribution to those patients who are immobile or have limited mobility; who may have fragile skin or be susceptible to skin breakdown; and who spend long periods in bed. In the last few years, the company has focused within the category on sustainability and reducing complexity within the portfolio.

- **Safe Patient Handling**. This product category includes products needed to assist caregivers in transferring individuals from surface to surface (e.g., bed to chair). Designed for use in the home or in institutional settings, these products include ceiling and floor lifts, sit-to-stand devices, and a comprehensive line of slings. The company has very strong development in these areas thanks to numerous launches in the last year; Birdie™, Evo, ISA™, and new Optislings.
- **Beds**. This product category includes a wide variety of Invacare® branded semi-electric and fully-electric bed systems designed for both residential and institutional care for a range of patient sizes. It includes bed accessories, such as bedside rails, overbed tables, and trapeze bars. The company's bed systems introduced the split-spring bed design, which is easier for home medical equipment providers to deliver, assemble and clean than other bed designs. Invacare's bed systems also feature patented universal bed-ends, where the headboard and footboard may be used interchangeably for improved user experience.
- **Personal Care**. This product category includes a full line of personal care products, including bathing safety aids, such as tub transfer benches and shower chairs, as well as patient care products, such as commodes and other toileting aids. In markets where payors value durable long-lasting devices, especially those markets outside of North America, personal care products continue to be an important part of the company's lifestyle products business.

Other Products and Services

The company also distributes ambulatory aids, such as rollators, walkers, and wheeled walkers, but as of 2020, it has deprioritized and streamlined to improve overall business efficiencies.

Other products and services include various services, including repair services, equipment rentals and external contracting. In certain regions of Europe and Asia Pacific, refurbishing of products is increasing as governments look for ways to lower costs while still providing needed equipment. A range of distributed products including a heart rate monitor, thermometer and nebulizer were launched for the Asia Pacific market. Portable ramps are sold throughout Asia and Europe, largely to public transport providers.

After careful evaluation of strategic options and its core revenue streams, the company decided to exit its respiratory line of products in the fourth quarter of 2022 and sold assets related to the respiratory product line in January of 2023. In addition, in January 2023, the company sold its Top End® sports and recreational wheelchair product line.

GEOGRAPHIC SEGMENTS

Europe

The company's Europe segment operates as an integrated unit across the European, Middle Eastern and African markets with sales and operations throughout Europe. The Europe segment is coordinated with other global business units for new product development, supply chain resources and additional corporate resources. This segment primarily includes mobility and seating and lifestyle product lines. Products are sold through home healthcare providers and government provider agencies. In total, the Europe segment comprised 58.6%, 57.2% and 55.0% of net sales in 2022, 2021 and 2020, respectively.

North America

The company's North America segment comprises sales and operations throughout the United States, Mexico and Canada. This segment primarily includes mobility and seating and lifestyle product lines. Products are sold through rehabilitation providers, home healthcare providers, and government provider agencies, such as the U.S. Department of Veterans Affairs. The North America segment represented 37.3%, 39.1% and 40.9% of net sales in 2022, 2021 and 2020, respectively.

All Other

All Other combines sales and services operations supporting customers principally in Australia and New Zealand and increasingly in other regions in the Asia Pacific market. All Other included the Dynamic Controls business, until it was divested in March 2020. All Other represented 4.1%, 3.7% and 4.1% of net sales in 2022, 2021 and 2020, respectively.

Refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

For financial information regarding reportable segments, including revenues from external customers, products, segment profitability, assets and other information by segments, refer to Business Segments in the Notes to the Consolidated Financial Statements of this Annual Report on Form 10-K.

WARRANTY

Generally, the company's products are covered by warranties against defects in material and workmanship for product-specific warranty periods starting from the date of sale to the customer. Certain components, principally wheelchair and bed frames, carry a lifetime warranty.

COMPETITION

The durable medical equipment markets are highly competitive, and Invacare products face significant competition from other well-established manufacturers and distributors in the industry. Each country into which the company sells and markets its products has a set of unique conditions that impact competition, including healthcare coverage, forms and levels of reimbursement, presence of payor and provider structures and various competitors. Many factors may play a role in the selection of products and success of the company including specific features, aesthetics, quality, availability, service levels and price. Various competitors, from time to time, have instituted price-cutting programs in an effort to gain market share, and they may do so again in the future. In addition, reimbursement pressures may continue to persist in major markets, such as the U.S. These pressures have and may again significantly alter market dynamics. Increasingly, customers have access to manufacturers in low-cost locations and are able to source certain products directly in lieu of purchasing from Invacare or its traditional competitors, particularly for less complex products where price is the primary selection criterion.

The company believes that successfully increasing its market share is dependent on its ability to provide value to its customers based on clinical benefits, quality, performance, and durability of the company's products and services. In addition, the company's cost reduction achievements are expected to improve the market competitiveness of its products. Customers also value the technical and clinical expertise of the company's sales force, the effectiveness of the company's distribution system, the strength of its dealer and distributor network, the availability of prompt and reliable service for its products, and the ease of doing business with the company. The company's focus on quality is paramount. By embracing quality in all aspects of the company's activities, the company believes that its products will be better aligned with customer needs and brought to market more quickly, resulting in a better customer experience and economic return.

SALES, MARKETING AND DISTRIBUTION

Europe

The company's European operations primarily conduct manufacturing, marketing and distribution functions in Western Europe and coordinate export sales activities through local distributors for markets in Eastern Europe, Middle East and Africa. The company utilizes an employee sales force and independent distributors. In markets where the company has its own sales force, product sales are made to medical equipment dealers and directly to government agencies. Marketing functions are staffed by central and regional teams to optimize coverage and content. The company operates distribution centers in various locations to optimize cost and delivery performance.

Since the pandemic, the company has utilized webinars and digital events. Starting in 2022, attendance at trade shows has resumed across the European and Middle eastern geographies. The company builds brand awareness through a strong presence in social media (LinkedIn, Facebook, Twitter, YouTube, Instagram) and has a dedicated blog. Invacare continues to increase the knowledge and awareness of its products by interacting with its target audience through various digital marketing channels including Facebook, YouTube, blog, Instagram, LinkedIn and inbound email marketing actions, as well as improving the customer experience with its renewed websites. In some European countries, the company sponsors key events and several individual wheelchair athletes and teams. In addition, every year the company conducts numerous marketing campaigns targeted to dealers, therapists, and end users to promote current and new products.

North America

In the United States, Invacare products are marketed primarily to clinical specialists in rehabilitation centers, long-term care facilities, hospice facilities, government agencies and residential care settings. The company markets to these medical professionals, who refer their patients to rehabilitation, HME, and government providers to obtain specific types of the company's medical equipment. The company sells its products to these providers.

In 2022, the North America sales force was focused on mobility and seating products and lifestyle solutions to support customer needs. The sales force is comprised of both inside and outside representatives.

The company contributes extensively to editorial coverage in trade publications concerning the products the company manufactures. Company representatives attend numerous online trade shows and conferences on a national and regional basis in which Invacare products are displayed to providers, health care professionals, managed care professionals and consumers. The company also drives brand awareness through its website, as well as online communities of people who may use its products.

The company raises consumer awareness of its products through a strong presence in social and digital media as well as its support of various philanthropic causes benefiting consumers of the company's products. In addition, the company supports disabled veterans with its continuous sponsorship of the National Veterans Wheelchair Games, the largest annual wheelchair sporting event in the world. These sporting events bring a competitive and recreational sports experience to military veterans who, due to spinal cord injury, neurological conditions or amputation, use various assistive technology devices for their mobility needs.

The company's products are distributed through a network of facilities and directly from some manufacturing sites to optimize cost, inventory and delivery performance.

All Other

All Other comprises revenue primarily from Australia and New Zealand and to a lesser extent from other regions of the Asia Pacific market. The New Zealand revenues include rental of durable medical equipment. It uses an employee sales force and service representatives to support this revenue. Complex rehabilitation products are assembled in Thailand and sourced from global sources via a network of distribution nodes designed to optimize cost, inventory and delivery performance.

Sales and marketing efforts in Asia Pacific region are managed within the region and leveraged from other regions of the company. Sponsorship efforts are focused at the grass roots level and around programs designed to introduce people with disabilities to sports as a pathway to inclusion. Invacare APAC is very active on social media and online platforms and has created a community following whereby end-users, dealers, carers and healthcare professionals activity participate in two way discussions, polls, blogs and competitions thereby increasing brand awareness throughout the region. Customers are also encouraged to utilize Invacare marketing capability and skills to assist them in marketing and selling Invacare products through their respective dealerships.

PRODUCT LIABILITY COSTS

The company was self-insured in North America for product liability exposures through its captive insurance company, Invatection Insurance Company, which had a policy year that ran from September 1 to August 31 and insured annual policy losses up to $10,000,000 per occurrence and $13,000,000 in the aggregate. The company has additional layers of external insurance coverage, related to all lines of insurance, insuring up to $75,000,000 in aggregate losses per policy year arising from individual claims anywhere in the world that exceed the captive insurance company policy limits or the limits of the company's per-country foreign liability limits, as applicable. There can be no assurance that Invacare's current insurance levels will continue to be adequate or available at affordable rates.

Product liability reserves are recorded for individual claims based upon historical experience, industry expertise and other indicators. Additional reserves, in excess of the specific individual case reserves, are provided for incurred unreported claims based upon actuarial valuations at the time such valuations are conducted. Historical claims experience and other assumptions are taken into consideration by the company in estimating the ultimate reserves. For example, the actuarial analysis assumes that historical loss experience is an indicator of future experience, that the distribution of exposures by geographic area and nature of operations for ongoing operations is expected to be very similar to historical operations with no dramatic changes and that the government indices used to trend losses and exposures are appropriate. Estimated amounts used in the calculation of reserves are adjusted on a regular basis and can be impacted by actual loss awards and claim settlements. While actuarial analysis is used to help determine adequate reserves, the company is responsible for determining and recording adequate reserves in accordance with accepted loss reserving standards and practices and applicable accounting principles.

Subsequent to the 2022 year-end and as a result of the bankruptcy filing, Invatection Insurance Company has been dissolved. The company will continue to be self-insured for product liability exposures in North America on a go-forward basis.

PRODUCT DEVELOPMENT AND ENGINEERING

The company's strategy includes developing meaningful new products in key markets and product areas. As the result of work among the company's development groups in North America, Europe and Asia, Invacare launched a series of new innovations in 2022, including the following:

- Power Wheelchair Product Enhancements: Following innovative features/additions were added to Power Wheelchair offerings:
    - Power elevating and articulating calf panel with optional power down footplate
    - Lateral tilt Ultra Low Maxx seating system on AVIVA Storm RX™ base
    - Knee bolster with rapid connect system for mini Stander seating system
    - Locking outback cantilever recline armrest
    - LNX mini center mount power footrest
    - Interface for Ride Multi-axis back mount
    - Various accessories for conveniently mounting phone, tablet or water bottle or a storage basket.
- Lifestyle Products: Dacapo Green mattress was the major product launch in the Lifestyle category in the lifestyle category.
- Alber: Launched "Erivo" a lightweight, foldable power-wheelchair. It is characterized by easy handling, comfort, compactness and unique design. With just one movement, the Erivo is folded to save space, but at the same time offers excellent seat ergonomics. With its powerful battery, it also covers longer distances with first-class workmanship and high-quality materials.

The engineering teams also focused on portfolio and product optimization projects during the year.

MANUFACTURING AND SUPPLIERS

The company's objective is to efficiently deploy resources in its supply network to achieve the best quality, service performance and lowest total cost. The company seeks to achieve this result through a combination of inputs from Invacare facilities, contract manufacturers and key suppliers.

The company continues to emphasize quality excellence and efficiency across its manufacturing and distribution operations. The company is expanding its culture of deploying current Good Manufacturing Practices ("cGMP") and Lean Manufacturing principles to eliminate waste throughout the network and will continue to pursue improvements in its manufacturing processes. At its core, the company's operations produce and distribute both custom-configured products for use in specialized clinical situations and standard products.

The company procures raw materials, components and finished goods from a global network of internal and external sources. The company utilizes regional sourcing offices to identify, develop and manage its external supply base. Where appropriate, Invacare utilizes suppliers across multiple regions to ensure flexibility, continuity and responsiveness. The company's network of engineering design centers, product management groups and sources of supply are used to optimize cost and satisfy customer demand.

The company continually reviews its operations network capacity, workforce skills and technologies along with its distribution network to optimize design, manufacture, sourcing and delivery performance, inventory and cost.

Europe

The company's manufacturing and assembly facilities in Europe are operated as centers of excellence, i.e., factories, with specific capabilities. The company manufactures power wheelchair products, wheelchair power add-ons and hygiene products in one single facility in Albstadt, Germany. Manual wheelchair production is based in Fondettes, France. The company manufactures beds in Porto, Portugal and Diö, Sweden for various markets. Invacare manufactures therapeutic support surfaces as well as seating and positioning products in Pencoed, Wales. The Europe segment uses these internal sources and also external sources of finished goods and components to create the portfolio of products it distributes. Products manufactured or assembled in Europe are sold to external European customers as well as to other internal customers.

North America

The company operates several vertically integrated centers of excellence, i.e., factories, in North America, each with specific capabilities: custom powered wheelchairs and seating products in Elyria, OH; manual and passive manual wheelchairs, safe patient handling and patient aids in Reynosa, MX; beds in Sanford, FL; passive manual and pediatric wheelchairs in Simi Valley, CA; and seating and positioning systems in Toronto, Canada. Products designed and produced in North American operations are sold in North America and are shipped as finished goods and as subcomponents to internal and external customers globally.

Asia Pacific

Invacare Asia Pacific assembles components used primarily in rehabilitation products that serve Asia Pacific markets at a facility based in Thailand. The company operates a centralized distribution node in Thailand, with additional nodes in Australia and New Zealand, to supply customer needs while optimizing cost, inventory and service levels.

STRATEGY

With the changes to senior management and the Board of Directors in the third quarter of 2022, and after careful evaluation of strategic options, the company concluded that the lifestyle and mobility & seating businesses are core to restoring growth and profitability. As a result, the company decided to discontinue the production and sale of respiratory products. This will allow the company to further streamline its operations and improve profitability by focusing resources on lifestyle and mobility & seating products, which continue to experience strong demand. The company will continue to be subject to its warranty and regulatory obligations related to respiratory products.

The company's anticipated business optimization actions balance product portfolio changes across all regions and cost improvements in supply chain and administrative functions. Key elements of the global business optimization plans are:

- Focus on lifestyle and mobility & seating product lines based on their potential to achieve a leading market position and to support profitability goals;
- Simplify the organization to leverage a reduced cost structure while allocating resources to the business units or product categories which deliver improved financial returns;
- Product rationalization and discontinuance with consideration of cost increases incurred by the company and those anticipated to continue. Adjust the product portfolio to consistently grow profitability amid cost increases by adding new products, reducing costs and continuing to improve customer experiences; and
- Take actions globally to reduce working capital and improve free cash flow.

As it navigates the uncertain business environment, the company continues to allocate more resources to the business units experiencing increased demand and expects to continue taking actions to mitigate the potential negative financial and operational impacts on other parts of the business that have declined.

The company intends to continue to make investments in its business improvement initiatives with a focus on improving profitability and free cash flow generation. As a result, the company may take actions which may reduce sales in certain areas, refocus resources away from less profitable activities, and look at its global infrastructure for opportunities to further optimize the business. As part of the company's efforts to streamline its operations and focus its resources on core product lines that provide the greatest value and financial returns, the company continuously evaluates opportunities and activities, including potential divestitures, which it considers from time to time, particularly if they involve businesses or assets outside of the company's primary areas of focus.

GOVERNMENT REGULATION

The company is governed by regulations that affect the manufacture, distribution, marketing and sale of its products and regulate healthcare reimbursement that may affect its customers and the company directly. Reimbursement policies differ among and within every country in which the company operates. Changes in regulations, guidelines, procedural precedents, enforcement and healthcare policy take place frequently and can impact the size, growth potential and profitability of products sold in each market.

In many markets, healthcare costs have been consistently increasing in excess of the rate of inflation and as a percentage of GDP. Efforts to control payor's budgets have impacted reimbursement levels for healthcare programs. Private insurance companies often mimic changes in government programs. Reimbursement guidelines in the home healthcare industry have a substantial impact on the nature and type of equipment consumers can obtain and thus, affect the product mix, pricing and payment patterns of the company's customers who are typically the medical equipment providers to end-users.

FDA

The United States Food and Drug Administration ("FDA") regulates the manufacture, distribution and marketing of medical devices. Under such regulation, medical devices are classified as Class I, Class II or Class III devices, depending on the level of risk posed to patients, with Class III designating the highest-risk devices. The company's principal products are designated as Class I or Class II. In general, Class I devices must comply with general controls, including, but not limited to, requirements related to establishment registration and device listing, labeling, medical device reporting, and the Quality System Regulation (QSR). In addition to general controls, certain Class II devices must comply with design controls, premarket notification and clearance, and applicable special controls. Domestic and foreign manufacturers of medical devices sold in the U.S. are subject to routine inspections by FDA. In addition, some foreign governments have adopted regulations relating to the design, manufacture and marketing of health care products, and imposing similar controls as the FDA regulations.

2012 Consent Decree, Taylor Street and Corporate Facilities

In December 2012, the company became subject to a consent decree of injunction filed by FDA with respect to the company's Corporate Headquarters and its Taylor Street facility's operations in Elyria, Ohio. The consent decree initially limited the company's (i) manufacture and distribution of power and manual wheelchairs, wheelchair components and wheelchair sub-assemblies at or from its Taylor Street manufacturing facility ("Taylor Street Products"), except in verified cases of medical necessity, (ii) design activities related to wheelchairs and power beds that take place at the impacted Elyria facilities and (iii) replacement, service and repair of products already in use and supplied from the Taylor Street manufacturing facility. Under the terms of the consent decree, in order to resume full operations, the company had to successfully complete independent, third-party expert certification audits at the impacted Elyria facilities, comprised of three distinct certification reports separately submitted to, and accepted by, the FDA; submit its own report to the FDA; and successfully complete a reinspection by the FDA of the company's Corporate and Taylor Street facilities.

On July 24, 2017, following its June 2017 reinspection of the Corporate and Taylor Street facilities, the FDA notified the company that it was in substantial compliance with the Federal Food, Drug and Cosmetic Act ("FDA Act"), FDA regulations and the terms of the consent decree and that the company was permitted to resume full operations at those facilities including the resumption of unrestricted sales of products made in those facilities.

Since July 24, 2017, an independent expert audit firm retained by the company retained by the company conducted two semi-annual audits in the first year and then four annual audits in the next four years of the company's Corporate and Taylor Street facilities, as required under the consent decree. The expert audit firm determined that the facilities remained in continuous compliance with the FDA Act, FDA regulations and the terms of the consent decree and issued post-audit reports contemporaneously to the FDA. The FDA has the authority to inspect these facilities and any other FDA registered facility, at any time.

In 2021, FDA conducted an inspection of the company's Corporate and Taylor Street facilities from May 25 through June 24, 2021. At the close of the inspection, six FDA Form 483 observations were issued, and the company timely responded to FDA, has diligently taken actions to address FDA's inspectional observations, and has provided FDA regular updates on the corrective actions taken to address these observations. On November 18, 2021, the company received a warning letter from the FDA concerning certain of the inspectional observations in the June 2021 FDA Form 483 related to the complaint handling process, the corrective and preventive action ("CAPA") process, and medical device reporting ("MDR") associated with oxygen concentrators (the "Warning Letter"). On November 16, 2021, the company received a consent decree non-compliance letter from the FDA concerning the same complaint and CAPA handling matters as in the Warning Letter observations but associated with the Taylor Street products (this letter, together with the Warning Letter, the "FDA Letters"). The company timely responded to the FDA Letters, has diligently taken actions to address FDA's concerns, and has provided FDA with periodic updates on the corrective actions taken to address the matters in the FDA Letters. The company remains committed to resolving the FDA's concerns; however, it is not possible to predict the outcome or timing of a resolution at this time. There can be no assurance that the FDA will be satisfied with the company's responses to the FDA Letters, nor any assurance as to the timeframe that may be required for the company to adequately address the FDA's concerns or whether the matters in the FDA Letters will result in an extension in the duration of the consent decree. See "Item 1A. Risk Factors – Regulatory and Development Risks" for further discussion of potential adverse effects on the company of non-compliance with medical device regulatory requirements. As of the date of filing of this Annual Report on Form 10-K, there has been no impact on the company's ability to produce and market its products as a result of the FDA Letters.

The FDA conducted an inspection at the company's Alber GmbH facility in Albstadt, Germany from December 12 through December 15, 2022. At the completion of the inspection, the FDA issued no findings or observations.

The FDA conducted an inspection at the company's Corporate and Taylor Street facilities from March 1 through March 30, 2023. At the conclusion of the inspection, two FDA Form 483 observations were issued. The company intends to timely respond to the FDA and address the observations.

Under the consent decree, the FDA has the authority to order the company to take a wide variety of actions if the FDA finds that the company is not in compliance with the consent decree, FDA Act or FDA regulations, including requiring the company to cease all operations relating to Taylor Street products. The FDA also can order the company to undertake a partial cessation of operations or a recall, issue a safety alert, public health advisory, or press release, or to take any other corrective action the FDA deems necessary with respect to Taylor Street products.

The FDA also has authority under the consent decree to assess liquidated damages of $15,000 per violation per day for any violations of the consent decree, FDA regulations or the FDA Act. The FDA also may assess liquidated damages for shipments of adulterated or misbranded devices in the amount of twice the sale price of any such adulterated or misbranded device. The liquidated damages, if assessed, are limited to a total of $7,000,000 for each calendar year. The authority to assess liquidated damages is in addition to any other remedies otherwise available to the FDA, including civil money penalties.

For additional information regarding the consent decree, refer to the following sections of this Annual Report on Form 10-K: Item 1A. Risk Factors.

Other FDA Matters

The company expects that substantially all of its facilities will be inspected by the FDA or other regulatory agencies from time to time. The frequency, duration, scope, findings and consequences of these inspections cannot be predicted.

From time to time, the company may undertake voluntary recalls or field corrective actions of the company's products to correct potential product safety issues that may arise, in furtherance of the company's high standards of quality, safety and effectiveness.

Other Medical Device Regulators

Outside the U.S., it is customary for foreign governments to have a ministry of health or similar government body that regulates and enforces regulations relating to the design, manufacture, distribution and marketing of medical devices. In some cases, there are common standards for design and testing. In some cases, there are country-specific requirements. These regulations are not always harmonized with those from other jurisdictions and in some cases, the consequence in costs, time to enter a market or support a product may be significant.

EEA and UK Regulators

The regulation of the company's products in Europe falls primarily within the United Kingdom ("UK"), Switzerland and the European Economic Area ("EEA"), which consists of the European Union member states, as well as Iceland, Liechtenstein and Norway. Only medical devices that comply with certain conformity requirements of the European Medical Device Regulation ("EMDR") are allowed to be marketed within the EEA. The company's Class I products were in compliance with EMDR as of May 2021. Products that fail to be certified with the EMDR may not be marketed or sold in the European Union.

As a result of Brexit, beginning on January 1, 2021, the company's products sold in the UK have been required to be registered with the Medical and Healthcare Products Regulatory Agency ("MHRA"). Products in conformity with the EMDR and MDD may continue to be marked with their CE marking in the UK until June 2024, after which time products must comply with UK requirements. On May 26, 2021, the EU Commission announced that the Mutual Recognition Agreement between the European Union and Switzerland, which enabled medical devices approved in the European Union to be marketed in Switzerland, was no longer valid. As a result, medical devices must be separately registered with Swissmedic, the Swiss regulatory authority, and the company must comply with Swiss requirements. The regulatory requirements in the UK and Switzerland continue to evolve and the company is monitoring all changes and updates.

In addition, the national health or social security organizations of certain foreign countries, including those outside Europe, require the company's products to be qualified before they can be marketed in those countries.

Other Audit Requirements

Five countries have agreed to work together to harmonize regulations and allow for one single audit to be used to confirm compliance with those countries' regulations under a program referred to as the Medical Device Single Audit Program, or MDSAP. The five countries that participate include the United States, Canada, Australia, Brazil and Japan. Under the MDSAP, annual surveillance audits of relevant facilities are conducted by a private organization designated by the MDSAP countries referred to as "Notified Body" which assesses conformity with applicable regulations. Under the EMDR and MDD, Notified Bodies have the right to conduct unannounced audits. In addition, the company's facilities in Europe are subject to audits by the applicable medical device regulatory authorities.

Other Quality Accomplishments

In 2022, the company's main facilities in Europe, Asia and North America were again certified as meeting ISO 13485-2016 requirements, a stringent international standard for quality management systems, demonstrating its continued commitment to quality excellence.

National Competitive Bidding

In the United States, the Centers for Medicare and Medicaid Services, or "CMS", is a significant payor and governs healthcare reimbursement for Medicare services. From January 2011 through October 2020, CMS conducted its National Competitive Bidding ("NCB") program to reduce healthcare spending. This program resulted in new, lower Medicare payment rates for medical equipment, which negatively influenced the company's selling prices. As a result, the company's revenue, profit, and cash flow were also negatively impacted.

The company's exposure to effects of NCB rate reductions and any similar reductions from private payors or state agencies can increase the company's credit risk associated with customers whose revenue, based on reimbursement, may be significantly reduced. As reimbursement rates are reduced, the company's customers may experience pressure on profitability and liquidity. The company therefore remains focused on being judicious in its extension of credit to its customers and vigilant about collections efforts.

In addition, the consequence of reduced reimbursement has and may continue to compel customers to consider alternative sources of supply, which may be available at lower purchase prices, thereby reducing sales or the price at which customers will transact for certain products.

Although reductions in CMS payments are disruptive to the homecare industry, the company believes it can grow and thrive in this environment. The company expects to continue pursuing productivity initiatives intended to lower the costs to serve customers, in an effort to profitably meet lower customer price targets. The company also produces certain solutions, which can provide lower total cost of business for its customers. The company intends to continue developing solutions that help providers improve profitability and reduce the overall cost of care for payors including service and support of their end-user customers.

BACKLOG

The company generally manufactures its products to meet near-term demands by shipping from stock or by building to order based on the specialized nature of certain products. As a result, the company does not ordinarily have a substantial backlog of orders for any particular product. However, in 2022, the order backlogs in Europe and North America remained elevated as a result of supply chain constraints which affected access to components and finished products.

HUMAN CAPITAL

As of December 31, 2022, the company had approximately 2,800 employees. The company believes that its employees are integral to its success and strive to create a rewarding culture through commitment to its core values of Integrity, Innovation, Leadership, Excellence and Accountability. The company's compensation programs are designed to attract, retain and motivate employees to be part of the company's success. The company provides wages that are locally competitive and globally consistent to reward employees for performance. The company's long-term incentive program is equity based to align leadership with the interests of shareholders.

Invacare is committed to its Environmental, Social and Governance program and embraces diversity, equity and inclusion. The company believes that an innovative workforce needs to be diverse, with skills and perspectives drawn from a broad spectrum of backgrounds and experiences. Global and U.S. demographics include:

December 31, 2022 global gender demographics

	Female	Male
Manager Level and Above	30%	70%
Individual Contributors	43%	57%
Manufacturing and Warehouse Associates	31%	69%
Total Invacare	37%	63%

December 31, 2022 U.S. race and ethnicity demographics

	Total U.S.	M&W [1]	IC [2]	Mgr and Above [3]
Black / African American	10%	16%	7%	3%
Asian	2%	2%	3%	3%
Hispanic / Latino	24%	42%	11%	6%
White	61%	38%	76%	86%
Multiracial, Native American and Pacific Islander	3%	2%	3%	2%

[1] Manufacturing and Warehousing

[2] Individual Contributors (below manager who do not supervise others)

[3] Manager and Above

The company focuses on training employees and conducting self-audits to create a safe work environment.

FOREIGN OPERATIONS AND EXPORT SALES

The company markets its products for export to other foreign countries. In 2022, the company's products were sold in over 100 countries. For information relating to net sales, operating income and identifiable assets of the company's foreign operations, refer to Business Segments in the Notes to the Consolidated Financial Statements.

AVAILABLE INFORMATION

The company files Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments thereto, as well as proxy statements and other documents with the U.S. Securities and Exchange Commission (“SEC”). The SEC maintains a website, *http://www.sec.gov*, which contains all reports, proxy and information statements and other information filed by the company with the SEC.

Additionally, Invacare's filings with the SEC are available on or through the company's website, *www.invacare.com*, as soon as reasonably practicable after they are filed electronically with, or furnished to, the SEC. Copies of the company's filings also can be requested, free of charge, by writing to: Shareholder Relations Department, Invacare Corporation, One Invacare Way, Elyria, OH 44035. The contents of the company's website are not part of this Annual Report on Form 10-K.

FORWARD-LOOKING INFORMATION

This Form 10-K contains forward-looking statements within the meaning of the "Safe Harbor" provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are those that describe future outcomes or expectations that are usually identified by words such as will," "may," "should," "could," "plan," "intend," "expect," "continue," "forecast," "believe" and "anticipate," as well as similar comments, denote forward-looking statements that are subject to inherent uncertainties that are difficult to predict. These include, for example, statements related to the company's ability to successfully complete a restructuring under Chapter 11. Actual results and events may differ significantly from those expressed or anticipated as a result of various risks and uncertainties, including the potential adverse effects of the Chapter 11 Cases on the company's liquidity and results of operations; the company's ability to obtain timely approval by the Bankruptcy Court with respect to the motions filed in the Chapter 11 Cases; objections to the company's recapitalization process, DIP Credit Agreements, or other pleadings filed that could protract the Chapter 11 Cases; employee attrition and the company's ability to retain senior management and other key personnel due to the distractions and uncertainties; the company's ability to comply with the restrictions imposed by the terms and conditions of the DIP Credit Agreements and other financing arrangements; the company's ability to maintain relationships with suppliers, customers, employees and other third parties and regulatory authorities as a result of the Chapter 11 Cases; the effects of the Chapter 11 Cases on the company and on the interests of various constituents, including holders of the company's common shares; the Bankruptcy Court's rulings in the Chapter 11 Cases, including the approvals of the terms and conditions of any plan of reorganization and the DIP Credit Agreements, and the outcome of the Chapter 11 Cases generally; the length of time that the company will operate under Chapter 11 protection and the continued availability of operating capital during the pendency of the Chapter 11 Cases; risks associated with third party motions in the Chapter 11 Cases, which may interfere with the company's ability to consummate a plan of reorganization or an alternative restructuring; increased administrative and legal costs related to the Chapter 11 process; and other litigation and inherent risks involved in a bankruptcy process, on-going supply chain challenges and component shortages; sales and free cash flow trends; the impact of contingency plans and cost containment actions; the company's liquidity and working capital expectations; the company's future financial results including expectations as to consolidated and segment revenue, net sales and profitability; the company's future business plans and similar statements. The availability and cost to the company of needed products, components or raw materials from the company's suppliers, including delivery delays and production interruptions from pandemic-related supply chain challenges and supplier delivery holds resulting from past due payables; global shortages in, or increasing costs for, transportation and logistics services and capacity; actions that governments, businesses and individuals take in response to the pandemic, including mandatory business closures and restrictions on onsite commercial interactions; the impact of the pandemic or political or geopolitical crises, such as the Russian war with Ukraine, and actions taken in response on global and regional economies and economic activity; general economic uncertainty in key global markets and a worsening of global economic conditions or low levels of economic growth, including negative conditions attributable to inflationary economic conditions, rising interest rates and credit market volatility; the effects of steps the company has taken or will take to reduce operating costs; the ability of the company to sustain profitable sales growth, achieve anticipated improvements in segment operating performance, convert high inventory levels to cash or reduce its costs; the ability of the company to successfully improve output and convert order backlog into sales; the ability of the company to successfully focus on lifestyle and mobility & seating products; lack of market acceptance of the company's new product innovations; potential adverse effects of revised product pricing and/or product surcharges on revenues or the demand for the company's products; circumstances or developments that may make the company unable to implement or realize the anticipated benefits, or that may increase the costs, of its current and planned business initiatives, in particular the key elements of its growth plans, such as its new product introductions, commercialization plans, additional investments in demonstration equipment, product distribution strategy in Europe, supply chain actions and global information technology insourcing and ERP implementation activities; possible adverse effects on the company's liquidity, including (i) potential adverse effects of the Chapter 11 Cases on the company's liquidity and results of operations, (ii) the company's ability to address future debt maturities or other obligations, including additional debt that may be incurred in the future or (iii) the company's ability to access financing under the reorganization plan (as discussed in the notes to the condensed consolidated financial statements) in the event of a failure to satisfy one or more of the applicable closing conditions; increases in interest rates or the costs of borrowing; potential limitations on the company's business activities from obligations in the company's debt agreements; adverse changes in government and third-party payor reimbursement levels and practices; consolidation of health care providers; decreased availability or increased costs of materials which could increase the company's cost of producing or acquiring the company's products, including the adverse impacts of tariffs and increases in commodity costs or freight costs; consolidation of health care providers; increasing pricing pressures in the markets for the company's products; risks of failures in, or disruptions to, legacy IT systems; risks of cybersecurity attack, data breach or data loss and/or delays in or *inability to recover or restore data and IT systems; adverse effects of the company's consent decree of injunction with the U.S. Food and Drug Administration (FDA), including but not limited to, compliance costs, inability to rebuild negatively impacted customer relationships, unabsorbed capacity utilization, including fixed costs and overhead; any circumstances or developments that might adversely impact the third-party expert auditor's required audits of the company's quality systems at the facilities impacted by the consent decree, including any possible failure to comply with the consent decree or FDA regulations or the inability to adequately address the matters identified in the FDA Letters; regulatory proceedings or the company's failure to comply with regulatory requirements or receive regulatory clearance or approval for the company's products or operations in the United States or abroad; adverse effects of regulatory or governmental inspections of the company's facilities at any time and governmental enforcement actions; product liability or warranty claims; product recalls, including more extensive warranty or recall experience than expected; possible adverse effects of being leveraged, including interest rate or event of default risks; exchange rate fluctuations, particularly in light of the relative importance of the company's foreign operations to its overall financial performance; legal actions, including adverse judgments or settlements of litigation or claims in excess of available insurance limits; tax rate fluctuations; additional tax expense or additional tax exposures, which could affect the company's future profitability and cash flow; uncollectible accounts receivable; risks inherent in managing and operating businesses in many different foreign jurisdictions; heightened vulnerability to a hostile takeover attempt or other shareholder activism; provisions of Ohio law or in the company's debt agreements, charter documents or other agreements that may prevent or delay a change in control, as well as the risks described elsewhere in this Annual Report on Form 10-K and from time to time in the company's reports as filed with the Securities and Exchange Commission. The company may not be able to predict and may have little or no control over many factors or events that may influence its future results and, except to the extent required by law, the company does not undertake and specifically declines any obligation to review or update any forward-looking statements or to publicly announce the results of any revisions to any of such statements to reflect future events or developments or otherwise.*

Item 1A. Risk Factors.

The company's business, financial condition, results of operations and prospects are subject to various risks and uncertainties. One should carefully consider the risks and uncertainties described below, together with all the other information in this Annual Report on Form 10-K and in the company's other filings with the SEC, before making any investment decision with respect to the company's securities. The risks and uncertainties described below may not be the only ones the company faces. Additional risks and uncertainties not presently known by the company or that the company currently deems immaterial may also affect the company's business. If any of these known or unknown risks or uncertainties occur, develop or worsen, the company's business, financial condition, results of operations and prospects could change substantially.

Summary of Risk Factors

As noted above, the company is subject to a number of risks that if realized could materially harm its business, financial condition, results of operations and prospects. Some of the more significant risks and uncertainties the company faces include those summarized below. The summary below is not exhaustive and is qualified by reference to the full set of risk factors set forth in this "Item 1A. Risk Factors" section.

Specific bankruptcy risk factors have been included in the summary below as a result of the Debtors filing bankruptcy in the U.S. in January 2023. These risk factors are specific for the Debtors but can also have implications on other entities within the company. The occurrence or non-occurrence of any or all of the following contingencies, and any others, could affect distributions available to Holders of Allowed Claims and Interests under the Plan but will not necessarily affect the validity of the vote of the Impaired Classes to accept or reject the Plan or necessarily require a re-solicitation of the votes of Holders of Claims and Interests in such Impaired Classes.

In addition, the risks outside of bankruptcy, are applicable to all the subsidiaries of the company, including the Debtors.

Risks Related to the Chapter 11 Cases

- There is no assurance that the company will be able to successfully complete the Restructuring contemplated in the Plan, creating substantial doubt about its ability to continue as a going concern.
- The company has sought the protection of the Bankruptcy Court, which subjects it to the risks and uncertainties associated with bankruptcy and may harm its business.
- There is a risk of termination of the Restructuring Support Agreement.
- Parties in Interest May Object to the Plan's Classification of Claims and Interests.
- The Conditions Precedent to the Effective Date of the Plan May Not Occur.
- The Debtors May Fail to Satisfy Vote Requirements.
- The Debtors May Not Be Able to Secure Confirmation of the Plan.
- Nonconsensual Confirmation.
- Continued Risk Upon Confirmation.
- The Chapter 11 Cases May Be Converted to Cases under Chapter 7 of the Bankruptcy Code or One or More of the Chapter 11 Cases May Be Dismissed.
- The Debtors May Object to the Amount or Classification of a Claim or Interest.
- Releases, Injunctions, and Exculpations Provisions May Not Be Approved.
- The Debtors Cannot Predict the Amount of Time Spent in Bankruptcy for the Purpose of Implementing the Plan, and a Lengthy Bankruptcy Proceeding Could Disrupt the Debtors' Businesses, as Well as Impair the Prospect for Reorganization on the Terms Contained in the Plan.
- Risk of Non-Occurrence of the Effective Date.
- The Consummation of the Transactions Contemplated by the Plan May Not Occur.

Risks Related to Recoveries under the Plan

- The Reorganized Debtors May Not Be Able to Achieve Their Projected Financial Results.
- The New Common Equity is Subject to Dilution.
- A Liquid Trading Market for the Shares of New Common Equity and New Preferred Equity May Not Develop.
- Certain of the New Common Equity and the New Preferred Equity Issued Under the Plan May Not Be Resold or Otherwise Transferred Unless Such Resale or Transfer is Registered Under the Securities Act or an Exemption from Registration Applies.
- Holders of the New Common Equity and the New Preferred Equity May Not Have Access to the Same Level of Information Available to Holders of Registered Securities.
- Certain Claimants May Receive a Substantial Amount of the Shares of New Common Equity and, Accordingly, May Have Substantial Influence.
- Certain Tax Implications of the Plan.
- The Debtors May Not Be Able to Accurately Report Their Financial Results.

- Contingencies Could Affect Allowed Claims Classes.

Risks Related to the Debtors' and the Reorganized Debtors' Businesses

- The Reorganized Debtors May Not Be Able to Generate Sufficient Cash to Service All of Their Indebtedness.
- The Debtors Will Be Subject to the Risks and Uncertainties Associated with the Chapter 11 Cases.
- Operating in Bankruptcy for a Long Period of Time May Harm the Debtors' Businesses.
- Financial Results May Be Volatile and May Not Reflect Historical Trends.
- The Debtors' Substantial Liquidity Needs May Impact the Debtors' Ability to Operate.
- The Reorganized Debtors May Be Adversely Affected by Potential Litigation, Including Litigation Arising Out of the Chapter 11 Cases.
- Certain Claims May Not Be Discharged and Could Have a Material Adverse Effect on the Debtors' Financial Condition and Results of Operations.
- Termination of the Restructuring Support Agreement, Inability to Confirm the Plan, or Other Impediments to a Successful and Expedient Chapter 11 Process Could Adversely Affect the Debtors' Relationship with their Key Suppliers.
- The Company's Ability to Use Net operating Loss Carryforwards ("NOLs") May Become Subject to Limitation, or May Be Reduced or Eliminated, in Connection with the Implementation of a Plan of Reorganization. The Bankruptcy Court Has Entered an Order That Is Designed to Protect Our NOLs Until a Plan of Reorganization is Consummated.

Commercial and Operational Risks

- If the company's business improvement efforts are ineffective, the company's strategic goals, business plans, financial performance or liquidity could be negatively impacted.
- If the company is unable to attract and retain critical IT Governance, Project Management and Contract Management competencies, it may limit the effectiveness of the company's cost improvement and business efficiency initiatives and adversely affect the company's profitability and growth.
- Changes in government and other third-party payor reimbursement levels and practices have negatively impacted and could continue to negatively impact the company's revenues and profitability.
- If the company's products are not included within an adequate number of customer formularies, or if pricing policies otherwise favor competitors' products, the company's market share and gross margin could be negatively affected.
- The company's industry is highly competitive and the consolidation of customers and competitors could result in a loss of customers or in additional competitive pricing pressures.
- The company's business strategy relies on certain assumptions concerning demographic trends that impact the market for its products. If these assumptions prove to be incorrect, demand for the company's products may be lower than expected.

Risks Related to Financial Results and Liquidity

- The terms of the company's current and future debt facilities and financing arrangements may limit the company's flexibility in operating its business.
- The company's leverage and debt obligations could adversely affect its financial condition, limit its ability to raise additional capital to fund its operations, impact the way it operates its business and prevent it from fulfilling its debt service and other obligations.
- Servicing the company's debt requires a significant amount of cash, and the company may not have sufficient cash flow from its business to pay its substantial debt.

Risks Related to Information Technology and Reliance on Third Parties

- Any major disruption or failure of the company's information technology systems, or its failure to successfully implement new technology effectively, could adversely affect the company.
- Cyber security threats and more sophisticated and targeted computer crime pose a risk to the company's systems, networks, products and services, and a risk to the company's compliance with data privacy laws.
- As the company transitions IT services inhouse, disruptions or delays at or by the company's third-party service providers could adversely impact its operations.

Regulatory and Development Risks

- The company remains subject to a consent decree of injunction with the U.S. Food and Drug Administration, and failure by the company to comply with the consent decree could adversely affect the company.

- Any failure by the company to comply with medical device regulatory requirements or receive regulatory clearance or approval for the company's products or operations in the United States or abroad could adversely affect the company's business.
- If the company fails to comply with applicable health care laws or regulations, the company could suffer severe civil or criminal sanctions or may be required to make significant changes to the company's operations.
- Legislative developments in all regions in which the company operates may adversely affect the company.

Intellectual Property Risks

- The company's operating results and financial condition could be adversely affected if the company becomes involved in litigation regarding its patents or other intellectual property rights.
- If the company is unable to protect its intellectual property rights or resolve successfully claims of infringement brought against it, the company's product sales and business could be affected adversely.

Manufacturing and Supply Risks

- Decreased availability or increased costs of materials could increase the company's costs of producing its products.
- Inflationary economic conditions have increased, and may continue to increase, the company's costs of producing its products.
- Geopolitical risks, such as those associated with the military conflict in Ukraine, could result in increased market volatility and uncertainty, which could negatively impact the company's business, financial condition, and results of operations.
- The company's ability to manage an effective supply chain is a key success factor.
- As the company outsources functions, it becomes more dependent on the entities performing those functions.

Other Regulatory and Litigation Risks

- The company is subject to certain risks inherent in managing and operating businesses in many different foreign jurisdictions.
- The company's products may be subject to product liability claims or recalls, which could be costly, harm the company's reputation and adversely affect its business.

Other Risk Factors – Other Financial Risks, Risks Related to Employees and the Company's Common Shares

- The company has long-term finance leases on significant facilities which can affect the company's liquidity and cash flow.
- The company's revenues and profits are subject to exchange rate and interest rate fluctuations which can affect the company's profitability and cash flow.
- Additional tax expense or additional tax exposures could affect the company's future profitability and cash flow.
- The company's ability to use net operating losses carryforwards (“NOLs”) may become subject to limitation, or may be reduced or eliminated, in connection with the implementation of a plan of reorganization. The Bankruptcy Court has entered an order that is designated to protect our NOLs until a plan of reorganization is consummated.
- The company's reported results may be adversely affected by increases in reserves for uncollectible accounts receivable.
- The inability to attract and retain, or loss of the services of, the company's key management and personnel could adversely affect its ability to operate the company's business.

Risks Related to the Chapter 11 Cases

There is no assurance that the company will be able to successfully complete the Restructuring contemplated in the Plan, creating substantial doubt about its ability to continue as a going concern.

The company's ability to continue as a going concern is dependent upon its ability to consummate the Restructuring and to generate sufficient liquidity from the Restructuring to meet our obligations and operating needs. Our ability to consummate the Restructuring is subject to risks and uncertainties many of which are beyond our control. These factors, together with the company’s recurring losses from operations and accumulated deficit, create substantial doubt about our ability to continue as a going concern. There can be no assurance that the company will be able to successfully consummate the Restructuring on the terms set forth in the Plan, or at all, or realize all or any of the expected benefits from the Restructuring. See the notes to consolidated financial statements contained herein for more information on the Restructuring and the risks related thereto.

The company has sought the protection of the Bankruptcy Court, which subjects it to the risks and uncertainties associated with bankruptcy and may harm its business.

The company has sought the protection of the Bankruptcy Court and as a result our operations and ability to develop and execute its business plan, and its ability to continue as a going concern, are subject to the risks and uncertainties associated with bankruptcy. As such, seeking Bankruptcy Court protection could have a material adverse effect on our business, financial condition, results of operations and liquidity. Senior management has been required to spend a significant amount of time and effort attending to the Restructuring instead of focusing exclusively on our business operations. Bankruptcy Court protection also might make it more difficult to retain management and other employees necessary to the success and growth of our business.

Other significant risks include the following:

- the company's ability to consummate the Plan;
- the high costs of bankruptcy and related fees;
- the imposition of restrictions or obligations on the company by regulators related to
- the bankruptcy and emergence from Chapter 11;
- the company's ability to obtain sufficient financing to allow us to emerge from bankruptcy and execute its business plan post-emergence;
- the company's ability to maintain its relationships with our suppliers, service providers, customers, employees, and other third parties;
- the company's ability to maintain contracts that are critical to its operations; and
- the actions and decisions of the company's debtholders and other third parties who have interests in the company's Chapter 11 Cases that may be inconsistent with the company's plans.

Delays in the Chapter 11 Cases could increase the risks of our being unable to reorganize the company's business and emerge from bankruptcy and increase costs associated with the bankruptcy process.

There Is a Risk of Termination of the Restructuring Support Agreement.

To the extent that events giving rise to termination of the Restructuring Support Agreement occur, the Restructuring Support Agreement may terminate prior to the Confirmation or Consummation of the Plan, which could result in the loss of support for the Plan by important creditor constituencies and could result in the loss of use of cash collateral by the Debtors under certain circumstances. Any such loss of support could adversely affect the Debtors' ability to confirm and consummate the Plan.

Parties in Interest May Object to the Plan's Classification of Claims and Interests.

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of the Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created Classes of Claims and Interests each encompassing Claims or Interests, as applicable, that are substantially similar to the other Claims or Interests, as applicable, in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

The Conditions Precedent to the Effective Date of the Plan May Not Occur.

As more fully set forth in Article IX of the Plan, the Confirmation Date and the Effective Date of the Plan are subject to a number of conditions precedent. If such conditions precedent are not met or waived, the Confirmation Date or the Effective Date will not take place.

The Debtors May Fail to Satisfy Vote Requirements.

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. In the event that sufficient votes are not received, the Debtors may seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims, or may seek to confirm an alternative chapter 11 plan or transaction. There can be no assurance that the terms of any such alternative chapter 11 plan or other transaction would be similar or as favorable to the Holders of Interests and Allowed Claims as those proposed in the Plan, and the Debtors do not believe that any such transaction exists or is likely to exist that would be more beneficial to the Estates than the Plan.

The Debtors May Not Be Able to Secure Confirmation of the Plan.

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, and requires, among other things, a finding by the Bankruptcy Court that: (a) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting holders of claims or equity interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting Holder of an Allowed Claim might challenge either the adequacy of the Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that the Disclosure Statement, the balloting procedures, and voting results are appropriate, the Bankruptcy Court could still decline to confirm the Plan if it finds that any of the statutory requirements for Confirmation are not met. If a chapter 11 plan of reorganization is not confirmed by the Bankruptcy Court, it is unclear whether the Debtors will be able to reorganize their business and what, if anything, Holders of Interests and Allowed Claims against them would ultimately receive.

The Debtors, subject to the terms and conditions of the Plan, reserve the right to modify the terms and conditions of the Plan as necessary for Confirmation. Any such modifications could result in less favorable treatment of any non-accepting class of Claims or Interests, as well as any class junior to such non-accepting class, than the treatment currently provided in the Plan. Such a less favorable treatment could include a distribution of property with a lesser value than currently provided in the Plan or no distribution whatsoever under the Plan.

In addition, at the outset of the Chapter 11 Cases, the Bankruptcy Code provides the Debtors with the exclusive right to propose the Plan and prohibits creditors and others from proposing a plan. If the Bankruptcy Court terminates that right, however, or the exclusivity period expires, there could be a material adverse effect on the Debtors' ability to achieve confirmation of the Plan in order to achieve the Debtors' stated goals.

Nonconsensual Confirmation.

In the event that any impaired class of claims or interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm a plan at the proponents' request if at least one impaired class (as defined under section 1124 of the Bankruptcy Code) has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired class(es). The Debtors believe that the Plan satisfies these requirements, and the Debtors may request such nonconsensual Confirmation in accordance with subsection 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion. In addition, the pursuit of nonconsensual Confirmation or Consummation of the Plan may result in, among other things, increased expenses relating to professional compensation.

Continued Risk Upon Confirmation.

Even if the Plan is consummated, the Debtors will continue to face a number of risks, including certain risks that are beyond their control, such as further deterioration or other changes in economic conditions, changes in the industry, potential revaluing of their assets due to chapter 11 proceedings, and increasing expenses. Some of these concerns and effects typically become more acute when a case under the Bankruptcy Code continues for a protracted period without indication of how or when the case may be completed. As a result of these risks and others, there is no guarantee that a chapter 11 plan of reorganization reflecting the Plan will achieve the Debtors' stated goals.

Furthermore, even if the Debtors' debts are reduced and/or discharged through the Plan, the Debtors may need to raise additional funds through public or private debt or equity financing or other various means to fund the Debtors' businesses after the completion of the proceedings related to the Chapter 11 Cases. Adequate funds may not be available when needed or may not be available on favorable terms.

The Chapter 11 Cases May Be Converted to Cases under Chapter 7 of the Bankruptcy Code or One or More of the Chapter 11 Cases May Be Dismissed.

If the Bankruptcy Court finds that it would be in the best interest of creditors and/or the debtor in a chapter 11 case, the Bankruptcy Court may convert a chapter 11 bankruptcy case to a case under chapter 7 of the Bankruptcy Code. In such event, a chapter 7 trustee would be appointed or elected to liquidate the debtor's assets for distribution in accordance with the priorities established by the Bankruptcy Code. The Debtors believe that liquidation under chapter 7 would result in significantly smaller distributions being made to creditors than those provided for in a chapter 11 plan because of (a) the likelihood that the assets would have to be sold or otherwise disposed of in a disorderly fashion over a short period of time, rather than reorganizing or selling the business as a going concern at a later time in a controlled manner, (b) additional administrative expenses involved in the appointment of a chapter 7 trustee, and (c) additional expenses and Claims, some of which would be entitled to priority, that would be generated during the liquidation, including Claims resulting from the rejection of Unexpired Leases and other Executory Contracts in connection with cessation of operations.

Additionally, if the Bankruptcy Court finds that the Debtors have incurred substantial or continuing loss or diminution to the estate and lack of a reasonable likelihood of rehabilitation of the Debtors or the ability to effectuate substantial consummation of a confirmed plan, or otherwise determines that cause exists, the Bankruptcy Court may dismiss one or more of the Chapter 11 Cases. In such event, the Debtors would be unable to confirm the Plan with respect to the applicable Debtor or Debtors, which may ultimately result in significantly smaller distributions to creditors than those provided for in the Plan.

The Debtors May Object to the Amount or Classification of a Claim or Interest.

Except as otherwise provided in the Plan, the Debtors reserve the right to object to the amount or classification of any Claim or Interest under the Plan. The estimates set forth in the Disclosure Statement cannot be relied upon by any Holder of a Claim where such Claim is subject to an objection. Any Holder of a Claim that is subject to an objection thus may not receive its expected share of the estimated distributions described in the Disclosure Statement.

Releases, Injunctions, and Exculpations Provisions May Not Be Approved.

Article VIII of the Plan provides for certain releases, injunctions, and exculpations, including a release of liens and third-party releases that may otherwise be asserted against the Debtors, Reorganized Debtors, or Released Parties, as applicable. The releases, injunctions, and exculpations provided in the Plan are subject to objection by parties in interest and may not be approved. If the releases are not approved, certain Released Parties may withdraw their support for the Plan.

The releases provided to the Released Parties and the exculpation provided to the Exculpated Parties are necessary to the success of the Debtors' reorganization because the Released Parties and Exculpated Parties have made significant contributions to the Debtors' reorganizational efforts that are important to the success of the Plan and have agreed to make further contributions, including by agreeing to massive reductions in the amounts of their claims against the Debtors' estates and facilitating a critical source of post-emergence liquidity, but only if they receive the full benefit of the Plan's release and exculpation provisions. The Plan's release and exculpation provisions are an inextricable component of the Plan.

The Debtors Cannot Predict the Amount of Time Spent in Bankruptcy for the Purpose of Implementing the Plan, and a Lengthy Bankruptcy Proceeding Could Disrupt the Debtors' Businesses, as Well as Impair the Prospect for Reorganization on the Terms Contained in the Plan.

Although the Debtors propose to complete the process of obtaining Confirmation and Consummation of the Plan within one hundred and twenty (120) days from the Petition Date, the process could last considerably longer if, for example, Confirmation is contested or the conditions to Confirmation or Consummation are not satisfied or waived.

While the Debtors have made efforts to minimize the length of the Chapter 11 Cases, it is impossible to predict with certainty the amount of time that the Debtors may spend in bankruptcy, and the Debtors cannot be certain that the Plan will be confirmed. Even if confirmed on a timely basis, a bankruptcy proceeding to confirm the Plan could itself have an adverse effect on the Debtors' businesses. There is a risk, due to uncertainty about the Debtors' futures that, among other things: employees could be distracted from performance of their duties or more easily attracted to other career opportunities; and suppliers, vendors, or other business partners could terminate their relationship with the Debtors or demand financial assurances or enhanced performance, any of which could impair the Debtors' prospects and ability to generate stable, recurring cash flows.

Lengthy Chapter 11 Cases also would involve additional expenses, putting strain on the Debtors' liquidity position, and divert the attention of management from the operation of the Debtors' businesses.

The disruption that the bankruptcy process would have on the Debtors' businesses could increase with the length of time it takes to complete the Chapter 11 Cases. If the Debtors are unable to obtain Confirmation of the Plan on a timely basis, because of a challenge to the Plan or otherwise, the Debtors may be forced to operate in bankruptcy for an extended period of time while they try to develop a different plan of reorganization that can be confirmed. A protracted bankruptcy case could increase both the probability and the magnitude of the adverse effects described above.

Risk of Non-Occurrence of the Effective Date.

Although the Debtors believe that the Effective Date may occur quickly after the Confirmation Date, there can be no assurance as to such timing or as to whether the Effective Date will, in fact, occur. As more fully set forth in Article IX of the Plan, the Effective Date of the Plan is subject to a number of conditions precedent. If such conditions precedent are not waived or not met, the Effective Date will not take place.

The Consummation of the Transactions Contemplated by the Plan May Not Occur.

The company will not complete the transactions contemplated by the Plan unless and until all conditions precedent to the consummation of the Plan are satisfied or waived. Those conditions include:

- the entry by the Bankruptcy Court of the Confirmation Order, with such Confirmation Order being a final order and in full force and effect; and
- such other conditions as mutually agreed by the company and two of its U.S. subsidiaries that has

executed the Restructuring Support Agreement and the Consenting Stakeholders.

Some of these conditions are not under our control. There can be no assurance that any or all of the conditions precedent will be satisfied or waived or that these transactions will be completed as currently contemplated or at all. Even if these transactions are completed, they may not be completed on the anticipated schedule or terms. If these transactions are not completed on the anticipated schedule or terms, the company may incur significant additional costs and expenses.

Risks Related to Recoveries under the Plan (as outlined in the Disclosure Statement previously filed with the Bankruptcy Court).

The Reorganized Debtors May Not Be Able to Achieve Their Projected Financial Results.

The Reorganized Debtors may not be able to achieve their projected financial results. The Financial Projections set forth in the Disclosure Statement represent the Debtors' management team's best estimate of the Debtors' future financial performance, which is necessarily based on certain assumptions regarding the anticipated future performance of the Reorganized Debtors' operations, as well as the United States and world economies in general, and the industry segments in which the Debtors operate in particular. While the Debtors believe that the Financial Projections contained in the Disclosure Statement are reasonable, there can be no assurance that they will be realized. If the Reorganized Debtors do not achieve their projected financial results or are unable to procure sufficient exit financing to effectuate the restructuring transactions, the value of the New Common Equity or the New Preferred Equity may be negatively affected and the Reorganized Debtors may lack sufficient liquidity to continue operating as planned after the Effective Date. Moreover, the financial condition and results of operations of the Reorganized Debtors from and after the Effective Date may not be comparable to the financial condition or results of operations reflected in the Debtors' historical financial statements.

The New Common Equity is Subject to Dilution.

The ownership percentage represented by the New Common Equity distributed under the Plan will be subject to dilution from the Management Incentive Plan, the New Preferred Equity, the Backstop Equity Premium, and the Exit Secured Convertible Notes.

A Liquid Trading Market for the Shares of New Common Equity and New Preferred Equity May Not Develop.

The New Common Equity and the New Preferred Equity will be a new issuance of securities, and there is no established trading market for those securities. An active trading market for the securities may never develop, or if developed, may not be sustained. The Debtors do not intend to apply for the New Common Equity or the New Preferred Equity to be listed on any securities exchange or to arrange for quotation on any automated dealer quotation system. The liquidity of any market for shares of New Common Equity or New Preferred Equity will depend upon, among other things, the number of holders of shares of New Common Equity or New Preferred Equity, the Reorganized Debtors' financial performance, and the market for similar securities, none of which can be determined or predicted. Accordingly, there can be no assurance that an active trading market for the New Common Equity or the New Preferred Equity will develop, nor can any assurance be given as to the liquidity or prices at which such securities might be traded. In the event an active trading market does not develop, the ability to transfer or sell New Common Equity or New Preferred Equity may be substantially limited. The lack of an active market may also impair your ability to sell your shares of New Common Equity at the time you wish to sell them or at a price you consider reasonable. The lack of an active market may also reduce the market price of your shares of New Common Equity or New Preferred Equity. Accordingly, you may be required to bear the financial risk of your ownership of the New Common Equity or New Preferred Equity indefinitely.

Certain of the New Common Equity and the New Preferred Equity Issued Under the Plan May Not Be Resold or Otherwise Transferred Unless Such Resale or Transfer is Registered Under the Securities Act or an Exemption from Registration Applies.

Upon the Effective Date, the issuance of New Common Equity and New Preferred Equity will not be registered under the Securities Act or any Blue Sky Laws.

To the extent that shares of the New Common Equity or the New Preferred Equity issued under the Plan are covered by section 1145(a)(1) of the Bankruptcy Code, such securities may be resold by the holders thereof without registration under the Securities Act unless the holder is an "underwriter," as defined in section 1145(b) of the Bankruptcy Code with respect to such securities; *provided*, *however*, such rights or shares of such New Common Equity will not be freely tradeable if, at the time of transfer, the holder is an "affiliate" of the Reorganized Debtors as defined in Rule 144(a)(1) under the Securities Act or had been such an "affiliate" within 90 days of such transfer. Such affiliate holders would only be permitted to sell such securities without registration if they are able to comply with an applicable exemption from registration, including Rule 144 under the Securities Act. Resales by Holders of Claims who receive New Common Equity and New Preferred Equity pursuant to the Plan that are deemed to be "underwriters" would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or applicable Law. Such Holders would only be permitted to sell such securities without registration if they are able to comply with an applicable exemption from registration, including Rule 144 under the Securities Act.

To the extent that securities issued pursuant to the Plan are not covered by section 1145(a)(1) of the Bankruptcy Code, including with respect to the 4(a)(2) Securities, such securities shall be issued pursuant to section 4(a)(2) under the Securities Act and will be deemed “restricted securities” that may not be sold, exchanged, assigned, or otherwise transferred unless they are registered, or an exemption from registration applies, under the Securities Act. Holders of such restricted securities will not have a right to have their restricted securities registered and will therefore not be able to resell them except in accordance with an available exemption from registration under the Securities Act.

Under Rule 144 of the Securities Act, the resale of restricted securities is permitted if certain conditions are met, and these conditions vary depending on whether the holder of the restricted securities is an “affiliate” of the issuer, as defined in Rule 144. A non-affiliate who has not been an affiliate of the issuer during the preceding ninety days may resell restricted securities after a one-year holding period. An affiliate may also resell restricted securities after a one-year holding period but only if certain current public information regarding the issuer is available at the time of the sale and only if the affiliate also complies with the volume, manner of sale, and notice requirements of Rule 144. Since the Reorganized Debtors may not be subject to the reporting requirements of the Exchange Act and do not plan to list any of their securities on a national stock exchange, there can be no assurance that there will be current public information available about the issuer of the New Common Equity and the New Preferred Equity.

Holders of New Common Equity and New Preferred Equity who are deemed to be “underwriters” under Section 1145(b) of the Bankruptcy Code will also be subject to restrictions under the Securities Act on their ability to resell those securities.

The Reorganized Debtors do not intend to register or apply to list the New Common Equity or the New Preferred Equity on a national securities exchange. The Debtors make no representation regarding the right of any holder of New Common Equity or New Preferred Equity to freely resell the New Common Equity or New Preferred Equity.

Holders of the New Common Equity and the New Preferred Equity May Not Have Access to the Same Level of Information Available to Holders of Registered Securities.

The New Common Equity and the New Preferred Equity may not be registered under the Securities Act or any state securities laws and the Reorganized Debtors may not otherwise expect to have securities registered under the Exchange Act. As a result, the Reorganized Debtors may not be subject to the reporting requirements of the Exchange Act, and the information available to holders of the New Common Equity and the New Preferred Equity may be less than would be required if the New Common Equity or the New Preferred Equity were registered. Such a reduced availability of information may impair your ability to evaluate your ownership and the marketability of the New Common Equity or the New Preferred Equity.

Certain Claimants May Receive a Substantial Amount of the Shares of New Common Equity and, Accordingly, May Have Substantial Influence.

Assuming that the Effective Date occurs, certain Holders of Claims and the Backstop Parties may receive a substantial amount of the equity of the Reorganized Debtors which, in turn, may allow such Holders or such Backstop Parties to have substantial influence over the Reorganized Debtors. Accordingly, such Holders or such Backstop Parties may be in a position to influence matters requiring the approval of the shareholders of the Reorganized Debtors, including, among other things, the election of directors and the approval of a change of control. Such Holders or such Backstop Parties may have interests that differ from those of the other shareholders and may vote in a manner adverse to the interests of other shareholders. This concentration of ownership may facilitate or may delay, prevent, or deter a change of control of the Reorganized Debtors and, consequently, impact the value of the New Common Equity and the New Preferred Equity. In addition, such a substantial shareholder may sell all or a large portion of its shares within a short period of time, which may adversely affect the share trading price. Such a substantial shareholder may, on its own account, pursue acquisition opportunities that may be complementary to the Reorganized Debtors’ businesses, and as a result, such acquisition opportunities may be unavailable to the Reorganized Debtors which, in turn, may have a material adverse impact on the Reorganized Debtors’ businesses, financial condition, and operating results.

Certain Tax Implications of the Plan.

Holders of Allowed Claims should carefully review Article XII of the Disclosure Statement entitled “Certain U.S. Federal Income Tax Consequences of the Plan,” to determine how the tax implications of the Plan and the Chapter 11 Cases may affect the Debtors, the Reorganized Debtors, and Holders of Claims, as well as certain tax implications of owning and disposing of the consideration to be received pursuant to the Plan.

The Debtors May Not Be Able to Accurately Report or Timely File Their Financial Results.

The Debtors have established internal controls over financial reporting. However, internal controls over financial reporting may not prevent or detect misstatements or omissions in the Debtors’ financial statements because of their inherent limitations, including the possibility of human error, and the circumvention or overriding of controls or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If the Debtors fail to maintain the adequacy of their internal controls, the Debtors may be unable to provide financial information in a timely and reliable manner within the time periods required under the terms of the agreements governing the Debtors' indebtedness. Any such difficulties or failure could materially adversely affect the Debtors' business, results of operations, and financial condition. Further, the Debtors may discover other internal control deficiencies in the future and/or fail to adequately correct previously identified control deficiencies, which could materially adversely affect the Debtors' businesses, results of operations, and financial condition. In addition, if the Debtors emerge from chapter 11, the Debtors may be required to adopt "fresh start" accounting in accordance with Accounting Standards Codification 852 ("Reorganizations") in which case their assets and liabilities will be recorded at fair value as of the fresh start reporting date. As a result, there could be risk that the Debtors will not be able to timely file their financial results.

Contingencies Could Affect Allowed Claims Classes.

The distributions available to Holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims to be subordinated to other Allowed Claims. The occurrence of any and all such contingencies, which could affect distributions available to Holders of Allowed Claims under the Plan, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

The estimated Claims set forth in the Disclosure Statement are based on various assumptions, and the actual Allowed amounts of Claims may significantly differ from the estimates. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual Allowed amounts of Claims may vary from the estimated amounts of Claims contained in the Disclosure Statement. Moreover, the Debtors cannot determine with any certainty at this time the number or amount of Claims that will ultimately be Allowed. Such differences may materially and adversely affect, among other things, the recoveries to Holders of Allowed Claims under the Plan.

Risks Related to the Debtors' and the Reorganized Debtors' Businesses.

The Reorganized Debtors May Not Be Able to Generate Sufficient Cash to Service All of Their Indebtedness.

The Reorganized Debtors' ability to make scheduled payments on, or refinance their debt obligations, depends on the Reorganized Debtors' financial condition and operating performance, which are subject to prevailing economic, industry, and competitive conditions and to certain financial, business, legislative, regulatory, and other factors beyond the Reorganized Debtors' control. The Reorganized Debtors may be unable to maintain a level of cash flow from operating activities sufficient to permit the Reorganized Debtors to pay the principal, premium, if any, and interest and/or fees on their indebtedness, including, without limitation, anticipated borrowings under the Exit Facilities upon emergence.

The Debtors Will Be Subject to the Risks and Uncertainties Associated with the Chapter 11 Cases.

For the duration of the Chapter 11 Cases, the Debtors' ability to operate, develop, and execute a business plan, and continue as a going concern, will be subject to the risks and uncertainties associated with bankruptcy. These risks include the following: (a) ability to develop, confirm, and consummate the restructuring transactions specified in the Plan; (b) ability to obtain Bankruptcy Court approval with respect to motions filed in the Chapter 11 Cases from time to time; (c) ability to maintain relationships with suppliers, vendors, service providers, customers, employees, and other third parties; (d) ability to maintain contracts that are critical to the Debtors' operations; (e) ability of third parties to seek and obtain Bankruptcy Court approval to terminate contracts and other agreements with the Debtors; (f) ability of third parties to seek and obtain Bankruptcy Court approval to terminate or shorten the exclusivity period for the Debtors to propose and confirm a chapter 11 plan, to appoint a chapter 11 trustee, or to convert the Chapter 11 Cases to chapter 7 proceedings; and (g) the actions and decisions of the Debtors' creditors and other third parties who have interests in the Chapter 11 Cases that may be inconsistent with the Debtors' plans.

These risks and uncertainties could affect the Debtors' businesses and operations in various ways. For example, negative events associated with the Chapter 11 Cases could adversely affect the Debtors' relationships with suppliers, customers, employees, and other third parties, which in turn could adversely affect the Debtors' operations and financial condition. Also, the Debtors will need the prior approval of the Bankruptcy Court for transactions outside the ordinary course of business, which may limit the Debtors' ability to respond timely to certain events or take advantage of certain opportunities. Because of the risks and uncertainties associated with the Chapter 11 Cases, the Debtors cannot accurately predict or quantify the ultimate impact of events that occur during the Chapter 11 Cases that may be inconsistent with the Debtors' plans.

Operating in Bankruptcy for a Long Period of Time May Harm the Debtors' Businesses.

The Debtors' future results will be dependent upon the successful confirmation and implementation of a plan of reorganization. A long period of operations under

Bankruptcy Court protection could have a material adverse effect on the Debtors' businesses, financial condition, results of operations, and liquidity. So long as the proceedings related to the Chapter 11 Cases continue, senior management will be required to spend a significant amount of time and effort dealing with the reorganization instead of focusing exclusively on business operations. A prolonged period of operating under Bankruptcy Court protection also may make it more difficult to retain management and other key personnel necessary to the success and growth of the Debtors' businesses. In addition, the longer the proceedings related to the Chapter 11 Cases continue, the more likely it is that customers and suppliers will lose confidence in the Debtors' ability to reorganize their businesses successfully and will seek to establish alternative commercial relationships.

So long as the Chapter 11 Cases continue, the Debtors may be required to incur substantial costs for professional fees and other expenses associated with the administration of the Chapter 11 Cases. If the Chapter 11 Cases last longer than anticipated, the Debtors will require additional debtor-in-possession financing to fund the Debtors' operations. If the Debtors are unable obtain such financing in those circumstances, the chances of successfully reorganizing the Debtors' businesses may be seriously jeopardized, the likelihood that the Debtors will instead be required to liquidate or sell their assets may be increased, and, as a result, creditor recoveries may be significantly impaired.

Furthermore, the Debtors cannot predict the ultimate amount of all settlement terms for the liabilities that will be subject to a plan of reorganization. Even after a plan of reorganization is approved and implemented, the Reorganized Debtors' operating results may be adversely affected by the possible reluctance of prospective lenders and other counterparties to do business with a company that recently emerged from bankruptcy protection.

Financial Results May Be Volatile and May Not Reflect Historical Trends.

During the Chapter 11 Cases, the Debtors expect that their financial results will continue to be volatile as asset impairments, asset dispositions, restructuring activities and expenses, contract terminations and rejections, significant restructuring fees, and/or claims assessments may significantly impact the Debtors' consolidated financial statements. As a result, the Debtors' historical financial performance likely will not be indicative of their financial performance after the Petition Date.

In addition, if the Debtors emerge from chapter 11, the amounts reported in subsequent consolidated financial statements may materially change relative to historical consolidated financial statements, including as a result of revisions to the Debtors' operating plans pursuant to a plan of reorganization. The Debtors also may be required to adopt "fresh start" accounting in accordance with Accounting Standards Codification 852 ("Reorganizations") in which case their assets and liabilities will be recorded at fair value as of the fresh start reporting date, which may differ materially from the recorded values of assets and liabilities on the Debtors' consolidated balance sheets. The Debtors' financial results after the application of fresh start accounting also may be different from historical trends.

The Financial Projections are based on assumptions that are an integral part of the projections, including Confirmation and Consummation of the Plan in accordance with its terms, the anticipated future performance of the Debtors, industry performance, general business and economic conditions, and other matters, many of which are beyond the control of the Debtors and some or all of which may not materialize.

The Financial Projections set forth in the Disclosure Statement represent the best estimate of the future financial performance of the Debtors based on currently known facts and assumptions about future operations as well as the United States and world economies in general, and the relevant industries in which the Debtors operate. The actual financial results may differ significantly from the projections. If the Debtors do not achieve their projected financial results, then the value of the Debtors' debt or equity issued pursuant to the Plan may experience a decline and the Debtors may lack sufficient liquidity to continue operating as planned after the Effective Date. There are numerous factors and assumptions inherent in estimating the Debtors' future financial results, many of which are beyond the Debtors' control.

The Debtors' Substantial Liquidity Needs May Impact the Debtors' Ability to Operate.

The Debtors' business requires sufficient liquidity to ensure that the Debtors' manufacturing and distribution operations are maintained. If the Debtors' cash flow from operations remains depressed or decreases, the Debtors may not have the ability to expend the capital necessary to improve or maintain their current operations, resulting in decreased revenues over time.

The Debtors face uncertainty regarding the adequacy of their liquidity and capital resources. In addition to the cash necessary to fund ongoing operations, the Debtors have incurred significant Professional fees and other costs in connection with the Chapter 11 Cases and expect to continue to incur significant Professional fees and costs throughout the remainder of the Chapter 11 Cases. The Debtors cannot guarantee that cash on hand, cash flow from operations, and cash provided by the DIP Facilities will be sufficient to continue to fund their operations and allow the Debtors to satisfy obligations related to the Chapter 11 Cases until the Debtors are able to emerge from bankruptcy protection.

The Debtors' liquidity, including the ability to meet ongoing operational obligations, will be dependent upon, among other things: (a) their ability to comply with the terms and conditions of the DIP Orders; (b) their ability to maintain adequate cash on hand; (c) their ability to develop, confirm, and consummate the Plan or other alternative restructuring transaction; and (d) the cost, duration, and outcome of the Chapter 11 Cases. The Debtors' ability to maintain adequate liquidity depends, in part, upon industry conditions and general economic, financial, competitive, regulatory, and other factors beyond the Debtors' control. In the event that cash on hand, cash flow from operations, and cash provided under the DIP Facilities are not sufficient to meet the Debtors' liquidity needs, the Debtors may be required to seek additional financing. The Debtors can provide no assurance that additional financing would be available or, if available, offered to the Debtors on acceptable terms. The Debtors' access to additional financing is, and for the foreseeable future likely will continue to be, extremely limited if it is available at all. The Debtors' long-term liquidity requirements and the adequacy of their capital resources are difficult to predict at this time.

The Reorganized Debtors May Be Adversely Affected by Potential Litigation, Including Litigation Arising Out of the Chapter 11 Cases.

In the future, the Reorganized Debtors may become parties to litigation. In general, litigation can be expensive and time consuming to bring or defend against. Such litigation could result in settlements or damages that could significantly affect the Reorganized Debtors' financial results. It is also possible that certain parties will commence litigation with respect to the treatment of their Claims under the Plan. It is not possible to predict the potential litigation that the Reorganized Debtors may become party to nor the final resolution of such litigation. The impact of any such litigation on the Reorganized Debtors' businesses and financial stability, however, could be material.

Certain Claims May Not Be Discharged and Could Have a Material Adverse Effect on the Debtors' Financial Condition and Results of Operations.

The Bankruptcy Code provides that the confirmation of a plan of reorganization discharges a debtor from substantially all debts arising prior to confirmation. With few exceptions, all Claims that arise prior to the Debtors' filing of their Petitions or before confirmation of the plan of reorganization (a) would be subject to compromise and/or treatment under the plan of reorganization and/or (b) would be discharged in accordance with the terms of the plan of reorganization. Any Claims not ultimately discharged through a plan of reorganization could be asserted against the reorganized entity and may have an adverse effect on the Reorganized Debtors' financial condition and results of operations.

Termination of the Restructuring Support Agreement, Inability to Confirm the Plan, or Other Impediments to a Successful and Expedient Chapter 11 Process Could Adversely Affect the Debtors' Relationship with their Key Suppliers.

Given the highly regulated nature of the Debtors' business, the Debtors rely on certain sole source suppliers and suppliers approved by regulators. Certain suppliers provide the company with specially fabricated parts for the company's power wheelchairs, manual wheelchairs, long term care beds, home care medical beds, patient lifts, and other home and long-term care products and supplies, which parts are either based on patented designs available only from a specific manufacturer or that are made or provided to the company's exact specifications. As a result, there is no alternative provider for certain critical goods. Additionally, when selecting suppliers for certain products, the Debtors must comply with FDA regulations associated with supplier selection, qualification, and approval. Given the highly specialized and regulated supplier network the company relies on, a swift exit from chapter 11 with minimal disruption on the Debtors' operations is essential for the Debtors to continue relationships with their key suppliers and, in turn, satisfy customer orders, including the elevated backlog of existing orders.

The Company's Ability to Use Net operating Loss Carryforwards ("NOLs") May Become Subject to Limitation, or May Be Reduced or Eliminated, in Connection with the Implementation of a Plan of Reorganization. The Bankruptcy Court Has Entered an Order That Is Designed to Protect Our NOLs Until a Plan of Reorganization is Consummated.

Generally, a company generates NOLs if the operating expenses it has incurred exceed the revenues it has earned during a single tax year. A company may apply, or "carry forward," NOLs to reduce future tax payments (subject to certain conditions and limitations). To date, the company has generated a significant amount of U.S. federal NOLs.

We expect that we may undergo an ownership change under Section 382 of the Code in connection with the consummation of a plan of reorganization. Nevertheless, we believe these NOLs are a valuable asset for us, particularly in the context of the Chapter 11 Cases. In February 2023, the Bankruptcy Court entered an order that sets forth procedures (including notice requirements) that certain shareholders and potential shareholders must comply with regarding transfers of, or declarations of worthlessness with respect to, our common stock, as well as certain obligations with respect to notifying us of current share ownership (the "Procedures"). The Procedures are designed to reduce the likelihood of an "ownership change" occurring prior to the consummation of a bankruptcy plan of reorganization, both to ensure that our NOLs (and other tax attributes) are available to address the immediate tax consequences of any such bankruptcy plan of reorganization and to preserve the potential ability to rely on certain rules that apply to ownership changes occurring as a result of a bankruptcy plan of reorganization. However, there is no assurance that the Procedures will prevent all transfers that could result in such an "ownership change."

In addition, our NOLs (and other tax attributes) may be subject to use in connection with the implementation of any bankruptcy plan of reorganization or reduction as a result of any cancellation of indebtedness income arising in connection with the implementation of any bankruptcy plan of reorganization. As such, at this time, there can be no assurance that we will have NOLs to offset future taxable income.

Commercial and Operational Risks

If the company's business improvement efforts are ineffective, the company's strategic goals, business plans, financial performance or liquidity could be negatively impacted.

The company has been implementing a multi-year business improvement strategy intended to substantially improve its business and re-orient its resources to a more clinically complex mix of products and solutions. To date, this strategy has included actions to re-orient the company's global commercial team, continue the company's innovation pipeline, shift its product mix, develop and expand its talent, and strengthen its balance sheet. The company also has taken steps to realign infrastructure and processes that are intended to drive efficiency and reduce costs.

The company may not be successful in achieving the full long-term growth and profitability, operating efficiencies and cost reductions, or other benefits expected from these business improvement efforts in a timely manner or at all. The company also may experience business disruptions associated with these activities. Further, the full benefits of the strategy, if realized, may be realized later than expected, the costs of implementing the strategy may be greater than anticipated, and the company may lack adequate cash or capital or may not be able to attract and retain the necessary talent, to complete the improvement actions. If these business improvement measures are not successful, the company may undertake additional actions, which could result in future expenses. If the company's business improvement efforts prove ineffective, the company's ability to achieve its strategic goals and business plans, and the company's financial performance, including its ability to repay or refinance its indebtedness and satisfy other obligations, may be materially adversely affected. Under these circumstances, the company may require additional financing, which may be difficult or expensive to obtain, and the company can make no assurances that it would be available on terms acceptable to the company, if at all. Refer to Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources." The company also may evaluate and implement changes to its strategic goals and business plans, which may involve restructuring of its operations. If undertaken, any such restructuring may be substantial and involve significant effort and expense, and the company can make no assurances that such efforts, if undertaken, would be successful and result in improvements to the company business performance and financial condition,

If the company is unable to attract and retain critical IT Governance, Project Management and Contract Management competencies it may limit the effectiveness of the company's cost improvement and business efficiency initiatives and adversely affect the company's profitability and growth.

The company is implementing a multi-year business improvement strategy which involves projects focused on streamlining the company's supply chain and operations infrastructure, upgrading and modernizing its information technology capabilities and implementation of new or upgraded ERP systems. In addition, the company has outsourced certain key functions to third-party service providers and may continue to do so in the future. The success of these activities is dependent on the company's ability to maintain an adequate IT governance management structure and adequate capabilities in project management and contract management functions. Despite its efforts to build and maintain these capabilities, the company could have inadequate skills, personnel, management skills, or processes necessary to successfully implement the programs and projects necessary to successfully improve the business and achieve the intended operating efficiencies and cost reductions from such programs and projects, which in turn may adversely affect the company's profitability and growth.

Changes in government and other third-party payor reimbursement levels and practices have negatively impacted and could continue to negatively impact the company's revenues and profitability.

The company's products are sold primarily through a network of medical equipment and home health care providers, extended care facilities and other providers such as various government-provider agencies throughout the world. Many of these providers (the company's customers) are reimbursed for the products and services provided to their customers and patients by third-party payors, such as government programs, including Medicare and Medicaid, private insurance plans and managed care programs. Most of these programs set maximum reimbursement levels for some of the products sold by the company in the United States and abroad. If third-party payors deny coverage, make the reimbursement process or documentation requirements more uncertain or reduce their levels of reimbursement, or if the company is unable to reduce its costs of production to keep pace with decreases in reimbursement levels, the company may be unable to sell the affected product(s) through its distribution channels on a profitable basis.

Reduced government reimbursement levels and changes in reimbursement policies have in the past added, and could continue to add, significant pressure to the company's revenues and profitability. For example, the National Competitive Bidding, or “NCB”, program introduced by CMS has had the effect of substantially reducing reimbursement and payment rates for medical equipment and supplies by Medicare. The reduced reimbursement and payment rates have, in some cases, prompted customers to consider lower-priced alternatives to the company's products and compelled the company to reduce prices on certain products, which has negatively impacted the company's revenues and profitability. In October 2020, CMS announced the delay to changes to NCB for three years. The potential impact of any modifications may be uncertain and may further negatively impact the company's revenues and profitability. Refer to “Item 1. Business -Government Regulation-National Competitive Bidding.”

Similar trends and concerns are occurring in state Medicaid programs. These recent changes to reimbursement policies, and any additional unfavorable reimbursement policies or budgetary cuts that may be adopted in the future, could adversely affect the demand for the company's products by customers who depend on reimbursement from the government-funded programs. The percentage of the company's overall sales that are dependent on Medicare or other insurance programs may increase as the portion of the U.S. population over age 65 continues to grow, making the company more vulnerable to reimbursement level reductions by these organizations. Reduced government reimbursement levels also could result in reduced private payor reimbursement levels because some third-party payors index their reimbursement schedules to Medicare fee schedules. Reductions in reimbursement levels also may affect the profitability of the company's customers and ultimately force some customers without strong financial resources to become unable to pay their bills as they come due or go out of business. The reimbursement reductions may prove to be so dramatic that some of the company's customers may not be able to adapt quickly enough to survive. The company is one of the industry's significant creditors and an increase in bankruptcies or financial weakness in the company's customer base could have an adverse effect on the company's financial results.

Outside the U.S., reimbursement systems vary significantly by country. Many foreign markets have government-managed health care systems that govern reimbursement for home health care products. The ability of hospitals and other providers supported by such systems to purchase the company's products is dependent, in part, upon public budgetary constraints. Various countries have tightened reimbursement rates and other countries may follow. If adequate levels of reimbursement from third-party payors outside of the U.S. are not obtained, international sales of the company's products may decline, which could adversely affect the company's net sales.

The impact of all the above is uncertain and could have a material adverse effect on the company's business, financial condition, liquidity and results of operations.

If the company's products are not included within an adequate number of customer formularies, or if pricing policies otherwise favor competitors' products, the company's market share and gross margin could be negatively affected.

Many of the medical equipment and home health care providers to whom the company sells its products negotiate the price of products and develop formularies which establish pricing and reimbursement levels. Many of these providers also compensate their sales personnel based on the formulary position of the products they sell. Exclusion of a product from a formulary, unfavorable positioning of a product within a formulary, or lower compensation levels for customer sales personnel associated with the products can lead to such product's sharply reduced usage in the provider's patient population. If the company's products are not included, or favorably positioned, within an adequate number of formularies, or if the pricing policies or sales compensation programs of providers otherwise favor other products, the company's sales revenues, market share and gross margin could be negatively affected, which could have a material adverse effect on the company's results of operations and financial condition.

The company's industry is highly competitive and the consolidation of health care provider customers and the company's competitors could result in a loss of customers or in additional competitive pricing pressures.

The home medical equipment market is highly competitive and the company's products face significant competition from other well established manufacturers. Numerous initiatives and reforms instituted by legislators, regulators and third-party payors to reduce home medical equipment costs have caused pricing pressures which have resulted in a consolidation trend in the home medical equipment industry as well as among the company's customers, including home health care providers. In the past, some of the company's competitors, which may include distributors, have been lowering the purchase prices of their products in an effort to attract customers. This in turn has resulted in greater pricing pressures, including pressure to offer customers more competitive pricing terms, exclusion of products from or unfavorable position on provider formularies and the exclusion of certain suppliers from important market segments as group purchasing organizations, independent delivery networks and large single accounts continue to consolidate purchasing decisions for some of the company's customers. Further consolidation could result in a loss of customers, increased collectability risks, or increased competitive pricing pressures. In addition, as reimbursement pressures persist, some customers may directly source their own products to secure a low-cost advantage.

The company's business strategy relies on certain assumptions concerning demographic trends that impact the market for its products. If these assumptions prove to be incorrect, demand for the company's products may be lower than expected.

The company's ability to achieve its business objectives is subject to a variety of factors, including the relative increase in the aging of the general population. The company believes that these trends will increase the need for its products. The projected demand for the company's products could materially differ from actual demand if the company's assumptions regarding these trends and acceptance of its products by health care professionals and patients prove to be incorrect or do not materialize. If the company's assumptions regarding these factors prove to be incorrect, the company may not be able to successfully implement the company's business strategy, which could adversely affect the company's results of operations. In addition, the perceived benefits of these trends may be offset by competitive or business factors, such as the introduction of new products by the company's competitors or the emergence of other countervailing trends, including lower reimbursement and pricing.

Risks Related to Financial Results and Liquidity

The terms of the company's current and future debt facilities and financing arrangements, including restrictive covenants under such arrangements, may limit the company's flexibility in operating its business.

The company's ABL DIP Credit Agreement provides the company and certain of the company's U.S. and Canadian subsidiaries with the ability to borrow under senior secured revolving credit and swing line loan facilities. The ABL DIP Credit Agreement also deems the outstanding letters of credit issued under the ABL Credit Agreement to have been issued under the ABL DIP Credit Agreement but does not provide an obligation for further letters of credit to be issued. The aggregate borrowing availability under the credit facilities is determined based on borrowing base formulas set forth in the ABL DIP Credit Agreement. The credit facilities under the ABL DIP Credit Agreement are secured by substantially all the company's domestic and Canadian assets, other than real estate. The ABL DIP Credit Agreement contains customary default provisions, with certain grace periods and exceptions, that include, among other things, failure to pay amounts due, breach of covenants, representations or warranties, bankruptcy, the occurrence of a material adverse effect, exclusion from any medical reimbursement program, and an interruption of any material manufacturing facilities for more than ten consecutive days. There is no assurance that additional availability would be accessible under the ABL DIP Credit Agreement and such availability would be influenced by the amount of U.S. and Canadian assets which collateralize the agreement.

In addition, the DIP Credit Agreements and the agreements that will govern the company’s post-emergence indebtedness, and any future indebtedness the company incurs may contain, various negative covenants that restrict, among other things, the company’s indebtedness, liens, fundamental changes, asset sales, investments and other matters. In addition, the Term DIP Credit Agreement and certain of the agreements that will govern the company’s post-emergence indebtedness have and will have a minimum liquidity requirement. The company’s obligations under the DIP Credit Agreements and certain obligations that will be incurred in connection with emergence, collectively, are or will be secured by substantially all of the company’s assets. As a result, the company is limited in the manner in which it conducts its business and the company may be unable to engage in favorable business activities.

Despite the company’s current consolidated debt levels, subject to certain conditions and limitations in the DIP Credit Agreements and the agreements governing the company’s post-emergence indebtedness, the company may or will be able to incur additional debt in the future. Although the terms of the agreements governing existing debt restrict the company's ability to incur additional debt (including secured debt), such restrictions are subject to several exceptions and qualifications and such restrictions and qualifications may be waived or amended, and debt (including secured debt) incurred in compliance with such restrictions and qualifications (as they may be waived or amended) may be substantial. To the extent new debt, in particular secured debt, is added to the company's current debt levels, the substantial leverage risks described above and below would increase.

The restrictive terms of the company's credit agreement, term loan, convertible debt instruments and any future debt may limit the company's ability to conduct and expand its business and pursue its business strategies. The company's ability to comply with the provisions of its existing debt agreements and agreements governing future debt can be affected by events beyond its control, including changes in general economic and business conditions, or by government enforcement actions, such as, for example, adverse impacts from the FDA consent decree of injunction. If the company is unable to comply with the provisions in the credit agreement or other debt, it could result in a default which could trigger acceleration of, or the right to accelerate, the related debt. Because of cross-default provisions in its agreements and instruments governing certain of the company's indebtedness, a default under the credit agreement or other debt could result in a default under, and the acceleration of, certain other company indebtedness. In addition, the company's lenders would be entitled to proceed against the collateral securing the indebtedness.

The company's ability to meet its liquidity needs will depend on many factors, including the operating performance of the business, as well as the company's continued compliance with the covenants under its credit agreement. Refer to "Commercial and Operational Risks - If the company's business improvement efforts are ineffective, the company's strategic goals, business plans, financial performance or liquidity could be negatively impacted." and Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources." Notwithstanding the company's expectations, if the company's operating results decline, the company may be unable to comply with the financial covenants, and its lenders could demand repayment of the amounts outstanding under the company's credit facility.

The company also has an agreement with De Lage Landen, Inc. ("DLL"), a third-party financing company, to provide financing to the company's U.S. customers. Either party could terminate this agreement with 180 days' notice or 90 days' notice by DLL upon the occurrence of certain events. Should this agreement be terminated, the company's borrowing needs under the credit agreement could increase.

***The company's leverage and debt obligations could adversely affect its financial condition, limit its ability to raise additional capital to fund its operations, impact the way it operates its business and prevent it from fulfilling its debt service and other obligations*.**

The company has significant outstanding indebtedness and may incur significant additional debt in the future. As of December 31, 2022, the company had outstanding $72,909,000 aggregate principal amount of 5.00% Series I Convertible Senior Notes that mature in November 2024 (the "Series I 2024 Notes"), $77,309,000 aggregate principal and accretion amount of 5.00% Series II Convertible Senior Notes that mature in November 2024 (the "Series II 2024 Notes"), $69,700,000 aggregate principal amount of 4.25% Convertible Senior Notes that mature in March 2026 (the "2026 Notes"), $41,475,000 aggregate principal amount of 5.68% Secured Convertible Senior Notes that mature in July 2026, $90,500,000 aggregate principal amount of variable rate Secured Term Loan which matures in July 2026 and $2,000,000 of insurance debt against the cash surrender value of policies. The company has an Amended and Restated Credit Agreement providing for asset-based lending senior secured revolving credit facility which matures in January 2026 with outstanding indebtedness at December 31, 2022 of $15,220,000.

The company's indebtedness could have important negative consequences, including:

- reduced availability of cash for the company's operations and other business activities after satisfying interest payments and other requirements under the terms of its debt instruments;
- less flexibility to plan for or react to competitive challenges, and suffer a competitive disadvantage relative to competitors that do not have as much indebtedness;
- difficulty in obtaining additional financing in the future;
- inability to comply with covenants in, and potential for default under, the company's debt instruments; and
- challenges to repaying or refinancing any of the company's debt.

The company's ability to satisfy its debt and other obligations will depend principally upon its future operating performance. As a result, prevailing economic conditions and financial, business, legal and regulatory and other factors, many of which are beyond the company's control, may affect its ability to make payments on its debt and other obligations. If it does not generate sufficient cash flow to satisfy its debt and other obligations, the company may have to undertake alternative financing plans, such as refinancing or restructuring its debt, exchanging debt for equity, selling assets, seeking additional capital or reducing or delaying capital investments. The company's ability to restructure or refinance its debt will depend on the capital markets and the company's financial condition at the time. Restructuring or refinancing indebtedness could require the company to issue additional debt (including secured debt), pay additional fees and interest, issue potentially dilutive additional equity, further encumber certain of the company's assets, agree to covenants that could restrict its future operations and pay related transaction fees and expenses. Any such measures would require agreements with counterparties, including potentially the company's existing creditors, and may not be successful on attractive terms or otherwise. Whether or not successful, any such measures may have a negative impact on the company's financial condition and results of operations, including on the market price of the company's common stock and debt securities.

Refer to Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources."

Servicing the company's debt requires a significant amount of cash, and the company may not have sufficient cash flow from its business to pay its substantial debt.

The company's ability to make scheduled payments of the principal of, to pay interest on or to refinance its existing or future indebtedness, including post-emergence indebtedness, depends and will depend on its future performance, which is subject to economic, financial, competitive and other factors beyond its control, including uncertainties related to the company's supply chain. Supply chain challenges, as well as supplier delivery holds resulting from past due payables, have had, and may continue to have, the effect of interrupting production and negatively impacting the company's ability to fulfill orders and generate sales and cash flow. The company's business may not generate cash flow from operations in the future sufficient to service its debt and make necessary capital expenditures. If the company is unable to generate such cash flow, it may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. The company's ability to refinance its indebtedness will depend on the capital markets and its financial condition at such time. The company may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on the company's debt obligations.

Risks Related to Information Technology and Reliance on Third Parties

Any major disruption or failure of the company's information technology systems, or its failure to successfully implement new technology effectively, could adversely affect the company.

The company relies on various information technology systems to manage its operations, and the company has outsourced substantially all of its information technology services to a third party service provider. In January 2023, the company terminated its relationship with the third party service provider. This service provider had contracted with the company to implement, over a multi-year period, modifications and upgrades to the company's systems, including making changes to legacy systems, replacing legacy systems with successor systems with new functionality and acquiring new systems with new functionality. Among other projects, the company engaged this provider to assist in implementing a new enterprise resource planning ("ERP") system across the company. These activities subject the company to inherent risks associated with replacing and upgrading these systems. The company has paused these ERP implementation projects, and further system implementations may be substantially delayed, and the assistance of alternative service providers may be necessary to complete the implementation. As a result, the costs may substantially increase. Even if the ERP systems are successfully implemented, the new systems may not result in productivity improvements at a level that outweighs the risks and burdens of implementation, or at all. In addition, the difficulties with implementing new or upgraded technology systems may cause disruptions in the company's business operations. Any of these developments may have an adverse effect on the company's business and operations.

Cybersecurity threats and more sophisticated and targeted computer crime pose a risk to the company's systems, networks, products and services, and a risk to the company's compliance with data privacy laws.

Global IT security threats and more sophisticated and targeted computer crime pose a risk to the security of the company's systems and networks as well as the confidentiality, protection, availability and integrity of the company's data and any personal data on such networks or systems, including regulatory risks under the EU General Data Protection Regulation (GDPR), the California Consumer Privacy Act (CCPA) and the U.S. Health Insurance Portability and Accountability Act (HIPAA), among other risks. In addition, data security breaches can also occur as a result of a failure by the company or its employees to follow policies, procedures or training, or by acts, omissions or breaches by persons with whom the company has commercial relationships that result in the unauthorized release of personal or confidential information.

Through its sales channels, the company may collect and store personal or confidential information that customers provide to purchase products or services, enroll in promotional programs and register on the company's website, among other reasons. The company may also acquire and retain information about customers, product end users, suppliers and employees in the normal course of business. The company also creates and maintains proprietary information that is critical to its business, such as its product designs and manufacturing processes. In addition to the company's own databases, it uses third-party service providers to store, process and transmit confidential or personal information on its behalf. Although the company contractually requires these service providers to implement and use reasonable security measures and to comply with laws relating to privacy and data protection, the company cannot control third parties and cannot guarantee that a data security breach will not occur in the future either at their location or within their systems. Some of the company’s information technology systems have aged and are no longer supported or maintained by the original system vendors. Despite the company's efforts to secure its systems and networks, and any personal or sensitive information stored thereon, the company could experience a significant data security breach. Computer hackers may attempt to penetrate the company's or its vendors' information systems and, if successful, misappropriate confidential customer, supplier, employee or other business or personal information, including company intellectual property. Third parties could also gain control of company systems and use them for criminal purposes. Depending on their nature and scope, such threats could result in the loss of existing customers, difficulty in attracting new customers, exposure to claims from customers, governmental or data privacy or data protection authorities, financial institutions, payment card associations, employees and other persons, imposition of regulatory sanctions or penalties, incurring of additional expenses or lost revenues, or other adverse consequences, any of which could have a material adverse effect on the company's business and results of operations.

As the company transitions IT services inhouse, disruptions or delays at or by the company’s third-party service providers could adversely impact its operations.

There are risk associated with the transition of IT services as a result of the termination of the Birlasoft Master Services Agreement in January 2023 for breach including but not limited to Birlasoft's failure to meet transformation milestones, failure to provide services, and breach of representations, warranties and covenants in the Master Services Agreement. There may be disruptions in, or delays to the company's IT systems support, which may adversely impact the company’s operations. The company could face increased costs or disruption associated with finding replacement service providers or hiring new employees in order to continue these IT services.

Regulatory and Development Risks

The company remains subject to a consent decree of injunction with the U.S. Food and Drug Administration, and failure by the company to comply with the consent decree could adversely affect the company.

In December 2012, the company became subject to a consent decree of injunction filed by the FDA with respect to the company's Corporate facility and its Taylor Street manufacturing facility in Elyria, Ohio. The consent decree initially limited the company's (i) manufacture and distribution of power and manual wheelchairs, wheelchair components and wheelchair sub-assemblies at or from its Taylor Street manufacturing facility, except in verified cases of medical necessity, (ii) design activities related to wheelchairs and power beds that take place at the impacted Elyria facilities and (iii) replacement, service and repair of products already in use from the Taylor Street manufacturing facility. Under the terms of the consent decree, in order to resume full operations, the company had to successfully complete independent, third-party expert certification audits at the impacted Elyria facilities, comprising three distinct certification reports separately submitted to, and accepted by, the FDA; submit its own report to the FDA; and successfully complete a reinspection by the FDA of the company's Corporate and Taylor Street facilities.

On July 24, 2017, following its reinspection, the FDA notified the company that it was in substantial compliance with the QSR and the Federal Food, Cosmetic & Drug Act (The FDA Act), the FDA regulations and the terms of the consent decree that the company was permitted to resume full operations at those facilities including the resumption of unrestricted sales of products made in those facilities.

The consent decree will continue in effect for a minimum of five years from July 24, 2017, during which time the company's Corporate and Taylor Street facilities must complete two semi-annual audits in the first year and then four annual audits in the next four years performed by an independent company retained audit firm. The expert audit firm will determine whether the facilities remain in continuous compliance with the FDA Act, regulations and the terms of the consent decree. Thus far, the two semi-annual audits and the first three annual audits have been completed successfully. The FDA has the authority to inspect these facilities and any other FDA registered facility, at any time.

In 2021, FDA conducted an inspection of the company’s Corporate and Taylor Street facilities from May 25 through June 24, 2021. At the close of the inspection, six FDA Form 483 observations were issued, and the company timely responded to FDA, has diligently taken actions to address FDA’s inspectional observations, and has provided FDA monthly updates on the corrective actions taken to address these observations. On November 18, 2021, the company received a warning letter from the FDA, which we refer to as the Warning Letter, concerning certain of the inspectional observations in the June 2021 FDA Form 483 related to the complaint handling process, the corrective and preventive action, or CAPA, process, and medical device reporting, or MDR, associated with oxygen concentrators. On November 16, 2021, the company received a consent decree non-compliance letter from the FDA concerning the same complaint and CAPA handling matters as in the Warning Letter observations but associated with the Taylor Street products, which letter we refer to together with the Warning Letter as the FDA Letters. The company timely responded to the FDA Letters, has diligently taken actions to address FDA's concerns, and has provided FDA with periodic updates on the corrective actions taken to address the matters in the FDA Letters. The company remains committed to resolving the FDA's concerns; however, it is not possible to predict the outcome or timing of a resolution at this time. There can be no assurance that the FDA will be satisfied with the company's responses to the FDA Letters, nor any assurance as to the timeframe that may be required for the company to adequately address the FDA's concerns or whether the matters in the FDA Letters will result in an extension in the duration of the consent decree. See "Item 1. Business – Government Regulation– 2012 Consent Decree, Taylor Street and Corporate Facilities" for further discussion of the FDA Letters.

The FDA conducted an inspection at the company's Corporate and Taylor Street facilities from March 1 through March 30, 2023. At the conclusion of the inspection, two FDA Form 483 observations were issued. The company intends to timely respond to the FDA and address the observations. There can be no assurance that the FDA will be satisfied with the company's responses to the FDA Form 483 observations.

The FDA also has the authority to order the company to take a wide variety of remedial actions if the FDA finds that the company is not in compliance with the consent decree or FDA regulations. The FDA also has authority under the consent decree to assess liquidated damages for any violations of the consent decree, FDA regulations or the FDA Act. Any such failure by the company to comply with the consent decree, the FDA Act or FDA regulations, or any need to complete significant remediation as a result of any such audits or inspections, or actions taken by the FDA as a result of any such failure to comply, could have a material adverse effect on the company's business, financial condition, liquidity or results of operations.

The limitations previously imposed by the FDA consent decree negatively affected net sales in the North America segment and, to a certain extent, the Asia Pacific region beginning in 2012. The limitations led to delays in new product introductions. Further, uncertainty regarding how long the limitations would be in effect limited the company's ability to renegotiate and bid on certain customer contracts and otherwise led to a decline in customer orders.

Although the company has been permitted to resume full operations at the Corporate and Taylor Street facilities, the negative effect of the consent decree on customer orders and net sales in the North America segment and Asia Pacific region has been considerable, and it is uncertain as to whether, or how quickly, the company will be able to rebuild net sales to more typical historical levels, irrespective of market conditions. Accordingly, when compared to the company's 2010 results, the previous limitations in the consent decree had, and likely may continue to have, a material adverse effect on the company's business, financial condition and results of operations. Refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Any failure by the company to comply with medical device regulatory requirements or receive regulatory clearance or approval for the company's products or operations in the United States or abroad could adversely affect the company's business.

The company's medical devices are subject to extensive regulation in the United States by the FDA, and by similar governmental authorities in the foreign countries where the company does business. The FDA regulates virtually all aspects of a medical device's development, testing, manufacturing, labeling, promotion, distribution and marketing. In addition, the company is required to file reports with the FDA if the company's products may have caused, or contributed to, a death or serious injury, or if they malfunction and would be likely to cause, or contribute to, a death or serious injury if the malfunction were to recur. In general, unless an exemption applies, the company's mobility products must receive a pre-market clearance from the FDA before they can be marketed in the United States. The FDA also regulates the export of medical devices to foreign countries. The company cannot be assured that any of the company's devices, to the extent required, will be cleared by the FDA through the pre-market clearance process or that the FDA will provide export certificates that are necessary to export certain of the company's products for sale in certain foreign countries. If the company is unable to obtain export certificates for its products, it will limit the company's ability to support foreign markets with such products, which may have an adverse impact on the company's business and results of operations.

Additionally, the company is required to obtain pre-market clearances to market modifications to the company's existing products or market its existing products for new indications. The FDA requires device manufacturers themselves to make and document a determination as to whether a modification requires a new clearance; however, the FDA can review and disagree with a manufacturer's decision. The company may not be successful in receiving clearances in the future or the FDA may not agree with the company's decisions not to seek clearances for any particular device modification. The FDA may require a clearance for any past or future modification or a new indication for the company's existing products. Such submissions may require the submission of additional data and may be time consuming and costly, and ultimately, may not be cleared by the FDA.

If the FDA requires the company to obtain pre-market clearances for any modification to a previously cleared device, the company may be required to cease manufacturing and marketing the modified device or to recall the modified device until the company obtains FDA clearance, and the company may be subject to significant regulatory fines or penalties. In addition, the FDA may not clear these submissions in a timely manner, if at all. The FDA also may change its policies, adopt additional regulations or revise existing regulations, each of which could prevent or delay pre-market clearance of the company's devices, or could impact the company's ability to market a device that was previously cleared. Any of the foregoing could adversely affect the company's business.

Any failure by the company to comply with the regulatory requirements of the FDA and other applicable U.S. regulatory requirements may subject the company to administrative or judicially imposed sanctions. These sanctions include warning letters, civil penalties, criminal penalties, injunctions, consent decrees, product seizure or detention, product recalls and total or partial suspension of production, any of which could materially adversely affect the company's business, financial condition, liquidity and results of operations. In November 2021, the company received the FDA Letters, and in March 2023, the company received two FDA Form 483 observations. See the preceding risk factor “The company remains subject to a consent decree of injunction with the U.S. Food and Drug Administration, and failure by the company to comply with the consent decree could adversely affect the company” and “Item 1. Business – Government Regulation – 2012 Consent Decree, Taylor Street and Corporate Facilities.”

As part of its regulatory function, the FDA routinely inspects the facilities of medical device companies and has continued to actively inspect the company's facilities, other than through the processes established under the consent decree. The company expects that the FDA will from time to time, inspect substantially all the company's domestic and foreign FDA-registered operational facilities and may do so repeatedly. The results of regulatory claims, proceedings or investigations are difficult to predict. An unfavorable resolution or outcome of any matter that may arise out of any FDA inspection of the company's facilities, including, for example, the matters in the FDA Letters, could materially and adversely affect the company's business, financial condition, liquidity and results of operations.

In many of the foreign countries in which the company manufactures or markets its products, the company is subject to extensive medical device regulations that are similar to those of the FDA, including those in Europe. The regulation of the company's products in Europe falls primarily within the United Kingdom (“UK”) and the European Economic Area, which consists of the European Union member states, as well as Iceland, Liechtenstein and Norway. Only medical devices that comply with certain conformity requirements of the European Medical Device Regulation (“EMDR”) are allowed to be marketed within the European Economic Area and the United Kingdom. The company's Class I products were required to comply with the EMDR as of May 2021. Class IIa and IIb products are required to comply with the EMDR by no later than the expiration of their respective current Medical Device Directive (“MDD”) certifications, which will begin to expire in September 2023. Products that fail to be certified with the EMDR may not be marketed or sold in the European Union. As a result of Brexit, beginning on January 1, 2021, the company's products sold in Great Britain have been required to be registered with the Medical and Healthcare Products Regulatory Agency (“MHRA”) and the company is required to appoint an Authorized Representative (“AR”) in the UK. Products in conformity with the MDD may continue to be marked with their CE marking in the UK until June 2023, after which time products must be certified by a UK recognized Notified Body. In addition, beginning May 26, 2021, the company's products sold in Switzerland have been required to be registered with Swissmedic and the company is required to appoint an AR in Switzerland. In addition, the national health or social security organizations of certain foreign countries, including those outside Europe, require the company's products to be qualified before they can be marketed in those countries. Failure to receive, or delays in the receipt of, relevant foreign qualifications in the European Economic Area, the UK, Switzerland or other foreign countries could have a material adverse effect on the company's business. The company and its products are subject to registration requirements and regulations in various states and political subdivisions inside and outside of the United States. Failure by the company to comply with these requirements and regulations could have an adverse effect on the company or its business.

Under the EMDR and MDD, Notified Bodies have the right to conduct unannounced audits. Under the EMDR, the company will be subject to annual audits by a Notified Body for its Class IIa and IIb products, which would include on-site audits of the company's facilities in Elyria, Ohio and unannounced audits at least once every five years. In addition, the relevant regulatory authorities in various European countries may conduct audits of the company's facilities. Any significant findings from any such audits may impact the company's ability to manufacture or market certain products in those markets, or result in other unfavorable outcomes, that could materially and adversely affect the company's business.

If the company fails to comply with applicable health care laws or regulations, the company could suffer severe civil or criminal sanctions or may be required to make significant changes to the company's operations.

The company sells its products principally to medical equipment and home health care providers who resell or rent those products to consumers. Many of those providers (the company's customers) are reimbursed by third-party payors, including Medicare and Medicaid, for the company products sold to their customers and patients. The U.S. federal government and the governments in the states and other countries in which the company operates regulate many aspects of the company's business and the business of the company's customers. As a part of the health care industry, the company and its customers are subject to extensive government regulation, including numerous laws directed at preventing fraud and abuse and laws regulating reimbursement under various government programs. The marketing, invoicing, documenting and other practices of health care suppliers and manufacturers are all subject to government scrutiny. Government agencies periodically open investigations and obtain information from health care suppliers and manufacturers pursuant to the legal process. Violations of law or regulations can result in severe administrative, civil and criminal penalties and sanctions, including disqualification from Medicare and other reimbursement programs, which could have a material adverse effect on the company's business. While the company has established numerous policies and procedures to address compliance with these laws and regulations, there can be no assurance that the company's efforts will be effective to prevent a material adverse effect on the company's business from noncompliance issues.

Health care is an area of rapid regulatory change. Changes in the law and new interpretations of existing laws may affect permissible activities, the costs associated with doing business, and reimbursement amounts paid by federal, state and other third-party payors, all of which may affect the company and its customers. The company cannot predict the future of federal, state and local regulation or legislation, including Medicare and Medicaid statutes and regulations, or possible changes in health care policies in any country in which the company conducts business. Future legislation and regulatory changes could have a material adverse effect on the company's business.

Legislative developments in all regions in which the company operates may adversely affect the company.

Future healthcare legislation, including any significant reform of existing healthcare laws, whether in the U.S. or in our other global markets, along with any programs implemented by such laws, whether at a federal or state level, may reduce reimbursements for the company's products, may impact the demand for the company's products and may impact the prices at which the company sells its products. Such changes could have a material adverse effect on the company's business, results of operations and/or financial condition.

Intellectual Property Risks

The company's operating results and financial condition could be adversely affected if the company becomes involved in litigation regarding its patents or other intellectual property rights.

Litigation involving patents and other intellectual property rights is common in the company's industry, and other companies within the company's industry have used intellectual property litigation in an attempt to gain a competitive advantage. The company has been a party to lawsuits involving patents or other intellectual property. If the company were to receive an adverse judgment in any such proceeding, a court or a similar foreign governing body could invalidate or render unenforceable the company's owned or licensed patents, require the company to pay significant damages, seek licenses and/or pay ongoing royalties to third parties, require the company to redesign its products, or prevent the company from manufacturing, using or selling its products, any of which could have an adverse effect on the company's results of operations and financial condition. The company has brought actions against third parties for infringement of the company's intellectual property rights. The company may not succeed in these actions. The defense and prosecution of intellectual property actions and lawsuits in the courts, proceedings before the U.S. Patent and Trademark Office or its foreign equivalents and related legal and administrative proceedings are both costly and time consuming. Protracted litigation to defend, prosecute or enforce the company's intellectual property rights could seriously detract from the time the company's management would otherwise devote to running its business. Intellectual property litigation relating to the company's products could cause its customers or potential customers to defer or limit their purchase or use of the affected products until resolution of the litigation.

If the company is unable to protect its intellectual property rights or resolve successfully claims of infringement brought against it, the company's product sales and business could be affected adversely.

The company's business depends in part on its ability to establish, protect, safeguard and enforce its intellectual property and contractual rights and to defend against any claims of infringement, both of which involve complex legal, factual and marketplace uncertainties. The company relies on a combination of patent, trade secret, copyright and trademark law and security measures to protect its intellectual property, but effective intellectual property protection may not be available in all places that the company sells its products or services, particularly in certain foreign jurisdictions, and patents provide protection for finite time periods. In addition, the company uses nondisclosure, confidentiality agreements and invention assignment agreements with many of its employees, and nondisclosure and confidentiality agreements with certain third parties, in an effort to help protect its proprietary technology and know-how. If these agreements are breached or the company's intellectual property is otherwise infringed, misappropriated or violated, the company may have to rely on litigation to enforce its intellectual property rights. If any of these measures are unsuccessful in protecting the company's intellectual property, the company's business may be affected adversely.

In addition, the company may face claims of infringement, misappropriation or other violation of third parties' intellectual property that could interfere with its ability to use technology or other intellectual property rights that are material to the company's business operations. In the event that a claim of infringement, misappropriation or other violation against the company is successful, the company may be required to pay royalties or license fees to continue to use technology or other intellectual property rights that the company was using, or the company may be unable to obtain necessary licenses from third parties at a reasonable cost or within a reasonable time. If the company is unable to obtain licenses on reasonable terms, it may be forced to cease selling or using the products that incorporate the challenged intellectual property, or to redesign or, in the case of trademark claims, rename its products to avoid infringing the intellectual property rights of third parties, which may not be possible, or if possible, may be time-consuming. Any litigation of this type, whether successful or unsuccessful, could result in substantial costs to the company and adversely affect the company's business and financial condition.

The company also holds patent and other intellectual property licenses from third parties for some of its products and on technologies that are necessary in the design and manufacture of some of the company's products. The loss of these licenses could prevent the company from, or could cause additional disruption or expense in, manufacturing, marketing and selling these products, which could harm the company's business.

Manufacturing and Supply Risks

Decreased availability or increased costs of materials could increase the company's costs of producing its products.

The company purchases raw materials, fabricated components, some finished goods and services from a variety of suppliers. Raw materials such as plastics, steel and aluminum, purchased electronics and other components are considered key raw materials. Where appropriate, the company employs contracts with its suppliers, both domestic and international. From time to time, however, the prices, availability, or quality of these materials fluctuate due to global market demands, import duties and tariffs, delays or interruptions in production or delivery, including shipping and logistics disruptions or economic conditions, which could impair the company's ability to procure necessary materials or increase the cost of these materials. For example, global shortages of microprocessors for production of printed circuit boards have had, and may continue to have, an adverse effect on the company's ability to produce its products. Inflationary and other increases in costs of these materials have occurred in the past and may recur from time to time. In addition, freight costs associated with shipping and receiving product are impacted by fluctuations in the cost of oil and gas. A reduction in the supply or increase in the cost or change in quality of those materials or transportation costs, could impact the company's ability to manufacture its products and could increase the cost of production, which could negatively impact the company's revenues and profitability. For example, the tariffs on steel and aluminum on a wide range of products and components imported from China imposed by the U.S. as well as material cost increases imposed by domestic suppliers influenced by the tariffs, have had, and may continue to have, a significant adverse effect on the company's cost of product. The company's actions to date have greatly reduced the impact of tariffs. However, if the company is unsuccessful in mitigating the impact of tariffs in the future, its revenues, profitability and results of operations may continue to be adversely affected.

Inflationary economic conditions have increased, and may continue to increase, the company’s costs of producing its products.

The company’s products are manufactured using various metals and other commodity-based materials, including, steel and aluminum. Additionally, the company uses certain component parts, such as microprocessors, which may be in short supply and difficult or costly to obtain. Freight and labor costs also are significant elements of the company’s production costs. Inflationary economic conditions increase these various costs. If the company is unable to mitigate inflationary increases through customer pricing actions, alternative supply arrangements or other cost reduction initiatives, its profitability may be adversely affected.

The company has fixed-price contracts with certain of its customers, which could subject the company to losses if it has cost overruns. While fixed price contracts enable the company to benefit from performance improvements, cost reductions and efficiencies, they also subject the company to the risk of reduced margins or incurring losses if the company is unable to achieve estimated costs and revenues. This risk is further exacerbated when inflationary economic conditions persist.

Geopolitical risks, such as those associated with the military conflict in Ukraine, could result in increased market volatility and uncertainty, which could negatively impact the company's business, financial condition, and results of operations.

The uncertain nature, magnitude, and duration of hostilities stemming from Russia's military invasion of Ukraine, including the potential effects of sanctions limitations, retaliatory cyber-attacks on the world economy and markets, and potential shipping delays, have contributed to increased market volatility and uncertainty, which could have an adverse impact on macroeconomic factors that affect the company's business. As a result of the military conflict in Ukraine, the United States, the United Kingdom and the European Union governments, among others, have developed coordinated economic and financial sanctions packages. As the military conflict in Ukraine continues, there can be no certainty regarding whether such governments or other governments will impose additional sanctions, or other economic or military measures against Russia.

The impact of the military conflict in Ukraine, including economic sanctions or expanded war or military conflict, as well as potential responses to them by Russia, could adversely affect the company's business, supply chain, suppliers or customers. In addition, the continuation or expansion of the military conflict in Ukraine could lead to other disruptions, instability and volatility in global markets and industries that could negatively impact the company's operations. It is not possible to predict the broader consequences of this conflict, which could include further sanctions, embargoes, regional instability, geopolitical shifts and adverse effects on macroeconomic conditions, the availability of raw materials, supplies, freight and labor, currency exchange rates and financial markets, all of which could impact the company's business, financial condition and results of operations.

The company's ability to manage an effective supply chain is a key success factor.

The company needs to manage its supply chain efficiently from sourcing to manufacturing and distribution. Successful supply chain management is based on building strong supplier relationships, built on conforming, quality products delivered on-time and at a fair price and operating efficiency. Cost reduction efforts depend on the company's execution of global and regional product platforms that create leverage in sourcing. If the company's supply chain management or cost reduction optimization efforts are ineffective, or if the supply chain continues to be adversely affected by disruption due to shortages, trade barriers or other factors, the company's revenues and profitability can be negatively impacted.

As the company outsources functions, it becomes more dependent on the entities performing those functions.

As part of its actions to improve business efficiency, the company has sought opportunities to provide essential business services in a more cost-effective manner. In some cases, this results in the outsourcing of functions or parts of functions that can be performed more effectively by external service providers. While the company believes it conducts appropriate diligence before entering into agreements with any outsourcing entity, the failure of one or more of such entities to meet the company's performance standards and expectations, including with respect to service levels, data security, compliance with data protection and privacy laws, providing services on a timely basis or providing services at the prices the company expects, may have an adverse effect on the company's results of operations or financial condition. In addition, the company could face increased costs or disruption associated the outsource of those services. The company may outsource other functions in the future, which would increase its reliance on third parties.

Other Regulatory and Litigation Risks

The company is subject to certain risks inherent in managing and operating businesses in many different foreign jurisdictions.

The company has significant international operations, including operations in Australia, Canada, New Zealand, Mexico, Asia (primarily Thailand) and Europe. There are risks inherent in operating and selling products internationally, including:

- different regulatory environments and reimbursement systems;
- difficulties in enforcing agreements and collecting receivables through certain foreign legal systems;

- foreign customers who may have longer payment cycles than customers in the United States;
- fluctuations in foreign currency exchange rates;
- tax rates in certain foreign countries that may exceed those in the United States and foreign earnings that may be subject to withholding requirements;
- the imposition of tariffs, exchange controls or other trade restrictions including transfer pricing restrictions when products produced in one country are sold to an affiliated entity in another country;
- potential adverse changes in trade agreements between the United States and foreign countries, including the United States-Mexico-Canada Agreement (USMCA);
- potential adverse changes in economic and political conditions in countries where the company operates or where end-users of the company's products reside, or in their diplomatic relations with the United States;
- government control of capital transactions, including the borrowing of funds for operations or the expatriation of cash;
- potential adverse tax consequences, including those that may result from new United States tax laws, rules, regulations or policies;
- security concerns and potential business interruption risks associated with political and/or social unrest, or public health crisis, in foreign countries where the company's facilities or assets are located;
- the potential effects of geopolitical conflicts, such as the military conflict between Russia and Ukraine, including retaliatory and regulatory actions, in response to such conflicts;
- difficulties associated with managing a large organization spread throughout various countries;
- difficulties in enforcing intellectual property rights and weaker intellectual property rights protection in some countries;
- required compliance with a variety of foreign laws and regulations; and
- differing consumer product preferences.

The factors described above also could disrupt the company's product manufacturing and assembling operations or its key suppliers located outside of the United States or increase the cost to the company of conducting those operations or using those suppliers. For example, the company relies on its manufacturing operation in Mexico and suppliers in China and other countries to produce its products or components, and the global COVID-19 pandemic resulted in interruptions in production and supply of components and product on a global basis. Disruptions in, or increased costs related to, the company's foreign operations, particularly in Mexico, may impact the company's revenues and profitability. The factors described above also or the failure of the company to adequately comply with regulatory and legal requirements in foreign countries could adversely affect the company’s ability to sell its products in those foreign countries or could subject the company to fines, penalties, or other adverse legal or regulatory enforcement.

The company's products may be subject to product liability claims or recalls, which could be costly, harm the company's reputation and adversely affect its business.

The manufacture and sale of medical devices and related products exposes the company to a significant risk of product liability claims. From time to time, the company has been, and currently is, subject to a number of product liability claims alleging that the use of the company's products has resulted in serious injury or even death.

Even if the company is successful in defending against any liability claims, these claims could nevertheless distract the company's management, result in substantial costs, harm the company's reputation, adversely affect the sales of all the company's products and otherwise harm the company's business. If there is a significant increase in the number of product liability claims, the company's business could be adversely affected.

The company was self-insured in North America for annual policy losses up to $10,000,000 per occurrence and $13,000,000 in the aggregate. The company also has additional layers of external insurance coverage, related to all lines of insurance coverage, insuring up to $75,000,000 in aggregate losses per policy year arising from individual claims anywhere in the world that exceed the captive insurance company policy limits or the limits of the company's per country foreign liability limits, as applicable. There can be no assurance that Invacare's current insurance levels will continue to be adequate or available at affordable rates.

Product liability reserves are recorded for individual claims based upon historical experience, industry expertise and indications from the third-party actuary. Additional reserves, in excess of the specific individual case reserves, are provided for incurred but not reported claims based upon actuarial valuations at the time such valuations are conducted. Historical claims experience and other assumptions are taken into consideration to estimate the ultimate reserves. For example, the actuarial analysis assumes that historical loss experience is an indicator of future experience, that the distribution of exposures by geographic area and nature of operations for ongoing operations is expected to be very similar to historical operations with no dramatic changes and that the government indices used to trend losses and exposures are appropriate. Estimates made are adjusted on a regular basis and can be impacted by actual loss awards and settlements on claims. While actuarial analysis is used to help determine adequate reserves, the company is responsible for the determination and recording of adequate reserves in accordance with accepted loss reserving standards and practices. If the company's reserves are not adequate to cover actual claims experience, the company's financial results could be adversely affected.

In addition, as a result of a product liability claim or if the company's products are alleged to be defective, the company may have to recall some of its products, may have to incur significant costs or may suffer harm to its business reputation.

The company is subject to ongoing medical device reporting regulations that require the company to report to the FDA or similar governmental authorities in other countries if the company's products cause, or contribute to, death or serious injury, or if they malfunction and would be likely to cause, or contribute to, death or serious injury if the malfunction were to recur. If a deficiency, defect in design or manufacturing or defect in labeling is discovered, the company may voluntarily elect to recall or correct the company's products. In addition, the FDA and similar regulatory authorities in other countries could force the company to do a field correction or recall of the company's products in the event of material deficiencies or defects in design or manufacturing. A government mandated or voluntary recall or field correction by the company could occur for various reasons, such as component failures, manufacturing errors or design defects, including defects in labeling. Any recall or field correction could divert managerial and financial resources and could harm the company's reputation with its customers, product users and the health care professionals that use, prescribe and recommend the company's products. The company could have product recalls or field actions that result in significant costs to the company in the future, and these actions could have a material adverse effect on the company's business. The company could have difficulty in implementing product recalls or field corrections in countries in which the company lacks adequate resources, facilities or personnel, and the failure to comply with the recall or field correction requirements of foreign governmental authorities could have an adverse impact on the company.

Other Risk Factors - Other Financial Risks, Risks Related to Employees and the Company's Common Shares

The company has long-term finance leases on significant facilities which can affect the company's liquidity and cash flow.

Under the terms of the real estate leases for the company’s facilities in Elyria and North Ridgeville, Ohio, and Sanford, Florida, defaults by the company under any one of such leases, would trigger a cross default under all related leases with the owner/landlord. The company also has a finance lease for its Albstadt, Germany facility. Should a default by the company occur, there could be a material adverse effect on the company's business, operations, financial condition or liquidity.

The company's revenues and profits are subject to exchange rate and interest rate fluctuations which can affect the company's profitability and cash flow.

Currency exchange rates are subject to fluctuation due to, among other things, changes in local, regional or global economic conditions, the imposition of currency exchange restrictions and unexpected changes in regulatory or taxation environments. The predominant currency used by the company's subsidiaries outside the U.S. to transact business is the functional currency used for each subsidiary. Through the company's international operations, the company is exposed to foreign currency fluctuations, and changes in exchange rates can have a significant impact on net sales and elements of cost. The company conducts a significant number of transactions in currencies other than the U.S. dollar. In addition, because certain of the company's costs and revenues are denominated in other currencies, such as those from its European operations, the company's results of operations are exposed to foreign exchange rate fluctuations as the financial results of those operations are translated from local currency into U.S. dollars upon consolidation. For example, in prior years, the devaluation of the Euro had a negative impact on the translation of company's European segment net income into U.S. dollars, and the foreign currency impact of Brexit in the U.K. had a negative impact on acquisition of dollar and Euro denominated goods in the U.K. If other countries also exit the European Union, similar negative impacts may result. In addition, in light of the military conflict between Russia and Ukraine and the resulting tensions between the European Union, other European countries, as well as the United States, with Russia, any resulting material change to the valuation of the Euro relative to the U.S. dollar could adversely impact the company's operating results.

While historically the company used foreign exchange forward contracts to help reduce its exposure to transactional exchange rate risk, as a result of the bankruptcy filing in the U.S. in 2023, the company is not able to enter into such transactions with their commercial banking partners. As a result, the company's revenues and profitability may be materially adversely affected by exchange rate fluctuations. The company does not have any arrangements that mitigate the company's exposure to foreign exchange translation risk and does not believe that any meaningful arrangement to do so is available to the company.

The company also is exposed to market risk through various financial instruments, including fixed rate and floating rate debt instruments. The company does at times use interest rate swap contracts to mitigate its exposure to interest rate fluctuations, but those efforts may not adequately protect the company from significant interest rate risks. Interest on some of the company's debt was based on the London Interbank Offered Rate (LIBOR) and has transitioned to being based primarily on the Secured Overnight Financing Rate (SOFR). These interest rates have been historically low but the company's borrowing rate has been negatively impacted by several rate increases implemented by the U.S. Treasury department in 2022. Increases in SOFR could have a significant impact on the company's reported interest expense, to the extent that the company has outstanding borrowings subject to SOFR-based interest rates.

Additional tax expense or additional tax exposures could affect the company's future profitability and cash flow.

The company is subject to income taxes in the United States and various non-U.S. jurisdictions. The domestic and international tax liabilities are dependent upon the allocation of income among these different jurisdictions. The company's tax expense includes estimates of additional tax which may be incurred for tax exposures and reflects various other estimates and assumptions. In addition, the assumptions include assessments of future earnings of the company that could impact the valuation of its deferred tax assets. The company's future results of operations could be adversely affected by changes in the company's effective tax rate which could result from changes in the mix of earnings in countries with differing statutory tax rates, changes in the overall profitability of the company, changes in tax legislation and rates, changes in generally accepted accounting principles, changes in the valuation of deferred tax assets and liabilities, the results of audits and examinations of previously filed tax returns and continuing assessments of its tax exposures. Corporate tax reform and tax law changes continue to be analyzed in many jurisdictions, including the potential impacts of new United States tax laws, rules, regulations or policies, and any legislation or regulations which may result from those policies.

The Tax Cuts and Jobs Act (“Tax Act”) was enacted on December 22, 2017. The Tax Act significantly revamped U.S. taxation of corporations, including a reduction of the federal income tax rate from 35% to 21%, a limitation on interest deductibility, and a new tax regime for foreign earnings. The limitation on interest deductibility, the new U.S. taxes on accumulated and future foreign earnings, other adverse changes resulting from the Tax Act, or a change in the mix of domestic and foreign earnings, might offset the benefit from the reduced tax rate, and the company's future effective tax rates and/or cash taxes may increase, even significantly, or not decrease much, compared to recent or historical trends. Many of the provisions of the Tax Act are highly complex and may be subject to further interpretive guidance from the IRS or others. Some of the provisions of the Tax Act may be changed by a future Congress or challenged by the World Trade Organization (“WTO”) or be subject to trade or tax retaliation by other countries. Although the company cannot predict the nature or outcome of such future interpretive guidance, or actions by a future Congress, WTO or other countries, they could adversely impact the company's financial condition, results of operations and cash flows.

The company's ability to use net operating losses carryforwards (“NOLs”) may become subject to limitation, or may be reduced or eliminated, in connection with the implementation of a plan of reorganization. The Bankruptcy Court has entered and order that is designated to protect our NOLs until a plan of reorganization is consummated.

Generally, a company generates NOLs if the operating expenses it has incurred exceed the revenues it has earned during a single tax year. A company may apply, or “carry forward,” NOLs to reduce future tax payments (subject to certain conditions and limitations). To date, the company has generated a significant amount of U.S. federal NOLs.

We expect that we may undergo an ownership change under Section 382 of the Code in connection with the consummation of a plan of reorganization. Nevertheless, we believe these NOLs are a valuable asset for us, particularly in the context of the Chapter 11 Cases. In February 2023, the Bankruptcy Court entered an order that sets forth procedures (including notice requirements) that certain shareholders and potential shareholders must comply with regarding transfers of, or declarations of worthlessness with respect to, our common stock, as well as certain obligations with respect to notifying us of current share ownership (the “Procedures”). The Procedures are designed to reduce the likelihood of an “ownership change” occurring prior to the consummation of a bankruptcy plan of reorganization, both to ensure that our NOLs (and other tax attributes) are available to address the immediate tax consequences of any such bankruptcy plan of reorganization and to preserve the potential ability to rely on certain rules that apply to ownership changes occurring as a result of a bankruptcy plan of reorganization. However, there is no assurance that the Procedures will prevent all transfers that could result in such an “ownership change.”

In addition, our NOLs (and other tax attributes) may be subject to use in connection with the implementation of any bankruptcy plan of reorganization or reduction as a result of any cancellation of indebtedness income arising in connection with the implementation of any bankruptcy plan of reorganization. As such, at this time, there can be no assurance that we will have NOLs to offset future taxable income.

The company's reported results may be adversely affected by increases in reserves for uncollectible accounts receivable.

The company has a large balance of accounts receivable and has established a reserve for the portion of such accounts receivable that the company estimates will not be collected because of the company's customers' non-payment. The specific reserve is based on historical trends and a general reserve is recorded to capture macroeconomic trends.

The inability to attract and retain, or loss of the services of, the company's key management and personnel could adversely affect its ability to operate the company's business.

The company's future success will depend, in part, upon the continued service of key managerial, engineering, marketing, sales and technical and operational personnel. In addition, the company's future success will depend on its ability to continue to attract and retain highly qualified personnel, including personnel experienced in sales, supply chain, marketing and manufacturing of medical equipment and in quality systems and regulatory affairs. As a result of the bankruptcy filing, the company may have difficulty in attracting and retaining key employees. If the company is not successful in retaining its current personnel or in hiring or retaining qualified personnel in the future, the company's business may be adversely affected. The company's future success depends, to a significant extent, on the abilities and efforts of its executive officers and other members of its management team, such as the company's President and Chief Executive Officer and its Senior Vice President and Chief Financial Officer, as well as other members of its management team. The company had significant turnover in personnel in recent years, which has been exacerbated by the company's financial condition and bankruptcy, and as a result, the company cannot be certain it can adequately recruit, hire and retain personnel or that its executive officers and other key employees will continue in their respective capacities for any period of time, and these employees may be difficult to replace. If the company loses the services of any of its management team or other key personnel, the company's business may be adversely affected.

Item 1B. Unresolved Staff Comments.

None.

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Item 2. Properties.

The company owns or leases its manufacturing facilities, warehouses and offices and believes that these facilities are well maintained, adequately insured and suitable for their present and intended uses. Information concerning certain leased facilities of the company as of December 31, 2022 is set forth in Leases and Commitments in the Notes to the Consolidated Financial Statements of the company included in this report. The company's corporate headquarters is in Elyria, Ohio and a summary of the company's materially important properties by segment is as follows:

	Owned		Leased	
	Number	Square Feet	Number	Square Feet
Manufacturing Facilities				
Europe	2	305,146	5	507,675
North America	1	152,256	6	463,856
	3	457,402	11	971,531
Warehouse and Office Facilities				
Europe	2	33,444	39	422,484
North America	—	—	11	329,742
All Other (Asia Pacific)	—	—	4	32,616
	2	33,444	54	784,842

Item 3. Legal Proceedings.

On January 31, 2023 (the "Petition Date"), the company and two of its U.S. subsidiaries (collectively, the "Debtors" or "Company Parties") filed voluntary petitions under chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"). The Debtors obtained joint administration of their chapter 11 cases under the caption *In re Invacare Corporation, et al.*, Case No. 23-90068 (CML) (the "Chapter 11 Cases"). See Item 1. Business — Bankruptcy and Item 1A. Risk Factors — Bankruptcy.

In the ordinary course of its business, the company is a defendant in a number of lawsuits, primarily product liability actions in which various plaintiffs seek damages for injuries allegedly caused by defective products. All the product liability lawsuits that were asserted against the company in the United States had been referred to the company's captive insurance company, Invatection Insurance Company ("Invatection"), and/or excess insurance carriers. All non-U.S. lawsuits have been referred to the company's commercial insurance carriers. All such lawsuits are generally contested vigorously. The coverage territory of the company's insurance is worldwide with the exception of those countries with respect to which, at the time the product is sold for use or at the time a claim is made, the U.S. government has suspended or prohibited diplomatic or trade relations. On January 31, 2023, the company entered into a Commutation and Release Agreement with Invatection pursuant to which, among other things, the company assumed all outstanding insured claims and cancelled the captive insurance policy. The company will self-insure product liability claims for the first $10 million per claim beyond which the company has commercial excess liability insurance coverage. Management does not believe that the outcome of any of these actions will have a material adverse effect upon the company's business or financial condition.

In December 2012, the company became subject to a consent decree of injunction filed by the FDA in the U.S. District Court for the Northern District of Ohio with respect to the company's Corporate facility and its Taylor Street manufacturing facility in Elyria, Ohio. On July 24, 2017, following its reinspection of the Corporate and Taylor Street facilities, FDA notified the company that it was in substantial compliance with the FDA Act, FDA regulations and the terms of the consent decree and that the company was permitted to resume full operations at those facilities, including the resumption of unrestricted sales of products made in those facilities.

Since July 24, 2017, an independent company-retained audit firm conducted two semi-annual audits in the first year and then four annual audits in the next four years of the company's Corporate and Taylor Street facilities, as required under the consent decree. The expert audit firm determined that the facilities remained in continuous compliance with the Federal Food, Drug and Cosmetic Act ("FDA Act"), FDA regulations and the terms of the consent decree and issued post-audit reports contemporaneously to the FDA.

The FDA has the authority to inspect the Corporate and Taylor Street facilities, and any other FDA registered facility, at any time. The FDA also has the authority to order the company to take a wide variety of actions if the FDA finds that the company is not in compliance with the consent decree, FDA Act or FDA regulations, including requiring the company to cease all operations relating to Taylor Street products. The FDA also can order the company to undertake a partial cessation of operations or a recall, issue a safety alert, public health advisory, or press release, or to take any other corrective action the FDA deems necessary with respect to Taylor Street products.

The FDA also has authority under the consent decree to assess liquidated damages of $15,000 per violation per day for any violations of the consent decree, FDA Act or FDA regulations. The FDA also may assess liquidated damages for shipments of adulterated or misbranded devices in the amount of twice the sale price of any such adulterated or misbranded device. The liquidated damages, if assessed, are limited to a total of $7,000,000 for each calendar year. The authority to assess liquidated damages is in addition to any other remedies otherwise available to the FDA, including civil money penalties.

In November 2021, the company received a Warning Letter from the FDA concerning certain of the June 2021 FDA Form 483 inspectional observations related to the complaint handling, CAPA and MDR processes, associated with oxygen concentrators. The company also received a consent decree non-compliance letter from the FDA concerning the same complaint and CAPA handling matters as in the Warning Letter but associated with the Taylor Street products. The company timely responded to the FDA Letters, has diligently taken actions to address FDA's concerns, and has provided FDA with periodic updates on the corrective actions taken to address the matters in the FDA Letters. The company remains committed to resolving the FDA's concerns; however, it is not possible to predict the outcome or timing of a resolution at this time. There can be no assurance that the FDA will be satisfied with the company's responses to the FDA Letters, nor any assurance as to the timeframe that may be required for the company to adequately address the FDA's concerns or whether the matters in the FDA Letters will result in an extension in the duration of the consent decree. See "Item 1A. Risk Factors Regulatory and Development Risks –The company remains subject to a consent decree of injunction with the U.S. Food and Drug Administration, and failure by the company to comply with the consent decree could adversely affect the company" and "Item 1. Business – Government Regulation – 2012 Consent Decree, Taylor Street and Corporate Facilities."

Additional information regarding the consent decree and the FDA Letters is included in Item 1. Business - Government Regulation; Item 1A. Risk Factors.

Item 4. Mine Safety Disclosures.

None.

Executive Officers of the Registrant*

The following table sets forth the names of the executive officers of the company, each of whom serves at the pleasure of the Board of Directors, as well as certain other information.

Name	Age	Position
Geoffrey P. Purtill	57	President and Chief Executive Officer
Kathleen P. Leneghan	59	Senior Vice President and Chief Financial Officer
Anthony C. LaPlaca	64	Senior Vice President, General Counsel, Chief Administrative Officer and Secretary
Cintia Ferreira	48	Chief Human Resources Officer

* The description of executive officers is included pursuant to the General Instruction to Item 401 of Regulation S-K.

Geoffrey P. Purtill has served as the company's President and Chief Executive Officer and as a Director since December 2022 after having served as interim President and CEO from August 2022 to December 2022. Previously, he served as Senior Vice President and General Manager of EMEA and Asia Pacific from November 2021 to August 2022 and as head of Global Strategy from September 2021 to August 2022. Prior to that, Mr. Purtill served as Vice President & General Manager, Asia Pacific from 2010 to September 2021. Prior to joining the company, Mr. Purtill held various sales, category management and supply chain leadership roles at Johnson & Johnson and Nestle. Mr. Purtill spent 14 years in the Australian Army where he was a Captain in the Intelligence Corps.

Kathleen P. Leneghan has served as the Senior Vice President and Chief Financial Officer of the company since February 2018, after having served as interim Chief Financial Officer from November 2017 to February 2018. Prior to that, she served as Vice President and Corporate Controller of the company from 2003 to November 2017. Ms. Leneghan has been employed by the company since 1990, serving in various financial roles of increasing responsibility in North America and Europe. Prior to joining the company, Ms. Leneghan was an audit manager with Ernst & Young LLP.

Anthony C. LaPlaca serves as Senior Vice President, General Counsel, Chief Administrative Officer and Secretary of the company and oversees legal affairs, corporate governance, compliance and regulatory affairs. He has served as Senior Vice President, General Counsel and Secretary since October 2008. Prior to joining the company in October 2008, Mr. LaPlaca served as Vice President and General Counsel of Bendix Commercial Vehicle Systems LLC, Elyria, Ohio, a member of the Knorr-Bremse group, a supplier of commercial vehicle safety systems, since 2002. Prior to that, he served as Vice President and General Counsel of Honeywell Transportation & Power Systems and General Counsel to Honeywell Commercial Vehicle Systems LLC. Before joining Honeywell's predecessor, AlliedSignal Inc. in 1997, Mr. LaPlaca practiced law at a Cleveland-based national law firm for 13 years, the last 3 years of which as a partner in the firm.

Cintia Ferreira has served as Chief Human Resources Officer since December 2022. Prior to that, Ms. Ferreira served as the company's Vice President, HR-EMEA from February 2021 to December 2022. Prior to that, Ms. Ferreira held various Human Resources roles with increasing responsibilities at country, regional and global levels in Latin America, U.S. and Europe at global companies across several industries, including telecommunications, IT, financial services and agricultural business.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

During 2022, the company's common shares, without par value, traded on the New York Stock Exchange (NYSE) under the symbol “IVC”. As noted below, subsequent to 2022, the company's common shares, without par value, trade on the OTC Pink Open Market under the symbol “IVCRQ.” Ownership of the company's Class B common shares (which are not listed on any established trading market) cannot be transferred, except, in general, to family members without first being converted into common shares. Class B common shares may be converted into common shares at any time on a share-for-share basis. The number of record holders of the company common shares and Class B common shares at April 12, 2023 was 1,748 and 15, respectively.

The following table presents information with respect to repurchases of common shares made by the company during the three months ended December 31, 2022.

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs (2)
10/1/2022 - 10/31/22	—	$ __	—	2,453,978
11/1/2022 - 11/30/22	204	0.42	—	2,453,978
12/1/2022 - 12/31/22	—	—	—	2,453,978
Total	204	$0.42	—	2,453,978

(1) All 204 shares repurchased between October 1, 2022 and December 31, 2022 were surrendered to the company by employees for minimum tax withholding purposes in conjunction with the vesting of restricted shares awarded to the employees or exercise of non-qualified options under the company's equity compensation plans.

(2) In 2001, the Board of Directors authorized the company to purchase up to 2,000,000 common shares, excluding any shares acquired from employees or directors as a result of the exercise of options or vesting of restricted shares pursuant to the company's performance plans. The Board of Directors reaffirmed its authorization of this repurchase program on November 5, 2010, and on August 17, 2011 authorized an additional 2,046,500 shares for repurchase under the plan. To date, the company has purchased 1,592,522 shares under this program, with authorization remaining to purchase 2,453,978 shares. The company purchased no shares pursuant to this Board authorized program during 2022.

Under the terms of the company's Credit Agreement, repurchases of shares by the company generally are not permitted except in certain limited circumstances in connection with the vesting or exercise of employee equity compensation awards. Refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources, regarding covenants of the company's senior credit facilities with respect to share purchases.

NYSE Delisting Proceedings

On February 1, 2023, the company was notified by the staff of NYSE Regulation, Inc. (“NYSE Regulation”) that it had suspended trading in the company's common shares on the New York Stock Exchange (“NYSE”) and determined to commence proceedings to delist the company’s common shares from the NYSE. NYSE Regulation reached its decision that the company is no longer suitable for listing pursuant to NYSE Listed company Manual Section 802.01D after the company filed the Chapter 11 Cases referenced in Item 1. Business - Bankruptcy. The company's common shares were subsequently delisted from the NYSE effective February 16, 2023.

Following delisting from the NYSE, the company's common shares commenced trading in the OTC Pink Open Market under the symbol “IVCRQ”. The OTC Pink Open Market is a significantly more limited market than the NYSE, and quotation on the OTC Pink Open Market likely results in a less liquid market for existing and potential holders of the common shares to trade the company’s common shares and could further depress the trading price of the common shares. The company can provide no assurance that its common shares will continue to trade on this market, whether broker-dealers will continue to provide public quotes of the common shares on this market, or whether the trading volume of the common shares will be sufficient to provide for an efficient trading market.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

OVERVIEW

Management's discussion and analysis should be read in conjunction with the consolidated financial statements and accompanying notes that appear elsewhere in this Annual Report on Form 10-K.

Invacare is a multi-national company with integrated capabilities to design, manufacture and distribute durable medical devices. The company makes products that help people move, rest and perform essential hygiene, and with those products the company supports people with congenital, acquired and degenerative conditions. The company's products and solutions are important parts of care for people with a range of challenges, from those who are active and involved in work or school each day and may need additional mobility support, to those who are cared for in residential care settings, at home and in rehabilitation centers. The company operates in facilities in North America, Europe and Asia Pacific, which are the result of dozens of acquisitions made over the company's forty-three year history. Some of these acquisitions have been combined into integrated operating units, while others have remained relatively independent.

Chapter 11 Bankruptcy

On January 31, 2023 (the "Petition Date"), the company and two of its U.S. subsidiaries (collectively, the "Debtors" or "Company Parties") filed voluntary petitions under chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"). The Debtors obtained joint administration of their chapter 11 cases under the caption *In re Invacare Corporation, et al.*, Case No. 23-90068 (CML) (the "Chapter 11 Cases").

The Debtors continue to operate their business and manage their properties as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. To ensure ordinary course operations, the Company Parties obtained approval from the Bankruptcy Court for certain "first day" motions, including motions to obtain customary relief intended to continue ordinary course operations after the Petition Date.

Restructuring Support Agreement

On January 31, 2023, the Debtors entered into a Restructuring Support Agreement (the "Restructuring Support Agreement" or "RSA") with certain prepetition stakeholders (the "Consenting Stakeholders"). The Consenting Stakeholders represent holders of at least a majority of the aggregate principal amount of the Company Parties' debt obligations under various debt agreements. Under the RSA, the Consenting Stakeholders have agreed, subject to certain terms and conditions, to support a financial restructuring (the "Restructuring") of the existing debt of, existing equity interests in, and certain other obligations of the Debtors. The Restructuring Support Agreement contemplated: (a) the Debtors' entry into the $70 million debtor-in-possession term loan facility, (b) the Debtors' entry into the $17.4 million debtor-in-possession ABL facility; (c) the consummation of a rights offering, backstopped by members of the Ad Hoc Committee of Noteholders (the "Backstop Parties") pursuant to a certain Backstop Commitment Agreement (as may be modified, amended, or supplemented from time to time, the "Backstop Commitment Agreement"); (d) issuance of the new common equity; (e) exit takeback financing in the form of an Exit Term Loan Facility and Exit Secured Convertible Notes, and (f) as necessary, exit financing in the form of the Exit NA ABL Facility and Exit EMEA ABL Facility.

Chapter 11 Plan

Since the Petition Date, the Debtors have developed the Restructuring Support Agreement into a chapter 11 plan of reorganization (as may be modified, amended, or supplemented from time to time, the "Plan"). The Plan, among other Plan treatment, contemplates the following:

- Each holder of an allowed term loan claim shall receive (i) with respect to allowed term loan claims representing principal amounts owed, its pro rata share of the exit term loan facility and (ii) with respect to allowed term loan claims representing principal amounts owed, its *pro rata* share of the exit term loan facility and (ii) with respect to all other allowed term loan claims, payment in full in cash.
- Each holder of an allowed secured notes claim shall receive (i) with respect to allowed secured notes claims representing principal amounts owed, its *pro rata* share of the exit secured convertible notes and (ii) with respect to all other allowed secured notes claims, payment in full in cash; *provided* that, if applicable pursuant to and in accordance with the Plan, such holder will also receive its *pro rata* share of the applicable portion of the excess new money in cash.
- Each holder of an allowed unsecured notes claim shall receive (i) the unsecured noteholder rights, in accordance with the rights offering procedures; (ii) with respect to any residual unsecured notes claims, its share (on a *pro rata* basis with other holders of allowed unsecured notes claims and

holders of allowed general unsecured claims that select the class 6 equity option) of 100% of the new common equity after the distribution of the new common equity on account of the backstop commitment premium (subject to dilution on account of the exit secured convertible notes, the new convertible preferred equity, the backstop commitment premium, and the management incentive plan); (iii) and the distributions in respect of its litigation trust interests, to the extent provided in the Plan.

- Each holder of an allowed general unsecured claim shall receive its *pro rata* either (x) (i) if such holder of an allowed general unsecured claim does not elect to receive the class 6 equity option, the general unsecured claims cash settlement and (ii) its *pro rata* share of the distributions in respect of its litigation trust interests, to the extent provided in the Plan; or (y) if such holder of an allowed general unsecured claim elects to receive the class 6 equity option in lieu of the general unsecured creditors cash settlement, its share (on a *pro rata* basis with holders of allowed unsecured notes claims in respect of their residual unsecured notes claims and other holders of allowed general unsecured claims that select the class 6 equity option) of 100% of the new common equity after the distribution of the new common equity on account of the backstop commitment premium (subject to dilution on account of the exit secured convertible notes, the new convertible preferred equity, and the management incentive plan); and (z) its *pro rata* share of the distributions in respect of its litigation trust interests, to the extent provided in the Plan.
- All existing equity interests shall be discharged, cancelled, released, and extinguished without any distribution, and will be of no further force or effect, and each holder of an existing equity interest shall not receive or retain any distribution, property, or other value on account of such existing equity interest.

Although the company intends to pursue the Restructuring in accordance with the terms set forth in the Plan, there can be no assurance that the company will be successful in completing a restructuring or any other similar transaction on the terms set forth in the Plan, on different terms or at all.

DIP Credit Agreements

The company and certain lenders (the “DIP Parties”) have agreed to a superpriority, senior secured and priming debtor-in-possession term loan credit facility in an aggregate principal amount of $70 million subject to the terms and conditions set forth in the superpriority secured credit agreement dated as of February 2, 2023 (the “Term DIP Credit Agreement”) and a superpriority senior secured and priming debtor-in-possession asset-based revolving facility in an aggregate amount of $17.4 million subject to the terms and conditions set forth in the debtor-in-possession revolving credit and security agreement dated as of February 2, 2023 (the “ABL DIP Credit Agreement” and together with the Term DIP Credit Agreement, the “DIP Credit Agreements”).

The DIP Credit Agreements include conditions precedent, representations and warranties, affirmative and negative covenants, and events of default customary for financings of this type and size. The proceeds of all or a portion of the proposed DIP Credit Agreements may be used for, among other things, post-petition working capital for the company and its subsidiaries, payment of costs to administer the Chapter 11 Cases, payment of expenses and fees of the transactions contemplated by the Chapter 11 Cases, payment of court-approved adequate protection obligations under the DIP Credit Agreements, and payment of other costs in an approved budget and other such purposes permitted under the DIP Credit Agreements.

The foregoing description of the RSA and the DIP Credit Agreements is not complete and is qualified in its entirety by reference to each of the Restructuring Support Agreement and each DIP Credit Agreement, which were filed on February 1, 2023 on the Current Report on Form 8-K, February 3, 2023 on the Current Report on Form 8-K, as applicable. Additionally, the foregoing description of the Backstop Commitment Agreement is not complete and is qualified in its entirety by reference to the Backstop Commitment Agreement filed in this Annual Report on Form 10-K.

The company cannot predict the ultimate outcome of its Chapter 11 Cases at this time or the satisfaction of any of the RSA milestones yet to come. For the duration of the company’s Chapter 11 Cases, the company’s operations and ability to develop and execute its business plan are subject to the risks and uncertainties associated with the Chapter 11 process. As a result of these risks and uncertainties, the amount and composition of the company’s assets, liabilities, officers and/or directors could be significantly different following the outcome of the Chapter 11 Cases, and the description of the company’s operations, properties and liquidity and capital resources included in this annual report may not accurately reflect its operations, properties and liquidity and capital resources following the Chapter 11 process. Refer to “Item 1A. Risk Factors – Bankruptcy” for further discussion of potential adverse effects on the company of the Bankruptcy.

Supply Chain Impacts

Supply chain disruptions continue to negatively impact the company's business in 2022, impacting both input costs and availability of components, resulting in lower revenue and compressed gross margins. While the company has seen favorable trends in some input costs at the start of 2023 (i.e., certain component material costs and freight costs), there continue to be challenges with availability and higher costs associated with electronic components. While the company has implemented actions to mitigate the negative impact of higher input costs, including pricing actions, it is expected that there could continue to be a difference between the timing of when the benefits of mitigation actions are realized and when the cost inflation is incurred.

The company continues to experience elevated open orders across all product categories and regions. The company has, and continues to, experience availability issues with components which has limited and may continue to limit the ability to increase output and meet demand across product categories. In addition, the company has continued to experience cost increases from higher input costs and supply chain disruptions. These disruptions and availability issues, from supply chain challenges and supplier delivery holds resulting from delayed payments, have resulted in intermittent production stoppages and difficulty in fulfilling orders to meet demand. This has contributed to the year-over-year decline in revenue experienced in 2022.

The extent to which the company's operations will continue to be impacted by the supply chain disruptions will depend on component and product availability. Supply chain disruptions and inflation continue to negatively impact the global economy and have affected and may continue to affect the business including availability and cost of components and freight, which may continue to have a negative impact on the company and results of operations, if mitigation actions are not effective.

Strategy

With the change to senior management and the Board of Directors in the third quarter of 2022 and after careful evaluation of strategic options, the company concluded that the lifestyle and mobility & seating businesses are core to restoring growth and profitability. As a result, the company decided to discontinue the production and sale of respiratory products. This will allow us to further streamline our operations and improve profitability by focusing resources on lifestyle and mobility & seating products, which continue to experience strong demand. The company will continue to fulfill warranty and regulatory obligations related to respiratory products.

The company's anticipated business optimization actions balance product portfolio changes across all regions and cost improvements in supply chain and administrative functions. Key elements of the global business optimization plans are:

- Focus on lifestyle and mobility & seating product lines based on their potential to achieve a leading market position and to support profitability goals;
- Simplify the organization to leverage a reduced cost structure while allocating resources to the business units or product categories which deliver improved financial returns;
- Product rationalization and discontinuance with consideration of cost increases incurred by the company and those anticipated to continue. Adjust the product portfolio to consistently grow profitability amid cost increases by adding new products, reducing costs and continuing to improve customer experiences; and
- Take actions globally to reduce working capital and improve free cash flow.

As it navigates the uncertain business environment, the company continues to allocate more resources to the business units experiencing increased demand and expects to continue taking actions to mitigate the potential negative financial and operational impacts on other parts of the business that have declined.

The company intends to continue to make investments in its business improvement initiatives with a focus on improving profitability and free cash flow generation. As a result, the company may take actions which may reduce sales in certain areas, refocus resources away from less profitable activities, and look at its global infrastructure for opportunities to further optimize the business. As part of the company's efforts to streamline its operations and focus its resources on core product lines that provide the greatest value and financial returns, the company continuously evaluates opportunities and activities, including potential divestitures, which it considers from time to time, particularly if they involve businesses or assets outside of the company's primary areas of focus.

Outlook

The company participates in durable healthcare markets and serves a persistent need for its products. By continuing to drive for improved operating efficiency, the company seeks to grow revenue and profit, and improve its cash flow performance into the future.

Cost pressures on the business due to supply chain disruptions and inflationary economic conditions are anticipated to continue into 2023. The company continues to see higher input costs related to freight and materials, increasing the challenges to schedule deliveries of key components, including electronic components. While the company has implemented actions to mitigate these cost increases, additional restructuring actions may be implemented to drive profit and improve cash flows. These actions are expected to include organization and supply chain changes, and a narrowing of the product portfolio for those items which no longer meet customer or business needs. These actions are anticipated to continue through 2023, and as a result, the company anticipates incurring additional costs related to its restructuring actions.

On a consolidated basis, the company expects to realize profit improvement driven by favorable product mix, higher gross profit attributable to operational efficiencies, and restructuring benefits partially offset by continued higher input costs specifically related to electronic components. Revenue is anticipated to decline as compared to 2022 as a result of the exit of respiratory products. The company expects to incur restructuring charges in 2023 as it focuses on improving the profitability of the business for the long-term related to supply chain footprint projects, including severance costs.

The company's earnings performance for the long-term is expected to benefit from: (1) margin expansion related to favorable product mix results from product rationalization efforts and improved efficiencies in our operations offset our higher material and freight costs; and (2) restructuring actions.

The company continues to focus on executing its transformation plan to drive revenue growth and deliver significant improvement in financial performance.

Favorable Long-term Demand

Ultimately, demand for the company's products and services is based on the need to provide care for people with certain conditions. The company's medical devices provide solutions for end-users and caregivers. Therefore, the demand for the company's medical equipment is largely driven by population growth and the incidence of certain conditions where treatment may be supplemented by the company's devices. The company also provides solutions to help equipment providers and residential care operators deliver cost-effective and high-quality care. The company believes that its commercial team, customer relationships, products and solutions, supply chain infrastructure, and new product opportunities will create favorable business potential.

RESULTS OF OPERATIONS

NET SALES

2022 Versus 2021

($ in thousands USD)	2022	2021	% Change Fav/(Unfav)	Foreign Exchange % Impact	Constant Currency % Change Fav/(Unfav)
Europe	434,372	499,118	(13.0)	(10.5)	(2.5)
North America	276,891	340,980	(18.8)	(0.2)	(18.6)
All Other (Asia Pacific)	30,470	32,359	(5.8)	(8.8)	3.0
Consolidated	741,733	872,457	(15.0)	(6.4)	(8.6)

The table above provides net sales change as reported and as adjusted to exclude the impact of foreign exchange translation and divestitures as applicable (constant currency net sales). “Constant currency net sales” is a non-Generally Accepted Accounting Principles (“GAAP”) financial measure, which is defined as net sales excluding the impact of foreign currency translation and divestitures. The current year's functional currency net sales are translated using the prior year's foreign exchange rates. These amounts are then compared to the prior year's sales to calculate the constant currency net sales change. Management believes that this financial measure provides meaningful information for evaluating the core operating performance of the company.

Consolidated reported net sales for 2022 decreased 15.0% for the year, to $741,733,000 from $872,457,000 in 2021. Foreign currency translation decreased net sales by 6.4%. Constant currency net sales decreased 8.6% compared to 2021 driven by primarily by declines in respiratory products of $44,427,000 or 5% given lower pandemic-related demand. The other product categories continued to be negatively impacted by component shortages influenced by the supply chain challenges.

Europe - European reported net sales decreased 13.0% in 2022 compared to 2021 to $434,372,000 from $499,118,000 as foreign currency translation decreased net sales by 10.5%. Constant currency net sales decreased 2.5% compared to 2021. The decline was across all product categories which continue to be negatively impacted by supply chain challenges. The countries which the company has a significant portion of the operations are France, Germany, UK and the Nordic countries. Changes in exchange rates have had, and may continue to have, a significant impact on sales in this segment.

North America - North America reported net sales decreased 18.8% in 2022 versus the prior year to $276,891,000 from $340,980,000. Foreign currency translation decreased net sales by 0.2%. Constant currency net sales decreased, driven by $37,790,000 or 49.2% reduction in respiratory products. Mobility and seating and lifestyle products sales continued to be negatively impacted by supply chain challenges.

All Other - Reported net sales, which relate entirely to the Asia Pacific region, decreased 5.8% in 2022 from the prior year to $30,470,000 from $32,359,000. Foreign currency translation decreased net sales by 8.8 %. Constant currency net sales increased 3.0% compared to 2021 primarily for mobility and seating and lifestyle products due to improved availability of product to fulfill orders in major markets. Changes in exchange rates have had, and may continue to have, a significant impact on sales in the Asia Pacific region.

2021 Versus 2020

($ in thousands USD)	2021	2020	Reported % Change	Foreign Exchange % Impact	Divestiture % Impact	Constant Currency % Change
Europe	499,118	468,041	6.6	5.8	—	0.8
North America	340,980	348,307	(2.1)	0.5	—	(2.6)
All Other (Asia Pacific)	32,359	34,341	(5.8)	7.4	(8.2)	(5.0)
Consolidated	872,457	850,689	2.6	3.7	(0.3)	(0.8)

The divestiture impact is related to the SG&A expenses related to the Dynamic Controls business divested on March 7, 2020.

Consolidated reported net sales for 2021 increased 2.6% for the year, to $872,457,000 from $850,689,000 in 2020. Foreign currency translation increased net sales by 3.7 percentage points with the divestiture decreasing net sales by 0.3 percentage points. Constant currency net sales decreased 0.8% compared to 2020 driven by declines in lifestyle products offset by growth in respiratory and mobility and seating products. Both mobility and seating and lifestyle product categories continue to be impacted by restrictions which limited customer and end-user access to certain product selections. All products were also impacted by component shortages influenced by the supply chain challenges.

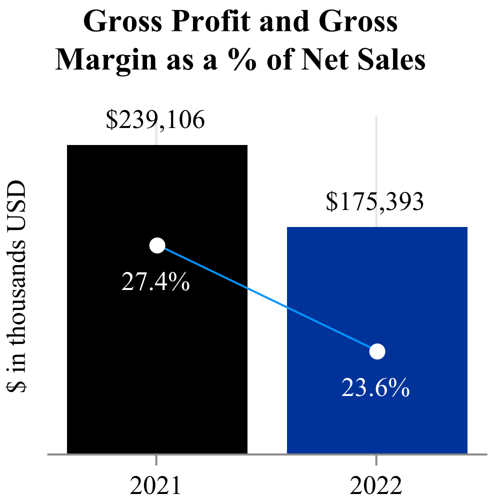
Europe - European reported net sales increased 6.6% in 2021 compared to 2020 to $499,118,000 from $468,041,000 as foreign currency translation increased net sales by 5.8 percentage points. Constant currency net sales increased 0.8% compared to 2020 driven by lifestyle products and mobility and seating products partially offset by respiratory products. Lifestyle product growth was helped by the company's decision to invest in inventory given the longer-supply chain related to these products. Mobility and seating products benefiting from improved access to healthcare and easing of public health restrictions across Europe starting in the second half of 2021. Respiratory products were limited by component shortages from global supply challenges. The countries which the company has a significant portion of the operations are France, Germany, UK and the Nordic countries. Changes in exchange rates have had, and may continue to have, a significant impact on sales in this segment.

North America - North America reported net sales decreased 2.1% in 2021 versus the prior year to $340,980,000 from $348,307,000. Foreign currency translation decreased net sales by 0.5 percentage points. Constant currency net sales decreased, driven by a 10.7% reduction in lifestyle products, which more than offset respiratory improvement of 11.7%. Mobility and seating products were flat. Lifestyle product sales continued to be impacted by supply chain challenges as well as the enterprise resource planning (ERP) implementation launched in 4Q21. We successfully launched our new ERP for all of our lifestyle products, however, this temporarily impacted the timing of order fulfillment as we manually reviewed all transactions and shipments processed in the new system for accuracy. While demand for mobility and seating products continued to be impacted by pandemic-related restrictions limiting access to healthcare professionals and institutions, reported net sales were flat compared to 2020 with sequential and year over year growth in the second half of 2021.

All Other - Reported net sales, which relate entirely to the Asia Pacific region, decreased 5.8% in 2021 from the prior year to $32,359,000 from $34,341,000. Foreign currency translation increased net sales by 7.4 percentage points and the impact of the Dynamic Controls divestiture in 2020 decreased net sales by 8.2 percentage points. Constant currency net sales decreased 5.0% compared to 2020 primarily due to lack of timely arrival of inventory in major markets. Changes in exchange rates have had, and may continue to have, a significant impact on sales in the Asia Pacific region.

GROSS PROFIT

2022 Versus 2021



Consolidated gross profit as a percentage of net sales decreased by 380 basis points to 23.6% in 2022 as compared to 27.4% in 2021. Inventory and purchasing obligation charges related to the decision to exit the respiratory product line burdened gross profit dollars $8,651,000 or 120 basis points. Excluding these charges, gross profit decreased 260 basis points primarily attributable lower net sales impacting efficiency of operations, intermittent production stoppages and unfavorable foreign currency translation. These were partially offset by favorable product mix including pricing actions, which continue to lag higher costs.

Europe - Gross profit as a percentage of net sales decreased 260 basis points in 2022 compared to the prior year and gross profit dollars decreased by $31,070,000. Gross profit dollars were burdened primarily by lower sales, increased input costs and unfavorable foreign exchange. Inventory write downs related to the decision to exit the respiratory product line burdened gross profit dollars $916,000 or 30 basis points.

North America - Gross profit as a percentage of net sales decreased by 450 basis points in 2022 compared to the prior year while gross margin dollars decreased by $33,121,000. The decrease in gross profit dollars as a percentage of net sales was driven by lower sales in relation to fixed costs and increased input costs. Inventory and purchase obligation charges related to the decision to exit the respiratory product line burdened gross profit dollars by $7,679,000 or 250 basis points.

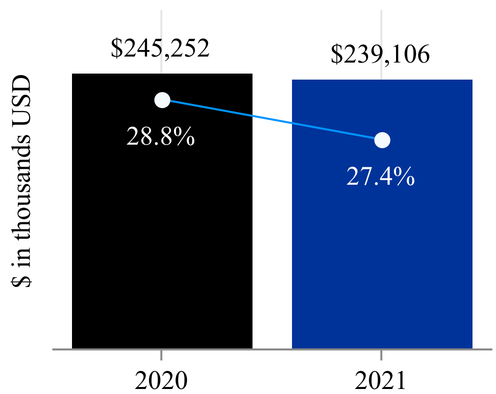
All Other - All other primarily relates to the company's Asia Pacific businesses. Gross profit as a percentage of net sales, increased 80 basis points in 2022 compared to the prior year and gross profit dollars decreased $379,000. The decrease in gross profit dollars was primarily driven by higher input costs.

Research and Development

The company continued to invest strategically in research and development activities in 2022. The company dedicated funds to applied research activities to ensure that new and enhanced design concepts are available to its businesses. Research and development expenditures, which are included in costs of products sold, decreased to $3,492,000 in 2022 from $8,656,000 in 2021. The expenditures, as a percentage of net sales, were 0.5% and 1.0% in 2022 and 2021, respectively. The decline is primarily attributable to lower employment costs in both Europe and North America.

2021 Versus 2020

Gross Profit and Gross Margin as a % of Net Sales



Consolidated gross profit as a percentage of net sales decreased by 140 basis points to 27.4% in 2021 as compared to 28.8% in 2020. Gross profit as a percentage of net sales declined significantly for North America while Europe and All Other margins declined slightly. Gross profit was significantly impacted by higher input costs of material, freight and labor from supply chain challenges impacting all regions. This was partially offset by favorable product mix.

Europe - Gross profit as a percentage of net sales decreased 10 basis points in 2021 compared to the prior year and gross profit dollars increased by $9,315,000. The increase in gross profit dollars was principally due to higher sales but margins were burdened significantly by increased freight and material costs stemming from global supply chain challenges. In addition, given the supply disruptions, operations costs were also unfavorable.

North America - Gross profit as a percentage of net sales decreased by 170 basis points in 2021 compared to the prior year while gross margin dollars decreased by $14,152,000. The decrease in gross profit dollars was primarily due to higher material and freight costs impacted by supply chain challenges, and reduced sales.

All Other - Gross profit as a percentage of net sales, decreased 30 basis points in 2021 compared to the prior year and gross profit dollars decreased $1,309,000. All other primarily relates to the company's Asia Pacific businesses. The decrease in gross profit dollars was primarily driven by reduced sales in the distribution business given untimely arrival of inventory in the region, and from the divestiture of the Dynamic Controls business as of March 7, 2020.

Research and Development

The company continued to invest strategically in research and development activities in 2021. The company dedicated funds to applied research activities to ensure that new and enhanced design concepts are available to its businesses. Research and development expenditures, which are included in costs of products sold, decreased to $8,656,000 in 2021 from $12,275,000 in 2020. The expenditures, as a percentage of net sales, were 1.0% and 1.4% in 2021 and 2020, respectively. The decline in expense in 2021 was primarily due to cost savings initiatives and to a lesser extent, the divestiture of Dynamic Controls.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

2022 Versus 2021

($ in thousands USD)	2022	2021	Reported Change	Foreign Exchange Impact	Constant Currency Change
SG&A Expenses - $	226,780	232,242	(5,462)	(11,254)	5,792
SG&A Expenses - % change			(2.4)	(4.9)	2.5
% to net sales	30.6	26.6			

The table above provides selling, general and administrative (SG&A) expense change as reported and as adjusted to exclude the impact of foreign exchange translation (constant currency SG&A). “Constant currency SG&A” is a non-GAAP financial measure, which is defined as SG&A expenses excluding the impact of foreign currency translation and divestitures, as applicable. The current year's functional currency SG&A expenses are translated using the prior year's foreign exchange rates. These amounts are then compared to the prior year's SG&A expenses to calculate the constant currency SG&A expense change. Management believes that this financial measure provides meaningful information for evaluating the core operating performance of the company.

Consolidated SG&A expenses as a percentage of net sales were 30.6% in 2022 and 26.6% in 2021. The overall dollar decrease was $5,462,000, or 2.4%, with foreign currency translation decreasing expense by $11,254,000. Excluding the impact of foreign currency translation SG&A expenses increased $5,792,000, or 2.5%, primarily driven by increased IT costs as a result of the temporary pause in the ERP roll-out, partially offset by reduced employee-related costs.

Europe - European SG&A expenses decreased by 9.9%, or $10,714,000, in 2022 compared to 2021. Foreign currency translation decreased expense by approximately $10,004,000 or 9.2%. Excluding the foreign currency translation impact, SG&A expenses decreased by $710,000, or 0.7%, primarily driven by reduced employee-related costs partially offset by unfavorable foreign currency transactions.

North America - SG&A expenses for North America decreased 1.0%, or $852,000, in 2022 compared to 2021 with foreign currency translation decreasing expense by $305,000 or 0.3%. Excluding the foreign currency translation, SG&A expense decreased $547,000, or 0.6%, driven primarily driven by reduced employee-related costs.

All Other - SG&A expenses increased $6,104,000 in 2022 compared to 2021. Foreign currency translation decreased expense by $945,000. All Other includes SG&A related to the Asia Pacific businesses and non-allocated corporate costs.

SG&A expenses related to non-allocated corporate costs for 2022 increased 36.7%, or $8,508,000, compared to 2021. The increase was primarily driven by increased IT costs.

Related to the Asia Pacific businesses, SG&A for 2022 decreased 19.9%, or $2,404,000, compared to 2021 with foreign currency translation decreasing SG&A expenses $945,000. Constant currency SG&A expenses decreased $1,459,000 or 12.1%, primarily driven by favorable foreign currency exchange transactions.

2021 Versus 2020

($ in thousands USD)	2021	2020	Reported Change	Foreign Exchange Impact	Divestiture Impact	Constant Currency Change
SG&A Expenses - $	232,242	236,357	(4,115)	7,583	(826)	(10,872)
SG&A Expenses - % change			(1.7)	3.2	(0.3)	(4.6)
% to net sales	26.6	27.8				

The divestiture impact is related to the SG&A expenses related to the Dynamic Controls business divested on March 7, 2020.

Consolidated SG&A expenses as a percentage of net sales were 26.6% in 2021 and 27.8% in 2020. The overall dollar decrease was $4,115,000, or 1.7%, with foreign currency translation increasing expense by $7,583,000. Excluding the impact of foreign currency translation and the divestiture of Dynamic Controls, SG&A expenses decreased $10,872,000, or 4.6%, primarily driven by reduced employee-related costs.

Europe - European SG&A expenses decreased by 1.6%, or $1,772,000, in 2021 compared to 2020. Foreign currency translation increased expense by approximately $6,127,000 or 5.6%. Excluding the foreign currency translation impact, SG&A expenses decreased by $7,899,000, or 7.2%, primarily driven by reduced employee-related costs.

North America - SG&A expenses for North America decreased 3.0%, or $2,775,000, in 2021 compared to 2020 with foreign currency translation increasing expense by $691,000 or 0.6%. Excluding the foreign currency translation, SG&A expense decreased $3,466,000, or 3.8%, driven primarily driven by reduced employee-related costs.

All Other - SG&A expenses increased $432,000 in 2021 compared to 2020. Foreign currency translation increased expense by $765,000. All Other includes SG&A related to the Asia Pacific businesses and non-allocated corporate costs.

SG&A expenses related to non-allocated corporate costs for 2021 decreased 13.9%, or $3,747,000, compared to 2020. The decrease was primarily driven by reduced employee-related costs, including stock compensation. Stock compensation was lower in 2021 due to lowered projected vesting assumptions on multi-year cycle performance awards.

Related to the Asia Pacific businesses, 2021 SG&A increased 52.9%, or $4,179,000, compared to 2020 with foreign currency translation increasing SG&A expenses $765,000. The divestiture of Dynamic Controls decreased expense by $826,000 or 10.5%. Constant currency SG&A expenses increased $4,240,000, primarily driven by unfavorable foreign currency exchange transactions.

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OPERATING INCOME (LOSS)

($ in thousands USD)	2022	2021	2020	2022 vs. 2021 $ Change	2022 vs. 2021 % Change	2021 vs. 2020 $ Change	2021 vs. 2020 % Change
Europe	13,413	33,769	22,682	(20,356)	(60.3)	11,087	48.9
North America	(34,197)	(1,928)	9,449	(32,269)	(1,673.7)	(11,377)	120.4
All Other	(30,603)	(24,977)	(23,236)	(5,626)	(22.5)	(1,741)	(7.5)
Gain on sale of business	—	—	9,790	—	—	(9,790)	(100.0)
Charges related to restructuring	(25,820)	(2,534)	(7,358)	(23,286)	(918.9)	4,824	65.6
Impairment of goodwill	—	(28,564)	—	28,564	(100.0)	(28,564)	(100.0)
Impairment of intangible assets	(3,259)	—	—	(3,259)	100.0	—	—
Consolidated Operating Income (Loss)	(80,466)	(24,234)	11,327	(56,232)	(232.0)	(35,561)	313.9

2022 Versus 2021

Consolidated operating loss increased by $56,232,000 to $80,466,000 in 2022 as compared to $24,234,000 in 2021 primarily due to lower sales, charges related to the exit of the respiratory product line, higher IT costs due to temporary pause in ERP implementation, and increased restructuring costs. Other declines were influenced by the global supply chain challenges and higher input costs not fully mitigated by pricing actions as well as unfavorable foreign currency.

Europe - Operating income decreased by $20,356,000 in 2022 compared to 2021 primarily related to lower net sales and lower gross profit impacted by higher input costs and operational inefficiencies, and unfavorable foreign currency partially offset by reduced SG&A expenses primarily driven by lower employee-related costs.

North America - Operating loss increased by $32,269,000 in 2022 compared to 2021 primarily related to lower sales, lower gross profit impacted by increased input costs and charges related to the exit of the respiratory product line.

All Other - Operating loss increased by $5,626,000 in 2022 compared to 2021 driven by higher SG&A expenses from IT costs recorded as operating expense due to temporary pause on ERP implementation.

Charge Related to Restructuring Activities

The company's restructuring charges were originally necessitated primarily by continued declines in Medicare and Medicaid reimbursement by the U.S. government, as well as similar healthcare reimbursement pressures abroad, which negatively affect the company's customers (e.g. home health care providers) and continued pricing pressures faced by the company due to the outsourcing by competitors to lower cost locations. Restructuring decisions were also the result of reduced profitability in each of the segments. In addition, as a result of the company's business improvement strategy, additional restructuring actions continued in 2022. The company expects reduced salary and benefit costs principally impacting Selling, General and Administrative expenses and Cost of Products Sold as a result of the actions.

Charges for the year ended December 31, 2022 totaled $25,820,000 which were related to Europe ($13,918,000), North America ($10,646,000) and All Other ($1,256,000). Charges incurred related to severance ($9,087,000) and other restructuring costs ($16,733,000). Payments for the year ended December 31, 2022 were $18,311,000 and the cash payments were funded with company's cash on hand. The majority of the 2022 accrued balances are expected to be paid out within twelve months.

Charges for the year ended December 31, 2021 totaled $2,534,000 which were related to Europe ($1,560,000), North America ($964,000) and All Other ($10,000). The European charges incurred related to severance ($886,000) and lease termination costs ($674,000). In North America and All other, all charges incurred were related to severance. Payments for the year ended December 31, 2021 were $8,305,000 and the cash payments were funded with company's cash on hand.

See the company's disclosure below in Liquidity and Capital Resources and in “Item 1A. Risk Factors” which highlights factors that have, and could continue to, negatively impact the company's liquidity. Refer also to “Charges Related to Restructuring Activities” in the Notes to the Consolidated Financial Statements included in this Annual Report on Form 10-K.

2021 Versus 2020

Consolidated operating loss increased by $35,561,000 to $24,234,000 in 2021 as compared to operating income of $11,327,000 in 2020 primarily due to non-cash goodwill impairment charge of $28,564,000 in North America in 2021 (the result of changes in operating structure of the business following the recent IT implementation) and gain on sale of Dynamic Controls of $9,790,000 in 2020, partially offset by a decrease in restructuring costs of $4,824,000. Consolidated operating loss excluding goodwill impairment charge, gain on sale of business and restructuring costs declined by $2,031,000. This decline was primarily driven by higher input costs for material, freight and labor, influenced by the global supply chain challenges.

Europe - Operating income increased by $11,087,000 in 2021 compared to 2020 primarily related to higher gross profit on higher sales and a smaller benefit from reduced SG&A expenses partially offset by higher freight costs.

North America - Operating income (loss) decreased by $11,377,000 in 2021 compared to 2020 driven primarily by decreased gross profit impacted by higher input costs and lower sales partially offset by reduced SG&A expenses.

All Other - Operating loss increased by $1,741,000 in 2021 compared to 2020 driven by higher SG&A expenses in the Asia Pacific business and lower sales.

Charge Related to Restructuring Activities

Charges for the year ended December 31, 2021 totaled $2,534,000 which were related to Europe ($1,560,000), North America ($964,000) and All Other ($10,000). The European charges incurred related to severance ($886,000) and lease termination costs ($674,000). In North America and All other, all charges incurred were related to severance. Payments for the year ended December 31, 2021 were $8,305,000 and the cash payments were funded with company's cash on hand.

Charges for the year ended December 31, 2020 totaled $7,358,000 which were related to Europe ($5,934,000), North America ($1,306,000) and All Other ($118,000). The European charges incurred related to severance ($5,588,000) and lease termination costs ($346,000) primarily related to the German facility consolidation. In North America and All Other, all charges incurred were related to severance. Payments for the year ended December 31, 2020 were $8,132,000 and the cash payments were funded with company's cash on hand.

OTHER ITEMS

2022 Versus 2021

Impairment of intangible assets

($ in thousands USD)	2022	2021
Impairment of intangible assets	3,259	—

In 2022, the company performed an assessment for potential impairments and recognized intangible asset impairment charges within the North America operating segment of $1,012,000 ($729,000 after-tax) and within the Europe operating segment of $2,247,000 ($1,605,000 after-tax) related to trademarks with an indefinite life.

Impairment of goodwill

($ in thousands USD)	2022	2021
Impairment of goodwill	—	28,564

During the third quarter of 2021, the company's reporting units of North America / HME and Institutional Products Group were merged into one reporting unit of North America, consistent with the operating segment. Developments in the third quarter of 2021 and the completion of the reporting units merger were tied most closely to the actions of the company to implement components of a new ERP system which both changes the level of discrete financial information readily available and the go-forward manner in which the company assesses performance and allocates resources to the North America operating segment.

The reporting unit change within the North America operating segment in the third quarter of 2021 was a triggering event and required the company to perform an interim goodwill impairment test. Based on the interim goodwill impairment test, the company concluded the carrying value of the North America reporting unit was above its fair value. That conclusion resulted in the recording of impairment of goodwill in the third quarter of 2021 of $28,564,000.

As a result of the goodwill impairment, the company recorded a reversal of deferred taxes related to the tax deductible goodwill previously deducted by the company, resulting in the company recognizing a tax benefit of $661,000.

Net gain on convertible debt derivatives

($ in thousands USD)	2022	2021
Net gain on convertible debt derivatives	(1,510)	—

In 2022, the company recognized a net gain of $1,510,000 related to the fair value of convertible debt derivatives related to the Secured 2026 Notes. Refer to "Long-Term Debt" in the notes to the consolidated financial statements.

Net gain on debt extinguishment including debt finance changes and fees

($ in thousands USD)	2022	2021
Net gain on debt extinguishment including debt finance fees	(9,419)	(9,422)

During the third quarter of 2022, the company entered into various transactions which included the amendment and restatement of its asset-based lending facility, partial retirement of Series II 2024 Notes and partial exchange and retirement of 2026 Notes for new Secured 2026 Notes, a term loan and issuance of common shares as consideration for the transactions. During the fourth quarter, further 2026 Notes were exchanged for Secured 2026 Notes. The result of the transactions was a net gain on debt extinguishment including debt and finance fees of $9,419,000.

During the first quarter of 2021, the company repurchased and retired, at par plus accrued interest, $78,850,000 of its 2022 Notes. The result of the transaction was a loss on debt extinguishment including debt and finance fees of $709,000. During the third quarter of 2021, the company applied for forgiveness of its Cares Act loan along with its accrued interest. The company received notification of approval of its debt forgiveness including accrued interest, in full, and the company recorded a gain on extinguishment of debt of $10,131,000. These transactions resulted in a combined gain on debt extinguishment including debt and finance fees of $9,422,000.

Interest

($ in thousands USD)	2022	2021
Interest Expense	28,520	24,307
Interest Income	(56)	(1)

Interest expense increased as a result of increased debt levels primarily attributable to the term loan debt implemented in the third quarter of 2022 with higher average interest rates.

Income Taxes

The company had an effective tax rate charge of 3.1% and 16.5% on losses before taxes in 2022 and 2021, respectively, compared to an expected benefit at the U.S. statutory rate of 21.0% on the pre-tax losses for each period, respectively. The company's effective tax rate in 2022 and 2021 was unfavorable compared to the U.S.

federal statutory rate expected benefit, principally due to the negative impact of the company's inability to record tax benefits related to the significant losses in countries which had tax valuation allowances. The 2022 and 2021 effective tax rate was increased by certain taxes outside the United States, excluding countries with tax valuation allowances, that were at an effective rate higher than the U.S. statutory rate.

2021 Versus 2020

Impairment of goodwill

($ in thousands USD)	2021	2020
Impairment of goodwill	28,564	—

During the third quarter of 2021, the company's reporting units of North America / HME and Institutional Products Group were merged into one reporting unit of North America, consistent with the operating segment. Developments in the third quarter of 2021 and the completion of the reporting units merger were tied most closely to the actions of the company to implement components of a new ERP system which both changes the level of discrete financial information readily available and the go-forward manner in which the company assesses performance and allocates resources to the North America operating segment.

The reporting unit change within the North America operating segment in the third quarter of 2021 was a triggering event and required the company to perform an interim goodwill impairment test. Based on the interim goodwill impairment test, the company concluded the carrying value of the North America reporting unit was above its fair value. That conclusion resulted in the recording of impairment of goodwill in the third quarter of 2021 of $28,564,000.

As a result of the goodwill impairment, the company recorded a reversal of deferred taxes related to the tax-deductible goodwill previously deducted by the company, resulting in the company recognizing a tax benefit of $661,000.

Net loss (gain) on debt extinguishment including debt finance changes and fees

($ in thousands USD)	2021	2020
Net loss (gain) on debt extinguishment including debt finance fees	(9,422)	7,360

During the first quarter of 2021, the company repurchased and retired, at par plus accrued interest, $78,850,000 of its 2022 Notes. The result of the transaction was a loss on debt extinguishment including debt and finance fees of $709,000. During the third quarter of 2021, the company applied for forgiveness of its Cares Act loan along with its accrued interest. The company received notification of approval of its debt forgiveness including accrued interest, in full, and the company recorded a gain on extinguishment of debt of $10,131,000. These transactions resulted in a combined gain on debt extinguishment including debt and finance fees of $9,422,000.

During the second quarter of 2020, the company entered into separate, privately negotiated agreements with certain holders of its 5.00% convertible senior notes due 2021 (“2021 Notes”) and certain holders of its 2022 Notes to exchange $35,375,000 in aggregate principal amount of 2021 Notes and $38,500,000 in aggregate principal amount of 2022 Notes, for aggregate consideration of $73,875,000 in aggregate principal amount of new Series II 2024 Notes of the company and $5,593,000 in cash. During the third quarter of 2020, the company repurchased and retired $24,466,000 its 2021 Notes. These transactions resulted in a combined loss on debt extinguishment including debt and finance fees of $7,360,000.

Interest

($ in thousands USD)	2021	2020
Interest Expense	24,307	28,499
Interest Income	(1)	(93)

Interest expense declined as a result the adoption of ASU 2020-06 which eliminated interest expense from convertible debt discount amortization effective January 1, 2021 offset by accretion from the Series II 2024 Notes which commenced in the second quarter of 2020.

Income Taxes

The company had an effective tax rate charge of 16.5% and 15.7% on losses before taxes in 2021 and 2020, respectively, compared to an expected benefit at the U.S. statutory rate of 21.0% on the pre-tax losses for each period, respectively. The company's effective tax rate in 2021 and 2020 was unfavorable compared to the U.S. federal statutory rate expected benefit, principally due to the negative impact of the company's inability to record tax benefits related to the significant losses in countries which had tax valuation allowances. The gain on the divestiture of Dynamic Controls in 2020 was not taxable locally. In addition, the company had accrued withholding taxes on earnings of its Chinese subsidiary based on the expectation of not permanently reinvesting those earnings. The sale of this entity, without such distribution resulted in the reversal of this accrual in an amount of $988,000 in 2020. The 2021 and 2020 effective tax rate was increased by certain taxes outside the United States, excluding countries with tax valuation allowances, that were at an effective rate higher than the U.S. statutory rate.

LIQUIDITY AND CAPITAL RESOURCES

Key balances on the company's balance sheet and related metrics:

($ in thousands USD)	December 31, 2022	December 31, 2021	$ Change	% Change
Cash and cash equivalents	58,792	83,745	(24,953)	(29.8)
Working capital [(1)]	79,183	138,134	(58,951)	(42.7)
Total debt [(2)]	430,394	382,586	47,808	12.5
Long-term debt [(2)]	427,134	376,462	50,672	13.5
Total shareholders' equity	81,092	218,489	(137,397)	(62.9)
Credit agreement borrowing availability [(3)]	15,288	41,845	(26,557)	(63.5)

(1) Current assets less current liabilities.

(2) Long-term debt and Total debt include finance leases but exclude debt issuance costs recognized as a deduction from the carrying amount of debt liability and debt discounts classified as debt or equity and operating leases.

(3) Reflects the combined availability of the company's North American and prior European asset-based revolving credit facilities before borrowings. At December 31, 2022, the company had drawn $15,220,000 on the North American credit facility. Outstanding borrowings and availability are calculated on a month lag related to the prior European credit facility.

The company's cash and cash equivalents were $58,792,000 and $83,745,000 at December 31, 2022 and December 31, 2021, respectively. The decrease in cash balances at December 31, 2022 compared to December 31, 2021 is attributable to cash used for operations.

Refer to “Long-Term Debt” in the Notes to the Consolidated Financial statements included in this report for a summary of the material terms of the company's long-term indebtedness.

Debt repayments, acquisitions, divestitures, the timing of vendor payments, the timing of customer rebate payments, the granting of extended payment terms to significant national accounts and other activity can have a significant impact on the company's cash flow and borrowings outstanding such that the cash reported at the end of a given period may be materially different than cash levels during a given period. While the company has cash balances in various jurisdictions around the world, there are no material restrictions regarding the use of such cash for dividends within the company, loans or other purposes.

The company's total debt outstanding, inclusive of the debt discount and fees associated with the company's convertible senior notes due 2022, 2024 and 2026 secured convertible senior notes due 2026, secured term loan due 2026 and finance leases, increased by $47,808,000 to $430,394,000 at December 31, 2022 from $382,586,000 as of December 31, 2021. The increase is primarily driven by July, October and December financing transactions which included a new secured term loan offset by partial settlement of Series II 2024 Notes, exchanges of 2026 convertible notes for 2026 secured convertible notes and net borrowings and repayments of ABL credit facility.

At December 31, 2022 the company had drawn $15,220,000 on the North American credit facility. At December 31, 2021, the company had drawn $22,150,000 on the North American credit facility and $13,352,000 on the European credit facility.

In accordance with Accounting Standards Update (“ASU”) 2014-15, Presentation of Financial Statements - Going Concern: Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, the company is required to evaluate whether there is substantial doubt about its ability to continue as a going concern each reporting period. In evaluating the company's ability to continue as a going concern, management evaluated the conditions and events that could raise substantial doubt about the company's ability to continue as a going concern within one year after the date that the financial statements are issued on April 14, 2023.

On January 31, 2023 (the “Petition Date”), the company and two of its U.S. subsidiaries (collectively, the “Debtors” or “Company Parties”) filed voluntary petitions under chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”). The Debtors obtained joint administration of their chapter 11 cases under the caption *In re Invacare Corporation, et al.*, Case No. 23-90068 (CML) (the “Chapter 11 Cases”).

Given the inherent risks, unknown results and inherent uncertainties associated with the bankruptcy process and the direct correlation between these matters and the company's ability to satisfy its financial obligations that

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may arise, the company believes that there is substantial doubt that it will continue to operate as a going concern within one year after the date the financial statements are issued on April 14, 2023.

The company's operations and its ability to develop and execute its business plan are subject to a high degree of risk and uncertainty associated with the Chapter 11 Cases. The outcome of the Chapter 11 Cases is subject to a high degree of uncertainty and is dependent upon factors that are outside of the company's control, including actions of the Bankruptcy Court and the company's creditors. There can be no assurance that the company will confirm and consummate the chapter 11 plan of reorganization (as may be modified, amended or supplemented from time to time, the “Plan”) as set forth in the RSA or complete another plan of reorganization with respect to the Chapter 11 Cases. As a result, the company has concluded that management's plans do not alleviate substantial doubt about the company's ability to continue as a going concern.

Refer to “Subsequent Events” in the Notes to the Consolidated Financial statements included in this report for a summary of the Chapter 11 Cases.

The company may incur additional debt in the future. Although the terms of the agreements governing existing debt restrict the company's ability to incur additional debt (including secured debt), such restrictions are subject to several exceptions and qualifications and such restrictions and qualifications may be waived or amended, and debt (including secured debt) incurred in compliance with such restrictions and qualifications (as they may be waived or amended) may be substantial.

The company also has an agreement with De Lage Landen, Inc. (“DLL”), a third-party financing company, to provide lease financing to the company's U.S. customers. Either party could terminate this agreement with 180 days' notice or 90 days' notice by DLL upon the occurrence of certain events. Should this agreement be terminated, the company's borrowing needs under its credit facilities could increase.

An increase of 1% to variable rate debt outstanding at December 31, 2022 would increase interest expense $1,057,200 annually. For 2022 and 2021, the weighted average interest rate on all borrowings, excluding finance leases, was 5.3% and 4.5%, respectively.

Refer to “Long-Term Debt” and “Leases and Commitments” in the Notes to the Consolidated Financial Statements for more details regarding the company's convertible notes and credit facilities and lease liabilities, respectively.

The company's contractual obligations primarily consist of debt, leases, product liability, the Supplemental Executive Retirement Plan and a purchase obligation. Refer to the Notes to the Consolidated Financial Statements for more details regarding these obligations. Regarding the purchase obligation, in October 2019, the company entered into an agreement to outsource substantially all of the company's information technology business service activities, including, among other things, support, rationalization and upgrading of the company's legacy information technology systems and implementation of a global enterprise resource planning system and eCommerce platform.

CAPITAL EXPENDITURES

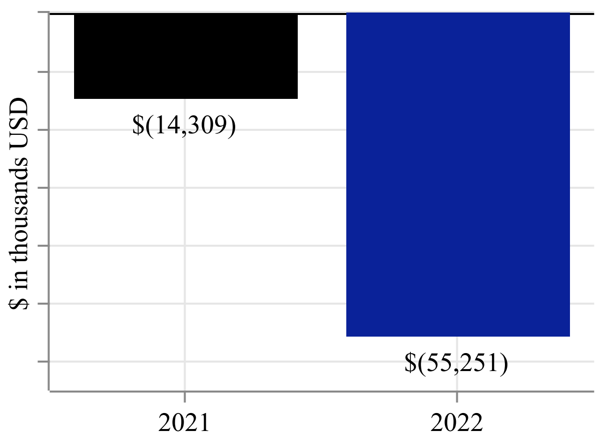
There were no individually material capital expenditure commitments outstanding as of December 31, 2022. The company estimates that capital investments for 2023 could be approximately $9,000,000 to $15,000,000 compared to actual capital expenditures of $3,778,000 in 2022. The company believes that its balances of cash and cash equivalents and borrowing facilities will be sufficient to meet its operating cash requirements and fund required capital expenditures (refer to “Liquidity and Capital Resources”). The ABL Credit Agreement limits the company's annual capital expenditures to $25,000,000.

DIVIDEND POLICY

The Board of Directors decided to suspend the quarterly dividend on the company's common shares in the second quarter of 2020 and the quarterly dividend on the Class B common shares in the third quarter of 2018. Less than 4,000 Class B common shares remain outstanding, and holders of Class B common shares are entitled to convert their shares into common shares at any time on a share-for-share basis.

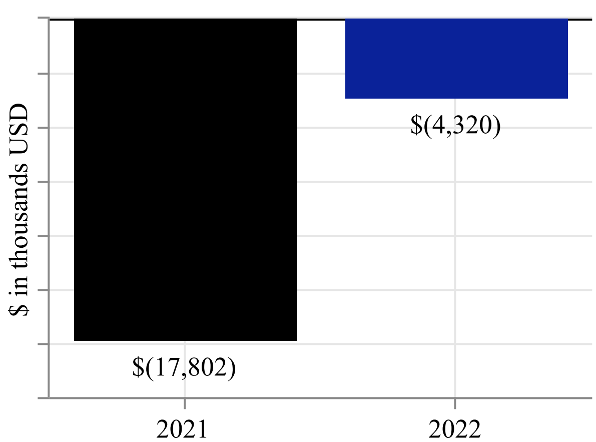
CASH FLOWS

Net Cash Used by Operating Activities



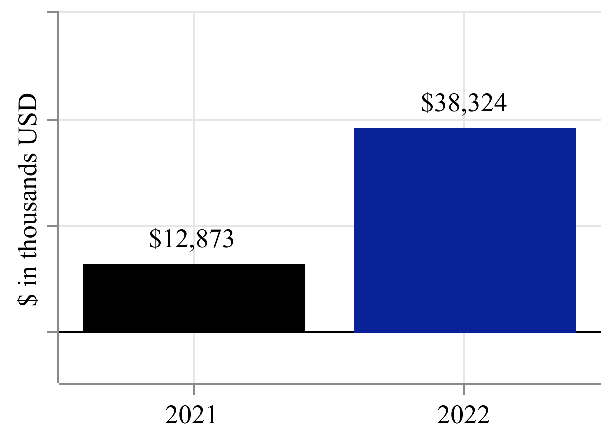
Cash flows used by operating activities were $55,251,000 in 2022 compared to $14,309,000 in the previous year. The 2022 operating cash flows were burdened by the operating loss, reduced account payable and significant payments for restructuring costs. These were partially offset by lower accounts receivable and inventory levels.

Net Cash Used by Investing Activities



Cash flows used by investing activities were $4,320,000 in 2022, compared to $17,802,000 in 2021. The decrease in cash flows used for investing was primarily driven by lower capital expenditures related to the ERP implementation.

Net Cash Provided by Financing Activities



Cash flows provided by financing activities in 2022 were $38,324,000 compared to cash flow provided of $12,873,000 in 2021.

Cash flows provided in 2022 included the issuance of $90,500,000 principal amount of Secured Term Loan offset by payment of $11,037,000 in financing costs and net credit facilities borrowings and repayments. Borrowing during 2022 were on credit facilities under the company's ABL Credit Agreement which provides an asset-based-lending senior secured credit facilities and the Highbridge Loan Agreement which provides the Secured Term Loan. The company's total debt outstanding, inclusive of the debt discount and fees associated with the company's convertible senior notes due 2022, 2024 and 2026 secured convertible senior notes due 2026, secured term loan due 2026 and finance leases, increased by $47,808,000 to $430,394,000 at December 31, 2022. The increase is primarily driven by July, October and December financing transactions which included a new secured term loan offset by partial settlement of $5,000,000 of Series II 2024 Notes, $55,300,000 exchanges of 2026 convertible notes for 2026 secured convertible notes and net borrowings and repayments of ABL credit facility.

Cash flows provided in 2021 was driven by the issuance of $125,000,000 principal amount of 2026 Notes in the first quarter of 2021, payment of $5,369,000 in financing costs, purchase of capped calls related to the 2026 Notes for $18,787,000, repurchase of $78,850,000 principal amount of 2022 Notes and repayment of $1,250,000 principal amount of 2021 Notes. Borrowing on credit facilities are under the company's Credit Agreement which provides an asset-based-lending senior secured credit facilities.

Free cash flow is a non-GAAP financial measure and is reconciled to the corresponding GAAP measure as follows:

($ in thousands USD)	Twelve Months Ended December 31, 2022	Twelve Months Ended December 31, 2021
Net cash used by operating activities	$ (55,251)	$ (14,309)
Plus: Sales of property and equipment	5	33
Less: Purchases of property and equipment	(3,778)	(17,698)
Free Cash Flow (usage)	$ (59,024)	$ (31,974)

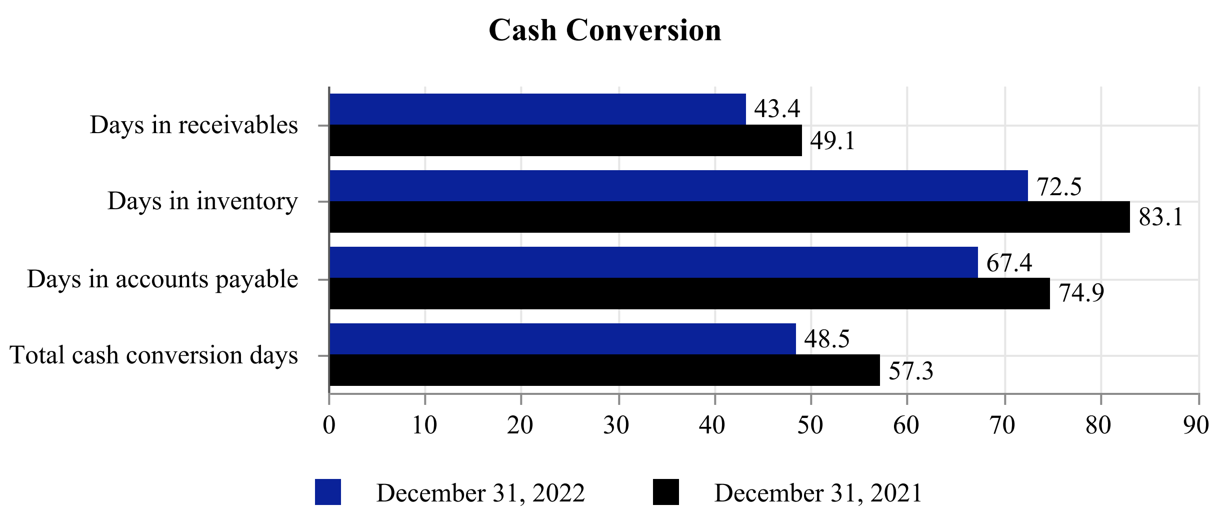
Free cash flow usage was $59,024,000 in 2022 compared to usage of $31,974,000 in 2021. The change in free cash flow was driven by the same items impacting operating activities noted previously. Free cash flow is a non-GAAP financial measure composed of net cash used by operating activities less purchases of property and equipment plus proceeds from sales of property and equipment. Management believes that this financial measure provides meaningful information for evaluating the overall financial performance of the company and its ability to repay debt or make future investments (including acquisitions, etc.).

In 2021, the company's capital expenditures included ERP implementation costs which were paused in 2022.

In the third quarter of 2021, the company initiated accounts receivable factoring programs within the Nordic countries of Norway, Sweden and Denmark which benefited free cash flow by $7,082,000.

The company historically generates negative free cash flow during the first half of the year. This pattern is expected to continue due to the timing of annual one-time payments such as customer rebates earned during the prior year and higher working capital usage from inventory increases. The absence of these payments and seasonally stronger sales in the second half of the year typically result in more favorable free cash flow in the second half of the year.

The company's approximate cash conversion days at December 31, 2022 and December 31, 2021 are as follows:



Days in receivables are equal to current quarter net current receivables divided by trailing four quarters of net sales multiplied by 365 days. Days in inventory and accounts payable are equal to current quarter net inventory and accounts payable, respectively, divided by trailing four quarters of cost of sales multiplied by 365 days. Total cash conversion days are equal to days in receivables plus days in inventory less days in accounts payable.

Improvement in cash conversion days primarily driven by lower inventory levels impacted by supply chain challenges and lower respiratory demand and higher level of accounts payable payments.

ACCOUNTING ESTIMATES AND PRONOUNCEMENTS

CRITICAL ACCOUNTING POLICIES

The Consolidated Financial Statements included in the report include accounts of the company and all majority-owned subsidiaries. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying Consolidated Financial Statements and related footnotes. In preparing the financial statements, management has made its best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. The following critical accounting policies, among others, affect the more significant judgments and estimates used in preparation of the company's consolidated financial statements.

Revenue Recognition

The company recognizes revenues when control of the product or service is transferred to unaffiliated customers. *Revenues from Contracts with Customers*, ASC 606, provides guidance on the application of generally accepted accounting principles to revenue recognition issues. The company has concluded that its revenue recognition policy is appropriate and in accordance with GAAP under ASC 606.

All of the company's product-related contracts, and a portion related to services, have a single performance obligation, which is the promise to transfer an individual good or service, with revenue recognized at a point in time. Certain service-related contracts contain multiple performance obligations that require the company to allocate the transaction price to each performance obligation. For such contracts, the company allocates revenue to each performance obligation based on its relative standalone selling price at inception of the contract. The company determined the standalone selling price based on the expected cost-plus margin methodology. Revenue related to the service contracts with multiple performance obligations is recognized over time. To the extent performance obligations are satisfied over time, the company defers revenue recognition until the performance obligations are satisfied.

The determination of when and how much revenue to recognize can require the use of significant judgment. Revenue is recognized when obligations under the terms of a contract with the customer are satisfied; generally, this occurs with the transfer of control of the company's products and services to the customer.

Revenue is measured as the amount of consideration expected to be received in exchange for transferring the product or providing services. The amount of consideration received and recognized as revenue by the company can vary as a result of variable consideration terms included in the contracts such as customer rebates, cash discounts and return policies. Customer rebates and cash discounts are estimated based on the most likely amount principle and these estimates are based on historical experience and anticipated performance. Customers have the right to return product within the company's normal terms policy, and as such, the company estimates the expected returns based on an analysis of historical experience. The company adjusts its estimate of revenue at the earlier of when the most likely amount of consideration the company expects to receive changes or when the consideration becomes fixed. The company generally does not expect that there will be significant changes to its estimates of variable consideration (refer to Receivables in the Notes to the Consolidated Financial Statements include elsewhere in this report).

Depending on the terms of the contract, the company may defer recognizing revenue until the end of a given period as the result of title transfer terms that are based upon delivery and or acceptance which align with transfer of control of the company's products to its customers.

Sales are made only to customers with whom the company believes collection is probable based upon a credit analysis, which may include obtaining a credit application, a signed security agreement, personal guarantee and/or a cross corporate guarantee depending on the credit history of the customer. Credit lines are established for new customers after an evaluation of their credit report and/or other relevant financial information. Existing credit lines are regularly reviewed and adjusted with consideration given to any outstanding past due amounts.

The company records distributed product sales gross as a principal since the company takes title to the products and has the risks of loss for collections, delivery and returns. The company's payment terms are for relatively short periods and thus do not contain any element of financing. Additionally, no contract costs are incurred that would require capitalization and amortization.

Sales, value added, and other taxes the company collects concurrent with revenue producing activities are excluded from revenue. Incidental items that are immaterial in the context of the contract are recognized as expense. Shipping and handling costs are included in cost of products sold.

The majority of the company's warranties are considered assurance-type warranties and continue to be recognized as expense when the products are sold (refer to Current Liabilities in the Notes to the Consolidated Financial Statements include elsewhere in this report). These warranties cover against defects in material and workmanship for various periods depending on the product from the date of sale to the customer. Certain components carry a lifetime warranty. In addition, the company has sold extended warranties that, while immaterial, require the company to defer the revenue associated with those warranties until earned. The company has established procedures to appropriately defer such revenue. A provision for estimated warranty cost is recorded at the time of sale based upon actual experience. The company continuously assesses the adequacy of its product warranty accruals and makes adjustments as needed. Historical analysis is primarily used to determine the company's warranty reserves. Claims history is reviewed and provisions are adjusted as needed. However, the company does consider other events, such as a product recall, which could require additional warranty reserve provisions. Refer to Accrued Expenses in the Notes to the Consolidated Financial Statements for a reconciliation of the changes in the warranty accrual.

Allowance for Uncollectible Accounts Receivable

The estimated allowance for uncollectible amounts is based primarily on management's evaluation of the financial condition of the customer. In addition, as a result of the third-party financing arrangement, management monitors the collection status of these contracts in accordance with the company's limited recourse obligations and provides amounts necessary for estimated losses in the allowance for doubtful accounts and establishing reserves for specific customers as needed and general reserve for macroeconomic considerations.

The company continues to closely monitor the credit-worthiness of its customers and adhere to tight credit policies. The Centers for Medicare and Medicaid Services publishes Medicare contract prices under its NCB program which includes 100% of the Medicare population. The company believes that the NCB program contract pricing could have a significant impact on the collectability of accounts receivable for those customers which have a portion of their revenues tied to Medicare reimbursement. In addition, there is a risk that these precedent-setting price reductions could influence other non-CMS payors' reimbursement rates for the same product categories. As a result, this is an additional risk factor which the company considers when assessing the collectability of accounts receivable.

The company has an agreement with DLL, a third-party financing company, to provide lease financing to Invacare's U.S. customers. The DLL agreement provides for direct leasing between DLL and the Invacare customer. The company retains a recourse obligation for events of default under the contracts. The company monitors the collections status of these contracts and has provided amounts for estimated losses in its allowances for doubtful accounts.

Goodwill, Intangible and Other Long-Lived Assets

Property, equipment, intangibles and certain other long-lived assets are amortized over their useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue. Under *Intangibles-Goodwill and Other*, ASC 350, goodwill and intangible assets deemed to have indefinite lives are subject to annual impairment tests. The company's measurement date for its annual goodwill impairment test is October 1 and the analysis is completed in the fourth quarter. Furthermore, goodwill and other long-lived assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Most of the company's goodwill and intangible assets relate to the company's Europe reporting unit which was profitable in 2022.

To assess goodwill for impairment in accordance with ASC 350, the company first estimates the fair value of each reporting unit and compares the calculated fair value to the carrying value of each reporting unit. A reporting unit is defined as an operating segment or one level below. The company has determined that its reporting units are the same as its operating segments. To estimate the fair values of the reporting units, the company utilizes a discounted cash flow (DCF) method in which the company forecasts income statement and balance sheet amounts based on assumptions regarding future sales growth, operating income, inventory turns, days' sales outstanding, etc. to forecast future cash flows. The cash flows are discounted using a weighted average cost of capital (WACC) where the cost of debt is based on quoted rates for 20-year debt of companies of similar credit risk and the cost of equity is based upon the 20-year treasury rate for the risk-free rate, a market risk premium, the industry average beta and a small cap stock adjustment. The assumptions used are based on a market participant's point of view and yielded a WACC of 14.51% in 2022 for the company's impairment analyses for the reporting units with goodwill compared to 11.19% in 2021 and 11.27% in 2020. The financial forecast assumptions and WACC used have a significant impact upon the discounted cash flow methodology utilized in the company's annual impairment testing as lower projections of operating income or a higher WACC decrease the fair value estimates.

The company also utilizes an Enterprise Value (EV) to Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) method to compute the fair value of its reporting units which considers potential acquirers and their EV to EBITDA multiples adjusted by an estimated premium. While more weight is given to the discounted cash flow method, the EV to EBITDA method does provide corroborative evidence of the reasonableness of the discounted cash flow method results.

While there was no impairment in 2022 related to goodwill for the Europe, a future potential impairment is possible for Europe should actual results differ materially from forecasted results used in the valuation analysis or if business changes impact the company's assessment of reporting units. Furthermore, the company's valuation of goodwill can differ materially if the financial projections or market inputs used to determine the WACC change significantly. For instance, higher interest rates or greater stock price volatility would increase the WACC and thus increase the chance of impairment. In consideration of this potential, the company assessed the results if the WACC used were 100 basis points higher for the 2022 impairment analyses and determined that there still would not be any impairment for the Europe reporting unit.

During the third quarter of 2021, the company's reporting units of North America/HME and Institutional Products Group merged into one reporting unit of North America, consistent with the operating segment. Developments in 2021 and the conclusion of the reporting units merger were tied mostly to actions of the company to implement components of a new ERP system which changes both the level of discrete financial information readily available and the go-forward manner in which the company assesses performance and allocates resources to the North America operating segment.

The reporting unit change within the North America operating segment in the third quarter of 2021 was a triggering event and required the company to perform an interim goodwill impairment test. Based on the interim goodwill impairment test, the company concluded that the carrying value of the North America reporting unit was above its fair value. That conclusion resulted in the recording of impairment of goodwill in the third quarter of 2021 of $28,564,000.

The company completed its interim test in the third quarter of 2021 consistent with the process of its annual impairment assessment in the fourth quarter of each year or whenever events or changes in circumstances indicate the carrying value of a reporting unit could be below a reporting unit's fair value.

The company also considers the potential for impairment of other intangible assets and other long-lived assets annually or whenever events or circumstances indicate impairment. In 2022, the company performed an assessment for potential impairments and recognized intangible asset impairment charges within the North America operating segment of $1,012,000 ($729,000 after-tax) and within the Europe operating segment of $2,247,000 ($1,605,000 after-tax) related to a trademarks with an indefinite life. The fair value of the trademarks were calculated using a relief from royalty payment methodology which requires applying an estimated market royalty rate to forecasted net sales and discounting the resulting cash flows to determine fair value. The cash flow projections were negatively impacted by the decision to exit certain lifestyle products. In 2021 and 2020, the company performed an assessment for potential impairments and recognized no intangible asset impairment charge or other long-lived asset impairment charge.

The company's intangible assets consist of intangible assets with defined lives as well as intangible assets with indefinite lives. Defined-lived intangible assets consist principally of customer lists and developed technology. The company's indefinite lived intangible assets consist entirely of trademarks.

The company evaluates the carrying value of definite-lived assets whenever events or circumstances indicate possible impairment. Definite-lived assets are determined to be impaired if the future undiscounted cash flows expected to be generated by the asset or asset group are less than the carrying value of the asset or asset group. Actual impairment amounts for definite-lived assets are then calculated using a discounted cash flow calculation. The company assesses indefinite-lived assets for impairment annually in the fourth quarter of each year and whenever events or circumstances indicate possible impairment. Any impairment amounts for indefinite-lived assets are calculated as the difference between the future discounted cash flows expected to be generated by the asset less than the carrying value for the asset.

Product Liability

The company was self-insured in North America for annual policy losses up to $10,000,000 per occurrence and $13,000,000 in the aggregate. The company also has additional layers of external insurance coverage, related to all lines of insurance coverage, insuring up to $75,000,000 in aggregate losses per policy year arising from individual claims anywhere in the world that exceed the captive insurance company policy limits or the limits of the company's per country foreign liability limits, as applicable. There can be no assurance that Invacare's current insurance levels will continue to be adequate or available at affordable rates.

Product liability reserves are recorded for individual claims based upon historical experience, industry expertise and other indicators. Additional reserves, in excess of the specific individual case reserves, are provided for incurred but not reported claims based upon actuarial valuations at the time such valuations are conducted. Historical claims experience and other assumptions are taken into consideration by the company in estimating the ultimate reserves. For example, the actuarial analysis assumes that historical loss experience is an indicator of future experience, that the distribution of exposures by geographic area and nature of operations for ongoing operations is expected to be very similar to historical operations with no dramatic changes and that the government indices used to trend losses and exposures are appropriate. Estimates made are adjusted on a regular basis and can be impacted by actual loss awards and settlements on claims. While actuarial analysis is used to help determine adequate reserves, the company is responsible for the determination and recording of adequate reserves in accordance with accepted loss reserving standards and practices.

Warranty

Generally, the company's products are covered by assurance-type warranties against defects in material and workmanship for various periods depending on the product from the date of sale to the customer. Certain components carry a lifetime warranty. In addition, the company has sold extended warranties that, while immaterial, require the company to defer the revenue associated with those warranties until earned. A provision for estimated warranty cost is recorded at the time of sale based upon actual experience. The company continuously assesses the adequacy of its product warranty accrual and makes adjustments as needed. Historical analysis is primarily used to determine the company's warranty reserves. Claims history is reviewed and provisions are adjusted as needed. However, the company does consider other events, such as a product recall, which could warrant additional warranty reserve provision. Refer to Accrued Expenses in the Notes to the Consolidated Financial Statements for a reconciliation of the changes in the warranty accrual.

Accounting for Stock Compensation

The company accounts for stock compensation under the provisions of *Compensation—Stock Compensation*, ASC 718. The company has not made any modifications to the terms of any previously granted awards (other than the modification in the fourth quarter of 2020 (refer to Equity Compensation in the Notes to the Consolidated Financial Statements) and no changes have been made regarding the valuation methodologies or assumptions used to determine the fair value of awards granted and the company continues to use a Black-Scholes valuation model to value options granted. As of December 31, 2022, there was $2,221,000 of total unrecognized compensation cost from stock compensation arrangements, which is related to non-vested awards, and includes $2,146,000 related to restricted stock awards and $75,000 related to performance awards.

Most of the options awarded have been granted at exercise prices equal to the market value of the underlying stock on the date of grant. Restricted stock awards granted without cost to the recipients are expensed on a straight-line basis over the vesting periods. Performance awards granted are expensed based on estimated achievement of the performance objectives over the relevant performance award periods.

Income Taxes

As part of the process of preparing its financial statements, the company is required to estimate income taxes in various jurisdictions. The process requires estimating the company's current tax liability, including assessing uncertainties related to tax return filing positions, as well as estimating temporary differences due to the different treatment of items for tax and accounting policies. The temporary differences are reported as deferred tax assets and or liabilities. The company also must estimate whether it will more likely than not realize its deferred tax assets and whether a valuation allowance should be established. The company's deferred tax assets are offset by a valuation allowance in the U.S., Australia, Switzerland and New Zealand. In the event that actual results differ from its estimates, the company's provision for income taxes could be materially impacted. The company does not believe that there is a substantial likelihood that materially different amounts would be reported related to its critical accounting policies.

Accounting for Convertible Debt and Related Derivatives

During the third and fourth quarter of 2022, the company entered into privately negotiated Secured Convertible 2026 Notes of $31,106,000 and $10,369,000, respectively, in aggregate principal amount. Convertible debt conversion liabilities of $1,510,000 were recorded based on initial fair values and these fair values are updated each reporting period with the offset to the income statement.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

For the company's disclosure regarding recently issued accounting pronouncements, refer to Accounting Policies - Recent Accounting Pronouncements in the Notes to the Consolidated Financial Statements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

The company is at times exposed to market risk through various financial instruments, including fixed rate and floating rate debt instruments. An increase of 1% to variable rate debt outstanding at December 31, 2022 would increase interest expense $1,057,200 annually. Additionally, the company operates internationally and, as a result, is exposed to foreign currency fluctuations. Specifically, the exposure results from intercompany loans, intercompany sales or payments and third-party sales or payments. In an attempt to reduce this exposure, foreign currency forward contracts are utilized to hedge intercompany purchases and sales as well as third-party purchases and sales. The company does not believe that any potential loss related to these financial instruments would have a material adverse effect on the company's financial condition or results of operations.

The company is party to the ABL DIP Credit Agreement which became effective on February 2, 2023. Accordingly, while the company is exposed to increases in interest rates, its exposure to the volatility of the current market environment is currently limited until the ABL DIP Credit Agreement expires. Cash flow hedges are precluded under the ABL DIP Credit Agreement. The Highbridge Loan Agreement and the DIP Credit Agreements contain customary default provisions, with certain grace periods and exceptions, which provide that events of default that include, among other things, failure to pay amounts due, breach of covenants, representations or warranties, bankruptcy, the occurrence of a material adverse effect, exclusion from any medical reimbursement program, and an interruption of any material manufacturing facilities for more than ten consecutive days. Should the company fail to comply with these requirements, the company would potentially have to attempt to obtain alternative financing and thus likely be required to pay much higher interest rates.

Item 8. Financial Statements and Supplementary Data.

Reference is made to the Report of Independent Registered Public Accounting Firm (PCAOB ID: 42), Consolidated Balance Sheets, Consolidated Statements of Comprehensive Income (Loss), Consolidated Statements of Cash Flows, Consolidated Statement of Shareholders' Equity, Notes to Consolidated Financial Statements and Financial Statement Schedule of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

As of December 31, 2022, an evaluation was performed, under the supervision and with the participation of the company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Based on that evaluation, the company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the company's disclosure controls and procedures were effective as of December 31, 2022, in ensuring that information required to be disclosed by the company in the reports it files and submits under the Exchange Act is (1) recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms and (2) accumulated and communicated to the company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow for timely decisions regarding required disclosure.

(b) Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining a system of adequate internal control over financial reporting that provides reasonable assurance that assets are safeguarded and that transactions are authorized, recorded and reported properly. The system includes self-monitoring mechanisms; regular testing by the company's internal auditors; a Code of Conduct; written policies and procedures; and a careful selection and training of employees. Actions are taken to correct deficiencies as they are identified. An effective internal control system, no matter how well designed, has inherent limitations—including the possibility of the circumvention or overriding of controls—and therefore can provide only reasonable assurance that errors and fraud that can be material to the financial statements are prevented or would be detected on a timely basis. Further, because of changes in conditions, internal control system effectiveness may vary over time.

Management's assessment of the effectiveness of the company's internal control over financial reporting is based on the Internal Control—Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

In management's opinion, internal control over financial reporting was effective as of December 31, 2022.

(c) Changes in Internal Control Over Financial Reporting

There have been no changes in the company's internal control over financial reporting during the company's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

Item 10. Directors, Executive Officers and Corporate Governance.

Director Biographies and Qualifications

Below is certain biographical information regarding the company's Directors, as well as a discussion of the qualifications. Each of the individuals listed below has a wealth of knowledge, experience and expertise developed over a lifetime of achievement. In the discussion below, we have not detailed all of the numerous factors considered by the Board, but rather have highlighted the primary qualifications that led the Board to conclude that each of the following individuals should serve as a Director. The Board of Directors believes that the current Board composition reflects a group of individuals with relevant knowledge and experience that greatly benefits the company.

Edward F. Crawford and Steven H. Rosen were appointed as directors by the Board of Directors on August 22, 2022 pursuant to a cooperation agreement (the “Cooperation Agreement”) entered into on August 22, 2022. Additional information regarding the Cooperation Agreement is included in the Corporation’s Current Report on Form 8-K filed on August 24, 2022 and in Item 13 of this Annual Report on Form 10-K under the caption “Certain Relationships and Related Transactions.” There are no other arrangements or understandings pursuant to which any of the persons listed below were selected as directors.

Edward F. Crawford, age 84, was appointed as a Director of the company on August 22, 2022. Ambassador Crawford currently serves as a member of the Board of Park-Ohio Holdings Corp. (NASDAQ: PKOH), a public company based in Ohio and has previously served as its Chairman and Chief Executive Officer from 1998 until 2018 and as its President from 1997 to 2003. He currently serves as Chairman of the Board of Crawford United Corporation (OTC: CRAWA) since 2021 and previously has served as a director from 2012 to 2019. He has served as the U.S. Ambassador to Ireland from 2019 to 2021. Ambassador Crawford serves as a member of the Board of Advisors at Resilience Capital Partners LLC, a private equity firm. Ambassador Crawford has extensive experience in strategic planning and operations, as well as knowledge of public and private company strategy. Mr. Crawford has amassed extensive knowledge of public and private company strategies and operations and brings to the Board his experience in leading a variety of private enterprises for over 40 years.

Petra Danielsohn-Weil, PhD, age 63, has been a Director since May 2018. From 2014 until her retirement in August 2017, Ms. Danielsohn-Weil was the Regional President for Pfizer Essential Health - Europe. Pfizer Essential Health is a producer of non-viral anti-infectives, biosimilars and sterile injectable medicines and is a business unit of Pfizer Inc. (NYSE:PFE), a research-based, global biopharmaceutical company. Ms. Danielsohn-Weil previously served in various general management, regional and global business unit executive roles in Europe and the United States for Pfizer from 2000 through 2014. Prior to that she served in various commercial and strategic leadership roles in Europe and the US for Warner-Lambert from 1988 until its acquisition by Pfizer in 2000. Since 2019, Ms. Danielsohn-Weil has been a member of the supervisory Board of Gruenenthal Pharma GmbH. Ms. Danielsohn-Weil has a wealth of executive experience leading biotech businesses in the European market, including in commercial development, business integration, research and development, sales, digital marketing, and implementing long-term strategic plans in a complex environment.

Marc M. Gibeley, age 58, has been a Director since November 2015. Mr. Gibeley has served as Chief Executive Officer and a Director of Nutritional Medicinals, LLC, a producer of organic whole food feeding tube formulas and meal replacements, since November 2018. Prior to that, Mr. Gibeley served as Chief Executive Officer and Director of Scientific Intake Ltd. Co., a medical device and digital healthcare company focused on weight management and the prevention of obesity related chronic diseases, from October 2016 to January 2018. Prior to that, Mr. Gibeley served as Head of Diabetes Care North America for Roche Holding AG (SIX: RO), a leading research-focused pharmaceuticals and diagnostics healthcare company from 2011 through 2016. Mr. Gibeley served as the President and Chief Executive Officer of WaveRx, a venture-backed diabetes neuropathy medical device company, from 2008 through 2011. Prior to joining WaveRx, Mr. Gibeley worked for several consumer packaged goods companies, including Procter & Gamble (NYSE: PG), Eastman Kodak (NYSE: KODK) and Kraft Foods (NASDAQ: KHC). Mr. Gibeley has extensive experience in leading and managing medical device companies that have undergone substantial changes and transformed to focus on marketing products directly to consumers. He has a wide range of management expertise, including in sales, marketing, finance, customer support and product launches, as well as in regulatory affairs, manufacturing, and operations and commercial development, which has been developed over a career in consumer products businesses at various stages of development.

Michael J. Merriman Jr., age 66, was appointed to the Board of Directors on August 28, 2022. Mr. Merriman Jr., previously served as a director of the company from 2014 to 2018 and chaired its Audit Committee. He has served as an operating advisor of Resilience Capital Partners LLC, a private equity firm focused on principal investing in lower, middle-market underperforming and turnaround opportunities, from 2008 until 2017, and currently serves on the board of one of Resilience's portfolio companies. Mr. Merriman Jr. is a director of Nordson Corporation (Nasdaq: NDSN), a manufacturer of products that dispense adhesives, coatings, sealants, biomaterials and other materials, and has served as Chairman of the Board since 2018. He also is a director of Regis Corporation (NYSE: RGS), a company that owns, franchises, and operates beauty salons, hair restoration centers and cosmetology education facilities, where he is chair of the audit committee and a member of the compensation committee. Mr. Merriman Jr. served as president and chief executive officer of Lamson & Sessions Co. (formerly, NYSE: LMS), a manufacturer of thermoplastic conduit, fittings and electrical switch and outlet boxes, from 2006 to 2007; and served as senior vice president and chief financial officer of American Greetings Corporation (formerly, NYSE: AM), a designer, manufacturer and seller of greeting cards and other social expression products, from 2005 until 2006. Mr. Merriman Jr. previously served as a director of OMNOVA Solutions Inc., a specialty chemical company, from 2008 until its sale in 2020. Mr. Merriman Jr. has deep experience and significant knowledge in executive management, strategy, corporate governance, acquisitions and divestitures, product development and investor relations, as well as significant finance, financial reporting and accounting expertise, all developed through Mr. Merriman Jr.'s prior experience as a public company chief executive officer and chief financial officer, as a certified public accountant, and as a public company director.

Clifford D. Nastas, age 60, has been a Director since May 2015. Mr. Nastas has served as Chief Executive Officer and President of Tempel Steel, an independent manufacturer of precision magnetic steel laminations for the motor, generator, auto and transformer industries, since May 2019. Mr. Nastas served as President and Chief Executive Officer of Radiac Abrasives Company, a manufacturer of conventional bonded and super abrasives in North America from January 2016 until December 2018. Since 2014, Mr. Nastas has been a Director of Dan T. Moore Company, Inc., a holding company of diverse advanced materials manufacturing and technology businesses and became co-chairman in 2016. Also, since 2014, Mr. Nastas has served as a Director of Shorr Packaging Corporation, an ESOP-owned company that distributes packaging supplies throughout North America. Mr. Nastas served as Chief Executive Officer and a Director of Material Sciences Corporation (formerly, Nasdaq: MASC), Elk Grove Village, Illinois, a publicly traded diversified industrial manufacturing company providing high-value coated metal, acoustical and lightweight composite solutions from 2005 until the company was sold in March 2014. From 2001 to 2005, Mr. Nastas served in various capacities at Material Sciences, including as President and Chief Operating Officer. Prior to joining Material Sciences, Mr. Nastas served in various general management, sales, and manufacturing capacities with Honeywell International, formerly Allied Signal (NYSE: HON), Morris Township, New Jersey, Avery Dennison Corporation (NYSE: AVY), Glendale, California, and Ford Motor Company (NYSE: F), Dearborn, Michigan. Mr. Nastas has extensive business leadership and management expertise, which includes a broad range of experience in management, operations, sales, marketing, product development and engineering in a number of global businesses, including as the CEO of a publicly-traded company.

Geoff Purtill, age 57, was appointed a Director on December 9, 2022. He has been President and Chief Executive Officer of the company since November 2022 and had previously served as interim President and CEO beginning in August 2022. Previously, Mr. Purtill also served as the Senior Vice President and General Manager of the company's European and Asia Pacific businesses and has led the Global Strategy efforts. Mr. Purtill joined Invacare in 2010, and prior to that had various leadership roles in sales, category management and supply chain roles at Johnson & Johnson. Mr. Purtill was in the Australian Army for 14 years, where he started as an Electronics Technician and left as a Captain in the Intelligence Corps. Mr. Purtill graduated with an MBA (Exec) from the Australian Graduated School of Management in 2003. Mr. Purtill was appointed as a director primarily due to his role as Chief Executive Officer, as well as his considerable experience in managing and operating businesses, which provides the Board with management perspective that is valuable in overseeing the company's business operations.

Steven H. Rosen, age 52, was appointed as a Director of the company on August 22, 2022. Since 2001, Mr. Rosen has served as the Co-Founder and Co-Chief Executive Officer of Resilience Capital Partners LLC, a Cleveland, Ohio based private equity firm where he has been involved with all aspects of the firm's operations and strategic planning efforts and the developing and maintaining of relationships with investors and investment intermediaries. He has a wide range of experience in operations, strategic planning and assisting companies undergoing strategic transformation. Mr. Rosen serves as a director of Park-Ohio Holdings Corp (NASDAQ: PKOH), Crawford United Corporation (OTC: CRAWA) and AmFin Financial Corporation (OTC: ANFL). Mr. Rosen holds a Bachelors Degree from the University of Maryland and an MBA from the Weatherhead School of Management at Case Western Reserve University. Mr. Rosen brings to the Board an extensive background in mergers and acquisitions, financial analysis and consulting as well as contacts throughout the financial and investing field.

Aron I. Schwartz, age 52, was appointed as a Director on March 21, 2022. Mr. Schwartz is a Managing Partner at ACON Investments, LLC, a private equity firm based in Washington, D.C. Mr. Schwartz was previously a consultant to, and a Managing Director at, Avenue Capital, a global investment firm, from 2012 to 2014. Prior to that, from 1999 to 2011, he held various positions culminating in Managing Director of Fenway Partners, a middle market private equity firm. Since 2012, he has served on the board of directors and as chairman of the audit committee of CION Investment Corporation (NYSE: CION), a business development company that primarily provides senior secured loans to US middle-market companies. Mr. Schwartz previously served on the boards of various companies, including Melinta Therapeutics, Inc. (OTC: MLNTQ), a pharmaceutical development company from 2019 to 2020. Mr. Schwartz has a wide range of financial experience in managing and overseeing companies with operations in various industries, including companies undergoing strategic transformation.

Determination of Current Board Leadership Structure

The Board's independent Directors bring experience, oversight and expertise from outside the company and industry, while the Chief Executive Officer brings company and industry-specific experience and expertise. One of the key responsibilities of the Board is to develop strategic direction and hold management accountable for the execution of strategy once it is developed. There is unified leadership and a focus on strategic development and execution and structure helps assure independent oversight of management.

Members of the Board Committees

The composition of the Board committees, as of April 14, 2023, is set forth below.

Director	Audit Committee	Nominating and Governance Committee	Compensation and Management Development Committee	Strategy and Operational Improvement Committee	Special Committee	Regulatory and Compliance Committee
Edward F. Crawford		Member		Member		
Petra Danielsohn-Weil, PhD			Member		Member	Chair
Marc M. Gibeley			Chair		Member	Member
Clifford D. Nastas		Chair		Chair	Member	
Michael J. Merriman Jr. (Chairman of the Board)	Member	Member	Member	Member		
Steven H. Rosen	Member		Member	Member		
Aron I. Schwartz	Chair			Member	Chair	Member
Geoffrey P. Purtill					Member	

Principal Functions of the Board Committees

The Board has an Audit Committee; a Nominating and Governance Committee; a Compensation and Management Development Committee; a Strategy and Operational Improvement Committee; a Special Committee; and a Regulatory and Compliance Committee.

Audit Committee. The Audit Committee assists the Board in monitoring (i) the integrity of Invacare's financial statements, (ii) the independence, performance and qualifications of Invacare's internal and independent auditors, (iii) Invacare's compliance with legal and regulatory requirements related to the company's financial statements and accounting policies (iv) Invacare's risk assessment and management process. The specific functions and responsibilities of the Audit Committee are set forth in the Audit Committee Charter adopted by the Board of Directors, a copy of which is available at www.invacare.com by clicking on the Investor Relations tab and then the Corporate Governance link. The Audit Committee met four times during 2022.

The Board has determined that each member of the Audit Committee satisfies the current independence standards of Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended. The Board also has determined that Aron I. Schwartz, the Chair of the Audit Committee, Michael J. Merriman Jr. and Steven H. Rosen each qualifies as an “audit committee financial expert” as that term is defined in Item 407(d)(5) of Regulation S-K. Mr. Merriman Jr. joined the Board of Directors on August 28, 2022 and the Audit Committee on December 8, 2022. Mr. Rosen joined the Board of Directors and the Audit Committee on August 22, 2022.

Nominating and Governance Committee. The Nominating and Governance Committee assists the Board (i) in identifying and recommending individuals qualified to become Directors and will consider all qualified nominees recommended by shareholders, and (ii) on all matters relating to corporate governance of the company, including, but not limited to, the development and implementation of the company's corporate governance and ESG policies and guidelines. Each of the current members of the Nominating and Governance Committee is independent within the meaning of Invacare's Corporate Governance Guidelines. The Board of Directors has adopted a charter for the Nominating and Governance Committee, which is available at www.invacare.com by clicking on the Investor Relations tab and then the Corporate Governance link. The Nominating and Governance Committee met three times during 2022.

Compensation and Management Development Committee. The Compensation and Management Development Committee assists the Board in developing and implementing (i) executive compensation programs that are fair, equitable and aligned with the interests of shareholders and that are effective in the recruitment, retention and motivation of executive talent required to successfully meet Invacare's strategic objectives and (ii) a management succession plan that meets Invacare's present and future needs. Each of the current members of the Compensation and Management Development Committee is independent within the meaning of Invacare's Corporate Governance Guidelines. The Board of Directors has adopted a charter for the Compensation and Management Development Committee, which is available at www.invacare.com by clicking on the Investor Relations tab and then the Corporate Governance link. The Compensation and Management Development Committee met eight times during 2022. Mr. Rosen joined the Board of Directors and the Compensation and Management Development Committee on August 22, 2022. Mr. Merriman Jr. joined the Board of Directors on August 28, 2022, and the Compensation and Management Development Committee on November 17, 2022.

Regulatory and Compliance Committee. The Regulatory and Compliance Committee assists the Board in its oversight of the company's legal and regulatory compliance matters, including medical device regulatory compliance. Each of the current members of the Regulatory and Compliance Committee is independent within the meaning of Invacare's Corporate Governance Guidelines. The Board of Directors has adopted a charter for the Regulatory and Compliance Committee, which is available at www.invacare.com by clicking on the Investor Relations tab and then the Corporate Governance link. The Regulatory and Compliance Committee met four times during 2022.

Strategy and Operational Improvement Committee. The Strategy and Operational Improvement Committee was formed on August 22, 2022 and its responsibilities include: (i) conducting a comprehensive review and evaluation of the current corporate strategies of the company; (ii) assisting and advising the Board on corporate strategies and strategic alternatives; and (iii) from time to time as it determines appropriate, making recommendations to the Board regarding actions to be considered in furtherance of the committee's purpose.

Special Committee. The Special Committee was formed on December 9, 2022 to evaluate and approve (i) strategic and/or financial options and transactions related to financing, restructuring, reorganization, recapitalization, divestiture, acquisition, and similar transactions and, if appropriate, authorizing financing to augment the company's liquidity, balance sheet, capital allocation, or otherwise, and authorizing any bankruptcy filing and related proceedings in respect of the company and/or one or more of its subsidiaries (each of the foregoing and any combination of the foregoing, a "Restructuring Transaction"), and (ii) conflicts between the interests of the company, on the one hand, and the interests of certain creditors of the company and/or the interests of the company's equity interests with representation on the Board, on the other.

Board Nominations and Shareholder Recommendations

There have been no material changes to the procedures by which shareholders may recommend nominees to the company's Board of Directors since the last disclosure of those procedures in the company's definitive proxy statement filed with the SEC in connection with its 2022 annual meeting of shareholders.

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines which contain principles that, along with the charters of the standing committees of the Board of Directors, provide the framework for Invacare's corporate governance. Among other things, the Corporate Governance Guidelines establish principles relating to:

- responsibilities and functions of the Board of Directors, such as meeting, orientation and continuing education guidelines;
- the composition of the Board, including Director independence and other qualification requirements;
- responsibilities of the Chairman of the Board, the Chief Executive Officer and the Lead Independent Director, if any;
- the establishment and functioning of Board committees;
- executive sessions of non-management Directors;
- Chief Executive Officer succession planning;
- Board access to management, and evaluation of the Chief Executive Officer;
- communication and interaction by the Board with shareholders and other interested parties;
- share ownership guidelines for Directors and executive officers;
- engagement by an independent committee of the Board with shareholder proponents following a majority vote on a shareholder proposal; and
- periodic self-assessment by the Board and each Board committee.

A copy of the Corporate Governance Guidelines can be found on the company's website at www.invacare.com by clicking on the Investor Relations tab and then selecting the Corporate Governance link.

Delinquent Section 16(a) Reports

Under Section 16(a) of the Exchange Act, Directors, executive officers, and beneficial owners of more than 10% of the company's common shares are required to report their initial ownership of common shares and any subsequent changes in that ownership to the SEC. Due dates for the reports are specified by those laws, and the company is required to disclose any failure to timely file such reports during the year ended December 31, 2022. Based solely on written representations of the Directors and executive officers and on copies of the reports that they have filed with the SEC, it is the company's belief that all of its Directors and executive officers complied with all Section 16(a) filing requirements applicable to them with respect to transactions in the company's equity securities during 2022, except for a Form 3 related to the June 3, 2022 formation of a 10% ownership group filed by Crawford United Corporation, Edward F. Crawford and Matthew V. Crawford, which was filed on August 24, 2022. This late filing was due to an inadvertent error.

Codes of Ethics

The company has adopted a Code of Business Conduct and Ethics that applies to all Directors, officers and employees. The company has also adopted a separate Financial Code of Ethics that applies to its Chief Executive Officer (its principal executive officer), its Chief Financial Officer (its principal financial officer and principal accounting officer) and its controller or persons performing similar functions. Investors can find both codes on the company's website at www.invacare.com by clicking on the Investor Relations tab and then selecting the Corporate Governance link. The company will post any amendments to the codes, as well as any waivers that are required to be disclosed pursuant to the rules of the Securities and Exchange Commission, within four business days, on its website.

Employees have been notified that if they have any questions or concerns regarding financial integrity, legal or regulatory compliance, ethical business conduct, or activities that may be improper under the company’s Code of Business Conduct and Ethics, or otherwise have work related concerns, they are invited to speak with their supervisor, or any other member of management at any time. They also may report any concerns in writing to the Chief Executive Officer or the Chair of the Audit Committee, or submit a report to the company’s EthicsPoint ethics and compliance hotline reporting service, which is used to consolidate and summarize reports received. All EthicsPoint reports are reviewed by the Audit Committee.

The company’s EthicsPoint service is not intended to replace other communication channels already in place. However, if employees have a concern regarding a financial integrity, legal or regulatory compliance, or ethics related matter, or believe they cannot communicate effectively using existing internal channels, they may report the concern through the company’s EthicsPoint hotline reporting service by telephone or online at http://invacare.ethicspoint.com. Reports through EthicsPoint may be made anonymously and without reprisals for matters reported in good faith.

Director Compensation Program

The Compensation and Management Development Committee (the "Compensation Committee") is responsible for reviewing and making recommendations to the Board regarding all matters pertaining to compensation paid to non-employee Directors for Board, committee and committee chair services. In making non-employee Director compensation recommendations, the Compensation Committee takes various factors into consideration, including, but not limited to, the responsibilities of Directors generally, as well as committee chairs, and the form and amount of compensation paid to Directors by comparable companies. The Director compensation program is intended to be equitable based on the work required of non-employee Directors serving a healthcare technology company of our size and scope, and to tie a significant portion of non-employee Directors' compensation to shareholder interests through the grant of restricted stock units. The Compensation Committee periodically reviews non-employee Director compensation and such compensation may be adjusted in the future as appropriate based on our peer group information and company performance.

The company's 2022 Director compensation program provided that non-employee Directors were paid the following cash compensation:

	Effective January 2022	Effective April 2022	Effective September 2022
Annual Cash Retainer	$ 65,000	$ 105,000	$ 105,000
Lead Independent Director Additional Fee	20,000	20,000	—
Non-Executive Chairman Fee	—	—	40,000
Committee Chair Additional Fees:			
Audit	15,000	15,000	15,000
Compensation and Management Development	15,000	15,000	15,000
Regulatory and Compliance	15,000	15,000	15,000
Nominating and Governance	10,000	10,000	10,000
Special Committee*	—	—	20,000
Fee per meeting in excess of 24 meetings	1,500	1,500	1,500

* The Special Committee was formed in December 2022.

Additionally, in April 2022, each non-employee Director nominated at that time was granted a restricted stock unit award of 39,474 shares, which vests in full on May 15, 2023. In connection with their appointment to the Board in August 2022, Mr. Crawford and Mr. Rosen were granted restricted stock unit awards of 20,854 shares each. On November 21, 2022, Mr. Crawford and Mr. Rosen returned the awards for no consideration. On September 13, 2022, Mr. Merriman Jr. was granted 154,852 restricted stock unit awards which vest in full on November 15, 2023.

Fiscal 2022 Director Compensation Table

Name	Fees Earned or Paid in Cash ($) (2)		Stock Awards ($)(1)	Total ($)
Susan H. Alexander	100,000	(3)	58,422	158,422
Julie A. Beck	75,372	(4)	58,422	133,794
Edward F. Crawford	11,128	(5)	19,984	31,112
Petra Danielsohn-Weil, PhD	86,500	(6)	58,422	144,922
Stephanie L. Fehr	73,872	(7)	58,422	132,294
Diana S. Ferguson	24,667	(8)	—	24,667
Marc M. Gibeley	107,250	(9)	58,422	165,672
C. Martin Harris, M.D.	72,167	(10)	—	72,167
Michael J. Merriman, Jr.	13,003	(11)	157,949	170,952
Clifford D. Nastas	104,040	(12)	58,422	162,462
Steven H. Rosen	11,128	(13)	19,984	31,112
Aron I. Schwartz	60,208	(14)	58,422	118,630

(1) The values reported in this column represent the dollar amount of expense, calculated in accordance with ASC 718, *Compensation - Stock Compensation,* to be recognized for financial statement purposes over the respective vesting periods with respect to all restricted stock units awarded to each Director during 2022. These time-based restricted stock units were granted pursuant to the Invacare Corporation 2018 Equity Compensation Plan, and are scheduled to vest in full on May 15, 2023 with the exception of the awards granted to Messrs. Crawford, Rosen and Merriman, Jr. which are scheduled to vest in full on November 15, 2023. Messrs. Crawford and Rosen subsequently forfeited their awards to the company without consideration. For a description of the assumptions made in computing the values reported in this column, see "Equity Compensation" in the Notes to Consolidated Financial Statements.

(2) Fees presented in the table above and discussed within the footnotes below include payments in 2022 which includes fees earned in the fourth quarter of 2021 and paid in the first quarter of 2022 and exclude fees earned in the fourth quarter of 2022 and paid in the first quarter of 2023.

(3) The fees for Ms. Alexander include an $85,000 pro-rata retainer, $15,000 for her service as Chair of the Regulatory and Compliance Committee. Ms. Alexander resigned from the Board on November 16, 2022 and forfeited the restricted stock units granted to her in 2022.

(4) The fees for Ms. Beck include a $73,872 pro-rata retainer and $1,500 for one meeting in excess of 24 in 2021. Ms. Beck resigned from the Board on August 22, 2022 and forfeited the restricted stock units granted in 2022.

(5) The fees for Mr. Crawford include a $11,128 pro-rata retainer. Mr. Crawford joined the Board on August 22, 2022.

(6) The fees for Ms. Danielsohn-Weil include an $85,000 retainer and $1,500 for one meeting in excess of 24 in 2021.

(7) The fees for Ms. Fehr include a $73,872 pro-rata retainer. Ms. Fehr resigned from the Board on August 22, 2022 and forfeited the restricted stock units granted in 2022.

(8) The fees for Ms. Ferguson include a $21,667 pro-rata retainer and $3,000 for two meetings in excess of 24 in 2021. Ms. Ferguson resigned from the Board on January 19, 2022.

(9) The fees for Mr. Gibeley include a $85,000 pro-rata retainer, $11,250 for his service as Chair of the Compensation and Management Development Committee which was pro-rated for the partial year and $7,500 for five meetings in excess of 24 in 2021.

(10) The fees for Dr. Harris include a $49,167 pro-rata retainer, $13,333 for his service as Lead Independent Director, $6,666 for his service as Chair of the Nominating and Governance Committee, $3,000 for two meetings in excess of 24 in 2021.

(11) The fees for Mr. Nastas include a $85,000 pro-rata retainer, $10,000 for his service as Chair of the Audit Committee, $3,333 for his service as Chair of the Nominating and Governance Committee and $5,707 for his service as Lead Independent Director.

(12) The fees for Mr. Merriman Jr. include a $9,416 pro-rata retainer and $3,587 for his services as Non-Executive Chairman. Mr. Merriman Jr. joined the Board on August 28, 2022.

(13) The fees for Mr. Rosen include a $11,128 pro-rata retainer. Mr. Rosen joined the Board on August 22, 2022.

(14) The fees for Mr. Schwartz include a $51,458 pro-rata retainer and $8,750 for his services as Chair Audit Committee. Mr. Schwartz joined the Board on March 21, 2022.

Outstanding Director Equity Awards at December 31, 2022

The following table shows outstanding equity awards held by each Director at December 31, 2022.

	Option Awards			Stock Awards		
Name (3)	Number of Securities Underlying Unexercised Options Exercisable (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have not Vested (#)		Market Value of Shares or Units of Stock That Have not Vested ($)
Edward F. Crawford				—	(1)	—
Petra Danielsohn-Weil, PhD				39,474	(2)	16,579
Marc M. Gibeley				39,474	(2)	16,579
Clifford D. Nastas				39,474	(2)	16,579
Michael J. Merriman, Jr.				154,852	(3)	65,038
Steven H. Rosen				—	(1)	—
Aron I. Schwartz				39,474	(2)	16,579

(1) Mr. Crawford and Mr. Rosen were appointed to the Board on August 22, 2022. Both had received 24,671 restricted stock unit awards on August 22, 2022 and voluntarily returned those awards for no consideration on November 21, 2022.

(2) The restricted stock unit awards are scheduled to vest in full on May 15, 2023 after a one-year "cliff" vesting period.

(3) Mr. Merriman Jr. was appointed to the Board on August 28, 2022. He received 154,852 restricted stock unit awards on September 13, 2022 which are scheduled to vest in full on November 15, 2023.

Item 11. Executive Compensation.

The compensation provided to the company's named executive officers for the fiscal year ended December 31, 2022 is detailed in the Summary Compensation Table and accompanying footnotes and narrative that follow. The company's named executive officers for the year ended December 31, 2022 were:

- Geoffrey P. Purtill, President and Chief Executive Officer;
- Matthew E. Monaghan, former Chairman, President and Chief Executive Officer;
- Kathleen P. Leneghan, Senior Vice President and Chief Financial Officer; and
- Anthony C. LaPlaca, Senior Vice President, General Counsel, Chief Administrative Officer and Secretary.

The Compensation Committee is comprised of independent Directors and is responsible for approving and administrating the company's executive compensation plans. Each year, the Compensation Committee reviews the compensation program and pay practices. This review includes determining whether the company's compensation levels are competitive with its peer group and other similarly situated companies and whether any changes should be made to remain competitive and effective.

The Compensation Committee determines the principal components of compensation for the named executive officers each year and sets the performance goals for each performance-based compensation component. The Compensation Committee meets regularly throughout the year and reviews the company's performance to date against the performance goals.

The Compensation Committee's decisions to award compensation are based on its assessment of each executive's performance during the year against a variety of factors which may include corporate and personal goals, leadership qualities, operational performance, business responsibilities, current compensation arrangements and long-term potential to enhance shareholder value. Among the factors which may be considered are financial and non-financial measures such as revenue, profit, cash flow, product innovations, individual achievements, and improvements that create value. To set executive target compensation, the company does not necessarily adhere to rigid formulae or react immediately to short-term changes in business performance.

In making its decisions, the Compensation Committee reviewed input from an independent compensation consultant, Pay Governance LLC, and from management, who provided the Compensation Committee with analysis and recommendations regarding base salary adjustments, payout levels under annual incentive plans and equity awards.

The company's executive compensation is intended to:

- reward its executives for leading improvements that contribute to shareholder value with sustained financial and operating performance and leadership excellence;
- align the executives' interests with those of the company's shareholders;
- enable the company to attract needed talent in key positions; and
- encourage executives to remain with the company and continue making significant long-term contributions.

The company is a "smaller reporting company" as that term is used under the rules promulgated under the Securities Act, and as such the company has used the scaled compensation disclosure requirements applicable to smaller reporting companies in this Item 11.

Summary Compensation Table

The following table presents the total compensation for the years indicated for the named executive officers of the company.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Non-Equity Incentive Plan Compen-sation ($)	Non-qualified Deferred Compen-sation Earnings ($)(2)	All Other Compen-sation ($)(3)		Total ($)
Geoffrey P. Purtill	2022	486,314	52,456	179,160		—	200,354	(4)	918,284
President and Chief Executive Officer									
Matthew E. Monaghan	2022	648,831	—	1,089,247	—	—	5,716	(5)	1,743,794
Former Chairman, President and Chief Executive Officer	2021	955,000	—	4,998,751	—	—	39,485	(5)	5,993,236
Kathleen P. Leneghan	2022	484,100	—	276,516	—	—	16,493	(6)	777,109
Senior Vice President and Chief Financial Officer	2021	470,000	—	1,268,983	—	—	15,862	(6)	1,754,845
Anthony C. LaPlaca	2022	475,417	—	77,160	—	—	8,467	(7)	561,044
Senior Vice President, General Counsel, Chief Administrative Officer and Secretary	2021	461,570	—	354,101	—	—	6,077	(7)	821,748

(1) The values reported in this column represent the aggregate grant date fair value, calculated in accordance with ASC 718, *Compensation - Stock Compensation,* of all restricted stock and performance shares awarded to each officer during the fiscal year. The value of performance share awards was estimated, as of the grant date, assuming that achievement of the performance targets would be 150% of target; however, the Compensation Committee will determine payouts under the awards based on the actual performance over the three-year period. For a description of the assumptions made in computing the values reported in this column, refer to Equity Compensation in the Notes to Consolidated Financial Statements contained in the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

(2) There were no changes in the present value of the accumulated benefit obligations to any named executive officer who participated in the SERP in 2022 or 2021. No above market or preferential earnings on nonqualified deferred compensation were earned by any named executive officer in 2022 or 2021.

(3) Compensation reported in this column includes (i) in the case of Mr. Monaghan, Ms. Leneghan, and Mr. LaPlaca, the value of company contributions made in each fiscal year on behalf of the officer to the Invacare Retirement Savings Plan and in the case of Mr. Purtill to the DC Plus Plan; (ii) in the case of Ms. Leneghan, amounts paid for life insurance premiums; (iii) in the case of Mr. Purtill, amounts paid for car allowances, housing allowance, family education, relocation, and (iv) in the case of Mr. LaPlaca, the incremental cost to the company of perquisites provided by the company, which include: an annual physical exam and health screening. Perquisites are valued on the basis of the aggregate incremental cost to the company of providing the perquisite to the applicable officer.

(4) Other compensation for Mr. Purtill includes in 2022, $52,456 bonus paid by the company, $79,129 contributed by the company to the DC Plus Plan, $57,701 paid by the company for housing allowance, $15,265 paid by the company for car allowance, $15,911 paid by the company for family education, and $32,348 paid by the company for relocation.

(5) Other compensation for Mr. Monaghan includes (i) in 2022, $5,716 contributed by the company to the Invacare Retirement Savings Plan; and (ii) in 2021, $34,310 paid by the company for life insurance premiums, $0 contributed by the company to the DC Plus Plan, $5,175 contributed by the company to the Invacare Retirement Savings Plan.

(6) Other compensation for Ms. Leneghan includes (i) in 2022, $10,442 paid by the company for life insurance premiums, $6,051 contributed by the company to the Invacare Retirement Savings Plan; and (ii) in 2021, $10,062 paid by the company for life insurance premiums, $0 contributed by the company to the Invacare Retirement Savings Plan,$5,800 contributed by the company to the DC Plus Plan.

(7) Other compensation for Mr. LaPlaca includes (i) in 2022, $5,943 contributed by the company to the Invacare Retirement Savings Plan and $2,524 paid by the company for an annual physical exam; and (i) in 2021, $5,800 contributed by the company to the Invacare Retirement Savings Plan and $277 contributed by the company to the DC Plus Plan.

Actual Annual Cash Incentive Awards for 2022

The eligibility for actual payouts under the annual cash bonus plan were computed based on the company's actual corporate performance relative to the goals established under the plan for 2022, as outlined above. Because none of the requisite thresholds were met, no bonuses were paid to named executive officers for 2022. The non-payment of bonuses is reflected in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table above, and in the following table.

	2022 Target Award (% of Base Salary)	2022 Actual Payout (% of Target)	2022 Actual Payout Amount
Mr. Purtill*	75%	0%	$0
Mr. Monaghan	107.9%	0%	$0
Ms. Leneghan	75%	0%	$0
Mr. LaPlaca	75%	0%	$0

* 75% Europe results and 25% consolidated results.

Long-Term Incentive Plan

The company's long-term equity compensation program for named executive officers, referred to as the "LTIP," historically has included performance share awards, referred to as "performance shares," and time-based restricted stock awards, referred to as "restricted stock." In 2022, the program included restricted stock and performance unit awards, referred to as "performance units." The program is intended to promote the company's long-term success and increase shareholder value by further aligning the named executive officers' total compensation with the interests of shareholders. Each share of restricted stock is one restricted common share of the company, and each vested performance share represents the right to receive one common share of the company. Each performance unit represents the right to receive $1.00 in cash.

The Compensation Committee approved a long-term equity compensation program with regular annual awards for 2022 having values weighted 70% in performance units and 30% in restricted stock for each of the named executive officers. This mix of equity awards was intended to enhance the performance-based incentives to increase shareholder value in the program by emphasizing awards tied to achieving long-term financial objectives that will support future value creation while managing shareholder dilution and compensation expense.

In making equity awards in 2022, the Compensation Committee reviewed information provided by Pay Governance regarding the median market value of long-term compensation awards, as well as median market value of total direct compensation. Equity award guidelines for the regular annual awards to named executive officers were generally developed around target grant values at 100% of the market median according to each executive's salary and target cash compensation level, organizational level, reporting relationships and job responsibilities, to link executive compensation and the achievement of various long-term company goals.

The Compensation Committee considered each named executive officer's performance and the company's overall performance when determining the actual grant value of the 2022 awards of performance units and restricted stock of each named executive officer. The equity awards approximated the targeted range for each named executive officer.

Restricted Stock Granted in 2022

The restricted stock granted in 2022 was issued at no cost to the recipient and vests ratably over three years based on continued service by the recipient. To further enhance its retention value, the terms of the restricted stock allow the holder, subject to certain restrictions, to surrender a portion of the vested shares to the company to cover any minimum tax withholding obligation. The grants of restricted stock provide that the holders of that restricted stock will be entitled to receive cash dividends declared and paid by the company on the company's outstanding common shares only to the extent vested at the time of the dividend.

Performance Shares Granted in 2022

The goals for performance shares granted in 2022 for the three-year performance period ending December 31, 2024, initially are based on a minimum average annual Gross Margin percentage ("Average Gross Margin Percentage") over the first two years of the performance period. Meeting or exceeding the initial performance goal will qualify the performance share awards to potentially vest at 100% of the target number of shares specified in the applicable award agreement. This 100% maximum is less than the 200% maximum used by others in the company's peer group and allows the company to better manage the use of equity plan shares. At the end of the performance period, the Compensation Committee will then compare the company's actual level of Adjusted EBITDA for the last year of the period to the specific performance goals to be established by the Compensation Committee for that period, to determine the portion, if any, of the performance shares initially awarded in 2022 that will actually be earned.

Performance Units Granted in 2022

Each recipient of a performance unit award a number of performance units that is based on the average daily closing price of the company’s common shares from October 1, 2024 through December 31, 2024. Under the terms of the awards, performance units will vest if the average daily closing price of the company’s common shares is $5.00 or more, up to a maximum number of units if the price is $15.00 or more. If and to the extent that performance units are determined by the Compensation Committee to have vested at the conclusion of the three-year performance period ending December 31, 2024, the receipt will be entitled to receive $1.00 in cash for every vested performance unit. Because vesting is contingent upon the average share price of the company's common stock for the fourth quarter of 2024, the company cannot predict the amount of performance units that may vest, if any, at the end of the performance period

Performance Shares Granted in 2021

The goals for performance shares granted in 2021 for the three-year performance period ending December 31, 2023, initially are based on a minimum average annual Gross Margin percentage (“Average Gross Margin Percentage”) over the first two years of the performance period. Meeting or exceeding the initial performance goal will qualify the performance share awards to potentially vest at 150% of the target number of shares specified in the applicable award agreement. This 150% maximum is less than the 200% maximum used by others in the company's peer group and allows the company to better manage the use of equity plan shares. At the end of the performance period, the Compensation Committee will then compare the company's actual level of Adjusted EBITDA for the last year of the period to the specific performance goals to be established by the Compensation Committee for that period, to determine the portion, if any, of the performance shares initially awarded in 2021 that will actually be earned.

Because the 2021 performance shares are based on the Average Gross Margin Percentage performance over the first two years and that metric was not met, the 2021 performance shares are not expected qualify for payout.

Results of Performance Shares Granted in 2020

The three-year performance period for performance shares granted in 2020 concluded on December 31, 2022. Like the performance shares granted to the named executive officers in prior years, the initial funding performance goal for the 2020-2022 cycle was based on a target for the Average Gross Margin percentage over the three-year performance period. Meeting or exceeding the initial performance goal would fund the performance share awards at 150% of target. At the end of the period, the Compensation Committee compared the company's actual level of Adjusted EBITDA to specific performance goals for each of the threshold, target and maximum levels of achievement established by the Compensation Committee, to determine the portion, if any, of the performance share awards granted in 2020 that were actually be earned.

The company's Gross Margin performance in 2020 and 2021 were above the average target level but the company did not achieve at least the threshold Adjusted EBITDA performance for 2022 in order for any awards to vest. Accordingly, no performance shares were earned under the 2020 awards, and the awards were forfeited by the recipients without vesting.

Retirement and Other Benefits

The company maintains the plans described below to provide U.S.-based executives the opportunity to address long-term financial and retirement planning with a degree of certainty and to provide financial stability in the event the executives are impacted by unforeseeable factors beyond their control.

The company maintains the Invacare Retirement Savings Plan, a qualified 401(k) defined contribution plan, for its eligible employees, to which the company has the discretion to make matching and quarterly contributions on behalf of participants, including each of the U.S.-based named executive officers. The amounts of the contributions made by the company to the Invacare Retirement Savings Plan on behalf of U.S.-based named executive officers are set forth in a footnote to the Summary Compensation Table and are consistent with the benefits provided to all other employees who participate in the plan, up to the regulatory limits imposed on the plan for highly compensated employees.

The company provides its highly compensated U.S. employees, including named executive officers, the opportunity to participate in the Deferred Compensation Plus Plan (“DC Plus Plan”), a non-qualified contributory savings plan, which allows the executives to defer compensation above the amount permitted to be contributed to the Invacare Retirement Savings Plan. Thus, the DC Plus Plan provides the executives with the opportunity to save additional pre-tax funds for retirement up to the amount that the executive otherwise would have been able to save under the Invacare Retirement Savings Plan but for the regulatory limits imposed on that plan for highly compensated employees. As a result, highly compensated employees are eligible to save for retirement at the same rate (based on percentage of compensation) as other employees. In addition to individual deferrals, the company has the discretion to provide matching contributions and additional quarterly contributions for participating executives which are similar in percentage to the company's contributions to employees who participate in the Invacare Retirement Savings Plan.

The company also provides a Supplemental Executive Retirement Plan, or “SERP,” to one of the named executive officers who was in his role prior to 2011, to supplement other savings plans offered by the company and to provide replacement compensation for the executive in retirement. The change in the present value of the accumulated benefit obligation to the named executive officer who participates in the SERP is set forth in the Summary Compensation Table. The terms of the SERP are further described below.

Effective July 1, 2011, the Compensation Committee, based on the recommendation of management, (1) reduced the discretionary quarterly contributions by the company for all participants in the Invacare Retirement Savings Plan and DC Plus Plan from 4% to 1% of total cash compensation and (2) suspended the contributions by the company for all participants in the SERP and reduced the interest accrual rate under the SERP from 6% to 0%. The reductions remain in effect indefinitely, until the company or, in the case of the SERP, the Compensation Committee determines to restore them. The Compensation Committee closed the SERP to new participants in 2011, so the only named executive officer participating in the SERP was Mr. LaPlaca.

Severance and Change of Control Benefits

Severance Benefits. The company has entered into agreements with each of the named executive officers that provide for the payment of certain severance benefits upon a termination of employment other than a termination following a change of control of the company. These agreements provide some level of income continuity should an executive’s employment be terminated without cause by the company, or, in the case of the Chief Executive Officer, by the executive for good reason. These agreements are further described below under Other Potential Post-Employment Compensation.

Change of Control Benefits. Each named executive officer also has entered into an agreement with the company that provides for certain benefits generally payable in the event of a termination following a change of control of the company. The company believes that these agreements help retain executives and provide for management continuity in the event of an actual or threatened change of control. They also help to ensure that the interests of executives remain aligned with shareholders’ interests during a time when their continued employment may be in jeopardy. Finally, they provide some level of income continuity should an executive’s employment be terminated without cause following a change of control. The “double-trigger” feature of the agreements provides for the payment and provision of certain benefits to the executive if there is a change of control of the company and a termination of the executive’s employment with the surviving entity within two years (three years in the case of Mr. LaPlaca, which includes a one-year retention benefit upon a change of control) after the change of control. These agreements are further described below under Other Potential Post-Employment Compensation.

Equity Awards

Each outstanding restricted stock, performance share, stock option, performance option, and performance unit award was awarded under either the 2018 Equity Compensation Plan, or its predecessor, the 2013 Equity Compensation Plan. Under the plans and the performance share, restricted stock, stock option, performance option and performance unit award agreements entered into in connection with the awards, the Compensation Committee may make certain adjustments to the awards and the awards may be terminated or amended, as further described below.

Vesting. Shares of restricted stock generally are scheduled to vest in annual one-third increments over a three-year period beginning on May 15 of the year following the year of grant. If the recipient's employment terminates for any reason other than the recipient's death, then he or she will forfeit the unvested restricted shares. If the recipient dies during the vesting period, then his or her estate (or designated beneficiary) will become vested in a prorated number of restricted shares.

Performance shares, performance options and performance units generally vest after a three-year performance period, based on the level of achievement of predetermined performance goals. The performance shares granted in 2021 may be earned in a range between 0% and 150% of the number of shares specified in the applicable award agreement, depending on the company's performance for the performance period compared to the initial performance goal. Meeting or exceeding the initial performance goal will qualify the performance share awards at 150% of target, however, the Compensation Committee will determine payouts under the awards based on the actual performance over the three-year period. The Compensation Committee determined to take this approach due to the difficulty of setting specific financial performance goals during the company's business transformation. Performance goals for performance shares are based on gross margin percentage and Adjusted EBITDA. The performance units granted in 2022 may be earned if the average closing price of the company's common shares for the fourth quarter of 2024 is at least $5.00 per share, up to a maximum amounts of units if the price equals or exceeds $15.00 per share. Recipients may be entitled to a prorated number of shares, based on actual performance, if their employment terminates during the performance period due to death, disability or retirement.

Dividends and Dividend Equivalents. Recipients are not entitled to receive any dividends that are paid with respect to the company's common shares prior to the vesting of their restricted stock or performance shares and exercise of stock options or performance options. Following the vesting of the restricted stock or performance shares or exercise of stock options or performance options, the recipient will become entitled to any dividends that are paid with respect to the vested portion of the shares underlying their restricted stock or performance shares after the applicable vesting date or the portion of shares exercised under their stock options or performance options after the applicable exercise date.

Adjustments. In the event of a recapitalization, stock dividend, stock split, reverse stock split, distribution to shareholders (other than cash dividends), or a similar transaction, the Compensation Committee will adjust, in any manner that it deems equitable, the number and class of shares that may be issued under the plans and the number and class of shares applicable to outstanding awards.

Termination of Awards. The Compensation Committee may cancel any awards if, without the company's prior written consent, the participant (1) renders services for an organization, or engages in a business, that is (in the judgment of the Compensation Committee) in competition with the company, or (2) discloses to anyone outside of the company or uses for any purpose other than the company's business, any confidential information relating to the company.

Amendment of Awards. The Compensation Committee may, subject to certain restrictions, amend the terms of any award under the plans, including to waive, in whole or in part, any restrictions or conditions applicable to any award. The Compensation Committee may not amend an award in a manner that impairs the rights of any participant without his or her consent, or to reprice any stock options or stock appreciation rights at a lower exercise price, unless in accordance with an adjustment in the context of certain corporate transactions described in "Adjustments" above.

In the event of a change of control of the company (as defined under the plans), the restricted shares, performance shares, stock options, performance options and performance units will continue under their original vesting or performance schedule if the awards are assumed or replaced by the new entity. If, however, the awards are not assumed by the new entity, then, upon the change of control, the restricted stock and stock options will fully vest and the performance shares, performance options and performance units will vest on a pro-rated basis as if a target level of performance was achieved. If the recipient's employment is terminated without cause or by the recipient for good reason (as both terms are defined in the plans) following a change of control, then he or she will fully vest in the restricted shares and stock options and vest in the target number of performance shares, performance options and performance units.

Clawback. If the Board of Directors or any appropriate Board committee has determined that fraud or intentional misconduct by a participant in the 2018 Equity Compensation Plan or the 2013 Equity Compensation Plan (together, the "Equity Plans") was a significant contributing factor to the company having to restate all or a portion of its financial statement(s), the Board or such committee may take actions it deems necessary, in its discretion, to remedy the misconduct and to prevent its recurrence. In determining what remedies to pursue, the Board or appropriate committee would take into account all relevant factors, including whether the restatement was the result of fraud or intentional misconduct. The Equity Plans provide that the Board may, to the extent permitted by applicable law, in appropriate cases, require reimbursement of any bonus or incentive compensation paid to the participant for any fiscal period commencing on or after January 1, 2008, if and to the extent that, (1) the amount of incentive compensation was calculated based upon the achievement of certain financial results that were subsequently reduced due to a restatement, (2) the participant engaged in any fraud or intentional misconduct that significantly contributed to the need for the restatement, and (c) the amount of the bonus or incentive compensation that would have been awarded to the participant had the financial results been properly reported would have been lower than the amount actually awarded. In addition, the Board may terminate the participant's employment, authorize legal action, or take such other action to enforce the participant's obligations to the company as it may deem appropriate.

2018 Equity Compensation Plan

The Invacare Corporation 2018 Equity Compensation Plan (the "2018 Equity Plan") is the company's shareholder-approved equity compensation plan and is the successor to the company's 2013 Equity Compensation Plan (the "2013 Equity Plan") and the company's 2003 Performance Plan. Under the 2018 Equity Plan, Directors and employees of the company and its affiliates may be granted the following types of awards with respect to the company's common shares: incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, unrestricted stock, and performance shares. The maximum number of company common shares, without par value, available for issuance under the 2018 Equity Plan will not exceed the sum of the following: 8,700,000 shares plus any shares covered by an outstanding award made under the 2013 Equity Plan or the company's 2003 Performance Plan that are forfeited or remain unpurchased or undistributed upon termination or expiration of the award. As of December 31, 2022, there were 5,285,644 shares available for issuance under the 2018 Equity Plan inclusive of 1,363,107 aggregate shares under the company's 2013 Equity Plan and 2003 Performance Plan which can be transferred into and made available for use under the 2018 Equity Plan.

Executive Incentive Bonus Plan

The Executive Incentive Bonus Plan was approved and adopted by the shareholders of the company on May 25, 2005 and was reapproved by the shareholders of the company on May 20, 2010 and again on May 14, 2015.

Purpose. The Executive Incentive Bonus Plan is intended to provide an incentive to the company's executive officers to improve the company's inherent value, operating results and to enable the company to recruit and retain key officers by making the company's overall compensation program competitive with compensation programs of other companies with which the company competes for executive talent.

Administration. The plan is administered by the Compensation Committee, which generally has the authority to determine the manner in which the Executive Incentive Bonus Plan will operate, to interpret the provisions of the plan and to make all determinations under the plan.

Eligibility and Participation. All officers of the company are eligible to be selected to participate in the Executive Incentive Bonus Plan. The Compensation Committee has the discretion to select those officers who will participate in the plan in any given year. A participant must be employed by the company on the payment date in order to receive a bonus payment under the Executive Incentive Bonus Plan, unless the officer's employment is terminated prior to the payment date as a result of death, disability, or retirement, in which case the officer may receive a prorated payment. In 2022, there were seven participants in the Executive Incentive Bonus Plan, including the named executive officers.

Awards under the Executive Incentive Bonus Plan. Awards under the plan are designed to ensure that the compensation of the company's officers is commensurate with their responsibilities and contribution to the success of the company based on market levels indicated by compensation data obtained from time to time by the company or the independent consultant engaged by the Compensation Committee. For each calendar year or other predetermined performance period, the Compensation Committee will establish a target bonus for each eligible officer, which is payable based on the level(s) of achievement of a specified performance goal(s) for the performance period. When making final payout determinations, the Compensation Committee may exercise negative discretion to award less than the maximum potential cash bonus amount.

Performance Goals. The performance goal(s) for each performance period will provide for a targeted level or levels of performance using one or more of the following predetermined measurements: return on equity;

earnings per share; net income; pre-tax income; operating income; revenue; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; cash flow; free cash flow; economic profit; total earnings; earnings growth; return on capital; operating measures (including, but not limited to, operating margin and/or operating costs); return on assets; return on net assets; return on capital; return on invested capital; increase in the fair market value of the shares; or total shareholder return. For 2022, the bonus opportunity was based upon satisfaction of established bonus targets.

The performance goal for a performance period is established in writing by the Compensation Committee during the first 90 days of the year. During this same time period, the Compensation Committee may adjust or modify the calculation of a performance goal for the performance period in order to prevent the dilution or enlargement of the rights of participants (1) in the event of, or in anticipation of, any unusual or extraordinary corporate item, transaction, event or development; (2) in recognition of, or in anticipation of, any other unusual or nonrecurring events affecting the company, or the financial statements of the company, or in response to, or in anticipation of, changes in applicable laws, regulations, accounting principles or business conditions; and (3) in view of the Compensation Committee's assessment of the company's business strategy, performance of comparable organizations, economic and business conditions, and any other circumstances deemed relevant by the Compensation Committee. The Compensation Committee may establish various levels of bonus depending upon relative performance toward a performance goal.

The target bonus payable to any officer for a performance period is a specified percentage of the officer's compensation for the performance period, but in no event will the bonus payable to any officer for a performance period exceed $5,000,000.

In the event of a change in control of the company, the amount payable to each eligible participant in the plan at the time of such change in control would be equal to the greater of (1) the target bonus that would have been paid if the performance goal for the calendar year in which the change in control occurs had been achieved, or (2) the bonus that would have been paid to the participant if the performance goal that was actually achieved during the portion of the calendar year which occurs prior to the change in control is annualized for the entire calendar year.

Clawback. If the Board of Directors or any appropriate committee has determined that any fraud or intentional misconduct by a participant in the Executive Incentive Bonus Plan was a significant contributing factor to the company having to restate all or a portion of its financial statement(s), the Board or committee may take, in its discretion, such actions as it deems necessary to remedy the misconduct and prevent its recurrence. In determining what remedies to pursue, the Board or committee will take into account all relevant factors, including whether the restatement was the result of fraud or intentional misconduct. The Board may, to the extent permitted by applicable law, in all appropriate cases, require reimbursement of any bonus or incentive compensation paid to the participant for any fiscal period commencing on or after January 1, 2008 if and to the extent that (1) the amount of incentive compensation was calculated based upon the achievement of certain financial results that were subsequently reduced due to a restatement, (2) the participant engaged in any fraud or intentional misconduct that significantly contributed to the need for the restatement, and (3) the amount of the bonus or incentive compensation that would have been awarded to the participant had the financial results been properly reported would have been lower than the amount actually awarded. In addition, the Board may terminate the participant's employment, authorize legal action, or take such other action to enforce the participant's obligations to the company as it may deem appropriate in view of all the facts surrounding the particular case.

Amendment and Termination. The company reserves the right, exercisable by the Compensation Committee, to amend the Executive Incentive Bonus Plan at any time and in any respect, or to terminate the plan in whole or in part at any time and for any reason.

Outstanding Equity Awards held by the named executive officers at December 31, 2022

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have not Vested (#)	Market Value of Shares or Units of Stock That Have not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have not Vested ($)
Geoffrey P. Purtill	5,000		14.49	03/18/23				
	17,611		12.15	03/16/27				
					1,425 (1)	599		
					2,680 (2)	1,126		
							14,063 (6)	5,906
					5,000 (3)	2,100		
					20,854 (4)	8,759		
							20,854 (7)	8,759
					100,000 (5)	42,000		
Kathleen P. Leneghan	8,000		14.49	03/18/23				
					11,281 (1)	4,738		
					22,148 (2)	9,302		
							116,243 (6)	48,822
					74,734 (3)	31,388		
							74,734 (7)	31,388
Anthony C. LaPlaca	13,500		14.49	03/18/23				
	44,963		12.15	03/16/27				
					3,385 (1)	1,422		
					6,180 (2)	2,596		
							32,438 (6)	13,624
					20,854 (3)	8,759		
							20,854 (7)	8,759

(1) The restricted share award vests in equal annual increments over three years beginning on May 15, 2021.

(2) The restricted share award vests in equal annual increments over three years beginning on May 15, 2022.

(3) The restricted share award vests in equal annual increments over three years beginning on February 20, 2022.

(4) The restricted share award vests in equal annual increments over three years beginning on May 15, 2023.

(5) The restricted share award vests in equal annual increments over three years beginning on November 15, 2023.

(6) The performance share award has a three-year performance period with payout based on achievement of certain performance goals. The number of shares earned will be determined following the performance period ending December 31, 2023. The number of shares reported in the table is based on achievement of 150% of target, which is the amount of shares to be qualified under the award if the performance goal is achieved, however, the Compensation Committee will determine payouts under the awards based on the actual performance over the three-year period. Refer to the description in “Performance Shares Granted in 2021.”

(7) The performance share award has a three-year performance period with payout based upon achievement of certain performance goals. The number of shares earned will be determined following the performance period ending December 31, 2024. The number of shares reported in the table is based on achievement of 100% of target, which is the amount of shares to be qualified under the award if the initial performance goal is achieved, however, the Compensation Committee will determine payouts under the awards based on the actual performance over the three-year period. Refer to the description in “Performance Shares Granted in 2022.”

Supplemental Executive Retirement Plan

In 1995, the company established the Supplemental Executive Retirement Plan for certain executive officers to supplement other savings plans offered by the company to provide a specific level of replacement compensation for retirement. In order to comply with Section 409A of the Code, the Supplemental Executive Retirement Plan was amended and restated, effective as of December 31, 2008, as the Invacare Corporation Cash Balance Supplemental Executive Retirement Plan (the "SERP").

Prior to amendment, the SERP provided for an annual benefit equal to 50% of a participant's annual base salary and target bonus on the April 1 immediately preceding or coincident with the date of termination. The benefit was reduced if the participant had less than 15 years of service with the company. As amended, the SERP provides a benefit stated as a hypothetical account balance. Current participants, who were participants in the SERP prior to amendment, receive annual credits in the amount and for a maximum number of years as specified in their participation agreements. For such participants, the annual credits, together with annual interest credits, were structured with the intent to result in a benefit at normal retirement age that is substantially equivalent to the benefit that would have been provided at normal retirement age under the SERP prior to amendment. Future participants would receive annual credits that are a specified percentage (ranging from 8% to 35%, based on age at date of entry) of their annual base salary and target bonus for each year of employment, plus annual interest credits. The annual credits for such participants would not be made for any year in which the participant's account balance at June 30 is equal to or greater than 3.65 times that year's base salary and target bonus. Effective July 1, 2011, the Compensation Committee suspended the contributions by the company to the SERP and closed the plan to new participants.

Normal retirement age is age 65 or attainment of age 62 with 15 years of service with the company. Annual interest credits at the established interest crediting rate would continue as long as the participant retains an account under the SERP. The interest crediting rate was initially set at 6% per year, compounded annually, and may be changed from time to time by the Compensation Committee. Effective July 1, 2011, the Compensation Committee reduced the interest crediting rate to 0%. A participant will vest in his or her benefit in 20% increments over 5 years; however, payment of a participant's benefit generally will be made no earlier than normal retirement age, even if a participant terminates employment with a vested benefit prior to reaching normal retirement age. Also, retirement benefits generally are delayed until at least the later of the seventh month or the January after termination of employment. Upon entry into the SERP, a participant can make an election to receive his or her benefit, when it is ultimately paid, either in the form of a lump sum payment or in annual installments over a period not to exceed 25 years.

Notwithstanding the foregoing, if a participant's employment is terminated within two years following a "change of control" (as such term is defined in the SERP), the participant's account will become fully vested. In addition, his or her account will be credited with such additional amount to the extent necessary to bring the balance of the account to an amount equal to 3.65 times the greater of base salary plus target bonus for the year of termination or the preceding year, discounted from normal retirement age to the date of termination of employment (if earlier) at an interest crediting rate of 6% compounded annually. Payment of the benefit to such participant shall be made six months after termination of employment. Furthermore, if a participant dies prior to distribution of his or her benefits, a lump sum payment of the greater of his account balance or his base salary and target bonus at the time of death will be paid to his beneficiary within 30 days after death. If a participant's employment is terminated by reason of "disability" (as defined in the SERP), the participant will be entitled to an enhanced retirement benefit of not less than 3.65 times base salary plus target bonus, prorated for less than 15 years of service.

The SERP is a nonqualified plan and, thus, the benefits accrued under this plan would be subject to the claims of the company's general creditors if the company were to file for bankruptcy. The benefits will be paid (1) from an irrevocable grantor trust which has been partially funded from the company's general funds or (2) directly from the company's general funds.

DC Plus Plan

The DC Plus Plan is a non-qualified contributory savings plan for highly compensated employees. The program is offered to allow participants to defer compensation above the amount allowed in the Invacare Retirement Savings Plan, the company's qualified retirement plan, and to provide participants with additional pre-tax savings opportunities. The DC Plus Plan was adopted, effective January 1, 2005, in order to address the requirements of Section 409A of the Code.

The DC Plus Plan allows participants to defer all or any portion of their annual cash bonus compensation and up to 50% of their salary into the plan. The company has the discretion to provide matching contribution credits on amounts deferred, in accordance with the matching contribution percentage formula provided under the Retirement Savings Plan. The company also has the discretion to provide for quarterly contribution credits on amounts of compensation in excess of the qualified plan compensation limit, in accordance with the quarterly contribution formula under the Retirement Savings Plan. For 2021, if the participant deferred at least 3% of compensation to the DC Plus Plan, the match was 2% of compensation deferred under the DC Plus Plan. During 2021, quarterly contributions were 1% of compensation in excess of the qualified plan compensation limit, without regard to the amount of deferrals made under the DC Plus Plan for any quarter in which a contribution was made to the qualified plan.

Participants may allocate contributions among an array of funds representing a full range of risk/return profiles, including company common shares reflected in phantom share units. Employee deferrals and contributions by the company for the benefit of each employee are credited with earnings, gains or losses based on the performance of investment funds selected by the employee. Participants do not have any direct interest in or ownership of the funds. Participants' contributions are always 100% vested and employer contributions vest according to a five-year graduated scale.

Distributions under the DC Plus Plan may be made only upon termination of the participant's employment, death, or hardship, or at the time specified by the participant at the time of deferral in accordance with the terms of the plan. All distributions under the DC Plus Plan are in the form of cash. Distributions due to termination of employment are made within 90 days after termination of employment (or the seventh month after termination of employment in the case of key employees (as that term is defined in the Code)). Distributions are paid in the form of a lump sum, except that a participant may elect to have payment made in annual installments over a period of up to 15 years if termination occurs after retirement age (age 55 with 10 years of service) and the account is over a minimum amount. Elections to participate in the DC Plus Plan must be made by the employee in accordance with the requirements of the plan and applicable law.

Other Potential Post-Employment Compensation

Severance and Change of Control Benefits

Upon termination of employment for certain reasons (other than a termination following a change of control of the company) severance benefits may be paid to certain of the named executive officers.

Severance Arrangements

Agreement with Mr. Purtill. Mr. Purtill has an employment agreement with Invacare International GmbH, the company's Swiss subsidiary (as amended from time to time, the "Purtill Employment Agreement"). Under the Purtill Employment Agreement, in the event the company terminates Mr. Purtill's employment for any reason other than "for cause" (as defined in the Purtill Employment Agreement), he will be entitled to a six month notice period in which he will receive his base salary and continuation of other benefits including health care. Additionally, upon such termination, the company, in its discretion and conditioned upon Mr. Purtill signing a release of claims, would provide Mr. Purtill with a severance benefit of base salary continuation for a period of three to six months plus executive outplacement services.

Agreement with Ms. Leneghan. The company entered into an offer letter agreement with Ms. Leneghan in connection with her employment in February 2018 which provides that, upon a termination of employment by the company other than for "cause" (as defined in Ms. Leneghan's offer letter agreement), Ms. Leneghan will be entitled to a severance benefit in the amount equal to 12 months of her base salary in effect at the time of termination.

Agreement with Mr. LaPlaca. The company entered into an offer letter agreement with Mr. LaPlaca in connection with his employment in April 2008 which provides that, upon a termination of employment by the company other than for cause, Mr. LaPlaca will be entitled to continuation of his then-applicable base salary for one year, to receive a pro rata portion of his target bonus for the year in which his employment ends based on the date of termination, and to continuation of health insurance benefits until the earlier of the end of the severance period or such time as Mr. LaPlaca obtains employment that provides such coverage.

Technical Information and Non-Competition Agreements

The company also has entered into technical information and non-competition agreements with each of the named executive officers, and an employment agreement in the case of Mr. Purtill, which contain provisions requiring each executive to maintain the confidentiality of non-public company information during and after his or her employment and to assign to the company any rights that he or she may have in any intellectual property developed in the course of his employment. The agreements also contain provisions which restrict each executive's ability to engage in any business that is competitive with the company's business, or to solicit company employees, customers or suppliers for a period of two years following the date of termination of his employment, or in the case of Mr. Purtill, for a period of year following termination of his employment.

Change of Control Agreements

The company has entered into change of control agreements with its executive officers, including each of the named executive officers. The change of control agreements continue through December 31 of each year and are automatically extended in one-year increments unless the company gives prior notice of termination at least one year in advance. These agreements are intended to ensure the continuity of management and the continued dedication of the executives during any period of uncertainty caused by the possible threat of a takeover. Except for certain benefits under the agreement with Mr. LaPlaca described below, the company's change of control agreements are so-called “double trigger” agreements in that they do not provide for benefits unless there is both a change of control of the company and an executive is terminated without cause (as defined in the agreement) or resigns for good reason (as defined in the agreement) within two years after the change in control, or, in the case of Mr. LaPlaca, within three years after the change of control.

Agreements with Mr. Purtill and Ms. Leneghan. If there is a change of control of the company and the executive is terminated without cause (as defined in the agreement) or resigns for good reason (as defined in the agreement) at any time during the two-year period following a change of control under the conditions set forth in the agreement, each of them will receive the following:

- a lump sum amount equal to two times the sum of (a) his or her highest annual base salary paid by the company since the effective date of the agreement; and (y) the average of the annual bonuses earned by him or her with respect to the three fiscal years preceding the change of control;
- a lump sum amount equal to 24 times the current monthly COBRA premium rate in effect as of the termination date;
- immediate vesting of his or her rights under the DC Plus Plan;
- accelerated vesting of all outstanding unvested stock options and restricted stock; and
- accelerated vesting of all outstanding performance share awards, as if all applicable performance goals had been achieved at their target levels as of the termination date.

The agreements further provide for accelerated vesting of stock options, restricted stock and performance share awards upon a change of control, if the awards are not assumed by the acquiring company in the change of control. The company’s equity compensation plans provide for the accelerated vesting of these awards; however, under the change of control agreements, each of them would have the right to receive the accelerated vesting to the extent it is not otherwise provided for under the plan at the time of the change of control. The agreements further provide that all vested options will continue to be exercisable for two years after termination (unless the option earlier expires by its terms). Finally, the agreements generally provide that they will automatically terminate upon a termination of employment prior to a change of control. However, if Mr. Purtill or Ms. Leneghan are involuntarily terminated or terminates employment for good reason within the six months before, and primarily in anticipation of, a change of control, then effective as of the date of the change of control, he or she would be vested in and entitled to receive the same benefits to which he or she would have been entitled to if his or her termination of employment had occurred after the change of control.

The change of control agreements with Mr. Purtill and Ms. Leneghan also contain a so-called “best pay” provision which provides that if any payment or benefit the executive would receive under the agreement, when combined with any other payment or benefit executive receives in connection with the termination of employment, would, be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, then such payment will be either (i) the full amount of such payment or (ii) such lesser amount (with cash payments being reduced before stock option compensation) as would result in no portion of the payment being subject to the excise tax, whichever of the foregoing amounts results in the executive’s receipt of a greater amount, on an after-tax basis.

Agreement with Mr. LaPlaca. Under the agreement with Mr. LaPlaca entered into in December 2008, in the event that there is a change of control of the company (as defined in the agreement), and either (a) Mr. LaPlaca continues to be employed by the company on the first anniversary of the change of control, or (b) his employment is involuntarily terminated for any reason other than cause (as defined in the agreement), death or disability, or he terminates his employment for good reason (as defined in the agreement), within one year after the change of control, then Mr. LaPlaca is entitled to receive a payment equal to the sum of (x) the highest annual base salary paid by the company to Mr. LaPlaca since the effective date of the agreement; and (y) the higher of Mr. LaPlaca's target bonus in the year in which the change of control occurs or the target bonus in the preceding year (such sum being hereinafter referred to as “Base Compensation”).

In addition, if Mr. LaPlaca is terminated without cause (as defined in the agreement) or resigns for good reason (as defined in the agreement) at any time during the three-year period following a change of control under the conditions set forth in the agreements, Mr. LaPlaca will receive, in addition to the Base Payment noted above, the following:

- a lump sum amount equal to two times Mr. LaPlaca's Base Compensation;

- a lump sum amount equal to three times the greatest contribution made by the company to each of the Invacare Retirement Savings Plan and the DC Plus Plan on behalf of Mr. LaPlaca for any year in the three years prior to the change of control, as well as a lump sum payment equal to the unvested portion of Mr. LaPlaca's account under the Invacare Retirement Savings Plan;
- a lump sum amount equal to the sum of the contributions and interest that were scheduled under Mr. LaPlaca's participation agreement under the SERP to be added to Mr. LaPlaca's account under the SERP during the three-year period immediately following the date of termination of employment if Mr. LaPlaca had continued to be employed by the company for three years after termination of employment;
- continuing coverage under the company's health, life and disability insurance programs (including those available only to executives and those generally available to employees of the company) for three years after termination of employment;
- a lump sum payment as necessary to "gross up," on an after-tax basis, Mr. LaPlaca's compensation for all excise taxes and any penalties and interest imposed by Sections 4999 and 409A of the Code; and
- accelerated vesting of of all outstanding unvested stock options and restricted stock.

The DC Plus Plan provides for immediate vesting of the executive's rights under the plan upon a change of control. The company's equity compensation plans provide for accelerated vesting of outstanding unvested stock options, restricted stock, performance shares and performance options if the executive's employment is terminated without cause or by the executive for good reason within two years after a change of control, unless awards granted under the plan are not assumed by the acquiring company, in which case the vesting of all outstanding awards will be accelerated upon the change of control.

The change of control agreements also provide for these benefits (other than accelerated vesting of performance shares in the case of Mr. LaPlaca) if the executive is terminated without cause or resigns for good reason within two years (three years in the case of Mr. LaPlaca) after the change of control. Accordingly, the executive would have the right to receive the accelerated vesting of these benefits (other than accelerated vesting of performance shares in the case of Mr. LaPlaca) under the change of control agreements upon a qualifying termination of employment if they were not otherwise provided for under the plans at the time of the change of control, as a result of the Board determining not to accelerate vesting or due to an amendment in the terms of the plans. The change of control agreements further provide that all vested options will continue to be exercisable for two years after termination (unless the option earlier expires by its terms). Finally, the change of control agreements generally provide that the agreements will automatically terminate upon a termination of employment prior to a change of control. However, if an executive is involuntarily terminated or terminates employment for good reason (as defined in the agreement) within the six months before, and primarily in anticipation of, a change of control, then effective as of the date of the change of control, the executive will be vested in and entitled to receive the same benefits to which he would have been entitled to if his termination of employment had occurred after the change of control.

Other Post-Termination Benefits

The company maintains other plans and arrangements for its named executive officers which provide for post-employment benefits upon the retirement or death of the executives, as further described below.

Retirement Plans

Only Mr. LaPlaca, who was in his position prior to 2011, participates in the SERP, which the Compensation Committee closed to new participants in 2011. The SERP is described above and the present value of the accumulated benefits of Mr. LaPlaca under the SERP was $448,961 at December 31, 2022. All of the named executive officers other than Mr. Purtill are eligible to participate in the DC Plus Plan.

Death Benefit Only Plan

The company maintains a Death Benefit Only Plan ("DBO Plan") for certain of its senior executives. Mr. LaPlaca and Ms. Leneghan are the only named executive officers who are participants. Under the DBO Plan, subject to certain limitations, if a participant dies while employed by the company and prior to attaining age 65, his or her designated beneficiary will receive a benefit equal to three times the executive's highest annual base salary plus target bonus as in effect on the April 1st preceding or coincident with his or her death. If a participant dies while employed after attaining age 65, or dies after his or her employment with the company is terminated following a change of control of the company, a payment equal to his or her highest annual base salary plus target bonus as in effect on the April 1st preceding or coincident with such event will be payable on behalf of the participant. The company may, in its discretion, pay an additional amount in order to "gross up" the participant for some or all of the income taxes that may result from the benefits described above.

Upon a change of control of the company, the company's obligations under the DBO Plan will be binding on any successor to the company and the foregoing benefits would be payable to a participant under the DBO Plan in accordance with the terms described above upon the death of the participant following the change of control.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters.

NYSE Delisting Proceedings

On February 1, 2023, the company was notified by the staff of NYSE Regulation, Inc. (“NYSE Regulation”) that it had suspended trading in the company's common shares on the New York Stock Exchange (“NYSE”) and determined to commence proceedings to delist the company’s common shares from the NYSE. NYSE Regulation reached its decision that the company is no longer suitable for listing pursuant to NYSE Listed company Manual Section 802.01D after the company filed the Chapter 11 Cases referenced in Item 1. Business - Bankruptcy. The company's common shares were subsequently delisted from the NYSE effective February 16, 2023.

Following delisting from the NYSE, the company's common shares commenced trading in the OTC Pink Open Market under the symbol “IVCRQ”. The OTC Pink Open Market is a significantly more limited market than the NYSE, and quotation on the OTC Pink Open Market likely results in a less liquid market for existing and potential holders of the common shares to trade the company’s common shares and could further depress the trading price of the common shares. The company can provide no assurance that its common shares will continue to trade on this market, whether broker-dealers will continue to provide public quotes of the common shares on this market, or whether the trading volume of the common shares will be sufficient to provide for an efficient trading market.

Equity Compensation Plan Information

The following table provides information as of December 31, 2022 about our common shares that may be issued upon the exercise of options, warrants and rights granted under all of our existing equity compensation plans, including the Invacare Corporation 2018 Equity Compensation Plan.

	Column (a)		Column (b)	Column (c)	
Plan Category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights**		**Weighted-average exercise price of outstanding options, warrants and rights**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))**	
Equity compensation plans approved by security holders	189,689		$13.43	5,285,644	(1)
Equity compensation plans not approved by security holders	416	(2)	—	—	
Total	190,105		$13.43	5,285,644	

(1) Represents shares available under the Invacare Corporation 2018 Equity Compensation Plan. This amount reflects the balance after reduction of (i) an aggregate of 1,061,867 shares underlying restricted share and restricted share unit awards outstanding at December 31, 2022 and (ii) an aggregate of 318,071 shares underlying performance share and performance share unit awards outstanding at December 31, 2022. Performance shares and performance share unit awards outstanding assumes awards at targets. For purposes of the number of shares available for future issuance, performance share and units awards assume achievement of maximum targets, even though the actual payout under such awards may be less than the 150% award maximum. Performance share and performance share unit awards and restricted share and restricted share unit awards granted under the 2018 Equity Plan and 2013 Equity Plan reduce the number of securities remaining at a rate of 2 shares for each full value share awarded. An aggregate of 1,363,107 shares underlying awards are available under the 2013 Equity Plan and 2003 Performance Plan at December 31, 2022. Shares underlying awards outstanding under the 2013 Equity Plan and 2003 Performance Plan may become available under the 2018 Equity Plan to the extent such awards are forfeited or expire unexercised.

(2) Represents phantom share units in the DC Plus Plan or a predecessor plan, which were allocated to participants' accounts at their discretion as their investment choice.

Share Ownership and Voting Power of Principal Holders other than Management

The following table shows, as of March 17, 2023, the beneficial share ownership of each person or group known by Invacare to beneficially own more than 5% of either class of common shares of Invacare:

Name and business address of beneficial owner	Common Shares Beneficially Owned		Percentage of Total Voting Power Beneficially Owned
	Number of Shares	Percentage of Outstanding Shares	
Charles Schwab Investment Management, Inc 211 Main Street San Francisco, CA 94105 (1)(2)	3,575,752	9.5%	9.5%
Azurite Management LLC (together its investment group) 25101 Chagrin Blvd, Suite 350 Cleveland, OH 44122 (1)(3)	3,775,433	9.9%	9.9%
First Manhattan Co. LLC 399 Park Avenue New York, NY 10022 (1)(4)	3,000,000	8.0%	8.0%
Renaissance Technologies LLC 800 Third Avenue New York, NY 10022 (1)(5)	1,841,441	5.3%	5.3%

(1) The number of common shares beneficially owned is based upon a Schedule 13D or 13D/A, or Schedule 13G or 13G/A, filed by the holder with the SEC to reflect share ownership as of December 31, 2022, provided that the ownership percentages have been calculated by the company based on the company's issued and outstanding shares as of March 17, 2023. The referenced Schedule 13D or 13D/A, or Schedule 13G or 13G/A, filing dates were: February 3, 2023 for Charles Schwab Investment, Management, Inc, November 22, 2022 for Azurite Management LLC, February 13, 2023 for First Manhattan Co. LLC and February 14, 2023 for Renaissance Technologies LLC.

(2) Based on a Schedule 13G filed on February 3, 2023, by Charles Schwab Investment Management, Inc, which has sole voting power and sole dispositive power over 3,575,752 shares.

(3) Based on a Schedule 13D/A filed on November 22, 2022 by Azurite Management LLC, Steven H. Rosen, Crawford United Corporation, Edward F. Crawford and Matthew V. Crawford (collectively, the “Reporting Persons”). The Reporting Persons comprise a group within the meaning of Section 13(d)(3) of the Exchange Act. Mr. Rosen and Azurite disclaim beneficial ownership over the 110,200 Common Shares owned by Crawford United and Messrs. Crawford, and Crawford United and Messrs. Crawford disclaim beneficial ownership over the 3,665,233 Common Shares owned by Mr. Rosen and Azurite. However, as a group, the Reporting Persons may be deemed to collectively beneficially own 3,775,433 Common Shares, which represent 9.999% of the company’s outstanding Common Shares and 9.990% of the company’s total voting power. Azurite is the owner of record of 3,665,233 Common Shares. Mr. Rosen, in his capacity as the sole manager of Azurite, has the ability to indirectly control the decisions of Azurite regarding the vote and disposition of securities held by Azurite, and as such may be deemed to have indirect beneficial ownership of the 3,665,233 Common Shares held by Azurite. Crawford United is the owner of record of 110,200 Common Shares. Messrs. Crawford, in their capacity as holders of a majority of the voting power of Crawford United and as two of six members of Crawford United’s board of directors (of which Mr. Rosen is also a member), share the ability to indirectly control the decisions of Crawford United regarding the vote and disposition of securities held by Crawford United, and as such may be deemed to have indirect beneficial ownership of the 110,200 Common Shares held by Crawford United.

(4) Based on a Schedule 13G filed on February 14, 2023, by First Manhattan Co. LLC, which has sole voting power over 1,500,000 shares, shared voting power over 1,500,000 shares, sole dispositive power over 1,500,000 and shared dispositive power over 1,500,000 shares.

(5) Based on a Schedule 13G/A filed on February 13, 2023, by Renaissance Technologies LLC, which has sole voting power and dispositive power over 1,521,569 shares.

Share Ownership and Voting Power of Invacare's Directors and Executive Officers

The following table sets forth, as of March 17, 2023, the beneficial share ownership of all Directors and our named executive officers, and all Directors and executive officers as a group:

Name of beneficial owner	Common Shares Beneficially Owned		Percentage of Total Voting Power Beneficially Owned(1)
	Number of Shares	Percentage of Outstanding Shares	
Edward F. Crawford (2), (3)	110,200	<1%	<1%
Petra Danielsohn-Weil, PhD (2)	91,936	<1%	<1%
Marc M. Gibeley (2)	109,465	<1%	<1%
Anthony C. LaPlaca (2)	116,120	<1%	<1%
Kathleen P. Leneghan (2)	236,352	<1%	<1%
Michael J. Merriman, Jr. (2)	154,852	<1%	<1%
Clifford D. Nastas (2)	125,592	<1%	<1%
Geoffrey P. Purtill (2)	156,086	<1%	<1%
Steven H. Rosen (2), (4)	3,665,233	9.7%	9.7%
Aron I. Schwartz (2)	39,474	<1%	<1%
All executive officers and Directors as a group (10 persons) (2)	4,805,310	12.6%	12.6%

(1) None of the Directors, Director nominees or executive officers beneficially owned Class B common shares as of March 17, 2023. All holders of Class B common shares are entitled to ten votes per share and are entitled to convert any or all of their Class B common shares to common shares at any time, on a share-for-share basis. In addition, Invacare may not issue any additional Class B common shares unless the issuance is in connection with share dividends on, or share splits of, Class B common shares.

(2) The common shares beneficially owned by Invacare's executive officers and Directors as a group include an aggregate of 4,805,310 common shares which may be acquired upon the exercise of stock options during the 60 days following March 17, 2023. For the purpose of calculating the percentage of outstanding common shares and voting power beneficially owned by each of Invacare's executive officers and Directors, and all of them as a group, common shares which they had the right to acquire upon the exercise of stock options within 60 days of March 17, 2023 are considered to be outstanding. The number of common shares that may be acquired upon the exercise of such stock options for the noted individuals is as follows: Mr. Purtill, 22,611 shares; Mr. LaPlaca, 71,933 shares; and Ms. Leneghan, 16,000 shares.

(3) Common shares are owned by Crawford United Corporation where Mr. Crawford serves on the board of directors and shares the ability to indirectly control the decisions of Crawford United Corporation regarding the vote and disposition of securities held by Crawford United Corporation. Mr. Crawford and Crawford United Corporation are members of a group within the meaning of Section 13(d)(3) of the Exchange Act. See footnote (3) to the preceding table "Share Ownership and Voting Power of Principal Holders other than Management."

(4) Common shares are owned by Azurite Management LLC where Mr. Rosen, in his capacity of sole manager, has the ability to indirectly control the decisions of Azurite Management LLC. Mr. Rosen and Azurite Management LLC are members of a group within the meaning of Section 13(d)(3) of the Exchange Act. See footnote (3) to the preceding table "Share Ownership and Voting Power of Principal Holders other than Management."

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Director Independence

To be considered independent, the Board of Directors must determine that a non-employee Director does not have a direct or indirect material relationship with Invacare. The Board of Directors has adopted the following guidelines (set forth in the Corporate Governance Guidelines, a copy of which is available at www.invacare.com by clicking on the Investor Relations tab and then the Corporate Governance link) to assist it in making such determinations:

A non-employee Director will be considered independent if he or she, at any time that is considered relevant:

(i) has not been employed by the company or its affiliates;

(ii) has not had an immediate family member who has been employed by the company or its affiliates as an executive officer;

(iii) has not received, and has not had an immediate family member who has received, more than such annual amount of direct compensation from the company as may be considered relevant from time to time, other than Director and committee fees and pension or other forms of deferred compensation for prior service (provided such deferred compensation is not in any way contingent on continued service);

(iv) is not a partner of the company's present internal or external auditor;

(v) does not have an immediate family member who is a partner of Invacare's present internal or external auditor;

(vi) has not been a partner or employee of a present or former internal or external auditor of Invacare who worked on Invacare's audit;

(vii) does not have an immediate family member who has been a partner or employee of a present or former internal or external auditor of Invacare who worked on Invacare's audit;

(viii) has not been employed, and does not have an immediate family member who has been employed, as an executive officer of another company where any of Invacare's present executives serve on that company's compensation committee; and

(ix) has not been an executive officer or an employee of another company, and does not have an immediate family member who has been an executive officer of another company, that does business with Invacare and makes payments to, or receives payments from, Invacare for property or services in an amount that, in any one of the three last fiscal years, exceeds the greater of $1 million or 2% of such other company's consolidated gross revenues.

Additionally, the following commercial and charitable relationships will be considered immaterial relationships and a non-employee Director will be considered independent if he or she does not have any of the relationships described in clauses (i) - (ix) above, <u>and</u>:

(A) is not an executive officer of another company, and does not have an immediate family member who is an executive officer of another company, that is indebted to the company, or to which Invacare is indebted, where the total amount of either company's indebtedness to the other is more than 5% of the total consolidated assets of the other company and exceeds $100,000 in the aggregate; and

(B) does not serve, and does not have an immediate family member who serves, as an officer, Director or trustee of a foundation, university, charitable or other not for profit organization, and Invacare's, or Invacare foundation's, annual discretionary charitable contributions (any matching of employee charitable contributions will not be included in the amount of contributions for this purpose) to the organization, in the aggregate, are more than 5% percent of that organization's total annual revenues (or charitable receipts in the event such organization does not generate revenues).

In the event that a non-employee Director has a relationship of the type described in clauses (A) or (B) in the immediately preceding paragraph that falls outside of the “safe harbor” thresholds set forth in such clauses (A) and (B), or if the Director had any such relationship during the prior three years that fell outside of such “safe harbor” thresholds, then in any such case, the Board of Directors annually shall determine whether the relationship is material or not, and therefore, whether the Director would be independent or not. If any relationship does not meet the categorical standards of immateriality set forth in clauses (i) and (ii) in the immediately preceding paragraph, Invacare will explain in its next proxy statement the basis for any Board of Directors determination that such relationship is immaterial.

In addition, any Director serving on the Audit Committee of Invacare may not be considered independent if he or she directly or indirectly receives any compensation from Invacare other than Director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not in any way contingent on continued service).

The Board examined the transactions and relationships between Invacare and its affiliates and each of the Directors, any of their immediate family members and their applicable affiliates. Based on this review, the Board affirmatively determined that each of the Directors, other than Mr. Purtill, is independent and does not have any direct or indirect material relationship with Invacare pursuant to the categorical standards set forth in Invacare's Corporate Governance Guidelines.

Certain Relationships and Related Transactions

The company has adopted a written policy for the review of transactions with related persons. The policy generally requires review, approval or ratification of transactions involving amounts exceeding $120,000 in which the company is a participant and in which a Director, Director nominee, executive officer, or a significant shareholder of the company, or an immediate family member of any of the foregoing persons, has a direct or indirect material interest. These transactions must be reported for review by the Nominating and Governance Committee. Following review, the Nominating and Governance Committee determines whether to approve or ratify these transactions, taking into account, among other factors it deems appropriate, whether they are on terms no less favorable to the company than those available with other unaffiliated parties and the extent of the related person's interest in the transaction. The Chairman of the Nominating and Governance Committee has the authority to approve or ratify any related party transaction in which the aggregate amount involved is expected to be less than $1,000,000. The policy provides for standing pre-approval of certain related party transactions, even if the amounts involved exceed $120,000, including certain transactions involving: compensation paid to executive officers and Directors of the company; other companies or charitable organizations where the amounts involved do not exceed the greater of $1,000,000 or 2% of the organization's total annual revenues or receipts; proportional benefits to all shareholders; rates or charges determined by competitive bids; services as a common or contract carrier or public utility; and banking-related services.

Azurite Cooperation Agreement

On August 22, 2022, the company entered into a Cooperation Agreement, which was amended on November 21, 2022 (as amended, the “Cooperation Agreement”) with Azurite Management LLC, Steven H. Rosen, Crawford United Corporation, Edward F. Crawford and Matthew V. Crawford (collectively, “Azurite”).

On August 22, 2022, two directors of the company resigned from the board of directors of the company (the “Board”) and, pursuant to the Cooperation Agreement, and subject to the conditions set forth therein, the Board appointed Steven H. Rosen and Ambassador Edward F. Crawford to serve as directors of the company (each, a “Designee” and, together, the “Designees”) and certain Board committees. The company also agreed that, subject to the conditions set forth in the Cooperation Agreement, the Board will nominate each Designee for election to the Board at the company’s 2023 Annual Meeting of Shareholders (the “2023 Annual Meeting”). If, prior to the Expiration Date (as defined below), a Designee is unable or unwilling to serve, resigns, is removed, or otherwise ceases to be a director, then Azurite shall designate a replacement director who is reasonably acceptable to the Board.

In addition, the company agreed to form a Strategy and Operational Improvement Committee of the Board (the “Strategy Committee”), which is comprised of five (5) members, including the Designees, until at least the Expiration Date, subject to certain exceptions. The company also shall not (i) increase the size of the Board to more than ten (10) directors or (ii) classify the Board without the prior written consent of Azurite.

The foregoing obligations of the company will terminate with respect to both Designees if Azurite and its affiliates collectively do not own at least 3,600,000 shares of the common stock of the company. Unless otherwise provided in the Cooperation Agreement, the obligations of the company described above will terminate (i) the day after the company’s 2024 Annual Meeting of Shareholders or (ii) such earlier time as the company’s obligations terminate with respect to both Designees as described above (the “Expiration Date”).

Under the Cooperation Agreement, at any meeting of the shareholders held during the Cooperation Period, Azurite has agreed to vote or cause to be voted, all of the company’s common shares that Azurite or its controlling or controlled affiliates has the right to vote (i) in favor of directors nominated and recommended by the Board, (ii) against any shareholder nominations for directors that are not approved and recommended by the Board, (iii) against any proposals or resolutions to remove any member of the Board and (iv) and in accordance with the Board’s recommendation on all other proposals or business except with respect to an Extraordinary Transaction (as defined below), subject to certain limited exceptions.

Pursuant to the Cooperation Agreement, Azurite is subject to certain standstill provisions (the "Standstill") during the Cooperation Period, which prohibit Azurite from, among other things, (i) offering to acquire, agreeing to acquire or acquiring rights to acquire, directly or indirectly, any voting securities of the company which would result in the ownership or control of, or other beneficial ownership interest, in excess of 9.995% of the then-outstanding total voting power represented by all shares of capital stock of the company (the "Ownership Threshold"); (ii) (A) calling or seeking to call, alone or in concert with others, a meeting of the company's shareholders, (B) seeking, alone or in concert with others, election or appointment to, or representation on, the Board or nominate or propose the nomination of, or recommend the nomination of, any candidate to the Board, except as provided in the Cooperation Agreement, (C) seeking, alone or in concert with others, the removal of any member of the Board or (D) conducting a referendum of shareholders of the company; (iii) making a request for any shareholder list or other books and records of the company or any of its subsidiaries; (iv) making any public proposal, public announcement or public request with respect to, (A) any change in the number, terms or identity of directors of the company or the filling of any vacancies on the Board other than as provided in the Cooperation Agreement, (B) any change in the business, capitalization, capital allocation policy or dividend policy of the company or sale, spinoff, splitoff or other similar separation of one or more business units, (C) any other change to the Board or the company's management or corporate or governance structure, (D) any waiver, amendment or modification to the company's organizational documents, (E) causing the common shares to be delisted from, or to cease to be authorized to be quoted on, any securities exchange, or (F) causing the common shares to become eligible for termination of registration pursuant to Section 12(g)(4) of the Exchange Act; (v) engaging in any solicitation of proxies with respect to the election or removal of directors of the company or any other matter or proposal relating to the company or becoming a participant in any such solicitation of proxies; (vi) making or submitting to the company or any of its affiliates any proposal for, or offer of (with or without conditions), either alone or in concert with others, any tender offer, exchange offer, merger, consolidation, acquisition, sale of all or substantially all assets or sale, spinoff, splitoff or other similar separation of one or more business units, business combination, recapitalization, restructuring, liquidation, dissolution or similar extraordinary transaction involving the company (including its subsidiaries and joint ventures or any of their respective securities or assets) (each, an "Extraordinary Transaction") either publicly or in a manner that would reasonably require public disclosure by the company or Azurite; (vii) forming, joining or acting in concert with any "group" as defined in Section 13(d)(3) of the Exchange Act, with respect to any voting securities of the company, other than solely with affiliates of Azurite; (viii) entering into a voting trust, arrangement or agreement with respect to any voting securities of the company, or subjecting any voting securities to any voting trust, arrangement or agreement, subject to certain exceptions; (ix) engaging in any short sale or any purchase, sale, or grant of any option, warrant, convertible security, or other similar right with respect to any security that derives any significant part of its value from a decline in the market price of any of the securities of the company and would result in Azurite ceasing to have a "net long position" in the company equivalent to its percentage beneficial ownership of the voting power of the then outstanding common shares; (x) selling, offering, or agreeing to sell, all or substantially all, voting rights decoupled from the underlying common shares; (xi) instituting, soliciting or joining as a party in any litigation or other proceeding against the company or any of its subsidiaries or any of its or their respective current or former directors or officers; (xii) entering into any negotiations, agreements, or understandings with any third party to take any action that Azurite is prohibited from taking pursuant to the Standstill; or (xiii) making any request or submitting any proposal to amend or waive the terms of the Cooperation Agreement, in each case publicly or which would reasonably be expected to result in a public announcement or disclosure of such request or proposal.

Azurite's obligations under the Standstill terminate upon the earliest of the following: (i) the delivery of notice by Azurite at any time after the one year anniversary date of the Cooperation Agreement, that the Designees have resigned from the Board and all of their other respective positions with the company and that Azurite is terminating the Cooperation Period, (ii) any uncured material breach by the company of its obligations with respect to the appointment and nomination of the Designees or replacement directors designated by Azurite, formation of the Strategy Committee and size and structure of the Board; (iii) the company's entry into (x) a definitive written agreement with respect to any Extraordinary Transaction that, if consummated, would result in the acquisition by any person or group of more than 50% of the voting securities of the company or assets having an aggregate value exceeding 50% of the aggregate enterprise value of the company or (y) one or more definitive written agreements providing for a transaction or series of related transactions which would in the aggregate result in the company issuing to one or more third parties at least 19.9% of the common shares outstanding immediately prior to such issuance(s) during the Cooperation Period (provided that securities issued as consideration for (or in connection with) the acquisition of the assets, securities and/or business(es) of another person by the company or one or more of its subsidiaries or upon exercise or conversion of currently outstanding options or convertible securities of the company shall not be counted toward this clause (y)); and (iv) the commencement of any tender or exchange offer (by any person or group other than Azurite or their affiliates) which, if consummated, would constitute an Extraordinary Transaction that would result in the acquisition by any person or group of more than 50% of the voting securities of the company, where the company files with the SEC a Schedule 14D-9 (or amendment thereto) that does not recommend that its shareholders reject such tender or exchange offer.

Each of the parties also agreed to mutual non-disparagement obligations until (i) the Expiration Date or (ii) such earlier time as the restrictions in the Standstill terminate (jointly referred to as the "Cooperation Period" provided that the Cooperation Period shall not end earlier than the first anniversary of the date of the Cooperation Agreement. Azurite's obligations under the Cooperation Agreement terminate at the end of the Cooperation Period. The company's obligations under the Cooperation Agreement terminate on the Expiration Date.

Separation Agreement with Matthew E. Monaghan

On December 5, 2022, the company and Matthew E. Monaghan, the company's former Chairman, President and Chief Executive Officer, entered into a Separation Agreement and General Release with respect to the termination of his employment with the company effective August 28, 2022 (the "Separation Agreement") and Mr. Monaghan resigned as a director of the company without any disagreement or dispute with the company or its Board of Directors.

Subject to the effectiveness of a general release of claims in accordance with the Separation Agreement (the "Release"), he is entitled to payment of the equivalent of 12 months of his regular monthly pay as of the date of separation, less applicable taxes and withholdings, paid over the six-month period from January 2023 through June 2023 on a semi-monthly basis consistent with the company's regular payroll practices.

The Separation Agreement also provides that Mr. Monaghan is entitled to continuation of coverage under the company's health insurance plan pursuant to COBRA, for which the company will pay all premiums (following effectiveness of the Release) retroactive to the date of separation through August 31, 2023 or such earlier time as Mr. Monaghan obtains new health insurance coverage. Upon effectiveness of the Release, certain unvested time-based restricted stock of the company held by Mr. Monaghan will continue to vest through May 15, 2023 in accordance with its terms, and the portion of such stock that would have remained unvested as of May 16, 2023 will be immediately forfeited.

Pursuant to the Separation Agreement, Mr. Monaghan agreed to certain restrictive covenants, including among others, non-competition, non-interference and non-recruitment obligations, effective through August 31, 2023. Mr. Monaghan further agreed to provide certain transition assistance as reasonably required by the company for up to 12 hours per month until August 31, 2023

Item 14. Principal Accountant Fees and Services.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FEES AND SERVICES

Independent Registered Public Accounting Firm and Fees

Fees for services rendered by Ernst & Young LLP in 2022 and 2021 were:

	2022	2021
Audit Fees	$ 3,178,000	$ 3,145,000
Audit-Related Fees	250,542	434,700
Total Audit and Audit-Related Fees	3,428,542	3,579,700
Tax Fees		
Tax Compliance Services	463,400	577,600
Tax Advisory Services	175,100	449,100
Total Tax Fees	638,500	1,026,700
All Other Fees	—	425,000
Total Fees	$ 4,067,042	$ 5,031,400

Audit Fees. Fees for audit services include fees associated with the audit of the company's annual financial statements and review of the company's quarterly financial statements, including fees for statutory audits that are required domestically and internationally and fees related to the completion and delivery of the auditors' attestation report on internal control over financial reporting required under Section 404 of the Sarbanes-Oxley Act. Audit fees also include fees associated with providing consents and review of documents filed with the SEC, other services in connection with statutory and regulatory filings or engagements, as well as accounting consultations billed as audit consultations and other accounting and financial reporting consultation and research work necessary to comply with generally accepted auditing standards.

Audit-Related Fees. Fees for audit-related services principally include fees associated with accounting consultations, audits in connection with proposed or completed acquisitions and other accounting advisory assistance.

Tax Fees. Fees for tax services include fees associated with tax compliance, advice and planning services.

All Other. Fees for permissible advisory services that are not contained in the above categories.

Pre-Approval Policies and Procedures

The Audit Committee has adopted a policy that requires advance approval for all audit, audit-related, tax services, and other services performed by the company's independent registered public accounting firm. The policy provides for pre-approval by the Audit Committee of specifically defined audit and non-audit services. Unless the specific service has been previously pre-approved with respect to that year, the Audit Committee must approve the permitted service before the independent registered public accounting firm is engaged to perform it. During 2022, no services were provided to the company by Ernst & Young LLP other than in accordance with the pre-approval policies and procedures described above.

Item 15. Exhibits and Financial Statement Schedules.

(a)(1) *Financial Statements.*

The following financial statements of the company are included in Part II, Item 8:

Consolidated Statements of Comprehensive Income (Loss)—years ended December 31, 2022, 2021 and 2020

Consolidated Balance Sheets—December 31, 2022 and 2021

Consolidated Statements of Cash Flows—years ended December 31, 2022, 2021 and 2020

Consolidated Statements of Shareholders' Equity—years ended December 31, 2022, 2021 and 2020

Notes to Consolidated Financial Statements

(a)(2) *Financial Statement Schedules.*

The following financial statement schedule of the company is included in Part II, Item 8:

Schedule II—Valuation and Qualifying Accounts

All other schedules have been omitted because they are not applicable or not required, or because the required information is included in the Consolidated Financial Statements or notes thereto.

(a)(3) *Exhibits.*

Refer to Exhibit Index of this Annual Report on Form 10-K.

Item 16. Form 10-K Summary.

None.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized as of April 14, 2023.

INVACARE CORPORATION

By: /s/ GEOFFREY P. PURTILL

Geoffrey P. Purtill

President and Chief Executive Officer

INVACARE CORPORATION
Report on Form 10-K for the fiscal year ended December 31, 2022.

Official Exhibit No.	Description	Reference
2.1	Securities Purchase Agreement among Allied Motion Christchurch Limited, Invacare Holdings New Zealand and Invacare Corporation, dated March 6, 2020. (Pursuant to Item 601(b)(2) of Regulation S-K, the registrant hereby agrees to supplementally furnish to the Securities and Exchange Commission upon request any omitted schedule or exhibit to the agreement.)	(A)
2.2	Asset Purchase Agreement with Ventec Life Systems, Inc. and the company, dated January 30, 2023	(HHH)
3(a)	Second Amended and Restated Articles of Incorporation	(B)
3(b)	Second Amended and Restated Code of Regulations, as amended	(C)
3(c)	Amendment No. 1 to the Second Amended and Restated Articles of Incorporation	(D)
4(a)	Indenture, dated as of June 14, 2017, by and between Invacare Corporation and Wells Fargo Bank, National Association (including the form of the 4.50% Convertible Senior Notes due 2022).	(E)
4(b)	Indenture, dated as of November 19, 2019, by and between Invacare Corporation and Wells Fargo Bank, N.A., as Trustee (including the form of the 5.00% Convertible Senior Exchange Notes due 2024).	(F)
4(c)	Indenture, dated as of June 4, 2020, by and between Invacare Corporation and Wells Fargo Bank, N.A., as Trustee (including the form of the 5.00% Series II Convertible Senior Exchange Notes due 2024).	(G)
4(d)	Indenture, dated as of March 16, 2021, by and between Invacare Corporation and Wells Fargo Bank, N.A., as Trustee (including the form of the 4.25% Convertible Senior Exchange Notes due 2026).	(H)
4(e)	Description of Securities Registered Under the Exchange Act.	(I)
4(f)	Indenture, dated as of July 26, 2022, by and between Invacare Corporation and Computershare Trust Company, N.A., as Trustee (including the form of the 5.68% Convertible Senior Secured Notes due 2026, Tranche I and form of Guarantee).	(YY)
4(g)	Indenture, dated as of July 26, 2022, by and between Invacare Corporation and Computershare Trust Company, N.A., as Trustee (including the form of the 5.68% Convertible Senior Secured Notes due 2026, Tranche II and form of Guarantee).	(YY)
4(h)	Resale Registration Rights Agreement, dated as of July 26, 2022, by and between Highbridge Tactical Credit Master Fund, L.P. and Highbridge Convertible Dislocation Fund, L.P.	(YY)
4(i)	First Supplemental Indenture to 5.68% Convertible Senior Secured Notes due 2026, Tranche I, dated as of October 3, 2022.	(BBB)
4(j)	First Supplemental Indenture to 5.68% Convertible Senior Secured Notes due 2026, Tranche II, dated as of October 3, 2022.	(BBB)
10(a)	Credit Agreement, dated as of July 26, 2022, by and between Cantor Fitzgerald Securities, as Administrative Agent, and GLAS Trust Corporation Limited, as Collateral Agent.	(YY)
10(b)	Second Amended and Restated Revolving Credit and Security Agreement, dated as of July 26, 2022, by and between PNC Bank, National Association as a Lender and Agent and The other Lenders Party Hereto with PNC Capital Markets LLC as Lead Arranger and Bookrunner.	(YY)
10(c)	Amendment Agreement and Joinder to Foreign Guarantee Agreement, dated as of October 3, 2022.	(YY)
10(d)	Amendment No. 1 to Credit Agreement and Joinder to Foreign Guarantee Agreement, dated as of October 3, 2022,. by and among Invacare Corporation, the lenders party thereto, Cantor Fitzgerald Securities, as administrative agent, and GLAS Trust Corporation Limited, as collateral agent.	(BBB)
10(e)	Amendment Agreement, dated as of December 23, 2022, by and among Invacare Corporation, the lenders party thereto and Cantor Fitzgerald Securities, as administrative agent.	(FFF)
10(f)	Restructuring Support Agreement, dated as of January 31, 2023, by and among the Company Parties and the Consenting Stakeholders	(HHH)

Official Exhibit No.	Description	Reference
10(g)**	First Amended and Restated Backstop Commitment Agreement, dated as of March 29, 2023, by and among the Invacare Corporation, the company parties listed in schedule 1 thereto, and the backstop party thereto.	**
10(h)	Superpriority Secured Debtor-In-Possession Credit Agreement, dated February 2, 2023.	(III)
10(i)	Debtor-In-Possession Revolving Credit and Security Agreement, dated February 2, 2023.	(III)
10(j)	Retention Bonus Letter Agreement Swiss Form	(GGG)*
10(k)	Retention Bonus Letter Agreement US Form	(GGG)*
10(l)	Cooperation Agreement, dated as of August 22, 2022, by and among Azurite Management LLC	(ZZ)
10(m)	Amendment No. 1 to Cooperation Agreement, dated as of November 21, 2022, by and among Azurite Management LLC.	(CCC)
10(n)	Invacare Retirement Savings Plan, effective January 1, 2001, as amended	(J)*
10(o)	Invacare Corporation 401(K) Plus Benefit Equalization Plan, effective January 1, 2003, as amended and restated	(J)*
10(p)	Invacare Corporation Deferred Compensation Plus Plan, effective January 1, 2005, as amended August 19, 2009 and on November 23, 2010	(K)*
10(q)	Amendment No. 3 to Invacare Corporation Deferred Compensation Plus Plan, effective November 18, 2011	(L)*
10(r)	Invacare Corporation Death Benefit Only Plan, effective January 1, 2005, as amended	(J)*
10(s)	Cash Balance Supplemental Executive Retirement Plan, as amended and restated, effective December 31, 2008	(M)*
10(t)	Amendment No. 1 to the Cash Balance Supplemental Executive Retirement Plan, effective August 19, 2009	(WW)*
10(u)	Form of Participation Agreement, for current participants in the Cash Balance Supplemental Executive Retirement Plan, as of December 31, 2008, entered into by and between the company and certain participants and a schedule of all such agreements with participants	(O)*
10(v)	Invacare Corporation Amended and Restated 2003 Performance Plan	(N)*
10(w)	Form of Director Stock Option Award under Invacare Corporation 2003 Performance Plan	(J)*
10(x)	Form of Director Deferred Option Award under Invacare Corporation 2003 Performance Plan	(K)*
10(y)	Form of Restricted Stock Award under Invacare Corporation 2003 Performance Plan	(L)*
10(z)	Form of Stock Option Award under Invacare Corporation 2003 Performance Plan	(J)*
10(aa)	Form of Executive Stock Option Award under Invacare Corporation 2003 Performance Plan	(J)*
10(ab)	Form of Switzerland Stock Option Award under Invacare Corporation 2003 Performance Plan	(J)*
10(ac)	Form of Switzerland Executive Stock Option Award under Invacare Corporation 2003 Performance Plan	(J)*
10(ad)	Invacare Corporation 2013 Equity Compensation Plan	(P)*
10(ae)	Amendment No. 1 to the Invacare Corporation 2013 Equity Compensation Plan	(S)*
10(af)	Form of Executive Stock Option Award under the Invacare Corporation 2013 Equity Compensation Plan	(R)*
10(ag)	Form of Stock Option Award under the Invacare Corporation 2013 Equity Compensation Plan	(R)*
10(ah)	Form of Executive Stock Option Award for Swiss Employees under the Invacare Corporation 2013 Equity Compensation Plan	(R)*
10(ai)	Form of Stock Option Award for Swiss Employees under the Invacare Corporation 2013 Equity Compensation Plan	(R)*
10(aj)	Form of Director Restricted Stock Award under the Invacare Corporation 2013 Equity Compensation Plan	(R)*

Official Exhibit No.	Description	Reference
10(ak)	Form of Restricted Stock Award under the Invacare Corporation 2013 Equity Compensation Plan	(R)*
10(al)	Form of Performance Share Award Agreement under the Invacare Corporation 2013 Equity Compensation Plan	(S)*
10(am)	Form of Restricted Stock Award Agreement for Employees under the Invacare Corporation 2013 Equity Compensation Plan	(T)*
10(an)	Form of Director Restricted Stock Unit under the Invacare Corporation 2013 Equity Compensation Plan	(U)*
10(ao)	Invacare Corporation Executive Incentive Bonus Plan, as amended and restated	(Q)*
10(ap)	Employment Agreement, dated as of March 27, 2020, by and between the company and Matthew E. Monaghan.	(Y)*
10(aq)	Letter Agreement, dated as of February 20, 2018, by and between Invacare Corporation and Kathleen P. Leneghan.	(Z)*
10(ar)	Letter agreement, dated as of July 31, 2008, by and between the company and Anthony C. LaPlaca.	(O)*
10(as)**	Separation Agreement, dated as of November 29, 2022, by and between the company and Rick A. Cassiday	*
10(at)	Separation Agreement and General Release, dated December 5, 2022, by and between the company and Matthew E. Monaghan.	(DDD)*
10(au)	Amended and Restated Employment Agreement, dated as of March 3, 2022, between Invacare International GmbH and Geoffrey P. Purtill.	(EEE)*
10(av)	Letter agreement, dated as of September 13, 2022, by and between the company and Geoffrey P. Purtill.	(AAA)*
10(aw)**	Letter agreement, dated as of November 21, 2022, by and between the company and Geoffrey P. Purtill.	**
10(ax)**	Employment Agreement, dated as of September 16, 2020, between Invacare International GmbH and Cintia Ferreira.	**
10(ay)**	Letter agreement, dated as of January 3, 2023, between Corporation and Cintia Ferreira.	**
10(az)	Change of Control Agreement, dated as of December 31, 2008, by and between the company and Anthony C. LaPlaca.	(AA)*
10(ba)**	Form of Change of Control Agreement entered into by and between the company and certain of its executive officers and schedule of all such agreements with certain executive officers.	*
10(bb)	Technical Information & Non-Competition Agreement, dated April 1, 2015, entered into by and between the company and Matthew E. Monaghan.	(O)*
10(bc)	Technical Information & Non-Competition Agreement entered into by and between the company and certain of its executive officers and schedule of all such agreements with executive officers.	(BB)*
10(bd)	Indemnity Agreement, dated April 1, 2015, entered into by and between the company and Matthew E. Monaghan.	(O)*
10(be)**	Form of Indemnity Agreement entered into by and between the company and its directors and certain of its executive officers and schedule of all such agreements with directors and executive.	*
10(bf)**	Director Compensation Schedule	*
10(bg)	2012 Non-employee Directors Deferred Compensation Plan, effective January 1, 2012, Amended and Restated as of November 17, 2016	(U)*
10(bh)	Purchase and Sale Agreement, dated as of February 24, 2015, by and between the company and Industrial Realty Group, LLC.	(CC)
10(bi)	Form of Lease Agreement by and among the company and the affiliates of Industrial Realty Group, LLC named therein.	(CC)
10(bj)	Promissory Note dated May 13, 2020, between Invacare Corporation and Key Bank National Association.	(OO)

Official Exhibit No.	Description	Reference
10(bk)	Form of Performance-Based Stock Option Award under Invacare Corporation 2013 Equity Compensation Plan.	(PP)*
10(bl)	Base Call Option Transaction Confirmation, dated June 8, 2017, between Goldman Sachs & Co. LLC and Invacare Corporation.	(E)
10(bm)	Base Warrants Confirmation, dated June 8, 2017, between Goldman Sachs & Co. LLC and Invacare Corporation.	(E)
10(bn)	Additional Call Option Transaction Confirmation, dated June 9, 2017, between Goldman Sachs & Co. LLC and Invacare Corporation.	(E)
10(bo)	Additional Warrants Confirmation, dated June 9, 2017, between Goldman Sachs & Co. LLC and Invacare Corporation.	(E)
10(bp)	Invacare Corporation 2018 Equity Compensation Plan	(QQ)
10(bq)	Amendment No. 1 to Invacare Corporation 2018 Equity Compensation Plan	(D)*
10(br)	Amendment No. 2 to Invacare Corporation 2018 Equity Compensation Plan	(RR)*
10(bs)	Amendment No. 3 to Invacare Corporation 2018 Equity Compensation Plan	(SS)*
10(bt)	Form of Restricted Stock Award under Invacare Corporation 2018 Equity Compensation Plan	(TT)*
10(bu)	Form of Restricted Stock Unit Award under Invacare Corporation 2018 Equity Compensation Plan	(TT)*
10(bv)	Form of Director Restricted Stock Unit Award under Invacare Corporation 2018 Equity Compensation Plan	(TT)*
10(bw)	Form of Performance Award under Invacare Corporation 2018 Equity Compensation Plan	(TT)*
10(bx)	Form of Performance Unit Award under Invacare Corporation 2018 Equity Compensation Plan	(TT)*
10(by)	Form of Performance Unit Award under Invacare Corporation 2018 Equity Compensation Plan	(XX)*
10(bz)	Omnibus Amendment	(BB)*
10(ca)	Master Information Technology Services Agreement by and between Invacare Corporation and Birlasoft Solutions, Inc. effective October 1, 2019.	(UU)
21**	Subsidiaries of the company	
23**	Consent of Independent Registered Public Accounting Firm	
31.1**	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
31.2**	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
32.1**	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
32.2**	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
99.1	Consent Decree of Permanent Injunction, as filed with the U.S. District Court for the Northern District of Ohio on December 20, 2012.	(VV)
101.INS**	Inline XBRL instance document	
101.SCH**	Inline XBRL taxonomy extension schema	
101.CAL**	Inline XBRL taxonomy extension calculation linkbase	
101.DEF**	Inline XBRL taxonomy extension definition linkbase	
101.LAB**	Inline XBRL taxonomy extension label linkbase	
101.PRE**	Inline XBRL taxonomy extension presentation linkbase	
104	Cover Page Interactive Data File - The cover page from the company's Annual Report on Form 10-K for the year ended December 31, 2022, formatted in Inline XBRL (included in Exhibit 101).	

* Management contract, compensatory plan or arrangement
** Filed herewith

(A) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated March 9, 2020, which Exhibit is incorporated herein by reference.
(B) Reference is made to Exhibit 3(a) of the company report on Form 10-K for the fiscal year ended December 31, 2008, which Exhibit is incorporated herein by reference.
(C) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated February 13, 2014, which Exhibit is incorporated herein by reference.
(D) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated May 16, 2019, which Exhibit is incorporated herein by reference.
(E) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated June 14, 2017, which Exhibit is incorporated herein by reference.
(F) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated November 13, 2019, which Exhibit is incorporated herein by reference.
(G) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated June 4, 2020, which Exhibit is incorporated herein by reference.
(H) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated March 16, 2021, which Exhibit is incorporated herein by reference.
(I) Reference is made to the appropriate Exhibit of the company report on Form 10-K, for the fiscal year ended December 31, 2019, which Exhibit is incorporated herein by reference.
(J) Reference is made to the appropriate Exhibit of the company report on Form 10-K for the fiscal year ended December 31, 2007, which Exhibit is incorporated herein by reference.
(K) Reference is made to the appropriate Exhibit of the company report on Form 10-K for the fiscal year ended December 31, 2010, which Exhibit is incorporated herein by reference.
(L) Reference is made to the appropriate Exhibit of the company report on Form 10-K for the fiscal year ended December 31, 2011, which Exhibit is incorporated herein by reference.
(M) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated December 31, 2008, which Exhibit is incorporated herein by reference.
(N) Reference is made to Exhibit 10.2 of the company report on Form 8-K, dated May 28, 2009, which Exhibit is incorporated herein by reference.
(O) Reference is made to the appropriate Exhibit of the company report on Form 10-K for the fiscal year ended December 31, 2015, which Exhibit is incorporated herein by reference.
(P) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated May 21, 2013, which Exhibit is incorporated herein by reference.
(Q) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated May 15, 2015, which Exhibit is incorporated herein by reference.
(R) Reference is made to the appropriate Exhibit of the company report on Form 10-Q, for the fiscal quarter ended September 30, 2013, which Exhibit is incorporated herein by reference.
(S) Reference is made to Exhibit 10.1 of the company report on Form 8-K, dated March 7, 2014, which Exhibit is incorporated herein by reference.
(T) Reference is made to Exhibit 10.2 of the company report on Form 8-K, dated March 7, 2014, which Exhibit is incorporated herein by reference.
(U) Reference is made to the appropriate Exhibit of the company report on Form 10-K for the fiscal year ended December 31, 2016, which Exhibit is incorporated herein by reference.
(V) Reference is made to the appropriate Exhibit of the company report on Form 10-K for the fiscal year ended December 31, 2020, which Exhibit is incorporated herein by reference.
(W) Reference is made to the appropriate Exhibit of the company report on Form 10-Q for the fiscal quarter ended June 30, 2021, which Exhibit is incorporated herein by reference.
(X) Reference is made to the appropriate Exhibit of the company report on Form 10-Q for the fiscal quarter ended September 30, 2021, which Exhibit is incorporated herein by reference.
(Y) Reference is made to Exhibit 99.1 of the company report on Form 8-K, dated March 27, 2020, which Exhibit is incorporated herein by reference.
(Z) Reference is made to Exhibit 10.1 of the company report on Form 8-K, dated February 23, 2018, which Exhibit is incorporated herein by reference.

(AA) Reference is made to the appropriate Exhibit of the company report on Form 10-K for the fiscal year ended December 31, 2017, which Exhibit is incorporated herein by reference.
(BB) Reference is made to the appropriate Exhibit of the company report on Form 10-K for the fiscal year ended December 31, 2018, which Exhibit is incorporated herein by reference.
(CC) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated April 23, 2015, which Exhibit is incorporated herein by reference.
(DD) Reference is made to Exhibit 10.1 of the company report on Form 8-K, dated September 30, 2015, which Exhibit is incorporated herein by reference.
(EE) Reference is made to Exhibit 10.1 of the company report on Form 8-K, dated February 16, 2016, which Exhibit is incorporated herein by reference.
(FF) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated November 30, 2016, which Exhibit is incorporated herein by reference.
(GG) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated June 7, 2017, which Exhibit is incorporated herein by reference.
(HH) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated November 14, 2019, which Exhibit is incorporated herein by reference.
(II) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated June 1, 2020, which Exhibit is incorporated herein by reference.
(JJ) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated January 21, 2021, which Exhibit is incorporated herein by reference.
(KK) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated March 10, 2021, which Exhibit is incorporated herein by reference.
(LL) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated February 23, 2016, which Exhibit is incorporated herein by reference.
(MM) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated March 7, 2016, which Exhibit is incorporated herein by reference.
(NN) Reference is made to the appropriate Exhibit of the company report on Form 10-K, for the fiscal year ended December 31, 2020, which Exhibit is incorporated herein by reference.
(OO) Reference is made to the appropriate Exhibit of the company report on Form 10-Q, for the fiscal quarter ended June 30, 2020, which Exhibit is incorporated herein by reference.
(PP) Reference is made to the appropriate Exhibit of the company report on Form 10-Q, for the fiscal quarter ended March 31, 2017, which Exhibit is incorporated herein by reference.
(QQ) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated May 18, 2018, which Exhibit is incorporated herein by reference.
(RR) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated May 21, 2020, which Exhibit is incorporated herein by reference.
(SS) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated May 21, 2021, which Exhibit is incorporated herein by reference.
(TT) Reference is made to the appropriate Exhibit of the company report on Form 10-Q, for the fiscal quarter ended June 30, 2018, which Exhibit is incorporated herein by reference.
(UU) Reference is made to the appropriate Exhibit of the company report on Form 10-Q, for the fiscal quarter ended September 30, 2019, which Exhibit is incorporated herein by reference.
(VV) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated December 20, 2012, which Exhibit is incorporated herein by reference.
(WW) Reference is made to the appropriate Exhibit of the company report on Form 10-Q, for the fiscal quarter ended September 30, 2009, which Exhibit is incorporated herein by reference.
(XX) Reference is made to the appropriate Exhibit of the company report on Form 10-Q , for the fiscal quarter ended March 31, 2022, which Exhibit is incorporated by reference.
(YY) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated July 26, 2022, which Exhibit is incorporated herein by reference.
(ZZ) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated August 22, 2022, which Exhibit is incorporated herein by reference.
(AAA) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated September 15, 2022, which Exhibit is incorporated herein by reference.
(BBB) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated October 3, 2022, which Exhibit is incorporated herein by reference.

(CCC) Reference is made to the appropriate Exhibit of the company report on Form 8-K/A, dated November 22, 2022, which Exhibit is incorporated herein by reference.

(DDD) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated December 9, 2022, which Exhibit is incorporated herein by reference.

(EEE) Reference is made to the appropriate Exhibit of the company report on Form 10-K, for the fiscal year ended December 31, 2021, which Exhibit is incorporated herein by reference.

(FFF) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated December 27, 2022, which Exhibit is incorporated herein by reference.

(GGG) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated January 31, 2023, which Exhibit is incorporated herein by reference.

(HHH) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated February 1, 2023, which Exhibit is incorporated herein by reference.

(III) Reference is made to the appropriate Exhibit of the company report on Form 8-K, dated February 3, 2023, which Exhibit is incorporated herein by reference.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated as of April 14, 2023.

Signature	**Title**
/s/ GEOFFREY P. PURTILL **Geoffrey P. Purtill**	Director, President and Chief Executive Officer (Principal Executive Officer)
/s/ KATHLEEN P. LENEGHAN **Kathleen P. Leneghan**	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ MICHAEL J. MERRIMAN, JR. **Michael J. Merriman, Jr.**	Chair of the Board
/s/ EDWARD F. CRAWFORD **Edward F. Crawford**	Director
/s/ PETRA DANIELSOHN-WEIL, PhD **Petra Danielsohn-Weil, PhD**	Director
/s/ MARC M. GIBELEY **Marc M. Gibeley**	Director
/s/ CLIFFORD D. NASTAS **Clifford D. Nastas**	Director
/s/ STEVEN H. ROSEN **Steven H. Rosen**	Director
/s/ ARON I. SCHWARTZ **Aron I. Schwartz**	Director

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Invacare Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Invacare Corporation and subsidiaries (the Company) as of December 31, 2022 and 2021, the related consolidated statements of comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended December 31, 2022, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

The Company’s Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in the Accounting Policies and Subsequent Events notes to the consolidated financial statements, on January 31, 2023, Invacare Corporation and certain of its direct U.S. subsidiaries filed petitions for reorganization under Chapter 11 of title 11 of the Bankruptcy Code and has stated that substantial doubt exists about the Company’s ability to continue as a going concern. Management’s evaluation of the events and conditions and management's plans regarding these matters are also described in the Accounting Policies and Subsequent Events notes. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Adoption of ASU No. 2020-06

As discussed in the Accounting Policies note to the consolidated financial statements, the Company changed its method of accounting for convertible instruments in 2021 due to the adoption of ASU No. 2020-06, Debt-Debt with Conversion and Other options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 8815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosures to which it relates.

Valuation of Goodwill

Description of the matter	At December 31, 2022, the carrying amount of the Company's goodwill was $326.3 million. As discussed in the Accounting Policies and Long-Term Assets - Goodwill notes to the consolidated financial statements, goodwill is assessed for impairment at the reporting unit level at least annually or whenever events or changes in circumstances indicate its carrying value may not be recoverable. Auditing management's goodwill impairment assessment was complex and judgmental due to the significant estimation required to determine the fair value of a reporting unit. In particular, the fair value estimate was sensitive to significant assumptions, such as projected future cash flows of the reporting unit and the weighted average cost of capital used in the valuation process to discount future cash flows, which are affected by expectations about future market or economic conditions and the planned business and operating strategies.
How we addressed the matter in our audit	To test the estimated fair value of the reporting unit, our audit procedures included, among others, assessing the valuation methodologies, testing the significant assumptions used to develop the projected financial information, and testing the underlying data used by the Company in its analysis. We compared the projected financial information developed by management to current industry and economic trends as well as to the historical performance of the reporting unit and evaluated the expected impacts of the Company's operating strategies and initiatives on the significant assumptions. We also performed analyses to evaluate the sensitivity of the fair value of the reporting unit resulting from changes in the significant assumptions. In addition, we evaluated the reasonableness of management's reconciliation of the fair value of the reporting unit to the market capitalization of the Company. In addition, we involved our internal valuation specialists to assist in our evaluation of the methodologies applied and assumptions used by management.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1984.

Cleveland, Ohio
April 14, 2023

INVACARE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Loss)

	Years Ended December 31,		
	2022	2021	2020
	(In thousands, except per share data)		
Net sales	$ 741,733	$ 872,457	$ 850,689
Cost of products sold	566,340	633,351	605,437
Gross Profit	175,393	239,106	245,252
Selling, general and administrative expenses	226,780	232,242	236,357
Gain on sale of business	—	—	(9,790)
Charges related to restructuring activities	25,820	2,534	7,358
Impairment of goodwill	—	28,564	—
Impairment of intangible assets	3,259	—	—
Operating Income (Loss)	(80,466)	(24,234)	11,327
Net gain on convertible debt derivatives	(1,510)	—	—
Loss (gain) on debt extinguishment including debt finance charges and fees	(9,419)	(9,422)	7,360
Interest expense	28,520	24,307	28,499
Interest income	(56)	(1)	(93)
Loss Before Income Taxes	(98,001)	(39,118)	(24,439)
Income tax provision	3,070	6,445	3,841
Net Loss	$ (101,071)	$ (45,563)	$ (28,280)
Net Loss per Share—Basic	$ (2.77)	$ (1.31)	$ (0.83)
Weighted Average Shares Outstanding—Basic	36,517	34,875	34,266
Net Loss per Share—Assuming Dilution	$ (2.77)	$ (1.31)	$ (0.83)
Weighted Average Shares Outstanding—Assuming Dilution	36,629	35,274	34,375
Net Loss	$ (101,071)	$ (45,563)	$ (28,280)
Other comprehensive income (loss):			
Foreign currency translation adjustments	(48,197)	(28,724)	43,405
Defined benefit plans:			
Amortization of prior service costs and unrecognized losses	6,487	(427)	(375)
Deferred tax adjustment resulting from defined benefit plan activity	(197)	(39)	55
Valuation reserve associated with defined benefit plan activity	197	39	(55)
Current period gain (loss) on cash flow hedges	(1)	815	(825)
Deferred tax benefit (expense) related to gain (loss) on cash flow hedges	—	(112)	103
Other Comprehensive Income (Loss)	(41,711)	(28,448)	42,308
Comprehensive Income (Loss)	$ (142,782)	$ (74,011)	$ 14,028

See notes to consolidated financial statements.

INVACARE CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets

	December 31, 2022	December 31, 2021
Assets	(In thousands)	
Current Assets		
Cash and cash equivalents	$ 58,792	$ 83,745
Trade receivables, net	87,952	117,115
Installment receivables, net	311	218
Inventories, net	112,561	144,274
Other current assets	39,702	40,036
Total Current Assets	299,318	385,388
Other Assets	5,159	5,362
Intangibles	21,669	26,356
Property and Equipment, net	51,533	60,921
Finance Lease Assets, net	56,272	63,029
Operating Lease Assets, net	10,737	12,600
Goodwill	326,281	355,875
Total Assets	$ 770,969	$ 909,531
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	$ 104,590	$ 130,036
Accrued expenses	106,091	102,971
Current taxes payable	2,774	3,914
Current portion of long-term debt	154	3,107
Current portion of finance lease obligations	3,106	3,009
Current portion of operating lease obligations	3,420	4,217
Total Current Liabilities	220,135	247,254
Long-Term Debt	354,087	305,022
Long-Term Obligations - Finance Leases	57,994	63,736
Long-Term Obligations - Operating Leases	7,259	8,234
Other Long-Term Obligations	50,402	66,796
Shareholders' Equity		
Preferred Shares (Authorized 300 shares; none outstanding)	—	—
Common Shares (Authorized 150,000 shares; 42,540 and 39,416 issued and outstanding at December 31, 2022 and December 31, 2021, respectively)—no par	10,812	9,977
Class B Common Shares (Authorized 12,000 shares; 4 and 4 issued and outstanding at December 31, 2022 and December 31, 2021, respectively)—no par	2	2
Additional paid-in-capital	281,366	276,665
Retained earnings (accumulated deficit)	(78,426)	22,645
Accumulated other comprehensive income (loss)	(24,723)	16,988
Treasury Shares (4,536 and 4,397 shares at December 31, 2022 and December 31, 2021, respectively)	(107,939)	(107,788)
Total Shareholders' Equity	81,092	218,489
Total Liabilities and Shareholders' Equity	$ 770,969	$ 909,531

See notes to consolidated financial statements.

INVACARE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	Years Ended December 31,		
	2022	2021	2020
		(In thousands)	
Operating Activities			
Net loss	$ (101,071)	$ (45,563)	$ (28,280)
Adjustments to reconcile net earnings to net cash used by operating activities:			
Gain on sale of business	—	—	(9,790)
Depreciation and amortization	15,491	16,821	14,317
Amortization operating lease right of use assets	4,862	6,273	6,951
Provision (benefit) for losses on trade and installment receivables	862	(16)	427
Benefit for deferred income taxes	(241)	(224)	(2,192)
Provision for other deferred liabilities	(1,431)	160	971
Provision for equity compensation	2,080	4,323	8,645
Loss (gain) on disposals of property and equipment	126	(278)	(1,046)
Loss (gain) on debt extinguishment including debt finance charges and associated fees	(9,419)	(9,422)	7,360
Impairment of intangible assets	3,259	—	—
Impairment of goodwill	—	28,564	—
Inventory write-downs and product line exit obligations	8,651	—	—
Amortization of convertible debt discount, term loan original issuance discount and accretion of convertible debt	3,891	3,534	11,487
Amortization of debt fees	2,684	2,236	1,690
Net gain on convertible debt derivatives	(1,510)	—	—
Other non-cash	573	—	—
Changes in operating assets and liabilities:			
Trade receivables	23,178	(11,028)	7,692
Installment sales contracts, net	317	388	(481)
Inventories, net	17,108	(33,129)	8,955
Other current assets	3,209	2,755	(5,313)
Accounts payable	(19,156)	47,101	(2,359)
Accrued expenses	(3,970)	(26,868)	1,713
Other long-term liabilities	(4,744)	64	1,170
Net Cash Provided (Used) by Operating Activities	(55,251)	(14,309)	21,917
Investing Activities			
Purchases of property and equipment	(3,778)	(17,698)	(22,304)
Proceeds from sale of property and equipment	5	33	396
Proceeds from sale of business	—	—	14,563
Change in other long-term assets	(7)	(252)	(27)
Other	(540)	115	(2,175)
Net Cash Used by Investing Activities	(4,320)	(17,802)	(9,547)
Financing Activities			
Proceeds from revolving lines of credit and long-term borrowings	110,512	155,033	86,081
Repurchases of convertible debt, payments on revolving lines of credit and finance leases	(61,000)	(116,250)	(70,603)
Payment of financing costs	(11,037)	(5,369)	(1,505)
Payment of dividends	—	—	(414)
Purchases of capped calls	—	(18,787)	—
Payments to debt holders	—	—	(5,593)
Purchases of treasury shares	(151)	(1,754)	(1,707)
Net Cash Provided by Financing Activities	38,324	12,873	6,259
Effect of exchange rate changes on cash	(3,706)	(2,315)	6,606
Increase (decrease) in cash and cash equivalents	(24,953)	(21,553)	25,235
Cash and cash equivalents at beginning of year	83,745	105,298	80,063
Cash and cash equivalents at end of year	$ 58,792	$ 83,745	$ 105,298

See notes to consolidated financial statements.

INVACARE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Shareholders' Equity

(In thousands)	Common Shares	Class B Shares	Additional Paid-in-Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Total
January 1, 2020 Balance	$ 9,588	$ 2	$ 312,650	$ 87,475	$ 3,128	$(104,327)	**$ 308,516**
Performance awards	91	—	3,222	—	—	(1,123)	**2,190**
Restricted share awards	137	—	5,195	—	—	(584)	**4,748**
Net loss	—	—	—	(28,280)	—	—	(28,280)
Foreign currency translation adjustments	—	—	—	—	43,405	—	43,405
Unrealized loss on cash flow hedges	—	—	—	—	(722)	—	(722)
Defined benefit plans: Amortization of prior service costs and unrecognized losses and credits	—	—	—	—	(375)	—	(375)
Total comprehensive income	—	—	—	—	—	—	**14,028**
Exchange of convertible notes			5,021				**5,021**
Adoption of credit loss standard				(243)			**(243)**
Dividends	—	—	—	(414)	—	—	**(414)**
December 31, 2020 Balance	9,816	2	326,088	58,538	45,436	(106,034)	**333,846**
Performance awards	52	—	(1,179)	—	—	(668)	**(1,795)**
Restricted share awards	109	—	5,341	—	—	(1,086)	**4,364**
Net loss	—	—	—	(45,563)	—	—	(45,563)
Foreign currency translation adjustments	—	—	—	—	(28,724)	—	(28,724)
Unrealized gain on cash flow hedges	—	—	—	—	703	—	703
Defined benefit plans: Amortization of prior service costs and unrecognized losses and credits	—	—	—	—	(427)	—	(427)
Total comprehensive loss	—	—	—	—	—	—	**(74,011)**
Adoption of ASU 2020-06			(34,798)	9,670			**(25,128)**
Purchase of capped calls			(18,787)				**(18,787)**
December 31, 2021 Balance	9,977	2	276,665	22,645	16,988	(107,788)	**218,489**
Performance awards	—	—	(844)	—	—	—	**(844)**
Restricted share awards	160	—	2,764	—	—	(151)	**2,773**
Net loss	—	—	—	(101,071)	—	—	(101,071)
Foreign currency translation adjustments	—	—	—	—	(48,197)	—	(48,197)
Unrealized loss on cash flow hedges	—	—	—	—	(1)	—	(1)
Defined benefit plans: Amortization of prior service costs and unrecognized losses and credits	—	—	—	—	6,487	—	6,487
Total comprehensive loss	—	—	—	—	—	—	**(142,782)**
Issuance of common shares	675	—	2,781	—	—	—	**3,456**
December 31, 2022 Balance	10,812	2	281,366	(78,426)	(24,723)	(107,939)	**81,092**

See notes to consolidated financial statements.

Accounting Policies

Nature of Operations: Invacare Corporation is a leading manufacturer and distributor of medical equipment used in the home based upon the company's distribution channels, breadth of product line and net sales. The company designs, manufactures and distributes an extensive line of health care products for the non-acute care environment, including the home health care, retail and continuing care markets.

Principles of Consolidation: The consolidated financial statements include the accounts of the company and its wholly owned subsidiaries and include all adjustments, which were of a normal recurring nature, necessary to present fairly the financial position of the company as of December 31, 2022 and the results of its operations and its cash flow for the years ended December 31, 2022, 2021 and 2020, respectively. Certain foreign subsidiaries, represented by the European segment, are consolidated using a November 30 fiscal year end to meet filing deadlines. No material subsequent events have occurred related to the European segment, which would require disclosure or adjustment to the company's financial statements. All significant intercompany transactions are eliminated.

Going Concern: The company's financial statements have been prepared under the assumption that it will continue as a going concern, which contemplates continuity of operations, realization of assets, and satisfaction of liabilities in the normal course of business. In connection with the preparation of the consolidated financial statements, the company conducted an evaluation as to whether there were conditions and events, considered in the aggregate, that raised substantial doubt as to the company's ability to continue as a going concern.

On January 31, 2023, the company and two of its U.S. subsidiaries filed voluntary petitions under chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”). The Debtors obtained joint administration of their chapter 11 cases under the caption *In re Invacare Corporation, et al.*, Case No. 23-90068 (CML) (the “Chapter 11 Cases”).

In light of the company's Chapter 11 Cases, the company's ability to continue as a going concern is contingent upon, among other things, the company's ability to, subject to approval by the Bankruptcy Court, implement a business plan of reorganization, emerge from the Chapter 11 proceedings and generate sufficient liquidity following the reorganization to meet contractual obligations and operating needs. The Chapter 11 Cases create certain risks and uncertainties related to, among other things, (i) the company's ability to obtain requisite support for the business plan of reorganization from various stakeholders, and (iii) the disruptive effects of the Chapter 11 Cases on the company's business making it potentially more difficult to maintain business, financing and operational relationships.

Although the company believes the reorganization upon the outcome of the Chapter 11 Cases will position the company for liquidity and profitable growth, the Chapter 11 filing caused an event of default under certain instruments governing the company's indebtedness, which is stayed during the pendency of the bankruptcy proceeding. Further, there are several risks and uncertainties associated with the company's bankruptcy, including, among others (a) the company's chapter 11 plan of reorganization may never be confirmed or become effective, (b) the Restructuring Support Agreement may be terminated by one or more of the parties thereto, (c) the Bankruptcy Court may grant or deny motions in a manner that is adverse to the company and its subsidiaries, and (d) the company's Chapter 11 Cases may be converted into a Chapter 7 liquidation. These factors, together with the company's recurring losses and accumulated deficit, create substantial doubt regarding the company's ability to continue as a going concern. Refer to those risk factors discussed under “Risk Factors” in Part II, Item 1A of this Report.

Use of Estimates: The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States, which require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

Cash and Cash Equivalents: The company's policy is to treat investments that are readily convertible to cash and with maturities so near that there is little risk of changes in value due to changes in interest rates as cash and cash equivalents. Cash and cash equivalents are carried at cost, which approximates fair value.

Accounts Receivable: The company records accounts receivable when control of the product or service transfers to its unaffiliated customers, risk of loss is passed and title is transferred. The estimated allowance for uncollectible amounts is based primarily on management's evaluation of the financial condition of specific customers. The company records accounts receivable reserves for amounts that may become uncollectible in the future. The company writes off accounts receivable when it becomes apparent, based upon customer circumstances, that such amounts will not be collected and legal remedies are exhausted.

Reserves for customer bonus and cash discounts are recorded as a reduction in revenue and netted against gross accounts receivable. Customer rebates in excess of a given customer's accounts receivable balance are classified in Accrued Expenses. Customer rebates and cash discounts are estimated based on the most likely amount principal as well as historical experience and anticipated performance. In addition, customers have the right to return product within the company's normal terms policy, and as such, the company estimates the expected returns based on an analysis of historical experience and adjusts revenue accordingly.

Inventories: Inventories are stated at the lower of cost or net realizable value with cost determined by the first-in, first-out method. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Finished goods and work in process inventories include material, labor and manufacturing overhead costs. Inventories have been reduced by an allowance for excess and obsolete inventories. The estimated allowance is based on management's review of inventories on hand compared to estimated future usage and sales.

Property and Equipment: Property and equipment are stated based on cost. The company principally uses the straight-line method of depreciation for financial reporting purposes based on annual rates sufficient to amortize the cost of the assets over their estimated useful lives. Machinery and equipment, internal use software as well as furniture and fixtures are generally depreciated using lives of 3 to 10 years, while buildings and improvements are depreciated using lives of 5 to 40 years. Accelerated methods of depreciation are used for federal income tax purposes. Expenditures for maintenance and repairs are charged to expense as incurred. Amortization of assets under finance leases is included in depreciation expense.

Long-lived assets are assessed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An asset would be considered impaired when the future net undiscounted cash flows generated by the asset or asset group are less than its carrying value. An impairment loss would be recognized based on the amount by which the carrying value of the asset exceeds its fair value.

Goodwill and Other Intangibles: In accordance with *Intangibles—Goodwill and Other*, ASC 350, goodwill and indefinite lived intangibles are subject impairment. The company completes its annual impairment assessment in the fourth quarter of each year or whenever events or changes in circumstances indicate the carrying value could be below a reporting unit's fair value. For purposes of the goodwill impairment assessment, the fair value of each reporting unit is estimated using an income approach by forecasting cash flows and discounting those cash flows using an appropriate weighted average cost of capital (WACC) as well as considering market and cost approaches, as appropriate. The fair values are then compared to the carrying value of the net assets of each reporting unit.

Intangible assets are also assessed for impairment by estimating forecasted cash flows and discounting those cash flows as needed to calculate impairment amounts. The fair value of trademarks were calculated using a relief from royalty payment methodology which requires applying an estimated market royalty rate to forecasted net sales and discounting the resulting cash flows to determine fair value.

Accrued Warranty Cost: Generally, the company's products are covered by assurance-type warranties against defects in material and workmanship for various periods depending on the product from the date of sale to the customer. Certain components carry a lifetime warranty. In addition, the company has sold extended warranties that, while immaterial, require the company to defer the revenue associated with those warranties until earned. A provision for estimated warranty cost is recorded at the time of sale based upon actual experience. The company continuously assesses the adequacy of its product warranty accrual and makes adjustments, as needed. Historical analysis is primarily used to determine the company's warranty reserves. Claims history is reviewed and provisions are adjusted, as needed. However, the company does consider other events, such as a product recall, which could necessitate additional warranty reserve provisions. Refer to Accrued Expenses in the Notes to the Consolidated Financial Statements for a reconciliation of the changes in the warranty accrual.

Product Liability Cost: The company was self-insured in North America for product liability exposures for losses up to $10,000,000 per occurrence and $13,000,000 in the aggregate. The company also has additional layers of external insurance coverage, related to all lines of insurance coverage, insuring up to $75,000,000 in aggregate losses per policy year arising from individual claims anywhere in the world that exceed the captive insurance company policy limits or the limits of the company's per country foreign liability limits, as applicable. There can be no assurance that Invacare's current insurance levels will continue to be adequate or available at affordable rates.

Product liability reserves are recorded for individual claims based upon historical experience, industry expertise and other indicators. Additional reserves, in excess of the specific individual case reserves, are provided for incurred but not reported claims based upon actuarial valuations at the time such valuations are conducted. Historical claims experience and other assumptions are taken into consideration by the company in estimating the ultimate reserves. For example, the actuarial analysis assumes that historical loss experience is an indicator of future experience, that the distribution of exposures by geographic area and nature of operations for ongoing operations is expected to be very similar to historical operations with no dramatic changes and that the government indices used to trend losses and exposures are appropriate. Estimates made are adjusted on a regular basis and can be impacted by actual loss awards and settlements on claims. While actuarial analysis is used to help determine adequate reserves, the company is responsible for the determination and recording of adequate reserves in accordance with accepted loss reserving standards and practices.

Revenue Recognition: The company recognizes revenues when control of the product or service is transferred to unaffiliated customers. *Revenues from Contracts with Customers*, ASC 606, provides guidance on the application of generally accepted accounting principles to revenue recognition issues. The company has concluded that its revenue recognition policy is appropriate and in accordance with GAAP under ASC 606.

All of the company's product-related contracts, and a portion related to services, have a single performance obligation, which is the promise to transfer an individual good or service, with revenue recognized at a point in time. Certain service-related contracts contain multiple performance obligations that require the company to allocate the transaction price to each performance obligation. For such contracts, the company allocates revenue to each performance obligation based on its relative standalone selling price at inception of the contract. The company determined the standalone selling price based on the expected cost-plus margin methodology. Revenue related to the service contracts with multiple performance obligations is recognized over time. To the extent performance obligations are satisfied over time, the company defers revenue recognition until the performance obligations are satisfied.

The determination of when and how much revenue to recognize can require the use of significant judgment. Revenue is recognized when obligations under the terms of a contract with the customer are satisfied; generally, this occurs with the transfer of control of the company's products and services to the customer.

Revenue is measured as the amount of consideration expected to be received in exchange for transferring the product or providing services. The amount of consideration received and recognized as revenue by the company can vary as a result of variable consideration terms included in the contracts such as customer rebates, cash discounts and return policies. Customer rebates and cash discounts are estimated based on the most likely amount principle and these estimates are based on historical experience and anticipated performance. Customers have the right to return product within the company's normal terms policy, and as such, the company estimates the expected returns based on an analysis of historical experience. The company adjusts its estimate of revenue at the earlier of when the most likely amount of consideration the company expects to receive changes or when the consideration becomes fixed. The company generally does not expect that there will be significant changes to its estimates of variable consideration (refer to Receivables in the Notes to the Consolidated Financial Statements include elsewhere in this report).

Depending on the terms of the contract, the company may defer recognizing a portion of the revenue at the end of a given period as the result of title transfer terms that are based upon delivery and or acceptance which align with transfer of control of the company's products to its customers.

Sales are made only to customers with whom the company believes collection is probable based upon a credit analysis, which may include obtaining a credit application, a signed security agreement, personal guarantee and/or a cross corporate guarantee depending on the credit history of the customer. Credit lines are established for new customers after an evaluation of their credit report and/or other relevant financial information. Existing credit lines are regularly reviewed and adjusted with consideration given to any outstanding past due amounts.

The company records distributed product sales gross as a principal since the company takes title to the products and has the risks of loss for collections, delivery and returns. The company's payment terms are for relatively short periods and thus do not contain any element of financing. Additionally, no contract costs are incurred that would require capitalization and amortization.

Sales, value added, and other taxes the company collects concurrent with revenue producing activities are excluded from revenue. Incidental items that are immaterial in the context of the contract are recognized as expense. Shipping and handling costs are included in cost of products sold.

The majority of the company's warranties are considered assurance-type warranties and continue to be recognized as expense when the products are sold (refer to

Current Liabilities in the Notes to the Consolidated Financial Statements include elsewhere in this report). These warranties cover against defects in material and workmanship for various periods depending on the product from the date of sale to the customer. Certain components carry a lifetime warranty. In addition, the company has sold extended warranties that, while immaterial, require the company to defer the revenue associated with those warranties until earned. The company has established procedures to appropriately defer such revenue. A provision for estimated warranty cost is recorded at the time of sale based upon actual experience. The company continuously assesses the adequacy of its product warranty accruals and makes adjustments as needed. Historical analysis is primarily used to determine the company's warranty reserves. Claims history is reviewed and provisions are adjusted as needed. However, the company does consider other events, such as a product recall, which could require additional warranty reserve provisions. Refer to Accrued Expenses in the Notes to the Consolidated Financial Statements for a reconciliation of the changes in the warranty accrual.

Research and Development: Research and development costs are expensed as incurred and included in cost of products sold. The company's annual expenditures for product development and engineering were approximately $3,492,000, $8,656,000 and $12,275,000 for 2022, 2021 and 2020, respectively.

Advertising: Advertising costs are expensed as incurred and included in selling, general and administrative expenses. Advertising expenses amounted to $4,511,000, $5,062,000 and $5,107,000 for 2022, 2021 and 2020, respectively, the majority of which is incurred for advertising in the United States and Europe.

Income Taxes: The company uses the liability method in measuring the provision for income taxes and recognizing deferred tax assets and liabilities on the balance sheet. The liability method requires that deferred income taxes reflect the tax consequences of currently enacted rates for differences between the tax and financial reporting bases of assets and liabilities. Taxes related to Global Intangible Low-Taxes Income (GILTI) are treated as current period expense when incurred.

Value Added Taxes: The company operates internationally and is required to comply with value added tax (VAT) or goods and service tax (GST) regulations, particularly in Europe and Asia Pacific. VAT and GST are taxes on consumption in which the company pays tax on its purchases of goods and services and charges customers on the sale of product. The difference between billings to customers and payments on purchases is then remitted or received from the government as filings are due. The company records tax assets and liabilities related to these taxes and the balances in these accounts can vary significantly from period to period based on the timing of the underlying transactions.

Derivative Instruments: Derivatives and Hedging, ASC 815, requires companies to recognize all derivative instruments in the consolidated balance sheet as either assets or liabilities at fair value. The accounting for changes in fair value of a derivative is dependent upon whether or not the derivative has been designated and qualifies for hedge accounting treatment and the type of hedging relationship. For derivatives designated and qualifying as hedging instruments, the company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or a hedge of a net investment in a foreign operation.

A majority of the company's derivative instruments are designated and qualify as cash flow hedges. Accordingly, the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The remaining gain or loss on the derivative instrument in excess of the cumulative change in the fair value of the hedged item, if any, is recognized in current earnings during the period of change.

During the third and fourth quarter of 2022, the company entered into privately negotiated Secured Convertible 2026 Notes of $41,475,000 in aggregate principal amount. Convertible debt conversion liabilities of $1,595,000 were recorded based on initial fair values and these fair values are updated each reporting period with the offset to the income statement.

Foreign Currency Translation: The functional currency of the company's subsidiaries outside the United States is the applicable local currency. The assets and liabilities of the company's foreign subsidiaries are translated into U.S. dollars at year-end exchange rates. Revenues and expenses are translated at monthly average exchange rates. Gains and losses resulting from translation of balance sheet items are included in accumulated other comprehensive earnings.

Net Earnings Per Share: Basic earnings per share are computed based on the weighted-average number of common shares and Class B common shares outstanding during the year. Diluted earnings per share are computed based on the weighted-average number of common shares and Class B common shares outstanding plus the effects of dilutive stock options and awards outstanding during the year. For periods in which there was a net loss, loss per share assuming dilution utilized weighted average shares-basic.

Defined Benefit Plans: The company's benefit plans are accounted for in accordance with *Compensation-Retirement Benefits*, ASC 715 which requires plan sponsors to recognize the funded status of their defined benefit postretirement benefit plans in the consolidated balance sheet, measure the fair value of plan assets and benefit obligations as of the balance sheet date and to recognize changes in that funded status in the year in which the changes occur through comprehensive income.

Recent Accounting Pronouncements (Already Adopted):

In August 2020, the FASB issued ASU 2020-06 "Debt with Conversion and Other Options" (Subtopic 470-20) and Derivatives and Hedging Contracts in Entity's Own Equity (Subtopic 815-40)", which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. ASU 2020-06 removes from U.S. GAAP the separation models for (1) convertible debt with a cash conversion feature (CCF) and (2) convertible instrument with a beneficial conversion feature (BCF). As a result, after adopting the ASU's guidance, entities will not separately present in equity an embedded conversion feature in such debt. Instead, they will account for a convertible debt instrument wholly as debt, and for convertible preferred stock wholly as preferred stock (i.e., as a single unit of account), unless (1) a convertible instrument contains features that require bifurcation as a derivative under ASC 815 or (2) a convertible debt instrument was issued at a substantial premium. The guidance may be early adopted for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years.

The company adopted ASU 2020-06 effective January 1, 2021, using the modified retrospective method, which resulted in the removal of convertible debt discounts of $25,218,000, adjustment of $34,798,000 to additional paid-in-capital and $9,670,000 adjustment to retained earnings. Convertible debt discounts prior to adoption of ASU 2020-06 were amortized over the convertible debt term through interest expense. Subsequent to adoption, convertible debt discounts are not applicable when accounting for debt as a single unit of account. Interest expense for 2020 related to debt discount amortization (which was not recognized in 2021 or 2022 due to adoption) was $9,673,000 or $0.28 per basic and diluted share. There was no impact of adoption on performance metrics used for short-term or long-term incentive compensation. Accretion specific to the Series II 2024 Notes was unaffected by adoption. Due to the valuation allowance, there was no net impact to income taxes for the adoption. Subsequent to adoption weighted average shares when calculating diluted earnings per share requires the application of the if-converted method for all convertible instruments.

In March 2020, the FASB issued ASU 2020-04 "Reference Rate Reform (Topic 848): Facilitation of Effects of Reference Rate Reform on Financial Reporting," which is intended to provide temporary optional expedients and exceptions to the U.S. GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burden related to the expected market transition from the London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates if certain criteria are met. The guidance may be adopted in any period prior to the guidance expiration on December 31, 2022.

The company adopted ASU 2020-04 effective January 1, 2022 and the adoption did not have a material impact on the company's financial statements. Interest arrangements previously referring to LIBOR prior to adoption, now refer to a secured overnight finance rate (SOFR).

Divested Businesses

On March 7, 2020, the company completed the sale (the “DCL Transaction”) of its subsidiary, Dynamic Controls, a New Zealand incorporated unlimited company (“Dynamic Controls”), to Allied Motion Christchurch Limited, a New Zealand limited company (the “DCL Purchaser”), pursuant to a Securities Purchase Agreement among the company, Invacare Holdings New Zealand, a New Zealand incorporated unlimited company, and the Purchaser, dated March 6, 2020 (the “DCL Purchase Agreement”). Dynamic Controls was a producer of electronic control systems for powered medical mobility devices, including systems incorporating the LiNX™ technology platform. LiNX™ is a registered trademark owned by Dynamic Controls. Dynamic Controls was a component of the All Other Segment.

Dynamic Controls was a supplier of power mobility products and respiratory components to the company as well as supplying power mobility products to external customers. Sales in 2020 through the date of disposition were $5,331,000, including intercompany sales of $2,532,000. Income before income taxes was approximately $445,000 in 2020, through the date of disposition.

The transaction was the result of considering options for the products sold by Dynamic Controls which resulted in selling the business to a third-party which can provide access to further technological innovations to further differentiate the company’s power mobility products.

The gross proceeds from the DCL Transaction were $14,563,000, net of taxes and expenses. The company realized a pre-tax gain of $9,790,000.

The Purchase Agreement contained customary indemnification obligations of each party with respect to breaches of their respective representations, warranties and covenants, and certain other specified matters, which were subject to certain exceptions, terms and limitations described further in the DCL Purchase Agreement.

At the closing of the DCL Transaction, the parties entered into a supply agreement pursuant to which Dynamic Controls will supply certain electronic components as required by the company for the five-year period following the DCL Transaction, including ongoing supply and support of the LiNX™ electronic control system with informatics technology, continued contract manufacturing of certain electronic components for the company’s respiratory products and continued infrastructure and applications support for the informatics solution for the company’s respiratory products. The estimated continued inflows and outflows following the disposal with the DCL Purchaser are not expected to be material to the company.

The assets and liabilities of Dynamic Controls as of March 7, 2020 consisted of the following (in thousands):

	March 7, 2020
Trade receivables, net	$ 4,129
Inventories, net	3,082
Other assets	855
Property and equipment, net	600
Operating lease assets, net	2,127
Total assets	$ 10,793
Accounts payable	$ 4,692
Accrued expenses	2,473
Current taxes payable	41
Current portion of operating lease obligations	366
Long-term obligations	1,019
Total liabilities	$ 8,591

Trade receivables as of March 7, 2020 included receivables previously classified as intercompany related to product sold by Dynamic Controls to other Invacare entities.

On January 30, 2023 the company completed the sale of its respiratory business assets to Ventec Life Systems, Inc, a Delaware corporation and subsidiary of React Health, LLC (the “Purchaser”), pursuant to an Asset Purchase Agreement dated as of January 30, 2023 (the “Purchase Agreement”). The purchase price paid by the Purchaser was $11,925,644 in cash payable at closing.

The Purchase Agreement contains customary indemnification obligations of each party with respect to breaches of their respective representations, warranties and covenants, and certain other specified matters, which are subject to certain exceptions, terms and limitations described further in the Purchase Agreement. The company agreed to non-competition obligations with respect to respiratory products for a five-year period following the Transaction, which are more fully described in the Purchase Agreement. In addition, the company entered into a supply agreement and a transition services agreement with the Purchaser to provide for, among other matters, the ongoing parts and service and support for the warranty and non-warranty service of respiratory products in the field. The foregoing description of the Purchase Agreement is a summary, does not purport to be complete and is qualified in its entirety by reference to the Purchase Agreement.

On January 27, 2023, the company completed the sale of its Top End™® sports and recreational wheelchair and handcycle business net assets to Top End Sports, LLC. Cash proceeds on the sale were not material to the company.

Current Assets

Receivables

Receivables as of December 31, 2022 and 2021 consist of the following (in thousands):

	2022	2021
Accounts receivable, gross	$ 112,659	$ 142,806
Customer rebate reserve	(11,569)	(12,267)
Allowance for doubtful accounts	(3,279)	(3,642)
Cash discount reserves	(8,756)	(9,179)
Other, principally returns and allowances reserves	(1,103)	(603)
Accounts receivable, net	$ 87,952	$ 117,115

Reserves for customer rebates and cash discounts are recorded as a reduction in revenue and netted against gross accounts receivable. Customer rebates in excess of a given customer's accounts receivable balance are classified in Accrued Expenses. Customer rebates and cash discounts are estimated based on the most likely amount principle as well as historical experience and anticipated performance. In addition, customers have the right to return product within the company’s normal terms policy, and as such, the company estimates the expected returns based on an analysis of historical experience and adjusts revenue accordingly.

During the third quarter of 2021, the company entered into an agreement with a bank to sell certain trade receivables with governmental entity customers in the Nordic region without recourse. Under ASC 860, the sale of the receivables qualify as a true sale and not a secured borrowing. No gain or loss was recorded on the sale of the receivables. Bank charges, which are recorded as interest expense, attributable to the program were immaterial for the years ended December 31, 2022 and 2021.

Accounts receivable are reduced by an allowance for amounts that may become uncollectible in the future. Substantially all the company’s receivables are due from health care, medical equipment providers and long-term care facilities predominantly located throughout the United States, Australia, Canada, New Zealand and Europe. A significant portion of products sold to providers, both foreign and domestic, are ultimately funded through government reimbursement programs such as Medicare and Medicaid in the U.S. As a consequence, changes in these programs can have an adverse impact on dealer liquidity and profitability.

The company adopted ASU 2016-13, “Measurement of Credit Losses on Financial Statements” on January 1, 2020. Accordingly, the company is now applying an "expected loss” model that will generally require earlier recognition of allowances for losses for trade receivables. In addition, the company expects more variability in its allowance for doubtful accounts as it previously provided for bad debts based on a specific reserve methodology while the new expected loss methodology requires companies to provide for estimated losses beginning at the time of sale. The adoption of the new standard resulted in an increase in credit losses and adjustment to retained earnings of $243,000 which is reflected in the Consolidated Statement of Shareholders' Equity.

The company's approach is to separate its receivables into good-standing and collection receivables. Good-standing receivables are assigned to risk pools of high, medium and low. The risk pools are driven by the specifics associated with the geography of origination. Expected loss percentages are calculated and assigned to each risk pool, driven primarily by historical experience. The historical loss percentages are calculated for each risk pool and then judgmentally revised to consider current risk factors as well as consideration of the impact of forecasted events, as applicable. The expected loss percentages are then applied to receivables balances each period to determine the allowance for doubtful accounts.

In North America, excluding Canada, good-standing receivables are assigned to the low risk pool and assigned an expected loss percentage of 1.0% as these receivables are deemed to share the same risk profile and collections efforts are the same. Installment receivables in North America are characterized as collection receivables and thus reserves are based on specific analysis of each customer. In Canada, good-standing receivables are deemed low risk and assigned a loss percentage of 0.1%.

In Europe, expected losses are determined by each location in each country. Most locations have a majority of their receivables assigned to the low risk pool, which has an average expected loss percentage of 0.3%. About half of the locations have a portion of their receivables assigned as medium risk with an average expected loss percentage of 0.8%. Only a few locations have any receivables characterized as high risk and the average credit loss percentage for those locations is 2.7%. Collection risk is generally low as payment terms in certain key markets, such as Germany, are immediate and in many locations the ultimate customer is the government.

In the Asia Pacific region, receivables are characterized as low risk, which have an average expected loss percentage of 1.0%. Historical losses are low in this region where the use of credit insurance is often customary.

The movement in the trade receivables allowance for doubtful accounts was as follows (in thousands):

	2022
Balance as of beginning of period	$ 3,642
Current period provision	862
Recoveries (direct write-offs), net	(1,225)
Balance as of end of period	$ 3,279

The company did not make any material changes to the assignment of receivables to the different risk pools or to the expected loss reserves in the year.

For collections receivables, the estimated allowance for uncollectible amounts is based primarily on management's evaluation of the financial condition of each customer. In addition, as a result of the company's financing arrangement with DLL, a third-party financing company which the company has worked with since 2000, management monitors the collection status of these contracts in accordance with the company's limited recourse obligations and provides amounts necessary for estimated losses in the allowance for doubtful accounts and establishes reserves for specific customers as needed.

The company writes off uncollectible trade accounts receivable after such receivables are moved to collection status and legal remedies are exhausted. Refer to Concentration of Credit Risk in the Notes to the Consolidated Financial Statements for a description of the financing arrangement. Long-term installment receivables are included in "Other Assets" on the consolidated balance sheet.

The company has recorded a contingent liability in the amount of $333,000 related to the contingent aspect of the company's guarantee associated with its arrangement with DLL. The contingent liability is recorded applying the same expected loss model used for the trade and installment receivables recorded on the company's books. Specifically, historical loss history is used to determine the expected loss percentage, which is then adjusted judgmentally to consider other factors, as needed.

The company's U.S. customers electing to finance their purchases can do so using DLL. Repurchased DLL receivables recorded on the books of the company represent a single portfolio segment of receivables to the independent provider channel and long-term care customers. The portfolio segment of these receivables are distinguished by geography and credit quality. These receivables were repurchased from DLL because the customers were in default. Default with DLL is defined as a customer being delinquent by three payments.

The estimated allowance for uncollectible amounts and evaluation for both classes of installment receivables is based on the company's quarterly review of the financial condition of each individual customer with the allowance for doubtful accounts adjusted accordingly. Installments are individually and not collectively reviewed. The company assesses the bad debt reserve levels based upon the status of the customer's adherence to a legally negotiated payment schedule and the company's ability to enforce judgments, liens, etc.

For purposes of granting or extending credit, the company utilizes a scoring model to generate a composite score that considers each customer's consumer credit score and/or D&B credit rating, payment history, security collateral and time in business. Additional analysis is performed for most customers desiring credit greater than $250,000, which generally includes a detailed review of the customer's financial statements as well as consideration of other factors such as exposure to changing reimbursement laws.

Interest income is recognized on installment receivables based on the terms of the installment agreements. Installment accounts are monitored and if a customer defaults on payments and is moved to collection, interest income is no longer recognized. Subsequent payments received once an account is put on non-accrual status are generally first applied to the principal balance and then to the interest. Accruing of interest on collection accounts would only be restarted if the account became current again.

All installment accounts are accounted for using the same methodology regardless of the duration of the installment agreements. When an account is placed in collection status, the company goes through a legal process for pursuing collection of outstanding amounts, the length of which typically approximates eighteen months. Any write-offs are made after the legal process has been completed.

Installment receivables as of December 31, 2022 and 2021 consist of the following (in thousands):

	2022			2021		
	Current	Long-Term	Total	Current	Long-Term	Total
Installment receivables	$ 311	$ 266	$ 577	$ 218	$ 734	$ 952
Less: Unearned interest	—	—	—	—	—	—
	311	266	577	218	734	952
Allowance for doubtful accounts	—	—	—	—	—	—
Installment receivables, net	$ 311	$ 266	$ 577	$ 218	$ 734	$ 952

No sales of installment receivables were made by the company during the year.

The movement in the installment receivables allowance for doubtful accounts was as follows (in thousands):

	2022	2021
Balance as of beginning of period	$ —	$ 487
Current period provision (benefit)	—	(75)
Direct write-offs charged against the allowance	—	(412)
Balance as of end of period	$ —	$ —

Installment receivables by class as of December 31, 2022 consist of the following (in thousands):

	Total Installment Receivables	Unpaid Principal Balance	Related Allowance for Doubtful Accounts	Interest Income Recognized
Asia Pacific				
Non-impaired installment receivables with no related allowance recorded	577	577	—	—
Total				
Non-impaired installment receivables with no related allowance recorded	577	577	—	—
Impaired installment receivables with a related allowance recorded	—	—	—	—
Total installment receivables	$ 577	$ 577	$ —	$ —

Installment receivables by class as of December 31, 2021 consist of the following (in thousands):

	Total Installment Receivables	Unpaid Principal Balance	Related Allowance for Doubtful Accounts	Interest Income Recognized
Asia Pacific				
Non-impaired installment receivables with no related allowance recorded	952	952	—	—
Total				
Non-impaired installment receivables with no related allowance recorded	952	952	—	—
Impaired installment receivables with a related allowance recorded	—	—	—	—
Total installment receivables	$ 952	$ 952	$ —	$ —

Installment receivables with a related allowance recorded as noted in the table above represent those installment receivables on a non-accrual basis. As of December 31, 2022, the company had no U.S. installment receivables past due of 90 days or more for which the company is still accruing interest. Individually, all U.S. installment receivables are assigned a specific allowance for doubtful accounts based on management's review when the company does not expect to receive both the contractual principal and interest payments as specified in the loan agreement.

The aging of the company's installment receivables was as follows as of December 31, 2022 and 2021 (in thousands):

	December 31, 2022			December 31, 2021		
	Total	U.S.	Asia Pacific	Total	U.S.	Canada
Current	$ 533	$ —	$ 533	$ 952	$ —	$ 952
0-30 days past due	44	—	44	—	—	—
31-60 days past due	—	—	—	—	—	—
61-90 days past due	—	—	—	—	—	—
90+ days past due	—	—	—	—	—	—
	$ 577	$ —	$ 577	$ 952	$ —	$ 952

Inventories, Net

Inventories, net as of December 31, 2022 and 2021 consist of the following (in thousands):

	2022	2021
Raw materials	$ 57,174	$ 69,371
Finished goods	45,476	62,124
Work in process	9,911	12,779
Inventories, net	$ 112,561	$ 144,274

In the third quarter of 2022, with the decision to exit the respiratory products business, the company recorded a charge to gross margin totaling $8,651,000, with $5,387,000 increasing the inventory reserve and $3,264,000 for purchase obligations. No significant adjustments were recorded to adjust this estimate in the fourth quarter of 2022.

Other Current Assets

Other current assets as of December 31, 2022 and 2021 consist of the following (in thousands):

	2022	2021
Tax receivables principally value added taxes	$ 22,946	$ 21,943
Prepaid insurance	1,223	4,462
Prepaid inventory and freight	3,077	2,394
Recoverable income taxes	1,990	2,301
Service contracts	1,366	304
Derivatives (foreign currency forward contracts)	1,117	386
Receivable due from information technology provider	934	612
Prepaid debt fees	339	379
Prepaid and other current assets	6,710	7,255
Other Current Assets	$ 39,702	$ 40,036

Long-Term Assets

Other Long-Term Assets

Other long-term assets as of December 31, 2022 and 2021 consist of the following (in thousands):

	2022	2021
Cash surrender value of life insurance policies	2,686	2,481
Deferred income taxes	1,102	1,540
Deferred financing fees	733	409
Installment receivables	266	734
Investments	85	86
Other	287	112
Other Long-Term Assets	$ 5,159	$ 5,362

Property and Equipment

Property and equipment as of December 31, 2022 and 2021 consist of the following (in thousands):

	2022	2021
Machinery and equipment	$ 269,835	$ 278,347
Capitalized software	30,923	30,448
Land, buildings and improvements	25,095	27,299
Furniture and fixtures	8,053	8,943
Leasehold improvements	4,802	6,782
Property and Equipment, gross	338,708	351,819
Accumulated depreciation	(287,175)	(290,898)
Property and Equipment, net	$ 51,533	$ 60,921

Machinery and equipment includes demonstration units placed in provider locations which are depreciated to their estimated recoverable values over their estimated useful lives.

In 2019, the company initiated the first stage of an Enterprise Resource Planning (“ERP”) software implementation. Related to the ERP project, the company capitalized certain costs in accordance with ASC 350 as shown in capitalized software above. The net book value of capitalized software was $26,015,000 and $28,715,000 at December 31, 2022 and 2021, respectively. Depreciation expense related to capitalized software started in 2021, subsequent to the first stage implementation of the ERP and was $3,176,000 and $1,733,000 for the year ended December 31, 2022 and 2021, respectively.

Unpaid purchases of property and equipment at December 31, 2022 and 2021 were $0 and $1,090,000, respectively and are excluded from purchases of property and equipment on the consolidated statements of cash flows for those periods ending and are included in subsequent periods when paid.

Goodwill

The carrying amount of goodwill by reporting unit is as follows (in thousands):

	North America	Europe	Consolidated
Balance at December 31, 2020	$ 28,485	$ 373,976	$ 402,461
Foreign currency translation adjustments	79	(18,101)	(18,022)
Impairment of goodwill	(28,564)	—	(28,564)
Balance at December 31, 2021	—	355,875	355,875
Foreign currency translation adjustments	—	(29,594)	(29,594)
Balance at December 31, 2022	$ —	$ 326,281	$ 326,281

In accordance with *Intangibles—Goodwill and Other*, ASC 350, goodwill is assessed for impairment. The company first estimates the fair value of each reporting unit and compares the calculated fair value to the carrying value of each reporting unit. A reporting unit is defined as an operating segment or one level below. The company had determined that its reporting units are North America, Europe and Asia Pacific.

During the third quarter of 2021, the company's reporting units of North America / HME and Institutional Products Group merged into one reporting unit of North America, consistent with the operating segment. Developments in 2021 and the conclusion of the reporting units merger were tied mostly to actions of the company to implement components of a new ERP system which changed both the level of discrete financial information readily available and the go-forward manner in which the company assesses performance and allocates resources to the North America operating segment.

The reporting unit change within the North America operating segment in the third quarter of 2021 was a triggering event and required the company to perform an interim goodwill impairment assessment. Based on the interim goodwill impairment assessment, the company concluded that the carrying value of the North America reporting unit was above its fair value. That conclusion resulted in the recording of impairment of goodwill in the third quarter of 2021 of $28,564,000.

The company completed the interim test in the third quarter of 2021 consistent with the process of its annual impairment assessment in the fourth quarter of each year.

During the third quarter of 2022, a continued decline in the share price of the company's common shares caused the company's market capitalization to fall below the carrying value of shareholders' equity. Further, inputs used in estimating the weighted average cost of capital ("WACC") had moved unfavorably to increase the WACC used in a discounted cash flows model. The combination of these and other developments were identified as a triggering event and the company proceeded with a quantitative goodwill impairment assessment of its Europe reporting unit (the only reporting unit with goodwill).

An interim quantitative goodwill impairment assessment was performed as of September 30, 2022, utilizing a discounted cash flows methodology. Key assumptions used in the discounted cash flow analysis included, but were not limited to, a WACC of approximately 14.51%, terminal growth rates and financial projections of performance and cash flows. Components of the WACC include quoted rates for 20-year debt of potential acquirer companies with similar credit risk and the cost of equity based on the 20-year treasury rate for the risk free rate, a market risk premium, an industry average beta and a small cap stock adjustment. The assumptions are based on a market participant's point of view and thus these inputs are deemed Level III inputs in regard to the fair value hierarchy. The WACC used in the 2021 annual assessment was 11.19% and was 11.27% in 2020. The WACC used has a significant impact in the outcome of the discounted cash flow methodology utilized in the company's impairment assessment as a higher WACC would decrease fair value estimates.

The company also utilized an Enterprise Value ("EV") to Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") method to compute the fair value of reporting units which considers potential acquirers and their EV to EBITDA multiples adjusted by an estimated premium. The EV method is used to corroborate fair values but more weight is placed on the discounted cash flow method results.

The company concluded based on the results of the interim quantitative goodwill impairment assessment performed as of September 30, 2022 that goodwill was not impaired in Europe. The company typically completes an annual impairment assessment in the fourth quarter of each year or whenever events or changes in circumstances indicate the carrying value could be below a reporting unit's fair value. The assessment results as of September 30, 2022 were not materially different from the company's historic valuation fourth quarter valuation date as of October 1st. Through the fourth quarter of 2022, the company monitored for triggers which could negatively impact components to calculations from the interim impairment assessment and could suggest additional risk of impairment as of December 31, 2022. Inputs to the WACC and other factors in the quantitative assessment did not move materially unfavorably to warrant an update to the quantitative assessment as of December 31, 2022.

While there was no impairment in 2022 related to goodwill for the Europe reporting unit, a future potential impairment is possible for Europe should actual results differ materially from forecasted results used in the valuation analysis. The valuation of goodwill can differ materially if financial projections or market inputs used to determine the WACC change significantly. For instance, higher interest rates or greater stock price volatility would increase the WACC and thus increase the chance of impairment. Assumptions used in the quantitative assessment require significant judgements and estimates which are inherently uncertain. If actual results are materially lower than estimates, it could result in a material impact on the consolidated financial statements in future periods. In addition, business changes impacting the company's assessment of reporting units could also have a material impact on impairment assessment results.

There is no goodwill in the North America or Asia Pacific reporting units at December 31, 2022.

As part of the company's assessment of goodwill for impairment, the company also considers the potential for impairment of any intangible assets and other long-lived assets. Refer to Other Long-Term Assets, Property and Equipment and Intangibles in the Notes to the Consolidated Financial Statements.

Intangibles

The company's intangibles consist of the following (in thousands):

	December 31, 2022		December 31, 2021	
	Historical Cost	Accumulated Amortization	Historical Cost	Accumulated Amortization
Customer lists	$ 48,515	$ 48,515	$ 52,447	$ 52,447
Trademarks	18,867	—	24,137	—
Developed technology	7,154	6,859	7,652	7,149
Patents	4,092	4,092	5,543	5,543
License agreements	3,981	1,480	2,905	1,196
Other	1,148	1,142	1,147	1,140
Intangibles	$ 83,757	$ 62,088	$ 93,831	$ 67,475

All of the company's intangible assets have been assigned definite lives and continue to be amortized over their useful lives, except for trademarks shown above, which have indefinite lives.

The changes in intangible asset balances reflected on the balance sheet from December 31, 2021 to December 31, 2022 were the result of foreign currency translation on historical cost and accumulated amortization as well as impairment of certain trademarks discussed below.

The company evaluates the carrying value of definite-lived assets annually in the fourth quarter and whenever events or circumstances indicate possible impairment.

Definite-lived assets are determined to be impaired if the future undiscounted cash flows expected to be generated by the asset are less than the carrying value. Actual impairment amounts for definite-lived assets are then calculated using a discounted cash flow calculation.

Any impairment for indefinite-lived intangible assets is calculated as the difference between the future discounted cash flows expected to be generated by the asset less than the carrying value for the asset.

Amortization expense related to intangible assets was $507,000, $404,000 and $377,000 for 2022, 2021 and 2020, respectively. Estimated amortization expense for each of the next five years is expected to be $611,000 for 2023, $562,000 in 2024, $439,000 in 2025, $437,000 in 2026 and $311,000 in 2027. Amortized intangible assets are being amortized on a straight-line basis over remaining lives of 2 to 7 years with a weighted average remaining life of approximately 5.6 years.

During the third quarter of 2022, the company recognized an intangible impairment charge in the North America segment of $1,012,000 related to a trademark with an indefinite life the company determined it would no longer use.

During the fourth quarter of 2022, the company recognized intangible assets impairment charges in the Europe segment of $2,247,000 related to trademarks with an indefinite life the company determined had reduced future use due to product rationalization.

The fair values of the trademarks were calculated using a relief from royalty payment methodology which requires applying an estimated market royalty rate to forecasted net sales and discounting the resulting cash flows to determine fair value.

Current Liabilities

Accrued Expenses

Accrued expenses as of December 31, 2022 and 2021 consisted of accruals for the following (in thousands):

	2022	2021
Taxes other than income taxes, primarily value added taxes	$ 27,106	$ 24,012
Salaries and wages	19,307	23,217
Professional	11,267	8,697
Warranty	7,981	11,198
Interest	6,900	3,297
IT service contracts	5,581	4,013
Rebates	4,923	6,569
Freight	4,542	5,460
Product line exit obligations	3,743	—
Severance	3,472	400
Deferred revenue	2,279	4,156
Product liability, current portion	2,125	2,362
Insurance	951	625
Supplemental Executive Retirement Program liability Plan (SERP)	391	391
Derivatives (foreign currency forward exchange contracts)	137	1,938
Other items, principally trade accruals	5,386	6,636
Accrued Expenses	$ 106,091	$ 102,971

Generally, the company's products are covered by warranties against defects in material and workmanship for various periods depending on the product from the date of sales to the customer. Certain components carry a lifetime warranty. A provision for estimated warranty cost is recorded at the time of sale based upon actual experience. In addition, the company has sold extended warranties that, while immaterial, require the company to defer the revenue associated with those warranties until earned. The company has established procedures to appropriately defer such revenue. The company continuously assesses the adequacy of its product warranty accrual and makes adjustments as needed. Historical analysis is primarily used to determine the company's warranty reserves. Claims history is reviewed and provisions are adjusted as needed. However, the company does consider other events, such as a product field action and recalls, which could require additional warranty reserve provision.

Accrued rebates relate to several volume incentive programs the company offers its customers. The company accounts for these rebates as a reduction of revenue when the products are sold. Rebates are netted against gross accounts receivables. If rebates are in excess of such receivables, they are then classified as accrued expenses.

The following is a reconciliation of the changes in accrued warranty costs for the reporting period (in thousands):

	2022	2021
Balance as of January 1	$ 11,198	$ 10,991
Warranties provided during the period	2,202	6,361
Settlements made during the period	(5,577)	(6,718)
Changes in liability for pre-existing warranties during the period, including expirations	158	564
Balance as of December 31	$ 7,981	$ 11,198

Warranty reserves are subject to adjustment in future periods as new developments change the company's estimate of the total cost.

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Long-Term Liabilities

Long-Term Debt

Debt as of December 31, 2022 and 2021 consisted of the following (in thousands):

	2022	2021
Convertible senior notes at 4.50%, due in June 2022	$ —	$ 2,642
Convertible senior notes Series I at 5.00%, due in November 2024	72,408	72,140
Convertible senior notes Series II at 5.00%, due in November 2024	76,719	78,251
Convertible senior notes at 4.25%, due in March 2026	67,665	119,036
Secured convertible senior notes at 5.68%, due in July 2026	37,240	—
Term loan, due in July 2026	82,808	—
Other obligations	17,401	36,060
	354,241	308,129
Less current maturities of long-term debt	(154)	(3,107)
Long-Term Debt	$ 354,087	$ 305,022

On September 30, 2015, the company entered into an Amended and Restated Revolving Credit and Security Agreement, which was subsequently amended (the "Prior Credit Agreement") and which was to mature on January 16, 2024. The Prior Credit Agreement was entered into by and among the company, certain of the company's direct and indirect U.S. and Canadian subsidiaries and certain of the company's European subsidiaries, certain other of the company's direct and indirect U.S., Canadian and European subsidiaries, and PNC Bank, National Association ("PNC"), JPMorgan Chase Bank, N.A., J.P. Morgan Europe Limited, KeyBank National Association, and Citizens Bank, National Association. PNC is the administrative agent (the "Prior Credit Agreement Administrative Agent") and J.P. Morgan Europe Limited is the European agent (the "European Agent") under the Prior Credit Agreement. As discussed further below, the Prior Credit Agreement was amended and restated (the "ABL Credit Agreement") on July 26, 2022.

The company had outstanding letters of credit of $4,229,000 and $3,450,000 as of December 31, 2022 and 2021, respectively. Outstanding letters of credit and other reserves impacting borrowing capacity were $3,654,000 and $2,585,000 as of December 31, 2022 and 2021, respectively.

The company had outstanding borrowings of $15,220,000 under its ABL Credit Agreement as of December 31, 2022. The company had outstanding borrowings of $22,150,000 under its North America Credit Facility under the Prior Credit Agreement as of December 31, 2021. The company had outstanding borrowings of $7,366,000 (€6,500,000) under its French Credit Facility and $5,986,000 (£4,500,000) under its UK Credit Facility under its Prior Credit Agreement as of December 31, 2021, together referred to as the European Credit Facility. No borrowings were outstanding under the European Credit Facility as of December 31, 2022 as it was terminated in July 2022.

North America Borrowers Credit Facility

For the company's North America Borrowers, the Prior Credit Agreement provided for an asset-based-lending senior secured revolving credit facility which was secured by substantially all the company's U.S. and Canadian assets, other than real estate. The Prior Credit Agreement provided the company and the other Borrowers with a credit facility in an aggregate principal amount of $60,000,000, subject to availability based on a borrowing base formula, under a senior secured revolving credit, letter of credit and swing line loan facility (the "North America Credit Facility"). Up to $20,000,000 of the North America Credit Facility was available for issuance of letters of credit. The aggregate principal amount of the North America Credit Facility could have been increased by up to $25,000,000 to the extent requested by the company and agreed to by any Lender or new financial institution approved by the Prior Credit Agreement Administrative Agent.

The aggregate borrowing availability under the North America Credit Facility was determined based on a borrowing base formula. The aggregate usage under the North America Credit Facility could not exceed an amount equal to the sum of (a) 85% of eligible U.S. accounts receivable *plus* (b) the lesser of (i) 70% of eligible U.S. inventory and eligible foreign in-transit inventory and (ii) 85% of the net orderly liquidation value of eligible U.S. inventory and eligible foreign in-transit inventory (not to exceed $4,000,000), *plus* (c) the lesser of (i) 80% of the net orderly liquidation value of U.S. eligible machinery and equipment and (ii) $0 as of December 31, 2022 (subject to reduction as provided in the Prior Credit Agreement), *plus* (d) 85% of eligible Canadian accounts receivable, *plus* (e) the lesser of (i) 70% of eligible Canadian inventory and (ii) 85% of the net orderly liquidation value of eligible Canadian inventory, *less* (f) swing loans outstanding under the North America Credit Facility, *less* (g) letters of credit issued and undrawn under the North America Credit Facility, *less* (h) a $3,000,000 minimum availability reserve, *less* (i) other reserves required by the Prior Credit Administrative Agent, and in each case subject to the definitions and limitations in the Prior Credit Agreement.

Interest accrued on outstanding indebtedness under the Prior Credit Agreement at the SOFR rate, plus a margin ranging from 2.25% to 2.75%, or at the alternate base rate, plus a margin ranging from 1.25% to 1.75%, as selected by the company. Borrowings under the North American Credit Facility were subject to commitment fees of 0.25% or 0.375% per year, depending on utilization.

The Prior Credit Agreement contained customary representations, warranties and covenants. Exceptions to the operating covenants in the Prior Credit Agreement provide the company with flexibility to, among other things, enter into or undertake certain sale and leaseback transactions, dispositions of assets, additional credit facilities, sales of receivables, additional indebtedness and intercompany indebtedness, all subject to limitations set forth in the Prior Credit Agreement, as amended. The Prior Credit Agreement also contained a covenant requiring the company to maintain minimum availability under the North America Credit Facility of not less than (i) 12.5% of the maximum amount that may be drawn under the North America Credit Facility for five (5) consecutive business days, or (ii) 11.25% of the maximum amount that may be drawn under the North America Credit Facility on any business day. The company also was subject to dominion triggers under the North America Credit Facility requiring the company to maintain borrowing capacity of not less than $7,500,000 on any business day or any five consecutive days in order to avoid triggering full control by an agent for the lenders of the company's cash receipts for application to the company's obligations under the agreement.

The Prior Credit Agreement contained customary default provisions, with certain grace periods and exceptions, which provide for events of default that include, among other things, failure to pay amounts due, breach of covenants, representations or warranties, bankruptcy, the occurrence of a material adverse effect, exclusion from any medical reimbursement program, and an interruption of any material manufacturing facilities for more than 10 consecutive days. The North American Credit Facility was terminated on July 26, 2022.

<u>European Credit Facility</u>

The Prior Credit Agreement also provided for a revolving credit, letter of credit and swing line loan facility which gives the company and the European Borrowers the ability to borrow up to an aggregate principal amount of $30,000,000, with a $5,000,000 sublimit for letters of credit and a $2,000,000 sublimit for swing line loans (the “European Credit Facility”). Up to $15,000,000 of the European Credit Facility will be available to each of Invacare Limited (the “UK Borrower”) and Invacare Poirier SAS (the “French Borrower” and, together with the UK Borrower, the “European Borrowers”). The European Credit Facility was terminated on July 26, 2022.

The aggregate borrowing availability for each European Borrower under the European Credit Facility is determined based on a borrowing base formula. The aggregate borrowings of each of the European Borrowers under the European Credit Facility may not exceed an amount equal to (a) 85% of the European Borrower's eligible accounts receivable, *less* (b) the European Borrower's borrowings and swing line loans outstanding under the European Credit Facility, *less* (c) the European Borrower's letters of credit issued and undrawn under the European Credit Facility, *less* (d) a $3,000,000 minimum availability reserve, *less* (e) other reserves required by the European Agent, and in each case subject to the definitions and limitations in the Prior Credit Agreement.

Interest accrued on outstanding indebtedness under the European Credit Facility at the SOFR rate, plus a margin ranging from 2.50% to 3.00%, or for swing line loans, at the overnight SOFR rate, plus a margin ranging from 2.50% to 3.00%, as selected by the company. The margin was adjusted quarterly based on utilization. Borrowings under the European Credit Facility were subject to commitment fees of 0.25% or 0.375% per year, depending on utilization.

The European Credit Facility was secured by substantially all the personal property assets of the UK Borrower and its in-country subsidiaries, and all the receivables of the French Borrower and its in-country subsidiaries. The UK and French facilities (which comprise the European Credit Facility) were cross collateralized, and the US personal property assets previously pledged under the North America Credit Facility also served as collateral for the European Credit Facility.

The European Credit Facility was subject to customary representations, warranties and covenants generally consistent with those applicable to the North America Credit Facility. Exceptions to the operating covenants in the Prior Credit Agreement provided the company with flexibility to, among other things, enter into or undertake certain sale/leaseback transactions, dispositions of assets, additional credit facilities, sales of receivables, additional indebtedness and intercompany indebtedness, all subject to limitations set forth in the Prior Credit Agreement. The Prior Credit Agreement also contained a covenant requiring the European Borrowers to maintain undrawn availability under the European Credit Facility of not less than (i) 12.5% of the maximum amount that may be drawn under the European Credit Facility for five (5) consecutive business days, or (ii) 11.25% of the maximum amount that may be drawn under the European Credit Facility on any business day. The European Borrowers also were subject to cash dominion triggers under the European Credit Facility requiring the European Borrower to maintain borrowing capacity of not less than $3,750,000 on any business day or $3,750,000 for five consecutive business days in order to avoid triggering full control by an agent for the Lenders of the European Borrower's cash receipts for application to its obligations under the European Credit Facility.

The European Credit Facility was subject to customary default provisions, with certain grace periods and exceptions, consistent with those applicable to the North America Credit Facility, which provide that events of default include, among other things, failure to pay amounts due, breach of covenants, representations or warranties, cross-default, bankruptcy, the occurrence of a material adverse effect, exclusion from any medical reimbursement program, and an interruption in the operations of any material manufacturing facility for more than 10 consecutive days. The proceeds of the European Credit Facility were used to finance the working capital and other business needs of the company. The company had outstanding borrowings of $7,366,000 (€6,500,000) under its French Credit Facility and $5,986,000 (£4,500,000) under its UK Credit Facility as of December 31, 2021.

In January 2021, the Prior Credit Agreement was amended to provide for, among other things, the addition of the company's Netherlands subsidiary as a guarantor under the European Credit Facility, amendments to the restrictive covenants in the Prior Credit Agreement to (1) increase the maximum amount of permitted miscellaneous indebtedness to $30,000,000 from $10,000,000 and (2) permit up to $9,000,000 of financing based on certain European public and government receivables, and terms that, upon the occurrence of certain events related to a transition from the use of LIBOR, permit the agent for the lenders to amend the Prior Credit Agreement to replace the LIBOR rate and/or the Euro rate with a benchmark replacement rate.

In March 2021, the Prior Credit Agreement was further amended to permit the issuance of the 2026 Notes and the capped call transactions entered into by the company in connection with the issuance of the 2026 Notes, as further discussed in the sections below.

On December 29, 2021, the Prior Credit Agreement was further amended with the primary provisions to replace the references to the LIBOR rate or Euro rate to a term secured overnight finance rate ("SOFR").

ABL Credit Agreement

On July 26, 2022, the company entered into a Second Amended and Restated Revolving Credit and Security Agreement (the "ABL Credit Agreement"), amending and restating the company's existing Revolving Credit and Security Agreement, as amended (the "Prior Credit Agreement"). The ABL Credit Agreement was entered into by and among the company, certain of the company's direct and indirect domestic and Canadian subsidiaries (together with the company, the "Borrowers"), certain other of the company's direct and indirect domestic and Canadian subsidiaries (the "Guarantors"), and PNC Bank, National Association ("PNC") and JPMorgan Chase Bank, N.A. (the "ABL Lenders"). PNC is the administrative agent (the "Administrative Agent") under the ABL Credit Agreement.

The ABL Credit Agreement retained the existing asset-based lending senior secured revolving credit facility provided for the company and the domestic and Canadian Borrowers under the Prior Credit Agreement but extended the maturity date to January 16, 2026, reduced the maximum aggregate principal amount the company and the domestic and Canadian Borrowers could borrow to $35,000,000, limited the borrowing base thereunder to eligible domestic and Canadian accounts receivable and included a minimum availability reserve of $3,000,000. Borrowings under the ABL Credit Agreement were subject to a springing maturity date of 191 days prior to the maturity dates of certain convertible notes due 2024 and 2026, and 100 days prior to the maturity date of the Secured Term Loan under the Highbridge Loan Agreement, if such notes or such term loan remain outstanding as of such respective dates. The ABL Credit Agreement also permitted the loans made under the Highbridge Loan Agreement and terminated the European Credit Facility under the Prior Credit Agreement. In connection with the ABL Credit Agreement and the Highbridge Loan Agreement, the European Credit Facility under the Prior Credit Agreement was repaid in full and the liens securing the European Credit Facility under the Prior Credit Agreement were terminated and released.

The aggregate borrowing availability under the ABL Credit Agreement was determined based on a borrowing base formula. As of December 31, 2022, the company had gross borrowing base of $29,817,000 and net borrowing availability of $15,288,000 under the ABL Credit Agreement, considering the minimum availability reserve, then-outstanding letters of credit, other reserves and the $4,375,000 dominion trigger amount.

Interest accrued on outstanding indebtedness under the ABL Credit Agreement at an adjusted Term SOFR rate, plus a margin of 3.25%, or for swing line loans and prime rate revolving loans, at the overnight Prime rate, plus a margin of 2.25%.

The ABL Credit Agreement contained customary terms and covenants and negative covenants, such as limitations on indebtedness, liens, fundamental changes, asset sales, investments and other matters customarily restricted in such agreements. Most of these restrictions were subject to certain minimum thresholds and exceptions. The ABL Credit Agreement also contained customary events of default, after which the revolving loan may be due and payable immediately, including, without limitation, payment defaults, material inaccuracy of representations and warranties, covenant defaults, bankruptcy and insolvency proceedings, cross-defaults to certain other agreements, judgments against the company and its subsidiaries, change in control and lien priority.

Proceeds from the Secured Term Loan under the Highbridge Loan Agreement were used to repay in full outstanding borrowings under the Prior Credit Agreement. Refer to the Term Loan due 2026 section below.

In connection with entering into the company's Prior Credit Agreement and the ABL Credit Agreement, the company incurred fees which were capitalized and were being amortized as interest expense. As of December 31, 2022, debt fees yet to be amortized totaled $1,011,000.

The company was in compliance with the ABL Credit Agreement covenants at December 31, 2022.

Convertible senior notes due 2022

In the second quarter of 2017, the company issued $120,000,000 aggregate principal amount of 4.50% Convertible Senior Notes due 2022 (the “2022 Notes”) in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act. The 2022 Notes bear interest at a rate of 4.50% per year payable semi-annually in arrears on June 1 and December 1 of each year, beginning December 1, 2017. The 2022 Notes matured on June 1, 2022. At maturity, $2,650,000 principal amount of the 2022 Notes remained outstanding, which the company repaid in cash.

In connection with the offering of the 2022 Notes, the company entered into privately negotiated convertible note hedge transactions with one financial institution (the “option counterparty”). These transactions cover, subject to customary anti-dilution adjustments, the number of the company's common shares that will initially underlie the 2022 Notes, and are expected generally to reduce the potential equity dilution, and/or offset any cash payments in excess of the principal amount due, as the case may be, upon conversion of the 2022 Notes. The company evaluated the note hedges under the applicable accounting literature, including *Derivatives and Hedging*, ASC 815, and determined that the note hedges should be accounted for as derivatives. These derivatives were capitalized on the balance sheet as long-term assets and were adjusted to reflect fair value each quarter. All note hedge options relating to the 2022 Notes expired on June 1, 2022.

The company entered into separate, privately negotiated warrant transactions with the option counterparty at a higher strike price relating to the same number of the company's common shares, subject to customary anti-dilution adjustments, pursuant to which the company sold warrants to the option counterparties. The warrants could have a dilutive effect on the company's outstanding common shares and the company's earnings per share to the extent that the price of the company's common shares exceeds the strike price of those warrants. The initial strike price of the warrants was $21.4375 per share and were subject to certain adjustments under the terms of the warrant transactions. The company evaluated the warrants under the applicable accounting literature, including *Derivatives and Hedging*, ASC 815, and determined that the warrants met the definition of a derivative, were indexed to the company's own shares and should be classified in shareholder's equity. The amount paid for the warrants and capitalized in shareholder's equity was $14,100,000.

Warrants relating to the 2022 Notes outstanding on December 31, 2022 were 4,215,212. If exercised, one common share is issued upon exercise of each warrant, but may be adjusted under certain circumstances if the relevant share price exceeds the warrant strike price for the relevant measurement period at the time of exercise. Common shares are reserved for issuance upon exercise of the remaining warrants relating to the 2022 Notes at two common shares per warrant. The warrants began to expire on September 1, 2022 and partially expire on each trading day over the 220 trading day period following September 1, 2022.

The net proceeds from the offering of the 2022 Notes were approximately $115,289,000, after deducting fees and offering expenses of $4,711,000, which were paid in 2017. These debt issuance costs were capitalized and were being amortized as interest expense through June 2022. Debt issuance costs are presented on the balance sheet as a direct deduction from the carrying amount of the related debt liability. A portion of the net proceeds from the offering were used to pay the cost of the convertible note hedge transactions (after such cost is partially offset by the proceeds to the company from the warrant transactions), which net cost was $10,680,000.

During the second quarter of 2020, the company entered into separate, privately negotiated agreements with certain holders of the company's previously outstanding convertible notes due 2021 (the "2021 Notes") and certain holders of its 2022 Notes to exchange $35,375,000 in aggregate principal amount of 2021 Notes and $38,500,000 in aggregate principal amount of 2022 Notes, for aggregate consideration of $73,875,000 in aggregate principal amount of new Series II 2024 Notes and $5,593,000 in cash.

During the first quarter of 2021, the company repurchased $78,850,000 in principal amount of 2022 Notes, resulting in a loss on debt extinguishment of $709,000.

The liability components of the 2022 Notes consist of the following (in thousands):

	December 31, 2022	December 31, 2021
Principal amount of liability component	$ —	$ 2,650
Debt fees	—	(8)
Net carrying amount of liability component	$ —	$ 2,642

The effective interest rate on the liability component was 10.9% upon original issuance including consideration of the discount. Total interest expense subsequent to adoption of ASU 2020-06 includes coupon interest and amortization of debt fees. Interest expense of $50,000 and $859,000 was accrued for the 2022 and 2021 periods, respectively, based on the stated coupon rate of 4.5%.

Convertible senior notes Series I due 2024

During the fourth quarter of 2019, the company entered into separate privately negotiated agreements with certain holders of its 2021 Notes to exchange $72,909,000 in aggregate principal amount of 2021 Notes for aggregate consideration of $72,909,000 in aggregate principal amount of new 5.00% Convertible Senior Notes due 2024 (the "Series I 2024 Notes") of the company and $6,928,000 in cash.

The notes bear interest at a rate of 5.00% per year payable semi-annually in arrears on May 15 and November 15 of each year, beginning May 15, 2020. The notes will mature on November 15, 2024, unless repurchased, redeemed or converted in accordance with their terms prior to such date. Prior to May 15, 2024, the Series I 2024 Notes will be convertible only upon satisfaction of certain conditions and during certain periods, and thereafter, at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. The Series I 2024 Notes may be settled in cash, the company's common shares or a combination of cash and the company's common shares, at the company's election.

Prior to the maturity of the Series I 2024 Notes, the company may, at its election, redeem for cash all or part of the Series I 2024 Notes if the last reported sale price of the company's common shares equals or exceeds 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the company provides notice of redemption. The redemption price will be equal to 100% of the principal amount of the Series I 2024 Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date (subject to certain limited exceptions). No sinking fund is provided for the Series I 2024 Notes, which means the company is not required to redeem or retire the Series I 2024 Notes periodically.

Holders of the Series I 2024 Notes may convert their Series I 2024 Notes at their option at any time prior to the close of business on the business day immediately preceding May 15, 2024 only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending December 31, 2019 (and only during such calendar quarter), if the last reported sale price of the company's common shares for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price for the Series I 2024 Notes on each applicable trading day; (2) during the five business day period after any 10 consecutive trading day period (the "measurement period") in which the "trading price" (as defined in the Indenture) per one thousand U.S. dollar principal amount of Series I 2024 Notes for each trading day of such measurement period was less than 98% of the product of the last reported sale price of the company's common shares and the applicable conversion rate for the Series I 2024 Notes on each such trading day; (3) upon the occurrence of specified corporate events described in the Indenture; or (4) if the company calls the Series I 2024 Notes for redemption pursuant to the terms of the Indenture. Holders of the Series I 2024 Notes will have the right to require the company to repurchase all or some of their Series I 2024 Notes at 100% of their principal, plus any accrued and unpaid interest, upon the occurrence of certain fundamental changes. The initial conversion rate is 67.6819 common shares per $1,000 principal amount of Series I 2024 Notes (equivalent to an initial conversion price of approximately $14.78 per common share). On or after May 15, 2024 until the close of business on the second scheduled trading day immediately preceding the maturity of the Series I 2024 Notes, holders may convert their Series I 2024 Notes, at the option of the holder, regardless of the foregoing circumstances.

A loss of $5,885,000 was recorded a part of the exchange transaction, which included the write-off of fees related to the portion of the 2021 Notes exchanged. Debt issuance costs of $1,338,000 were capitalized and are being amortized as interest expense through November 15, 2024. Debt issuance costs are presented on the balance sheet as a direct deduction from the carrying amount of the related debt liability.

The liability components of the Series I 2024 Notes consist of the following (in thousands):

	December 31, 2022	December 31, 2021
Principal amount of liability component	$ 72,909	$ 72,909
Debt fees	(501)	(769)
Net carrying amount of liability component	$ 72,408	$ 72,140

The effective interest rate on the liability component was 8.8% upon original issuance including consideration of the discount. Total interest expense subsequent to adoption of ASU 2020-06 includes coupon interest and amortization of debt fees. Interest expense of $3,645,000 and $3,645,000 was accrued in 2022 and 2021, respectively, based on the stated coupon rate of 5.0%. The effective interest rate of the Series I 2024 Notes as of December 31, 2022 was 5.4%. The Series I 2024 Notes were not convertible as of December 31, 2022, nor was the applicable conversion threshold met.

The company was in compliance with the Series I 2024 Notes covenants at December 31, 2022.

Convertible senior notes Series II due 2024

During the second quarter of 2020, the company entered into separate, privately negotiated agreements with certain holders of its 2021 Notes and certain holders of its 2022 Notes to exchange $35,375,000 in aggregate principal amount of 2021 Notes and $38,500,000 in aggregate principal amount of 2022 Notes, for aggregate consideration of $73,875,000 in aggregate principal amount of new 5.00% Series II Convertible Senior Notes due 2024 (the "Series II 2024 Notes") of the company and $5,593,000 in cash.

The Series II 2024 Notes bear interest at a rate of 5.00% per year, payable semi-annually in arrears on May 15 and November 15 of each year, beginning November 15, 2020. The Series II 2024 Notes will mature on November 15, 2024, unless repurchased, redeemed or converted in accordance with their terms prior to such date. Prior to May 15, 2024, the Series II 2024 Notes will be convertible only upon satisfaction of certain conditions and during certain periods, and thereafter, at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. The Series II 2024 Notes may be settled in cash, the company's common shares or a combination of cash and the company's common shares, at the company's election.

Prior to the maturity of the Series II 2024 Notes, the company may, at its election, redeem for cash all or part of the Series II 2024 Notes, if the last reported sale price of the company's common shares equals or exceeds 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the company provides notice of redemption. The redemption price will be equal to 100% of the accreted principal amount of the Series II 2024 Notes to be redeemed, plus any accrued and unpaid interest, if any, on the original principal amount of the New Notes redeemed to, but excluding, the redemption date (subject to certain limited exceptions). No sinking fund is provided for the Series II 2024 Notes, which means the company is not required to redeem or retire the Series II 2024 Notes periodically.

Holders of the Series II 2024 Notes may convert their Series II 2024 Notes at their option at any time prior to the close of business on the business day immediately preceding May 15, 2024 only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending June 30, 2020 (and only during such calendar quarter), if the last reported sale price of the company's common shares for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than 130% of the conversion price for the Series II 2024 Notes on each applicable trading day; (2) during the five business day period after any 10 consecutive trading day period (the "measurement period") in which the "trading price" (as defined in the Indenture) per one thousand U.S. dollar principal amount of Series II 2024 Notes for each trading day of such measurement period was less than 98% of the product of the last reported sale price of the company's common shares and the applicable conversion rate for the Series II 2024 Notes on each such trading day; (3) upon the occurrence of specified corporate events described in the Indenture; or (4) if the company calls the Series II 2024 Notes for redemption pursuant to the terms of the Indenture. Holders of the Series II 2024 Notes will have the right to require the company to repurchase all or some of their Series II 2024 Notes at 100% of the accreted principal amount, plus any accrued and unpaid interest, upon the occurrence of certain fundamental changes. The initial conversion rate is 67.6819 common shares per $1,000 principal amount of Series II 2024 Notes (equivalent to an initial conversion price of approximately $14.78 per common share). On or after May 15, 2024 until the close of business on the second scheduled trading day immediately preceding the maturity of the Series II 2024 Notes, holders may convert their Series II 2024 Notes, at the option of the holder, regardless of the foregoing circumstances.

The principal amount of the Series II 2024 Notes also will accrete at a rate of approximately 4.7% per year commencing June 4, 2020, compounding on a semi-annual basis. The accreted portion of the principal is payable in cash upon maturity but does not bear interest and is not convertible into the company's common shares. The total amount accreted as of December 31, 2022 was $8,434,000 and $5,347,000 as of December 31, 2021. Remaining accretion until maturity (at current principal) was $8,188,000 as of December 31, 2022.

A loss of $6,599,000 was recorded a part of the exchange transaction, which included the write-off of fees related to portions of the 2021 Notes and 2022 Notes exchanged. Debt issuance costs of $1,505,000 were capitalized and are being amortized as interest expense through November 2024. Debt issuance costs are presented on the balance sheet as a direct deduction from the carrying amount of the related debt liability.

In the third quarter of 2022, $5,000,000 aggregate principal amount of Series II 2024 Notes were retired as part of the Secured 2026 Notes and Secured Term Loan transactions discussed below.

The liability components of the Series II 2024 Notes consist of the following (in thousands):

	December 31, 2022	December 31, 2021
Principal amount of liability component - including accretion	$ 77,309	$ 79,222
Debt fees	(590)	(971)
Net carrying amount of liability component	$ 76,719	$ 78,251

The effective interest rate on the liability component was 9.0% upon original issuance including consideration of the discount. Total interest expense subsequent to adoption includes coupon interest, accretion and amortization of debt fees. Non-cash interest expense, including accretion, of $3,590,000 and $3,534,000 was recognized in 2022 and 2021, respectively. Interest expense of $3,507,000 and $3,693,000 was accrued in 2022 and 2021, respectively based on the stated coupon rate of 5.0%. The effective interest rate of the Series II 2024 Notes as of December 31, 2022 including coupon interest, amortization of debt fees and accretion to maturity was 10.4%. The Series II 2024 Notes were not convertible as of December 31, 2022 nor was the applicable conversion threshold met.

The company was in compliance with the Series II 2024 Notes covenants at December 31, 2022.

Convertible senior notes due 2026

In the first quarter of 2021, the company issued $125,000,000 aggregate principal amount of 4.25% Convertible Senior Notes due 2026 (the "2026 Notes") in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act.

The notes bear interest at a rate of 4.25% per year payable semi-annually in arrears on March 15 and September 15 of each year, beginning September 15, 2021. The notes will mature on March 15, 2026, unless repurchased, redeemed or converted in accordance with their terms prior to such date. Prior to September 15, 2025, the 2026 Notes will be convertible only upon satisfaction of certain conditions and during certain periods, and thereafter, at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. The 2026 Notes may be settled in cash, the company's common shares or a combination of cash and the company's common shares, at the company's election.

The company may not redeem the 2026 Notes prior to March 20, 2024. The company may, at its election, redeem for cash all or part of the 2026 Notes, on or after March 20, 2024, if the last reported sale price of the company's common shares equals or exceeds 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the company provides notice of redemption. The redemption price will be equal to 100% of the principal amount of the 2026 Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date (subject to certain limited exceptions). No sinking fund is provided for the 2026 Notes, which means the company is not required to redeem or retire the 2026 Notes periodically.

Holders of the 2026 Notes may convert their 2026 Notes at their option at any time prior to the close of business on the business day immediately preceding September 15, 2025 in multiples of $1,000 principal amount, only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending June 30, 2021 (and only during such calendar quarter), if the last reported sale price of the company's common shares for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than 130% of the conversion price for the 2026 Notes on each applicable trading day; (2) during the five business day period after any 10 consecutive trading day period (the "measurement period") in which the "trading price" (as defined in the Indenture) per one thousand U.S. dollar principal amount of 2026 Notes for each trading day of such measurement period was less than 98% of the product of the last reported sale price of the company's common shares and the applicable conversion rate for the 2026 Notes on each such trading day; (3) upon the occurrence of specified corporate events described in the Indenture; or (4) if the company calls any or all of the 2026 Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date. Holders of the 2026 Notes will have the right to require the company to repurchase all or some of their 2026 Notes at 100% of their principal, plus any accrued and unpaid interest, upon the occurrence of certain fundamental changes. The initial conversion rate is 94.6096 common shares per $1,000 principal amount of 2026 notes (equivalent to an initial conversion price of approximately $10.57 per common share). On or after September 15, 2025 until the close of business on the second scheduled trading day immediately preceding the maturity of the 2026 Notes, holders may convert their 2026 Notes, at the option of the holder, regardless of the foregoing circumstances.

Debt issuance costs of $5,697,000 were capitalized and are being amortized as interest expense through March 2026. Debt issuance costs are presented on the balance sheet as a direct deduction from the carrying amount of the related debt liability.

The liability components of the 2026 Notes consist of the following (in thousands):

	December 31, 2022	December 31, 2021
Principal amount of liability component	$ 69,700	$ 125,000
Debt fees	(2,035)	(5,964)
Net carrying amount of liability component	$ 67,665	$ 119,036

Interest expense of $4,467,000 and $4,220,000 was accrued for the twelve months ended December 31, 2022 and December 31, 2021, respectively, based on the stated coupon rate of 4.25%. The effective interest rate of the 2026 Notes as of December 31, 2022 was 4.1%. The 2026 Notes were not convertible as of December 31, 2022 nor was the applicable conversion threshold met.

In the third quarter of 2022, $41,475,000 aggregate principal amount of 2026 Notes were exchanged and retired as part of the Secured 2026 Notes and Secured Term Loan transactions discussed below. In the fourth quarter of 2022, additional $13,825,000 aggregate principal amount of 2026 Notes were exchanged and retired.

The company was in compliance with the 2026 Notes covenants at December 31, 2022.

In March 2021, in connection with the pricing of the 2026 Notes, the company entered into capped call transactions (the "Capped Call Transactions") with certain option counterparties. The company used $18,787,000 of the net proceeds of the private offering of the 2026 Notes to pay the cost of the Capped Call Transactions with the offset recorded to additional paid-in-capital.

The Capped Call Transactions are expected generally to reduce the potential dilution upon conversion of the 2026 Notes and/or offset any cash payments the company is required to make in excess of the principal amount of converted notes, as the case may be, in the event that the market price per share of the company's common shares, as measured under the terms of the Capped Call Transactions, is greater than the strike price of the Capped Call Transactions, which is initially $10.57, corresponding to the initial conversion price of the 2026 Notes, subject to anti-dilution adjustments. If, however, the market price per company common share, as measured under the terms of the Capped Call Transactions, exceeds the cap price of the Capped Call Transactions, which is initially $16.58 (subject to adjustments), there would nevertheless be dilution and/or there would not be an offset of such potential cash payments, in each case, to the extent that such market price exceeds the cap price of the Capped Call Transactions. The Capped Call Transactions expire March 15, 2026, subject to earlier exercise. There were 125,000 capped call options related to the 2026 Notes outstanding on December 31, 2022.

The company will not be required to make any cash payments to the option counterparties upon the exercise of the options that are a part of the Capped Call Transactions, but the company will be entitled to receive from the option counterparties a number of company common shares, an amount of cash or a combination thereof generally based on the amount by which the market price per company common share, as measured under the terms of the Capped Call Transactions, is greater than the strike price of the Capped Call Transactions during the relevant valuation period under the Capped Call Transactions. However, if the market price per company common share, as measured under the terms of the Capped Call Transactions, exceeds the cap price of the Capped Call Transactions during such valuation period, the number of company common shares and/or the amount of cash the company expects to receive upon exercise of the Capped Call Transactions will be capped based on the amount by which the cap price exceeds the strike price of the Capped Call Transactions.

For any conversions of the 2026 Notes prior to September 15, 2025, a corresponding portion of the relevant Capped Call Transactions may be terminated at the company's option. Upon any such termination, the company expects to receive from the option counterparties a number of company common shares, or, if the company so elects, subject to certain conditions, an amount of cash, in each case, with a value equal to the fair value of such portion of the relevant Capped Call Transactions being terminated, as calculated in accordance with the terms of the relevant Capped Call Transaction.

The Capped Call Transactions are separate transactions, in each case, entered into by the company with the option counterparties, and are not part of the terms of the 2026 Notes and will not affect any holder's rights under the 2026 Notes. Holders of the 2026 Notes will not have any rights with respect to the Capped Call Transactions.

<u>Secured convertible senior notes due 2026</u>

In the third quarter of 2022, the company issued an aggregate $31,106,000 (split equally between two separate tranches ("Tranche I Notes" and "Tranche II Notes" or "Indentures") in aggregate principal amount of 5.68% Secured Convertible Senior Notes due 2026 (the "Secured 2026 Notes") in a private offering. This was in exchange for $41,475,000 aggregate principal amount of 2026 Notes which were retired. In October 2022, additional principal amount of Secured 2026 Notes were issued aggregating to $20,739,000 and $20,736,000 in aggregate principal amount of Tranche I Notes and Tranche II Notes, respectively, in exchange for $13,825,000 of 2026 Notes. The exchanged 2026 Notes and settlement of the Series II 2024 Notes in third quarter of 2022 (discussed above) resulted in a net gain on extinguishment of debt of $6,398,000.

The Secured 2026 Notes are initially guaranteed by certain subsidiaries of the company in the United States, United Kingdom, Canada, France, the Netherlands and Luxembourg pursuant to separate guarantees (each, a "Guarantee"), and are secured on a pari passu basis by the same collateral that secures the Highbridge Loan Agreement (discussed below). In addition, the company's subsidiaries that provide guarantees of the Highbridge Loan Agreement in connection with the post-closing draws provided Guarantees of the Secured 2026 Notes.

Interest on the Secured 2026 Notes will be payable semi-annually in cash in arrears on January 1 and July 1 of each year, beginning on January 1, 2023, at a rate of 5.68% per year. The Secured 2026 Notes will mature on July 1, 2026, unless earlier converted, redeemed or repurchased in accordance with their terms. Holders of the Secured 2026 Notes have the right, at their option, at any time prior to the close of business on the second scheduled trading day immediately preceding July 1, 2026 (the maturity date), to convert any Secured 2026 Notes or portion thereof that is $1,000 or an integral multiple thereof, subject to certain conditions, into cash, common shares or a combination of cash and common shares at the company's election (subject to, and in accordance with, the settlement provisions set forth the Indentures). The initial conversion rate for the (i) Tranche I Notes is 333.3333 common shares (subject to adjustment as provided for in the Tranche I Indenture) per $1,000 principal amount of the Tranche I Notes, which is equal to an initial conversion price of $3.00 per share, and (ii) Tranche II Notes is 222.222 common shares (subject to adjustment as provided for in the Tranche II Indenture) per $1,000 principal amount of the Tranche II Notes, which is equal to an initial conversion price of $4.50 per share. In addition, following certain corporate events as described in the Indentures that occur prior to the maturity date of the Secured 2026 Notes or if the company delivers a notice of redemption, the company will pay a make-whole premium by increasing the conversion rate for a holder who elects to convert its Secured 2026 Notes in connection with such a corporate event or notice of redemption, as the case may be, in certain circumstances, subject to adjustment as provided for and in accordance with the Indentures. These features are bifurcated driving convertible derivative liability.

The company may not elect to redeem the Secured 2026 Notes prior to January 26, 2023. The company may redeem for cash all or any portion of the Secured 2026 Notes, at its option, on or after January 26, 2023 if the last reported sale price of the common shares exceeds 150% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the company provides notice of redemption, at a redemption price equal to 100% of the principal amount of the Secured 2026 Notes to be redeemed, plus any accrued and unpaid interest on such Secured 2026 Notes to, but excluding, the redemption date (subject to certain conditions set forth the Indentures). No sinking fund is provided for the Secured 2026 Notes.

If the company undergoes a Fundamental Change (as defined in the Indentures), prior to the maturity date of the Secured 2026 Notes, holders of the Secured 2026 Notes will, subject to specified conditions, have the right, at their option, to require the company to repurchase for cash all or a portion of their Secured 2026 Notes at a repurchase price equal to 100% of the principal amount of the Secured 2026 Notes to be repurchased, plus any accrued and unpaid interest to, but not including, the Fundamental Change repurchase date.

The Indentures provide for customary events of default. In the case of an event of default with respect to the Secured 2026 Notes arising from specified events of bankruptcy or insolvency, all outstanding Secured 2026

Notes will become due and payable immediately without further action or notice. If any other event of default with respect to the Secured 2026 Notes under the Indentures occur or is continuing, the Trustee or holders of at least 25% in aggregate principal amount of the then outstanding Secured 2026 Notes may declare the principal amount of the Secured 2026 Notes to be immediately due and payable.

In certain circumstances if, at any time during the six-month period beginning on, and including, the date that is six months after the date of original issuance for any sub-tranche of the Secured 2026 Notes, the company fails to timely file certain documents or reports required under the Securities Exchange Act of 1934, as amended, or the Secured 2026 Notes are not otherwise freely tradable under Rule 144 by holders of the Secured 2026 Notes other than the company's affiliates or holders that were affiliates at any time during the three months preceding, additional interest will accrue at a rate of up to 0.50% on the Secured 2026 Notes during the period in which its failure to file has occurred and is continuing or such Secured 2026 Notes are not otherwise freely tradable under Rule 144 by holders other than the company's affiliates or holders that were affiliates at any time during the three months preceding until such failure is cured.

In addition, if, and for so long as, the restrictive legend on any sub-tranche of the Secured 2026 Notes has not been removed, any sub-tranche of the Secured 2026 Notes are assigned a restricted CUSIP number or any sub-tranche of the Secured 2026 Notes are not otherwise freely tradable under Rule 144 by holders other than the company's affiliates or holders that were affiliates at any time during the three months preceding (without restrictions pursuant to U.S. securities laws or the terms of the Indentures or the Secured 2026 Notes) as of the 380th day after the date of original issuance of such sub-tranche of the Secured 2026 Notes, the company will pay additional interest at a rate of 0.50% on the Secured 2026 Notes during the period in which the Secured 2026 Notes remain so restricted.

The company may not issue common shares upon conversions of the Secured 2026 Notes, net of the 2,700,000 common shares issued in the Exchange, in excess of 19.99% of the company's common Shares outstanding on July 25, 2022; until the requisite approval under the applicable New York Stock Exchange rules by the company's shareholders is obtained. Prior to the Bankruptcy petition on January 31, 2023, the company intended to seek this approval at its 2023 Annual Meeting of Shareholders.

Debt issuance costs of $3,099,000 were capitalized and are being amortized as interest expense through July 2026. Debt issuance costs are presented on the balance sheet as a direct deduction from the carrying amount of the related debt liability.

The liability components of the Secured 2026 Notes consist of the following (in thousands):

	December 31, 2022
Principal amount of liability component	$ 41,475
Unamortized discount	(1,447)
Debt fees	(2,788)
Net carrying amount of liability component	$ 37,240

Interest expense of $905,000 was accrued for the twelve months ended December 31, 2022 based on the stated coupon rate of 5.68%. Non-cash interest expense of $148,000 was recognized in 2022. The effective interest rate of the Secured 2026 Notes as of December 31, 2022 was 10.1%. The Secured 2026 Notes were not convertible as of December 31, 2022 nor was the applicable conversion threshold met.

The company was in compliance with the Secured 2026 Notes covenants at December 31, 2022.

Secured Term Loan due 2026

On July 26, 2022, the company entered into a credit agreement (the "Highbridge Loan Agreement" or "Secured Term Loan") with a certain fund managed by Highbridge Capital Management, LLC ("Highbridge"), as the lender (together with the other lenders from time to time party thereto, the "Lenders"), Cantor Fitzgerald Securities as administrative agent and GLAS Trust Corporation Limited, as collateral agent.

Pursuant to the Highbridge Loan Agreement, the company may borrow up to an aggregate of $104,500,000 principal amount of Secured Term Loan, including $66,500,000 with $2,000,000 original issuance discount in initial Secured Term Loans drawn at closing, $8,500,000 in additional Secured Term Loans principal to be made in a single draw subject to satisfaction of certain conditions, another $10,000,000 in additional Secured Term Loan principal to be made in a single draw subject to satisfaction of certain further conditions and $19,500,000 in additional Secured Term Loan principal to be made subject to satisfaction of certain further conditions.

The Secured Term Loan was scheduled to mature on July 26, 2026 and accrued interest at an initial annual rate of SOFR plus 7.00% or a base rate plus 6.00% and after the second anniversary of closing at an annual rate of SOFR plus 8.75% or a base rate plus 7.75%. The Secured Term Loan was also subject to a springing maturity date of 91 days prior to the maturity date of certain convertible notes due November 2024 if more than $20,000,000 of such notes remain outstanding as of such date. The obligations under the Highbridge Loan Agreement are secured, initially, by substantially all assets of the company and certain subsidiaries of the company (subject to certain

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exceptions), subject to intercreditor agreements in connection with the ABL Credit Agreement and the 5.68% Indentures, and are guaranteed by certain subsidiaries of the company in the United States, United Kingdom, Canada, France, the Netherlands and Luxembourg at the closing. Additional collateral owned by subsidiaries of the company in various jurisdictions have been added to the security for the Secured Term Loan and additional subsidiaries of the company in various jurisdictions have been added to guarantee the obligations in connection with the post-closing draws.

The company has the right to prepay the Secured Term Loan at any time, subject to a prepayment premium, which (x) in case of a prepayment before the second anniversary of the closing date is equal to the greater of (i) 1.00% of the aggregate principal amount of the Secured Term Loan so prepaid and (ii) the excess, if any of (A) the present value as of the date of repayment of all interest that would have accrued on the Secured Term Loan being prepaid from such date through the second anniversary of the closing plus the present value as of such date of the principal amount of the Secured Term Loan being prepaid assuming a prepayment date of the second anniversary of the closing over (B) the principal amount of such Secured Term Loan being prepaid and (y), after the second anniversary of the closing and prior to the third anniversary of the closing is equal to 1.00% of the aggregate principal amount of the Secured Term Loan so prepaid, as well as, in each case of (x) and (y), an additional redemption fee equal to 3.00% of the aggregate principal amount of the Secured Term Loan so prepaid.

The Highbridge Loan Agreement contained customary terms and covenants, including without limitation a financial covenant to maintain a minimum liquidity of $20,000,000 and negative covenants, such as limitations on indebtedness, liens, fundamental changes, asset sales, investments and other matters customarily restricted in such agreements. Most of these restrictions were subject to certain minimum thresholds and exceptions. The Highbridge Loan Agreement also contained customary events of default, after which the Secured Term Loan may be due and payable immediately, including, without limitation, payment defaults, material inaccuracy of representations and warranties, covenant defaults, bankruptcy and insolvency proceedings, cross-defaults to certain other agreements, judgments against the company and its subsidiaries, change in control and lien priority.

Debt issuance costs of $6,480,000 were capitalized and are being amortized as interest expense through July 2026. Debt issuance costs are presented on the balance sheet as a direct deduction from the carrying amount of the related debt liability.

On October 3, 2022, the company consummated additional draws of an aggregate of $18,500,000 under the Highbridge Loan Agreement. Further, the company issued $5,186,000 in aggregate principal amount of additional 5.68% Tranche I Notes and $5,183,000 in aggregate principal amount of additional 5.68% Tranche II Notes of the Secured 2026 Notes in exchange for $13,825,000 of 2026 Notes which were retired resulting in a net gain on extinguishment of debt of $3,021,000. Following these transactions, $69,700,000 aggregate principal amount of 2026 Notes remained outstanding.

On December 23, 2022, the company entered into an amendment under the Highbridge Loan Agreement (the "Amended Highbridge Loan Agreement") and consummated an additional draw of an aggregate principal amount of $5,500,000 of principal (the "Additional Draw"). Additional commitments of $14,000,000 remained available under the Amended Highbridge Loan Agreement, subject to satisfaction of certain conditions set forth therein at December 31, 2022.

The liability components of the Secured Term Loan consist of the following (in thousands):

	December 31, 2022
Principal amount of liability component	$ 90,500
Unamortized original issuance discount	(1,846)
Debt fees	(5,846)
Net carrying amount of liability component	$ 82,808

Interest expense of $3,352,000 was accrued for the year ended December 31, 2022 based on the stated coupon rate of 5.68%. Non-cash interest expense of $153,000 was recognized in 2022. The effective interest rate of the 2026 Notes as of December 31, 2022 was 14.4%.

The company was in compliance with the Secured Term Loan covenants at December 31, 2022.

As part of the transactions for the closing of the Term Loan, exchange of 2026 Notes for Secured 2026 Notes and retirement of $5,000,000 of Series II 2024 Notes in the third quarter of 2022, 2,700,000 common shares were issued. These transactions resulted in a net gain on extinguishment of debt of $6,398,000.

The weighted average interest rate on all borrowings, excluding finance leases, was 5.3% for the year ended December 31, 2022 and 4.5% for the year ended December 31, 2021.

Other

In the second quarter of 2022, the company borrowed $2,000,000 against the cash surrender value of its life insurance policies.

CARES Act Loan

On May 15, 2020, the company entered into an unsecured loan agreement in the aggregate amount of $10,000,000 pursuant to sections 1102 and 1106 of the Coronavirus Aid, Relief and Economic Security, "CARES" Act which was evidenced by a promissory note, dated May 13, 2020, and would bear interest at a fixed rate of 1.00%. This loan may be forgivable, partially or in full, if certain conditions are met, principally based on having been disbursed for permissible purposes and based on average levels of employment over a designated period of time. At the time of the loan, no assurance could be given that the company would be granted forgiveness of the loan in whole or in part. Originally, payments were to commence in December 2020.

In the third quarter of 2021, the company applied for forgiveness of the CARES Act debt along with its accrued interest. The company received notification of approval of its debt forgiveness inclusive of accrued interest, in full, and as a result, the company recorded a gain on extinguishment of debt of $10,131,000.

The aggregate minimum maturities of long-term debt (excluding finance leases) for each of the next five years are as follows: $154,000 in 2023, $150,245,000 in 2024, $0 in 2025, $216,895,000 in 2026, and $0 in 2027. Interest paid on all borrowings was $18,309,000, $17,243,000 and $16,909,000 in 2022, 2021 and 2020, respectively.

Other Long-Term Obligations

Other long-term obligations as of December 31, 2022 and 2021 consist of the following (in thousands):

	2022	2021
Deferred income taxes	$ 18,771	$ 21,664
Product liability	10,438	11,342
Deferred compensation	4,970	6,174
Deferred gain on sale leaseback	4,834	5,174
Supplemental Executive Retirement Plan liability	4,383	5,106
Uncertain tax obligation including interest	2,891	3,171
Death benefit obligation plan	2,533	4,568
Pension	1,019	7,814
Secured Convertible 2026 debt conversion liability	85	—
Other	478	1,783
Other Long-Term Obligations	$ 50,402	$ 66,796

The Secured Convertible 2026 debt conversion liability amounts included in the above table represent the fair values of the conversion liabilities.

On April 23, 2015, the company entered into a real estate sales leaseback transaction which resulted in the recording of an initial deferred gain of $7,414,000, the majority of which is included in Other Long-Term Obligations and will be recognized over the 20-year life of the leases. The gain realized was $328,000 and $317,000 for December 31, 2022 and 2021, respectively.

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Leases and Commitments

The company reviews new contracts to determine if the contracts include a lease. To the extent a lease agreement includes an extension option that is reasonably certain to be exercised, the company has recognized those amounts as part of the right-of-use assets and lease liabilities. The company does not combine lease and certain non-lease components, such as common area maintenance, in the calculation of the lease assets and related liabilities. As most lease agreements do not provide an implicit rate, the company uses an incremental borrowing rate (IBR) based on information available at commencement date in determining the present value of lease payments and to help classify the lease as operating or financing. The company calculates its IBR based on the secured rates of the company's recent debt issuances, the credit rating of the company, changes in currencies, lease repayment timing as well as other publicly available data.

The company leases a portion of its facilities, transportation equipment, data processing equipment and certain other equipment. These leases have terms from 1 to 20 years and provide for renewal options. Generally, the company is required to pay taxes and normal expenses associated with operating the facilities and equipment. As of December 31, 2022, the company is committed under non-cancelable leases, which have initial or remaining terms in excess of one year and expire on various dates through 2040.

On April 23, 2015, the company sold and leased back, under four separate lease agreements, four properties located in Ohio and one property in Florida for net proceeds of $23,000,000, which were used to reduce debt under the North America Credit Facility. The initial total annual rent for the properties was $2,275,000 and can increase annually over the 20-year term of the leases based on the applicable geographical consumer price index (CPI). Each of the four lease agreements contains three 10-year renewals with the rent for each option term based on the greater of the then-current fair market rent for each property or the then- current rate and increasing annually by the applicable CPI. Under the terms of the lease agreements, the company is responsible for all taxes, insurance and utilities. The company is required to adequately maintain each of the properties and any leasehold improvements will be amortized over the lesser of the lives of the improvements or the remaining lease lives, consistent with any other company leases.

In connection with the transaction, the requirements for sale lease-back accounting were met. Accordingly, the company recorded the sale of the properties, removed the related property and equipment from the company's balance sheet, recognized an initial deferred gain of $7,414,000 and an immediate loss of $257,000 related to one property and recorded new lease liabilities. Specifically, the company recorded four finance leases totaling $32,339,000 and one operating lease related to leased land, which was not a material component of the transaction. The gains on the sales of the properties were required to be deferred and recognized over the life of the leases as the property sold is being leased back. The deferred gain is classified under Other Long-Term Obligations on the consolidated balance sheet. The gains realized were $328,000, $317,000, and $305,000 in 2022, 2021, and 2020 respectively.

In July of 2020, the company entered into a 19.75-year lease agreement in Germany. The lease increased the company's finance lease obligation by $38,704,000 and increased the finance lease expense compared to previous periods.

Lease expenses for the year ended December 31, 2022, December 31, 2021, December 31, 2020, respectively, were as follows (in thousands):

	2022	2021	2020
Operating leases	$ 5,712	$ 7,394	$ 8,138
Variable and short-term leases	2,549	3,541	3,968
Total operating leases	$ 8,261	$ 10,935	$ 12,106
Finance lease interest cost	$ 4,256	$ 4,601	$ 2,544
Finance lease depreciation	4,246	4,996	3,479
Total finance leases	$ 8,502	$ 9,597	$ 6,023

Future minimum operating and finance lease commitments, as of December 31, 2022, are as follows (in thousands):

	Finance Leases	Operating Leases
2023	$ 6,828	$ 4,181
2024	6,764	3,085
2025	6,667	2,482
2026	6,554	1,303
2027	6,441	395
Thereafter	62,531	1,341
Total future minimum lease payments	95,785	12,787
Amounts representing interest	(34,685)	(2,108)
Present value of minimum lease payments	61,100	10,679
Less: current maturities of lease obligations	(3,106)	(3,420)
Long-term lease obligations	$ 57,994	$ 7,259

Supplemental cash flow amounts for the year ended December 31, 2022, December 31, 2021 and December 31, 2020, respectively, were as follows (in thousands):

Cash Activity: Cash paid in measurement of amounts for lease liabilities	December 31, 2022	December 31, 2021	December 31, 2020
Operating leases	$ 7,618	$ 11,089	$ 12,527
Finance leases	7,260	8,166	5,316
Total	$ 14,878	$ 19,255	$ 17,843

Non-Cash Activity: Right-of-use assets obtained in exchange for lease obligations	December 31, 2022	December 31, 2021	December 31, 2020
Operating leases	$ 4,652	$ 7,491	$ 6,155
Finance leases	969	6,572	40,078
Total	$ 5,621	$ 14,063	$ 46,233

Weighted-average remaining lease terms and discount rates for finance and operating leases are as follows as of December 31, 2022 and December 31, 2021, respectively,:

	December 31, 2022	December 31, 2021
Weighted-average remaining lease term - finance leases	14.8 years	15.8 years
Weighted-average remaining lease term - operating leases	4.6 years	5.0 years
Weighted-average discount rate - finance leases	3.74%	6.43%
Weighted-average discount rate - operating leases	9.36%	7.1%

Retirement and Benefit Plans

Substantially all full-time salaried and hourly domestic employees are included in the Invacare Retirement Savings Plan sponsored by the company. The company makes matching cash contributions up to 66.7% of employees' contributions up to 3% of compensation. The company also may make quarterly contributions to this Plan equal to a percentage of qualified wages. The company may make discretionary contributions to the domestic plans based on an annual resolution of the Board of Directors. Contribution expense for the Invacare Retirement Savings Plan in 2022, 2021 and 2020 was $845,000, $1,022,000 and $1,214,000, respectively.

The company sponsors a Deferred Compensation Plus Plan covering certain employees, which provides for elective deferrals and the company retirement deferrals so that the total retirement deferrals equal amounts that would have contributed to the company's principal retirement plans if it were not for limitations imposed by income tax regulations.

The company sponsors a non-qualified defined benefit Supplemental Executive Retirement Plan (SERP) for certain key executives. Effective December 31, 2008, the SERP was amended, in part to comply with IRS Section 409A. As a result of the amendment, the plan became a defined benefit cash balance plan for the non-retired participants and thus, payments by the company since December 31, 2008 have been based upon a cash balance formula with interest credited at a rate determined annually by the Compensation and Management Development Committee of the Board of Directors. In 2022, 2021 and 2020, respectively, interest was credited at 0% for active participants in the SERP. The plan continues to be unfunded with individual hypothetical accounts maintained for each participant.

The SERP projected benefit obligation related to this unfunded plan was $4,774,000 and $5,497,000 at December 31, 2022 and December 31, 2021, respectively, and the accumulated benefit obligation was $4,774,000 and $5,497,000 at December 31, 2022 and December 31, 2021, respectively. The assumed discount rate, relevant for three participants unaffected by the plan conversion, as well as the Death Benefit Only plan discussed below was 5.02% and 2.83% for 2022 and 2021, respectively, based upon the discount rate on high-quality fixed-income investments without adjustment. The retirement age was 67 for 2022 and 2021, respectively. The mortality assumptions used for 2022 and 2021 were based upon the Pri-2012 White Collar Mortality for Males and Females projected using Scale MP-2021 and the Pri.A-2012 White Collar Fully Generational Mortality Table projected using Scale MP-2021, respectively.

SERP income for 2022 was $332,000, compared to SERP expense in 2021 and 2020 of $129,000 and $326,000, respectively. The expense was composed of interest income in 2022 of $541,000, and interest expense in 2021 and 2020 of $4,000 and $213,000, respectively, with the remaining non-interest expense related to service costs, prior service costs and other gains/losses. Benefit payments in 2022, 2021 and 2020 were $391,000 in each year.

The company also sponsors a Death Benefit Only Plan (DBO) for certain key executives that provides a benefit equal to three times the participant's final target earnings should the participant's death occur while an employee and a benefit equal to one time the participant's final earnings upon the participant's death if a participant dies after his or her employment with the company is terminated following a change in control of the company. Income for the plan in 2022 was $1,099,000, driven by an increase in the discount rate and participant turnover, compared to expense in 2021 and 2020 of $30,000, and $640,000, respectively. The 2022 and 2021 amounts included service and accrual adjustment income of $1,274,000 and $68,000, respectively, compared to 2020 amounts which included service and accrual adjustment expense of $569,000, with the remaining activity in each year related to interest costs. There were no benefit payments in 2022, 2021 and 2020. The projected benefit obligations for the plan were calculated using an assumed future salary increase of 3.25% at December 31, 2022 and 2021, respectively. In conjunction with the company's DBO, the company has invested in life insurance policies related to certain employees to help satisfy the DBO obligations.

In Europe, the company maintains a defined benefit plan in Switzerland. The statutory pension plan is maintained with a private insurance company and, in accordance with Swiss law, the plan functions as a defined contribution plan whereby employee and employer contributions are defined as a percentage of individual salary depending on the age of the employee and a guaranteed interest rate, which is annually defined by the Swiss Pension Fund. Under U.S. GAAP, the plan is treated as defined benefit plan. Income for 2022 and 2021 for the European plan was $633,000 and $823,000, respectively, compared to expense of $1,678,000 in 2020.

Revenue

The company has two revenue streams: products and services. Services include repair, refurbishment, preventive maintenance and rental of products. Services for the North America (N.A.) segment include maintenance and repair of products. Services for the Europe segment include repair, refurbishment and preventive maintenance services. Services in All Other, are in the Asia Pacific region, and include rental and repair of products.

The following tables disaggregate the company's revenues by major source and by reportable segment for the year ended December 31, 2022 and December 31, 2021 (in thousands):

	2022		
	Products	Service	Total
Europe	$ 422,440	$ 11,932	$ 434,372
N.A.	275,508	1,383	276,891
All Other	25,592	4,878	30,470
Total	$ 723,540	$ 18,193	$ 741,733
% Split	98%	2%	100%

	2021		
	Products	Service	Total
Europe	$ 486,190	$ 12,928	$ 499,118
N.A.	340,269	711	340,980
All Other	27,221	5,138	32,359
Total	$ 853,680	$ 18,777	$ 872,457
% Split	98%	2%	100%

The company's revenues are principally related to the sale of products, approximately 98%, with the remaining 2% related to services including repair, refurbishment, preventive maintenance and rental of products. While the company has a significant amount of contract types, the sales split by contract type is estimated as follows: general terms and conditions (25%), large national customers (20%), governments, principally pursuant to tender contracts (23%) and other customers including buying groups and independent customers (32%).

All product revenues and substantially all service revenues are recognized at a point in time. The remaining service revenue, recognized over time, are reflected in the Europe segment and include multiple performance obligations. For such contracts, the company allocates revenue to each performance obligation based on its relative standalone selling price. The company generally determines the standalone selling price based on the expected cost-plus margin methodology.

Revenue is recognized when obligations under the terms of a contract with the customer are satisfied; generally, this occurs with the transfer of control of the company's products and services. The amount of consideration received and revenue recognized by the company can vary as a result of variable consideration terms included in the contracts related to customer rebates, cash discounts and return policies. Revenue is measured as the amount of consideration probable of not having a significant reversal of cumulative revenue recognized when related uncertainties are resolved. Customer rebates and cash discounts are estimated based on the most likely amount principle and these estimates are based on historical experience and anticipated performance. In addition, customers have the right to return products within the company's normal terms policy, and as such the company estimates the expected returns based on an analysis of historical experience. The company adjusts its estimate of revenue at the earlier of when the most likely amount of consideration it expects to receive changes or when the consideration becomes fixed. The company generally does not expect that there will be significant changes to its estimates of variable consideration (refer to "Receivables" and "Accrued Expenses" in the Notes to the Consolidated Financial Statements include elsewhere in this report for more detail).

Depending on the terms of the contract, the company may defer the recognition of a portion of the revenue at the end of a reporting period to align with transfer of control of the company's products to the customer. In addition, to the extent performance obligations are satisfied over time, the company defers revenue recognition until the performance obligations are satisfied. As of December 31, 2022 and December 31, 2021, the company had deferred revenue of $2,279,000 and $4,156,000, respectively, related to outstanding performance obligations.

Equity Compensation

The company's common shares have a $0.25 stated value. The common shares and the Class B common shares generally have identical rights, terms and conditions and vote together as a single class on most issues, except that the Class B common shares have ten votes per share and, in general, can only be transferred to family members or for estate planning purposes. Holders of Class B common shares are entitled to convert their shares into common shares at any time on a share-for-share basis. When Class B common shares are transferred out of a familial relationship, they automatically convert to common shares.

As of December 31, 2022, 3,667 Class B common shares remained outstanding. Prior conversions of Class B common shares have virtually eliminated the company's dual class voting structure. As of December 31, 2022, the holders of the common shares represented approximately 99.9% of the company's total outstanding voting power.

Equity Compensation Plan

On May 17, 2018, the shareholders of the company approved the Invacare Corporation 2018 Equity Compensation Plan (the “2018 Plan”), which was adopted on March 27, 2018 by the company's Board of Directors (the “Board”). The company's Board adopted the 2018 Plan in order to authorize additional Common Shares for grant as equity compensation, and to reflect changes to Section 162(m) of the Internal Revenue Code (the “Code”) resulting from the U.S. Tax Cuts and Jobs Act of 2017.

Following shareholder approval of the 2018 Plan, all of the common shares then-remaining available for issuance under the Invacare Corporation 2013 Equity Compensation Plan (the “2013 Plan”) and all of the common shares that were forfeited or remained unpurchased or undistributed upon termination or expiration of awards under the 2013 Plan and under the Invacare Corporation 2003 Performance Plan (the “2003 Plan”), become available for issuance under the 2018 Plan. Awards granted previously under the 2013 Plan and 2003 Plan will remain in effect under their original terms.

The 2018 Plan uses a fungible share-counting method, under which each common share underlying an award of stock options or stock appreciation rights (“SAR”) will count against the number of total shares available under the 2018 Plan as one share; and each common share underlying any award other than a stock option or a SAR will count against the number of total shares available under the 2018 Plan as two shares. Shares underlying awards made under the 2003 Plan or 2013 Plan that are forfeited or remain unpurchased or undistributed upon termination or expiration of the awards will become available under the 2018 Plan for use in future awards. Any common shares that are added back to the 2018 Plan as the result of forfeiture, termination or expiration of an award granted under the 2018 Plan or the 2013 Plan will be added back in the same manner such shares were originally counted against the total number of shares available under the 2018 Plan or 2013 Plan, as applicable. Each common share that is added back to the 2018 Plan due to a forfeiture, termination or expiration of an award granted under the 2003 Plan will be added back as one common share.

The Compensation and Management Development Committee of the Board (the “Compensation Committee”), in its discretion, may grant an award under the 2018 Plan to any director or employee of the company or an affiliate. As of December 31, 2022, common shares of 5,285,644 were available for future issuance under the 2018 Plan in connection with the following types of awards with respect to the company's common shares: incentive stock options, nonqualified stock options, SARs, restricted stock, restricted stock units, unrestricted stock and performance shares. The Compensation Committee also may grant performance units that are payable in cash. The Compensation Committee has the authority to determine which participants will receive awards, the amount of the awards and the other terms and conditions of the awards.

The 2018 Plan provides that shares granted come from the company's authorized but unissued common shares or treasury shares. In addition, the company's stock-based compensation plans allow employee participants to exchange shares for minimum withholding taxes, which results in the company acquiring treasury shares. Under these provisions, the company acquired approximately 139,000 treasury shares for $151,000 in 2022, 213,000 shares for $1,754,000 in 2021 and 231,000 shares for $1,707,000 in 2020.

The amounts of equity-based compensation expense (income) recognized as part of SG&A expenses in All Other in business segment reporting were as follows (in thousands):

	2022	2021	2020
Restricted stock / units	2,924	5,450	5,332
Performance shares / units	(844)	(1,127)	3,313
Total stock-based compensation expense	$ 2,080	$ 4,323	$ 8,645

As of December 31, 2022, unrecognized compensation expense related to equity-based compensation arrangements granted under the company's 2018 Plan and previous plans, which is related to non-vested shares, was as follows (in thousands):

	2022	2021	2020
Restricted stock and restricted stock units	2,146	6,866	7,489
Performance shares and performance share units	75	1,746	7,260
Total unrecognized stock-based compensation expense	$ 2,221	$ 8,612	$ 14,749

Total unrecognized compensation cost will be adjusted for future changes in actual and estimated forfeitures and for updated vesting assumptions for the performance share awards (refer to “Stock Options” and “Performance Shares and Performance Share Units” below). No tax benefits for stock compensation were realized during 2022, 2021 and 2020 due to a valuation allowance against deferred tax assets. In accordance with ASC 718, any tax benefits resulting from tax deductions in excess of the compensation expense recognized is classified as a component of financing cash flows.

Stock Options

Generally, non-qualified stock option awards have a term of ten years and were granted with an exercise price per share equal to the fair market value of the company's common shares on the date of grant.

The following table summarizes information about stock option activity for the three years ended 2022, 2021 and 2020:

	2022	Weighted Average Exercise Price	2021	Weighted Average Exercise Price	2020	Weighted Average Exercise Price
Options outstanding at January 1	750,159	$ 12.69	1,081,804	$ 16.07	1,441,202	$ 18.26
Forfeited	(560,470)	12.44	(331,645)	23.71	(359,398)	24.84
Options outstanding at December 31	189,689	$ 13.43	750,159	$ 12.69	1,081,804	$ 16.07
Options exercise price range at December 31	$ 12.15		$ 12.15		$ 12.15	
	to		to		to	
	$ 14.49		$ 17.47		$ 33.36	
Options exercisable at December 31	189,689		750,159		1,081,804	
Shares available for grant at December 31*	5,285,644		3,475,496		3,540,534	

* Shares available for grant under the 2018 Plan as of December 31, 2022 reduced by awards and increased by forfeitures or expirations. At December 31, 2022, an aggregate of 1,363,107 common shares underlie awards which were forfeited or expired unexercised under the 2003 and 2013 Plans and thus are available for future issuance under the 2018 Plan upon transfer.

The following table summarizes information about stock options outstanding at December 31, 2022:

	Options Outstanding				Options Exercisable		
Exercise Prices	Number Outstanding At 12/31/22	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price		Number Exercisable At 12/31/22	Weighted Average Exercise Price	
$12.15 – $20.00	189,689	2.0	$	13.43	189,689	$	13.43

The 2018 Plan provides for a one-year minimum vesting period for stock options and, generally, options must be exercised within ten years from the date granted. No stock options were issued in 2022, 2021 or 2020.

Restricted Stock and Restricted Stock Units

The following table summarizes information about restricted stock and restricted stock units (primarily for non-U.S. recipients):

	2022	Weighted Average Fair Value		2021	Weighted Average Fair Value		2020	Weighted Average Fair Value	
Stock / Units unvested at January 1	1,160,847	$	8.17	1,145,058	$	8.62	965,085	$	11.32
Granted	1,341,019		1.22	652,743		8.42	764,012		7.11
Vested	(803,550)		5.94	(558,424)		9.33	(475,113)		11.39
Forfeited	(636,449)		4.40	(78,530)		8.44	(108,926)		9.90
Stock / Units unvested at December 31	1,061,867	$	2.75	1,160,847	$	8.17	1,145,058	$	8.62

The restricted stock awards generally vest ratably over the three years after the award date. Unearned restricted stock compensation, determined as the market value of the shares at the date of grant, is being amortized on a straight-line basis over the vesting period as adjusted for forfeiture estimates.

Performance Shares and Performance Share Units

The following table summarizes information about performance shares and performance share units (primarily for non-U.S. recipients):

	2022	Weighted Average Fair Value		2021	Weighted Average Fair Value		2020	Weighted Average Fair Value	
Shares / Units unvested at January 1	972,288	$	7.76	1,026,785	$	8.55	753,272	$	11.82
Granted	460,187		1.48	471,819		8.49	523,329		7.82
Vested	—		—	—		—	(183,840)		17.48
Forfeited	(1,114,404)		5.92	(526,316)		9.25	(65,976)		9.48
Shares / Units unvested at December 31	318,071	$	5.15	972,288	$	7.76	1,026,785	$	8.55

During 2022, 2021 and 2020, the performance shares and performance share units (for non-U.S. recipients) were granted. Performance awards have a three-year performance period with payouts based on achievement of certain performance goals. The awards are classified as equity awards as they will be settled in common shares upon vesting. The number of shares earned will be determined at the end of the three-year performance period based on achievement of performance criteria for January 1, 2020 through December 31 2022, January 1, 2021 through December 31 2023 and January 1, 2022 through December 31, 2024, respectively, established by the

Compensation Committee at the time of grant. Recipients will be entitled to receive a number of common shares equal to the number of performance shares that vest based upon the levels of achievement which may range between 0% and 150% of the target number of shares with the target being 100% of the initial grant.

The fair value of the performance awards is based on the stock price on the date of grant discounted for the estimated value of dividends foregone as the awards are not eligible for dividends except to the extent vested. The grant fair value is further updated each reporting period while variable accounting applies. The company assesses the probability that the performance targets will be met with expense recognized whenever it is probable that at least the minimum performance criteria will be achieved. Depending upon the company's assessment of the probability of achievement of the goals, the company may not recognize any expense associated with performance awards in a given period, may reverse prior expense recorded or record additional expense to recognize the cumulative estimated achievement level of proportionate term of the award. Performance award compensation expense is generally expected to be recognized over three years. The company continued to recognize expense (benefit) related to the awards granted in 2020, 2021 and 2022 based on probability of performance goals for those awards being met.

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Accumulated Other Comprehensive Income (Loss) by Component

Changes in accumulated other comprehensive income (loss) ("OCI") during the year ended December 31, 2022 were as follows (in thousands):

	Foreign Currency	Long-Term Notes	Defined Benefit Plans	Derivatives	Total
December 31, 2021	$ 18,961	$ 2,127	$ (4,101)	$ 1	$ 16,988
OCI before reclassifications	(42,840)	(5,357)	6,953	3,483	(37,761)
Amount reclassified from accumulated OCI	—	—	(466)	(3,484)	(3,950)
Net current-period OCI	(42,840)	(5,357)	6,487	(1)	(41,711)
December 31, 2022	$ (23,879)	$ (3,230)	$ 2,386	$ —	$ (24,723)

Changes in OCI during the year ended December 31, 2021 were as follows (in thousands):

	Foreign Currency	Long-Term Notes	Defined Benefit Plans	Derivatives	Total
December 31, 2020	$ 50,329	$ (517)	$ (3,674)	$ (702)	$ 45,436
OCI before reclassifications	(31,368)	2,644	(457)	(557)	(29,738)
Amount reclassified from accumulated OCI	—	—	30	1,260	1,290
Net current-period OCI	(31,368)	2,644	(427)	703	(28,448)
December 31, 2021	$ 18,961	$ 2,127	$ (4,101)	$ 1	$ 16,988

Reclassifications out of accumulated OCI for the year ended December 31, 2022 and December 31, 2021 were as follows (in thousands):

	Amount reclassified from OCI		Affected line item in the Statement of Comprehensive (Income) Loss
	2022	2021	
Defined Benefit Plans:			
Service and interest costs	$ (466)	$ 30	Selling, general and administrative
Tax	—	—	Income taxes
Total after tax	$ (466)	$ 30	
Derivatives:			
Foreign currency forward contracts hedging sales	$ (137)	$ 1,058	Net sales
Foreign currency forward contracts hedging purchases	(3,610)	428	Cost of products sold
Total loss (income) before tax	(3,747)	1,486	
Tax	263	(226)	Income taxes
Total after tax	$ (3,484)	$ 1,260	

Capital Stock

Capital stock activity for 2022, 2021 and 2020 consisted of the following (in thousands of shares):

	Common Stock Shares	Class B Shares	Treasury Shares
December 31, 2020 Balance	38,613	4	(4,184)
Restricted and performance stock awards	803	—	(213)
December 31, 2021 Balance	39,416	4	(4,397)
Restricted and performance stock awards	424	—	(139)
Issuance of common shares	2,700	—	—
December 31, 2022 Balance	42,540	4	(4,536)

Restricted stock and restricted stock unit awards of 636,449, 78,530 and 108,926 shares were forfeited in 2022, 2021 and 2020, respectively.

On July 26, 2022, as part of the transactions for the closing of the Secured Term Loan and exchange of the 2026 Notes for Secured 2026 Notes, 2,700,000 common shares were issued.

Charges Related to Restructuring Activities

The company's restructuring charges were originally necessitated primarily by continued declines in Medicare and Medicaid reimbursement by the U.S. government, as well as similar healthcare reimbursement pressures abroad, which negatively affected the company's customers (e.g. home health care providers) and continued pricing pressures faced by the company due to the outsourcing by competitors to lower cost locations. Restructuring decisions were also the result of reduced profitability in each of the segments. Restructuring actions have continued into 2022.

Charges for the year ended December 31, 2022 totaled $25,820,000 which were related to North America ($10,646,000), Europe ($13,918,000) and All Other ($1,256,000). Charges were related to severance costs and other restructuring costs (primarily advisory professional fees). The accrual balance at December 31, 2022 is expected to be paid out within 12 months.

Charges for the year ended December 31, 2021 totaled $2,534,000 which were related to North America ($964,000), Europe ($1,560,000) and All Other ($10,000). The North America and All Other costs were for severance costs. The European charges were incurred related to severance ($886,000) and lease termination costs of ($674,000) related to the closure of a German manufacturing facility.

Charges for the year ended December 31, 2020 totaled $7,358,000 which were related to North America ($1,306,000), Europe ($5,934,000) and All Other ($118,000). The North America and All Other costs were for severance costs. The European charges were incurred related to severance ($5,588,000) and lease termination costs ($346,000) primarily related to the closure of a German Manufacturing facility.

There have been no material changes in accrued balances related to the charges, either as a result of revisions to the plans or changes in estimates. In addition, the savings anticipated as a result of the company's restructuring plans have been or are expected to be achieved, primarily resulting in reduced salary and benefit costs principally impacting selling, general and administrative expenses, and to a lesser extent, costs of products sold. To date, the company's liquidity has been sufficient to absorb these charges and payments.

A progression by reporting segment of the accruals recorded as a result of the restructuring is as follows (in thousands):

	Severance	Other	Total
January 1, 2020 Balance			
North America	211	—	211
Europe	6,406	4	6,410
All Other	406	—	406
Total	7,023	4	7,027
Charges			
North America	1,306	—	1,306
Europe	5,588	346	5,934
All Other	118	—	118
Total	7,012	346	7,358
Payments			
North America	(1,338)	—	(1,338)
Europe	(6,090)	(346)	(6,436)
All Other	(358)	—	(358)
Total	(7,786)	(346)	(8,132)
December 31, 2020 Balance			
North America	179	—	179
Europe	5,904	4	5,908
All Other	166	—	166
Total	6,249	4	6,253

	Severance	Other	Total
Charges			
North America	964	—	964
Europe	886	674	1,560
All Other	10	—	10
Total	1,860	674	2,534
Payments			
North America	(661)	—	(661)
Europe	(6,790)	(678)	(7,468)
All Other	(176)	—	(176)
Total	(7,627)	(678)	(8,305)
December 31, 2021 Balance			
North America	482	—	482
Total	$ 482	$ —	$ 482
Charges			
North America	2,472	8,174	10,646
Europe	5,359	8,559	13,918
All Other	1,256	—	1,256
Total	$ 9,087	$ 16,733	$ 25,820
Payments			
North America	(1,987)	(5,148)	(7,135)
Europe	(4,045)	(7,066)	(11,111)
All Other	(65)	—	(65)
Total	$ (6,097)	$ (12,214)	$ (18,311)
December 31, 2022 Balance			
North America	967	3,026	3,993
Europe	1,314	1,493	2,807
All Other	1,191	—	1,191
Total	$ 3,472	$ 4,519	$ 7,991

Income Taxes

Earnings (loss) before income taxes consist of the following (in thousands):

	2022	2021	2020
Domestic	$ (95,070)	$ (53,916)	$ (42,213)
Foreign	(2,931)	14,798	17,774
	$ (98,001)	$ (39,118)	$ (24,439)

The company has provided for income taxes (benefits) as follows (in thousands):

	2022	2021	2020
Current:			
Federal	$ 362	$ 85	$ 45
State	(105)	(12)	(180)
Foreign	3,054	6,596	6,168
	3,311	6,669	6,033
Deferred:			
Federal	—	(662)	(26)
State	—	—	—
Foreign	(241)	438	(2,166)
	(241)	(224)	(2,192)
Income Taxes	$ 3,070	$ 6,445	$ 3,841

The 2021 deferred federal benefit results from the goodwill impairment the company recorded, a reversal of deferred taxes related to the tax-deductible goodwill previously deducted by the company, resulting in the company recognizing a tax benefit of $662,000.

The company has historically considered the undistributed earnings of the company's foreign subsidiaries to be indefinitely reinvested, and, accordingly, no taxes have been provided on such earnings (other than earnings from the company's Chinese subsidiary which was sold in March 2020 as part of the sale of the Dynamic business). The company reversed withholding taxes in the amount of $988,000 which were previously provided as a result of the company position that the earnings from the Chinese subsidiary were not permanently reinvested. The sale of the business occurred without dividends paid from this subsidiary. The company continues to evaluate its plans for reinvestment or repatriation of unremitted foreign. As a result of U.S. tax reform legislation, distributions of profits from non-U.S. subsidiaries are not expected to cause a significant incremental U.S. tax impact in the future. However, these distributions may be subject to non-U.S. withholding taxes if profits are distributed from certain jurisdictions. Undistributed profits of non-U.S. subsidiaries of approximately $38,702,000 are considered indefinitely reinvested. Determination of the amount of unrecognized deferred tax liability related to indefinitely reinvested profits is not practicable.

The company regularly reviews its cash positions and its determination of permanent reinvestment of foreign earnings. If the company determines all or a portion of such foreign earnings are no longer indefinitely reinvested, the company may be subject to additional foreign withholding taxes and U.S. state income taxes.

A reconciliation to the effective income tax rate from the federal statutory rate is as follows:

	2022	2021	2020
Statutory federal income tax rate (benefit)	(21.0)%	(21.0)%	(21.0)%
State and local income taxes, net of federal income tax benefit	(0.1)	—	(0.6)
Non-taxable disposition of subsidiaries	—	—	(11.2)
Expiring foreign tax credits	0.2	1.7	16.5
Foreign taxes at other than the federal statutory rate	1.0	3.9	8.8
Federal and foreign valuation allowances	21.3	20.4	(4.3)
Withholding taxes	—	0.1	0.1
Unremitted earnings	—	—	(4.0)
Debt repurchase	—	—	3.2
Foreign branch activity	1.0	4.0	19.3
Uncertain tax positions	—	0.6	2.9
Nontaxable loan forgiveness	—	(5.4)	—
Foreign goodwill write-off	—	9.0	—
Other, net	0.7	3.2	6.0
Effective federal income tax rate	3.1 %	16.5 %	15.7 %

At December 31, 2022, total deferred tax assets were $221,178,000, total deferred tax liabilities were $40,050,000 and the tax valuation allowances total was $198,797,000 for a net deferred income tax liability of $17,669,000 compared to total deferred tax assets of $200,042,000, total deferred tax liabilities of $43,936,000 and a tax valuation allowances total of $176,230,000 for a net deferred income tax liability of $20,124,000 at December 31, 2021. The company recorded a valuation allowance for its U.S. and certain foreign country net deferred tax assets where it is or is projected to be in a three-year cumulative loss.

Significant components of long-term deferred income tax assets and liabilities at December 31, 2022 and 2021 are as follows (in thousands):

	2022	2021
Bad debt	$ 483	$ 387
Warranty	1,011	1,426
Other accrued expenses and reserves	398	484
Inventory	4,625	3,624
Goodwill and intangibles	(17,556)	(19,910)
Convertible debt	3,327	5,193
Fixed assets	(22,494)	(24,026)
Compensation and benefits	3,432	4,271
Loss and credit carryforwards	149,853	127,397
Product liability	870	1,596
State and local taxes	37,584	34,794
Valuation allowances	(198,797)	(176,230)
Lease liability	17,496	19,649
Other, net	2,099	1,221
Net Deferred Income Taxes	$ (17,669)	$ (20,124)

The company made net payments for income taxes of $3,999,000, $6,877,000, and $4,377,000 during the years ended December 31, 2022, 2021 and 2020, respectively.

The company has a federal domestic net operating loss carryforward of $465,473,000 of which $276,315,000 expires between 2034 and 2037 and the remaining are non-expiring; domestic interest carryforward of $133,697,000 which is non-expiring and federal tax credit carryforwards of $11,028,000 of which $9,071,000 expires between 2024 and 2027, and $1,957,000 expires beginning 2031.

At December 31, 2022, the company also had $690,125,000 of domestic state and local tax loss carryforwards, of which $124,958,000 expire between 2023 and 2026, $361,184,000 expire between 2027 and 2036 and $156,384,000 expire after 2036 and $47,599,000 have an unlimited carryforward.

At December 31, 2022, the company had foreign federal tax loss carryforwards of approximately $60,463,000 of which $12,899,000 expire between 2023 and 2026, $20,080,000 expire after 2027 and the remaining are non-expiring all of which are offset by valuation allowances, except for $2,511,000. Additionally, the company had foreign local tax loss carryforwards of $18,376,000 expiring after 2027 subject to valuation allowance.

As of December 31, 2022 and 2021, the company had a liability for uncertain tax positions, excluding interest and penalties of $2,368,000 and $2,646,000, respectively. The total liabilities associated with unrecognized tax benefits that, if recognized, would impact the effective tax rates were $2,368,000 and $2,646,000 at December 31, 2022 and 2021, respectively.

A reconciliation of the beginning and ending balance of unrecognized tax benefits is as follows (in thousands):

	2022	2021
Balance at beginning of year	$ 3,149	$ 3,262
Additions to:		
Positions taken during the current year	13	238
Positions taken during a prior year	—	3
Exchange rate impact	—	—
Deductions due to:		
Exchange rate impact	(139)	(66)
Positions taken during a prior year	(11)	(76)
Lapse of statute of limitations	(216)	(212)
Balance at end of year	$ 2,796	$ 3,149

The company recognizes interest and penalties associated with uncertain tax positions in income tax expense. During 2022, 2021 and 2020 the expense (benefit) for interest and penalties was $(2,000), $15,000 and $(20,000), respectively. The company had approximately $523,000 and $525,000 of accrued interest and penalties as of December 31, 2022 and 2021, respectively.

The company and its subsidiaries file income tax returns in the U.S. and certain foreign jurisdictions. The company is subject to U.S. federal income tax examinations for calendar years 2019 to 2022 with limited exceptions, and is subject to various U.S. state income tax examinations for 2018 to 2022. With regards to foreign income tax jurisdictions, the company is generally subject to examinations for the periods 2016 to 2022.

Net Loss Per Common Share

The following table sets forth the computation of basic and diluted net loss per common share for the periods indicated.

	2022	2021	2020
	(In thousands, except per share data)		
Basic			
Weighted average common shares outstanding	36,517	34,875	34,266
Net loss	$ (101,071)	$ (45,563)	$ (28,280)
Net loss per common share	$ (2.77)	$ (1.31)	$ (0.83)
Diluted			
Weighted average common shares outstanding	36,517	34,875	34,266
Stock options and awards	112	399	109
Weighted average common shares assuming dilution	36,629	35,274	34,375
Net loss	$ (101,071)	$ (45,563)	$ (28,280)
Net loss per common share *	$ (2.77)	$ (1.31)	$ (0.83)

* Net loss per share assuming dilution calculated utilizing weighted average shares outstanding - basic for the periods in which there was a net loss.

At December 31, 2022, 2021 and 2020, incremental shares associated with equity compensation plans of 817,295, 1,414,155 and 2,275,832, respectively, were excluded from the average common shares assuming dilution, as they were anti-dilutive.

At December 31, 2022, the majority of the anti-dilutive shares were granted at an exercise price above $12.14, which was higher than the average fair market value price of $1.26 for 2022. In 2021, the majority of the anti-dilutive shares were granted at an exercise price above $12.14, which was higher than the average fair market value price of $7.13 for 2021. In 2020, the majority of the anti-dilutive shares were granted at an exercise price above $12.14, which was higher than the average fair market value price of $7.42 for 2020.

For 2022, 2021 and 2020 the diluted net loss per share calculation, all the shares associated with stock options were anti-dilutive because of the company's loss.

For 2022, 2021 and 2020, no shares were included in the common shares assuming dilution related to the company's issued warrants as the average market price of the company stock for these periods did not exceed the strike price of the warrants.

Further, upon adoption of ASU 2020-06, effective in 2021 for the company, use of the if-converted earnings per share method is required. However, no shares were included in the weighted average common shares assuming dilution for 2022 or 2021 related to the company's convertible senior notes as conversion prices were above the company's average stock price for the periods and other requirements for the notes to be convertible to shares were not met.

Concentration of Credit Risk

The company manufactures and distributes durable medical equipment to the home health care, retail and extended care markets. The company performs credit evaluations of its customers' financial condition. The company utilizes De Lage Landen, Inc. (“DLL”), a third-party financing company, to provide lease financing to Invacare's U.S. customers. The DLL agreement provides for direct leasing between DLL and the Invacare customer. The company retains a recourse obligation of $2,573,000 at December 31, 2022 to DLL for events of default under the contracts, which total $8,074,000 at December 31, 2022. *Guarantees,* ASC 460, requires the company to record a guarantee liability as it relates to the limited recourse obligation. As such, the company has recorded an immaterial liability for this guarantee obligation within other long-term obligations. The company's recourse is reevaluated by DLL biannually, considers activity between the biannual dates and excludes any receivables purchased by the company from DLL. The company monitors the collections status of these contracts and has provided amounts for estimated losses in its allowances for doubtful accounts in accordance with *Receivables,* ASC 310-10-05-4. Credit losses are provided for in the financial statements.

Substantially all the company's receivables are due from health care, medical equipment providers and long-term care facilities located throughout the United States, Australia, Canada, New Zealand and Europe or also direct from governmental entities in certain countries. A significant portion of products sold to dealers, both foreign and domestic, is ultimately funded through government reimbursement programs such as Medicare and Medicaid. Changes in these programs can have a significant shift in reimbursement to customers from managed care entities. As a consequence, changes in these programs can have an adverse impact on dealer liquidity and profitability. In addition, reimbursement guidelines in the home health care industry have a substantial impact on the nature and type of equipment an end user can obtain as well as the timing of reimbursement and, thus, affect the product mix, pricing and payment patterns of the company's customers.

The company's top 10 customers accounted for approximately 21.6% of 2022 net sales. The loss of business of one or more of these customers may have a significant impact on the company, although no single customer accounted for more than 6.6% of the company's 2022 net sales. Providers who are part of a buying group generally make individual purchasing decisions and are invoiced directly by the company.

Derivatives

ASC 815 requires companies to recognize all derivative instruments in the consolidated balance sheet as either assets or liabilities at fair value. The accounting for changes in fair value of a derivative is dependent upon whether or not the derivative has been designated and qualifies for hedge accounting treatment and the type of hedging relationship. For derivatives designated and qualifying as hedging instruments, the company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or a hedge of a net investment in a foreign operation.

Cash Flow Hedging Strategy

The company uses derivative instruments in an attempt to manage its exposure to transactional foreign currency exchange risk. Foreign forward exchange contracts are used to manage the price risk associated with forecasted sales denominated in foreign currencies and the price risk associated with forecasted purchases of inventory over the next twelve months.

The company recognizes its derivative instruments as assets or liabilities in the consolidated balance sheet measured at fair value. All of the company's derivative instruments are designated and qualify as cash flow hedges. Accordingly, the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The remaining gain or loss on the derivative instrument in excess of the cumulative change in the fair value of the hedged item, if any, is recognized in current earnings during the period of change.

To protect against increases/decreases in forecasted foreign currency cash flows resulting from inventory purchases/sales over the next year, the company utilizes foreign currency forward contracts to hedge portions of its forecasted purchases/sales denominated in foreign currencies. The gains and losses are included in cost of products sold and selling, general and administrative expenses on the consolidated statement of comprehensive income (loss). If it is later determined that a hedged forecasted transaction is unlikely to occur, any prospective gains or losses on the forward contracts would be recognized in earnings. The company does not expect any material amount of hedge ineffectiveness related to forward contract cash flow hedges during the next twelve months.

The company has historically not recognized any material amount of ineffectiveness related to forward contract cash flow hedges because the company generally limits its hedges to between 50% and 90% of total forecasted transactions for a given entity's exposure to currency rate changes and the transactions hedged are recurring in nature. Furthermore, most of the hedged transactions are related to intercompany sales and purchases for which settlement occurs on a specific day each month. Forward contracts with a total notional amount in USD of $95,160,000 and $122,624,000 matured during the twelve months ended December 31, 2022 and 2021, respectively.

Outstanding foreign currency forward exchange contracts qualifying and designated for hedge accounting treatment were as follows (in thousands USD):

	December 31, 2022		December 31, 2021	
	Notional Amount	Unrealized Net Gain (Loss)	Notional Amount	Unrealized Net Gain (Loss)
USD / MXN	—	—	23	1
	$ —	$ —	$ 23	$ 1

Derivatives Not Qualifying or Designated for Hedge Accounting Treatment

The company utilizes foreign currency forward contracts that are not designated as hedges in accordance with ASC 815. These contracts are entered into to eliminate the risk associated with the settlement of short-term intercompany trading receivables and payables between Invacare Corporation and its foreign subsidiaries. The currency forward contracts are entered into at the same time as the intercompany receivables or payables are created so that upon settlement, the gain/loss on the settlement is offset by the gain/loss on the foreign currency forward contract. No material net gain or loss was realized by the company in 2022 or 2021 related to these contracts and the associated short-term intercompany trading receivables and payables.

Foreign currency forward exchange contracts not qualifying or designated for hedge accounting treatment, as well as ineffective hedges, entered into in 2022 and 2021, respectively, and outstanding were as follows (in thousands USD):

	December 31, 2022		December 31, 2021	
	Notional Amount	Gain (Loss)	Notional Amount	Gain (Loss)
USD / AUD	$ —	$ —	$ 3,792	$ (57)
USD / CAD	—	—	14,556	$ (24)
USD / EUR	60,964	980	70,454	(1,104)
USD / DKK	—	—	10,850	(257)
USD / GBP	—	—	4,028	32
AUD / NZD	—	—	7,366	(17)
USD / NOK	—	—	2,352	(81)
USD / SEK	—	—	2,344	(131)
USD / THB	—	—	4,500	86
	$ 60,964	$ 980	$ 120,242	$ (1,553)

The fair values of the company's derivative instruments were as follows (in thousands):

	December 31, 2022		December 31, 2021	
	Assets	Liabilities	Assets	Liabilities
Derivatives designated as hedging instruments under ASC 815				
Foreign currency forward exchange contracts	$ —	$ —	$ 1	$ —
Derivatives not designated as hedging instruments under ASC 815				
Foreign currency forward exchange contracts	1,117	137	385	1,938
Total derivatives	$ 1,117	$ 137	$ 386	$ 1,938

The fair values of the company's foreign currency forward exchange contract assets and liabilities are included in Other Current Assets and Accrued Expenses, respectively in the Consolidated Balance Sheets.

The effect of derivative instruments on Accumulated Other Comprehensive Income (OCI) and the Consolidated Statements of Comprehensive Income (Loss) was as follows (in thousands):

Derivatives (foreign currency forward exchange contracts) in ASC 815 cash flow hedge relationships	Amount of Gain (Loss) Recognized in Accumulated OCI on Derivatives (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Year ended December 31, 2022	$ 3,483	$ 3,484	$ —
Year ended December 31, 2021	$ (557)	$ (1,260)	$ —

Derivatives (foreign currency forward exchange contracts) not designated as hedging instruments under ASC 815	Amount of Gain (Loss) Recognized in Income on Derivatives
Year ended December 31, 2022	$ 980
Year ended December 31, 2021	$ (1,553)

The gains or losses recognized as the result of the settlement of cash flow hedge foreign currency forward contracts are recognized in net sales for hedges of inventory sales and in cost of products sold for hedges of inventory purchases. In 2022, net sales were increased by $137,000 and cost of products sold was decreased by $3,610,000 for a net pre-tax realized gain of $3,747,000. In 2021, net sales were decreased by $1,058,000 and cost of products sold was increased by $428,000 for a net pre-tax realized loss of $1,486,000. In 2020, net sales were increased by $1,359,000 and cost of products sold was increased by $2,826,000 for a net realized pre-tax loss of $1,467,000.

A gain of $980,000 in 2022, a loss of $1,553,000 in 2021 and a gain of $703,000 in 2020 were recognized in selling, general and administrative (SG&A) expenses related to forward contracts not designated as hedging instruments. The forward contracts were entered into to offset gains/losses that were also recorded in SG&A expenses on intercompany trade receivables or payables. The gains/losses on the non-designated hedging instruments were substantially offset by gains/losses on intercompany trade payables.

The company's derivative agreements provide the counterparties with a right of set off in the event of a default. The right of set off would enable the counterparty to offset any net payment due by the counterparty to the company under the applicable agreement by any amount due by the company to the counterparty under any other agreement. For example, the terms of the agreement would permit a counterparty to a derivative contract that is also a lender under the company's Prior Credit Agreement and ABL Credit Agreement to reduce any derivative settlement amounts owed to the company under the derivative contract by any amounts owed to the counterparty by the company under the Prior Credit Agreement and ABL Credit Agreement. In addition, the agreements contain cross-default provisions that could trigger a default by the company under the agreement in the event of a default by the company under another agreement with the same counterparty.

Subsequent to year-end, as a result of the Debtors filing for bankruptcy, any outstanding cash flow hedges were required to be settled and the company is not able to enter into such transactions while in Bankruptcy.

During 2022, the company entered into privately negotiated Secured Convertible 2026 Notes of $41,475,000 in aggregate principal amount. Convertible debt conversion liabilities of $1,595,000 were recorded based on initial fair values and these fair values are updated quarterly with the offset to the income statement. Refer to “Long-Term Debt” in the notes to the consolidated financial statements for more detail.

The fair values of the outstanding convertible note derivatives as of December 31, 2022 and their effect on the Statement of Comprehensive Income (Loss) were as follows (in thousands):

	Fair Value	Gain
Secured Convertible 2026 Notes conversion long-term liability	$ 85	$ 1,510

The Secured Convertible 2026 Notes conversion long-term liability amounts are included in Other Long-Term Obligations in the company's consolidated balance sheets.

Fair Values

Pursuant to ASC 820, the inputs used to derive the fair value of assets and liabilities are analyzed and assigned a level I, II or III priority, with level I being the highest and level III being the lowest in the hierarchy. Level I inputs are quoted prices in active markets for identical assets or liabilities.

Level II inputs are quoted prices for similar assets or liabilities in active markets: quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets. Level III inputs are based on valuations derived from valuation techniques in which one or more significant inputs are unobservable.

The following table provides a summary of the company's assets and liabilities that are measured on a recurring basis (in thousands):

	Basis for Fair Value Measurements at Reporting Date		
	Quoted Prices in Active Markets for Identical Assets / (Liabilities)	Significant Other Observable Inputs	Significant Other Unobservable Inputs
	Level I	Level II	Level III
December 31, 2022			
Forward exchange contracts—net	—	$ 980	—
Secured convertible 2026 debt conversion liability	—	(85)	—
December 31, 2021			
Forward exchange contracts—net	—	$ (1,552)	—

The carrying and fair values of the company's financial instruments at December 31, 2022 and 2021 are as follows (in thousands):

	2022		2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	$ 58,792	$ 58,792	$ 83,745	$ 83,745
Forward contracts in Other Current Assets	1,117	1,117	386	386
Forward contracts in Accrued Expenses	(137)	(137)	(1,938)	(1,938)
Total debt (including current maturities of long-term debt) *	(354,241)	(278,027)	(308,129)	(259,472)
2022 Notes	—	—	(2,642)	(2,632)
Series I 2024 Notes	(72,408)	(62,460)	(72,140)	(64,897)
Series II 2024 Notes	(76,719)	(64,678)	(78,251)	(74,165)
2026 Notes	(67,665)	(32,276)	(119,036)	(81,718)
2026 Secured Notes	(37,240)	(34,341)	—	—
2026 Term Loan	(82,808)	(66,871)	—	—
Other	(17,401)	(17,401)	(36,060)	(36,060)
Secured Convertible 2026 debt conversion liability in Other Long-Term Obligations	(85)	(85)	—	—

* The company's total debt is shown net of discount and fees associated with the convertible senior notes and term loan due in 2022, 2024 and 2026 on the company's consolidated balance sheets. Accordingly, the fair values due in 2022, 2024 and 2026 are included in the long-term debt presented in this table are also shown net of the discount and fees. Total debt amounts exclude operating and finance lease obligations.

The company, in estimating its fair value disclosures for financial instruments, used the following methods and assumptions:

Cash, cash equivalents: The carrying values reported in the balance sheet for cash, cash equivalents equal their fair values. The fair values are deemed to be categorized as Level 1.

Forward Contracts: The company operates internationally, and as a result, is exposed to foreign currency fluctuations. Specifically, the exposure includes intercompany loans and third-party sales or payments. In an attempt to reduce this exposure, foreign currency forward contracts are utilized and accounted for as hedging instruments. The forward contracts are used to hedge the following currencies: AUD, CAD, DKK, EUR, GBP, MXN, NOK, NZD, SEK, THB, and USD. The company does not use derivative financial instruments for speculative purposes. Fair values for the company's foreign exchange forward contracts are based on quoted market prices for contracts with similar maturities. The fair values are deemed to be categorized as Level 2. The company's forward contracts are included in Other Current Assets or Accrued Expenses in the condensed consolidated balance sheets.

Total debt: Fair value for the company's convertible debt other than the 2026 Secured Notes and Secured Term Loan is based on quoted market-based estimates as of the end of the period, while the revolving credit facility fair value is based on an estimate of the market for similar borrowing arrangements. The fair values are deemed to be categorized as Level 2 in the fair value hierarchy. The 2026 Secured Notes and Secured Term Loan fair values are based on valuation models in which significant inputs are observable in active markets. The fair values are deemed to be categorized as Level 2. Other total debt is primarily attributable to credit facilities borrowings where the carrying value reported in the balance approximates its fair value.

Convertible debt derivative: The fair value for the convertible debt conversion liability is based on valuation models in which significant inputs are observable in active markets. The fair values are deemed to be categorized as Level 2.

Business Segments

The company operates in two primary business segments: North America and Europe with each selling the company's primary product categories, which include: lifestyle and mobility and seating products. Sales in Asia Pacific are reported in All Other and include products similar to those sold in North America and Europe. The accounting policies of each segment are the same as those described in the summary of significant accounting policies for the company's consolidated financial statements. Intersegment sales and transfers are based on the costs to manufacture plus a reasonable profit element.

Segment performance is measured and resources are allocated based on a number of factors, with the primary income or loss measure being segment operating income (loss). Segment operating income (loss) represents net sales less cost of products sold less selling general and administrative expenses. Segment operating income (loss) excludes unallocated corporate general and administrative expenses not allocated to the segments and intersegment sales and profit eliminations, which are included in All Other. In addition, segment operating income (loss) further excludes charges related to restructuring activities, asset impairments and gain (loss) on sale of business (as applicable).

This performance measure, segment operating income (loss), is used by the Chief Operating Decision Maker (CODM) for purposes of making decisions about allocating resources to a segment and assessing its performance. In addition, this metric is reviewed by the company's Board of Directors regarding segment performance and is a key metric in the performance management assessment of the company's employees.

The information by segment is as follows (in thousands):

	2022	2021	2020
Revenues from external customers			
Europe (1)	$ 434,372	$ 499,118	$ 468,041
North America (2)	276,891	340,980	348,307
All Other (Asia Pacific)	30,470	32,359	34,341
Consolidated	$ 741,733	$ 872,457	$ 850,689
Intersegment revenues			
Europe	$ 14,708	$ 21,864	$ 17,384
North America	32,229	56,681	80,748
All Other (Asia Pacific)	—	—	2,528
Consolidated	$ 46,937	$ 78,545	$ 100,660
Restructuring charges before income taxes			
Europe	$ 13,918	$ 1,560	$ 5,934
North America	10,646	964	1,306
All Other	1,256	10	118
Consolidated	$ 25,820	$ 2,534	$ 7,358
Depreciation and amortization			
Europe	$ 6,513	$ 8,557	$ 7,615
North America	8,427	7,623	6,013
All Other (3)	551	641	689
Consolidated	$ 15,491	$ 16,821	$ 14,317
Net interest expense			
Europe	$ 483	$ 2,790	$ 1,884
North America	27,773	21,764	26,510
All Other	208	(248)	12
Consolidated	$ 28,464	$ 24,306	$ 28,406
Operating income (loss)			
Europe	$ 13,413	$ 33,769	$ 22,682

	2022	2021	2020
North America	(34,197)	(1,928)	9,449
All Other (3)	(30,603)	(24,977)	(23,236)
Charges related to restructuring activities	(25,820)	(2,534)	(7,358)
Gain on sale of business	—	—	9,790
Impairment of goodwill	—	(28,564)	—
Impairment of intangible assets	(3,259)	—	—
Consolidated operating income (loss)	(80,466)	(24,234)	11,327
Net gain on convertible derivatives	1,510	—	—
Gain (loss) on debt extinguishment including debt finance charges and fees	9,419	9,422	(7,360)
Net interest expense	(28,464)	(24,306)	(28,406)
Loss before income taxes	$ (98,001)	$ (39,118)	$ (24,439)
Assets			
Europe	$ 575,632	$ 675,051	$ 705,314
North America	170,997	205,998	207,347
All Other	24,340	28,482	33,320
Consolidated	$ 770,969	$ 909,531	$ 945,981
Long-lived assets			
Europe (4)	$ 404,433	$ 450,026	$ 472,599
North America (5)	61,738	68,240	92,195
All Other	5,480	5,877	6,721
Consolidated	$ 471,651	$ 524,143	$ 571,515
Expenditures for assets			
Europe	$ 727	$ 2,419	$ 5,221
North America (6)	2,530	14,055	16,473
All Other	521	1,224	610
Consolidated	$ 3,778	$ 17,698	$ 22,304

(1) Europe's commissionaire structure reflects the majority of revenues to external customers through Switzerland.

(2) Revenues from external customers for the United States were $256,888,000, $312,805,000 and $316,687,000 for 2022, 2021 and 2020, respectively.

(3) Consists of unallocated corporate SG&A costs and intercompany profits, which do not meet the quantitative criteria for determining reportable segments, and operating profit (loss related to the company's Asia Pacific business).

(4) Property and Equipment net book value within France were $6,136,000, $7,342,000 and $8,452,000 and Germany were $3,376,000, $4,119,000 and $5,904,000 at the end of 2022, 2021 and 2020, respectively.

(5) Property and Equipment net book value within the United States were $33,901,000, $38,411,000 and $27,882,000 at the end of 2022, 2021 and 2020, respectively.

(6) 2021 and 2020 expenditures for assets primarily driven by the company's ERP project.

Net sales by product category, are as follows (in thousands):

	2022	2021	2020
Europe			
Lifestyle	$ 216,325	$ 248,325	$ 222,668
Mobility and Seating	186,153	214,398	200,687
Respiratory Therapy	14,003	19,348	24,786
Other (1)	17,891	17,047	19,900
	$ 434,372	$ 499,118	$ 468,041
North America			
Lifestyle	$ 135,615	$ 148,369	$ 165,267
Mobility and Seating	99,116	110,998	109,923
Respiratory Therapy	41,083	80,903	72,285
Other (1)	1,077	710	832
	$ 276,891	$ 340,980	$ 348,307
All Other (Asia Pacific)			
Mobility and Seating	$ 11,917	$ 12,112	$ 14,150
Lifestyle	11,221	11,438	13,503
Respiratory Therapy	2,049	3,101	1,383
Other (1)	5,283	5,708	5,305
	$ 30,470	$ 32,359	$ 34,341
Total Consolidated	$ 741,733	$ 872,457	$ 850,689

(1) Includes various services, including repair services, equipment rentals and external contracting.

Contingencies

General

In the ordinary course of its business, the company is a defendant in a number of lawsuits, primarily product liability actions in which various plaintiffs seek damages for injuries allegedly caused by defective products. All the product liability lawsuits that were asserted against the company in the United States prior to January 31, 2023 had been referred to the company's captive insurance company, Invatection Insurance Company (“Invatection”), and/or excess insurance carriers. All non-U.S. lawsuits have been referred to the company's commercial insurance carriers. All such lawsuits are generally contested vigorously. The coverage territory of the company's insurance is worldwide with the exception of those countries with respect to which, at the time the product is sold for use or at the time a claim is made, the U.S. government has suspended or prohibited diplomatic or trade relations. The amount recorded for identified contingent liabilities is based on estimates. Amounts recorded are reviewed periodically and adjusted to reflect additional technical and legal information that becomes available. Actual costs to be incurred in future periods may vary from the estimates, given the inherent uncertainties in evaluating certain exposures. On January 31, 2023, the company entered into a Commutation and Release Agreement with Invatection pursuant to which, among other things, the company assumed all outstanding insured claims and cancelled the captive insurance policy. The company will self-insure product liability claims for the first $10 million per claim beyond which the company has commercial excess liability insurance coverage.

As a medical device manufacturer, the company is subject to extensive government regulation, including numerous laws directed at preventing fraud and abuse and laws regulating reimbursement under various government programs. The marketing, invoicing, documenting, developing, testing, manufacturing, labeling, promoting, distributing and other practices of health care suppliers and medical device manufacturers are all subject to government scrutiny. Most of the company's facilities are subject to inspection at any time by the FDA or similar medical device regulatory agencies in other jurisdictions. Violations of law or regulations can result in administrative, civil and criminal penalties and sanctions, which could have a material adverse effect on the company's business.

Medical Device Regulatory Matters

The FDA in the United States and comparable medical device regulatory authorities in other jurisdictions regulate virtually all aspects of the marketing, invoicing, documenting, development, testing, manufacturing, labeling, promotion, distribution and other practices regarding medical devices. The company and its products are subject to the laws and regulations of the FDA and other regulatory bodies in the various jurisdictions where the company's products are manufactured or sold. The company's failure to comply with the regulatory requirements of the FDA and other applicable medical device regulatory requirements can subject the company to administrative or judicially imposed sanctions or enforcement actions. These sanctions include injunctions, consent decrees, warning letters, civil penalties, criminal penalties, product seizure or detention, product recalls and total or partial suspension of production.

In December 2012, the company became subject to a consent decree of injunction filed by the FDA with respect to the company's Corporate facility and its Taylor Street manufacturing facility in Elyria, Ohio. The consent decree initially limited the company's (i) manufacture and distribution of power and manual wheelchairs, wheelchair components and wheelchair sub-assemblies at or from its Taylor Street manufacturing facility (“Taylor Street products”) , except in verified cases of medical necessity, (ii) design activities related to wheelchairs and power beds that take place at the impacted Elyria facilities and (iii) replacement, service and repair of products already in use from the Taylor Street manufacturing facility. Under the terms of the consent decree, in order to resume full operations, the company had to successfully complete independent, third-party expert certification audits at the impacted Elyria facilities, comprising three distinct certification reports separately submitted to, and subject to acceptance by, the FDA; submit its own report to the FDA; and successfully complete a reinspection by the FDA of the company's Corporate and Taylor Street facilities.

On July 24, 2017, following its June 2017 reinspection of the Corporate and Taylor Street facilities, the FDA notified the company that it was in substantial compliance with the FDA Act, FDA regulations and the terms of the consent decree and, that the company was permitted to resume full operations at those facilities including the resumption of unrestricted sales of products made in those facilities.

Since July 24, 2017, an independent company-retained audit firm conducted two semi-annual audits in the first year and then four annual audits in the next four years of the company's headquarters and Taylor Street facilities, as required under the consent decree. The expert audit firm determined that the facilities remained in continuous compliance with the Federal Food, Drug and Cosmetic Act (“FDA Act”), FDA regulations and the terms of the consent decree and issued post-audit reports contemporaneously to the FDA. The FDA has the authority to inspect these facilities and any other FDA registered facility, at any time.

The FDA has continued to actively inspect the company's facilities, other than through the processes established under the consent decree. The company expects that the FDA will, from time to time, inspect substantially all the company's domestic and foreign FDA-registered facilities.

In 2021, FDA conducted an inspection of the company's Corporate and Taylor Street facilities from May 25 through June 24, 2021. At the close of the inspection, six FDA Form 483 observations were issued, and the company timely responded to FDA, has diligently taken actions to address FDA's inspectional observations, and has provided FDA monthly updates on the corrective actions taken to address these observations. On November 18, 2021, the company received a warning letter from the FDA concerning certain of the inspectional observations in the June 2021 FDA Form 483 related to the complaint handling process, the corrective and preventive action ("CAPA") process, and medical device reporting ("MDR") associated with oxygen concentrators (the "Warning Letter"). On November 16, 2021, the company received a consent decree non-compliance letter from the FDA concerning the same complaint and CAPA handling matters as in the Warning Letter observations but associated with the Taylor Street products (this letter, together with the Warning Letter, the "FDA Letters"). The company timely responded to the FDA Letters, has diligently taken actions to address FDA's concerns, and has provided FDA with periodic updates on the corrective actions taken to address the matters in the FDA Letters. The company remains committed to resolving the FDA's concerns; however, it is not possible to predict the outcome or timing of a resolution at this time. There can be no assurance that the FDA will be satisfied with the company's responses to the FDA Letters, nor any assurance as to the timeframe that may be required for the company to adequately address the FDA's concerns or whether the matters in the FDA Letters will result in an extension in the duration of the consent decree. As of the date of filing of the company's Annual Report on Form 10-K, there has been no impact on the company's ability to produce and market its products as a result of the FDA Letters.

The FDA conducted an inspection at the company's Alber GmbH facility in Albstadt, Germany from December 12 through December 15, 2022. At the completion of the inspection, the FDA issued no findings or observations.

The FDA conducted an inspection at the company's Corporate and Taylor Street facilities from March 1 through March 30, 2023. At the conclusion of the inspection, two FDA Form 483 observations were issued. The company intends to timely respond to the FDA and address the observations.

Under the consent decree, the FDA has the authority to order the company to take a wide variety of actions if the FDA finds that the company is not in compliance with the consent decree, FDA Act or FDA regulations, including requiring the company to cease all operations relating to Taylor Street products. The FDA also can order the company to undertake a partial cessation of operations or a recall, issue a safety alert, public health advisory, or press release, or to take any other corrective action the FDA deems necessary with respect to Taylor Street products.

The FDA also has authority under the consent decree to assess liquidated damages of $15,000 per violation per day for any violations of the consent decree, FDA regulations or the FDA Act. The FDA also may assess liquidated damages for shipments of adulterated or misbranded devices in the amount of twice the sale price of any such adulterated or misbranded device. The liquidated damages, if assessed, are limited to a total of $7,000,000 for each calendar year. The authority to assess liquidated damages is in addition to any other remedies otherwise available to the FDA, including civil money penalties.

The results of regulatory claims, proceedings, investigations, or litigation are difficult to predict. An unfavorable resolution or outcome of the FDA Letters, any other FDA warning letters or inspectional observations, or other FDA enforcement related to company facilities, could materially and adversely affect the company's business, financial condition, and results of operations.

The limitations previously imposed by the FDA consent decree negatively affected net sales in the North America segment and, to a certain extent, the Asia Pacific region beginning in 2012. The limitations led to delays in new product introductions. Further, uncertainty regarding how long the limitations would be in effect limited the company's ability to renegotiate and bid on certain customer contracts and otherwise led to a decline in customer orders.

Although the company has been permitted to resume full operations at the Corporate and Taylor Street facilities, the negative effect of the consent decree on customer orders and net sales in the North America segment and Asia Pacific region has been considerable, and it is uncertain as to whether, or how quickly, the company will be able to rebuild net sales to more typical historical levels, irrespective of market conditions. Accordingly, when compared to the company's historic results, the previous limitations in the consent decree had, and likely may continue to have, a material adverse effect on the company's business, financial condition and results of operations.

Warranty Matters

The company's warranty reserves are subject to adjustment in future periods based on historical analysis of warranty claims and as new developments occur that may change the company's estimates related to specific product recalls. Refer to Current Liabilities in the Notes to the Consolidated Financial Statements for the total provision amounts and a reconciliation of the changes in the warranty accrual.

Any of the above contingencies could have an adverse impact on the company's financial condition or results of operations.

Subsequent Events (Unaudited)

Divestitures

On January 30, 2023, the company completed the sale of its respiratory business assets (the "Transaction") to Ventec Life Systems, Inc, a Delaware corporation and subsidiary of React Health, LLC (the "Purchaser"), pursuant to an Asset Purchase Agreement dated as of January 30, 2023 (the "Purchase Agreement"). The purchase price paid by the Purchaser in the Transaction was $11,925,644 in cash payable at closing.

The Purchase Agreement contains customary indemnification obligations of each party with respect to breaches of their respective representations, warranties and covenants, and certain other specified matters, which are subject to certain exceptions, terms and limitations described further in the Purchase Agreement. The company agreed to non-competition obligations with respect to respiratory products for a five-year period following the Transaction, which are more fully described in the Purchase Agreement. In addition, the company entered into a supply agreement and a transition services agreement with the Purchaser to provide for, among other matters, the ongoing parts and service and support for the warranty and non-warranty service of respiratory products in the field.

On January 27, 2023, the company completed the sale of its Top End™® sports and recreational wheelchair and handcycle business to Top End Sports, LLC.

Termination of Information Technology Services Agreement

Effective October 1, 2019, the company entered into a Master Information Technology Services Agreement (the "Master Services Agreement") with Birlasoft Solutions Inc. and certain of its affiliates (collectively, "Birlasoft"), which are part of The CK Birla Group, to outsource substantially all of the company's information technology business service activities, including, among other things, support, rationalization and upgrading of the company's legacy information technology systems and implementation of a global enterprise resource planning system and eCommerce platform. On January 27, 2023, the company terminated the Master Services Agreement following Birlasoft's breach of the Master Services Agreement, including but not limited to Birlasoft's failure to meet transformation milestones, failure to provide services, and breach of representations, warranties and covenants in the Master Services Agreement.

Bankruptcy

On January 31, 2023 (the "Petition Date"), the company and two of its U.S. subsidiaries (collectively, the "Debtors" or "Company Parties") filed voluntary petitions under chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"). The Debtors obtained joint administration of their chapter 11 cases under the caption *In re Invacare Corporation, et al.*, Case No. 23-90068 (CML) (the "Chapter 11 Cases").

The Debtors continue to operate their business and manage their properties as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. To ensure ordinary course operations, the Company Parties obtained approval from the Bankruptcy Court for certain "first day" motions, including motions to obtain customary relief intended to continue ordinary course operations after the Petition Date.

Restructuring Support Agreement

On January 31, 2023, the Debtors entered into a Restructuring Support Agreement (the "Restructuring Support Agreement" or "RSA") with certain prepetition stakeholders (the "Consenting Stakeholders"). The Consenting Stakeholders represent holders of at least a majority of the aggregate principal amount of the Company Parties' debt obligations under various debt agreements. Under the RSA, the Consenting Stakeholders have agreed, subject to certain terms and conditions, to support a financial restructuring (the "Restructuring") of the existing debt of, existing equity interests in, and certain other obligations of the Debtors. The Restructuring Support Agreement contemplated: (a) the Debtors' entry into the $70 million debtor-in-possession term loan facility, (b) the Debtors' entry into the $17.4 million debtor-in-possession ABL facility; (c) the consummation of a rights offering, backstopped by members of the Ad Hoc Committee of Noteholders (the "Backstop Parties") pursuant to a certain Backstop Commitment Agreement (the "Backstop Commitment Agreement"); (d) issuance of the new common equity; (e) exit takeback financing in the form of an Exit Term Loan Facility and Exit Secured Convertible Notes, and (f) as necessary, exit financing in the form of the Exit NA ABL Facility and Exit EMEA ABL Facility.

Chapter 11 Plan

Since the Petition Date, the Debtors have developed the Restructuring Support Agreement into a chapter 11 plan of reorganization (as may be modified, amended, or supplemented from time to time, the "Plan"). The Plan, among other plan treatment, contemplates the following:

- Each holder of an allowed term loan claim shall receive (i) with respect to allowed term loan claims representing principal amounts owed, its pro rata share of the exit term loan facility and (ii) with respect to allowed term loan claims representing principal amounts owed, its *pro rata* share of the exit term loan facility and (ii) with respect to all other allowed term loan claims, payment in full in cash.
- Each holder of an allowed secured notes claim shall receive (i) with respect to allowed secured notes claims representing principal amounts owed, its *pro rata* share of the exit secured convertible notes and (ii) with respect to all other allowed secured notes claims, payment in full in cash; *provided* that, if applicable pursuant to and in accordance with the Plan, such holder will also receive its *pro rata* share of the applicable portion of the excess new money in cash.
- Each holder of an allowed unsecured notes claim shall receive (i) the unsecured noteholder rights, in accordance with the rights offering procedures; (ii) with respect to any residual unsecured notes claims, its share (on a *pro rata* basis with other holders of allowed unsecured notes claims and holders of allowed general unsecured claims that select the class 6 equity option) of 100% of the new common equity after the distribution of the new common equity on account of the backstop commitment premium (subject to dilution on account of the exit secured convertible notes, the new convertible preferred equity, the backstop commitment premium, and the management incentive plan); (iii) and the distributions in respect of its litigation trust interests, to the extent provided in the Plan.
- Each holder of an allowed general unsecured claim shall receive its *pro rata* either (x) (i) if such holder of an allowed general unsecured claim does not elect to receive the class 6 equity option, the general unsecured claims cash settlement and (ii) its *pro rata* share of the distributions in respect of its litigation trust interests, to the extent provided in the Plan; or (y) if such holder of an allowed general unsecured claim elects to receive the class 6 equity option in lieu of the general unsecured creditors cash settlement, its share (on a *pro rata* basis with holders of allowed unsecured notes claims in respect of their residual unsecured notes claims and other holders of allowed general unsecured claims that select the class 6 equity option) of 100% of the new common equity after the distribution of the new common equity on account of the backstop commitment premium (subject to dilution on account of the exit secured convertible notes, the new convertible preferred equity, and the management incentive plan); and (z) its *pro rata* share of the distributions in respect of its litigation trust interests, to the extent provided in the Plan.
- All existing equity interests shall be discharged, cancelled, released, and extinguished without any distribution, and will be of no further force or effect, and each holder of an existing equity interest shall not receive or retain any distribution, property, or other value on account of such existing equity interest.

Although the company intends to pursue the Restructuring in accordance with the terms set forth in the Plan, there can be no assurance that the company will be successful in completing a restructuring or any other similar transaction on the terms set forth in the Plan, on different terms or at all.

DIP Credit Agreements

The company and certain lenders (the "DIP Parties") have agreed to a superpriority, senior secured and priming debtor-in-possession term loan credit facility in an aggregate principal amount of $70 million subject to the terms and conditions set forth in the superpriority secured credit agreement dated as of February 2, 2023 (the "Term DIP Credit Agreement") and a superpriority senior secured and priming debtor-in-possession asset-based revolving facility in an aggregate amount of $17.4 million subject to the terms and conditions set forth in the debtor-in-possession revolving credit and security agreement dated as of February 2, 2023 (the "ABL DIP Credit Agreement" and together with the Term DIP Credit Agreement, the "DIP Credit Agreements").

The DIP Credit Agreements include conditions precedent, representations and warranties, affirmative and negative covenants, and events of default customary for financings of this type and size. Cash flow hedges are precluded under the DIP Credit Agreements. The proceeds of all or a portion of the proposed DIP Credit Agreements may be used for, among other things, post-petition working capital for the company and its subsidiaries, payment of costs to administer the Chapter 11 Cases, payment of expenses and fees of the transactions contemplated by the Chapter 11 Cases, payment of court-approved adequate protection obligations under the DIP Credit Agreements, and payment of other costs in an approved budget and other such purposes permitted under the DIP Credit Agreements.

The foregoing description of the RSA and the DIP Credit Agreements is not complete and is qualified in its entirety by reference to each of the Restructuring Support Agreement and each DIP Credit Agreement, which were filed on February 1, 2023 on the Current Report on Form 8-K, February 3, 2023 on the Current Report on Form 8-K, as applicable. Additionally, the foregoing description of the Backstop Commitment Agreement is not complete and is qualified in its entirety by reference to the Backstop Commitment Agreement filed in this Annual Report on Form 10-K.

The company cannot predict the ultimate outcome of its Chapter 11 Cases at this time or the satisfaction of any of the RSA milestones yet to come. For the duration of the company's Chapter 11 Cases, the company's operations and ability to develop and execute its business plan are subject to the risks and uncertainties associated with the Chapter 11 process. As a result of these risks and uncertainties, the amount and composition of the company's assets, liabilities, officers and/or directors could be significantly different following the outcome of the Chapter 11 Cases, and the description of the company's operations, properties and liquidity and capital resources included in this annual report may not accurately reflect its operations, properties and liquidity and capital resources following the Chapter 11 process.

In addition, related to the bankruptcy filing, on January 31, 2023, the company entered into a Commutation and Release Agreement with Invatection Insurance Company pursuant to which, among other things, the company assumed all outstanding insured claims and cancelled the captive insurance policy. The company will self-insure product liability claims for the first $10 million per claim beyond which the company has commercial excess liability insurance coverage.

Exiting Sanford, Florida Production and Distribution Facility

On April 5, 2023, the company announced the decision to close its Sanford, Florida production and distribution facility, effective at the end of September 2023. The manufacturing and distribution activities currently conducted at the Sanford facility will be performed at other company locations or by third parties. The consolidation is expected to impact approximately 90 associates in Florida. This decision is supportive of the company's transformation efforts and is part of the company's long-term plan to increase enterprise value by targeting significant contributions from cost reduction activities in North America.

The company expects to incur pre-tax cash restructuring charges of approximately $1.7 million in the North America segment, of which $0.9 million is expected to be incurred for severance and transition assistance and $0.8 million recognized for other closure-related costs. The charges are anticipated to be expensed in the second and third quarters of 2023, with the majority of cash payments expected to be made in third quarter of 2023, aligned with the planned timing for the exit of the facility.

Interim Financial Information (Unaudited)

(In thousands, except per share data)	QUARTER ENDED			
2022	**March 31,**	**June 30,**	**September 30,**	**December 31,**
Net sales	$ 200,988	$ 189,017	$ 170,408	$ 181,320
Gross profit	47,729	47,982	31,379	48,303
Income (Loss) before income taxes	(22,877)	(21,023)	(33,434)	(20,667)
Net income (loss)	(24,197)	(21,943)	(34,354)	(20,577)
Net income (loss) per share—basic	(0.69)	(0.62)	(0.92)	(0.54)
Net income (loss) per share—assuming dilution *	(0.69)	(0.62)	(0.92)	(0.54)
2021	**March 31,**	**June 30,**	**September 30,**	**December 31,**
Net sales	$ 196,202	$ 225,864	$ 224,200	$ 226,191
Gross profit	54,638	60,818	60,310	63,340
Income (Loss) from before income taxes	(12,174)	(9,578)	(20,919)	3,553
Net income (loss)	(14,044)	(10,698)	(22,759)	1,938
Net income (loss) per share—basic	(0.41)	(0.31)	(0.65)	0.06
Net income (loss) per share—assuming dilution *	(0.41)	(0.31)	(0.65)	0.05

* Net earnings (loss) per share assuming dilution calculated utilizing weighted average shares outstanding - basic in periods in which there is a net loss.

The description of significant items affecting each quarter presented are detailed below.

Loss and loss per share for the quarter ended March 31, 2022, reflects restructuring charges of $3,790,000 ($3,525,000 after tax or $0.10 per share assuming dilution).

Loss and loss per share for the quarter ended June 30, 2022, reflects restructuring charges of $4,153,000 ($3,889,000 after tax or $0.11 per share assuming dilution).

Loss and loss per share for the quarter ended September 30, 2022, reflects restructuring charges of $8,440,000 ($8,383,000 after tax or $0.22 per share assuming dilution), net gain on debt extinguishment including debt finance charges and fees of $6,398,000 ($6,398,000 after tax or $0.17 per share assuming dilution), impairment on a North America trademark of $1,012,000 ($729,000 after tax or $0.02 per share assuming dilution) and gain on convertible debt derivatives of $950,000 ($950,000 after tax or $0.03 per share assuming dilution).

Loss and loss per share for the quarter ended December 31, 2022, reflects restructuring charges of $9,437,000 ($9,129,000 after tax or $0.24 per share assuming dilution), gain on debt extinguishment including debt finance charges and fees of $3,021,000 ($3,021,000 after tax or $0.08 per share assuming dilution), impairment on Europe trademarks of $2,247,000 ($1,605,000 after tax or $0.04 per share assuming dilution) and gain on convertible debt derivatives of $560,000 ($560,000 after tax or $0.01 per share assuming dilution).

Loss and loss per share for the quarter ended March 31, 2021, reflects restructuring charges of $1,552,000 ($1,376,000 after tax or $0.04 per share assuming dilution) and loss on debt extinguishment including debt finance charges and fees of $709,000 ($709,000 after tax or $0.02 per share assuming dilution).

Loss and loss per share for the quarter ended June 30, 2021, reflects restructuring charges of $547,000 ($413,000 after tax or $0.01 per share assuming dilution).

Loss and loss per share for the quarter ended September 30, 2021, reflects restructuring charges of $377,000 ($277,000 after tax or $0.01 per share assuming dilution), gain on debt extinguishment for forgiveness of the CARES Act debt along with its accrued interest of $10,131,000 ($10,131,000 after tax or $0.29 per share assuming dilution), and impairment of goodwill of $28,564,000 ($27,903,000 after tax or $0.80 per share assuming dilution).

Income and income per share for the quarter ended December 31, 2021, reflects benefits of lower selling, general and administrative expenses, specifically performance bonus and stock compensation expense for performance awards.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

	COL A. Balance At Beginning of Period	COL B. Charged To Cost And Expenses	COL C. Additions (Deductions) Described Below		COL D. Balance At End of Period
	(In thousands)				
Year Ended December 31, 2022					
Deducted from asset accounts—					
Allowance for doubtful accounts	3,642	862	(1,225)	(A)	3,279
Inventory obsolescence reserve	19,201	7,574	(2,202)	(B)(E)	24,573
Tax valuation allowances	176,230	21,025	1,542	(C)	198,797
Accrued warranty cost	11,198	2,360	(5,577)	(B)	7,981
Accrued product liability	13,704	1,478	(2,619)	(D)	12,563
Year Ended December 31, 2021					
Deducted from asset accounts—					
Allowance for doubtful accounts	$ 4,518	$ (16)	$ (860)	(A)	$ 3,642
Inventory obsolescence reserve	20,665	2,389	(3,853)	(B)	19,201
Tax valuation allowances	163,298	10,311	2,621	(C)	176,230
Accrued warranty cost	10,991	6,925	(6,718)	(B)	11,198
Accrued product liability	14,757	1,084	(2,137)	(D)	13,704
Year Ended December 31, 2020					
Deducted from asset accounts—					
Allowance for doubtful accounts	$ 6,318	$ 427	$ (2,227)	(A)	$ 4,518
Inventory obsolescence reserve	18,178	3,304	(817)	(B)	20,665
Tax valuation allowances	162,790	(701)	1,209	(C)	163,298
Accrued warranty cost	11,626	7,408	(8,043)	(B)	10,991
Accrued product liability	16,150	1,139	(2,532)	(D)	14,757

Note (A)—Uncollectible accounts written off, net of recoveries and net of foreign currency translation adjustment.

Note (B)—Amounts written off or payments incurred, net of foreign currency translation adjustment.

Note (C)—Other activity not affecting federal or foreign tax expense, net of foreign currency translation adjustment.

Note (D)—Losses paid and loss adjustments, net of foreign currency translation adjustment.

Note (E)—2022 ending inventory reserve includes charges related to the respiratory product line.

FIRST AMENDED AND RESTATED BACKSTOP COMMITMENT AGREEMENT

AMONG

INVACARE CORPORATION

EACH OF THE COMPANY PARTIES LISTED ON SCHEDULE 1 HERETO

AND

THE BACKSTOP PARTIES PARTY HERETO

DATED AS OF MARCH 29, 2023

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SCHEDULES

EXHIBITS

BACKSTOP COMMITMENT AGREEMENT[1]

THIS AMENDED AND RESTATED BACKSTOP COMMITMENT AGREEMENT (this "**Agreement**"), dated as of March 29, 2023, is made by and among (i) Invacare Corporation (including as debtor in possession and as reorganized pursuant to the Plan, as applicable, "**Invacare**" or the "**Company**"), and its directly- and indirectly-owned subsidiaries and/or Affiliates listed on Schedule 1 (collectively, the "**Company Parties**") on the one hand; and (ii) each of the Backstop Parties listed on Schedule 2 hereto (collectively, the "**Backstop Parties**" and each, a "**Backstop Party**"), on the other hand. Each Company Party and each Backstop Party is referred to herein, individually, as a "**Party**" and, collectively, as the "**Parties**."

RECITALS

WHEREAS, on January 31, 2023, (the "**Petition Date**"), each of the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended from time to time, the "**Bankruptcy Code**") in the United States Bankruptcy Court for the Southern District of Texas (the "**Bankruptcy Court**"), initiating their respective cases (collectively, the "**Chapter 11 Cases**"), which are jointly administered and pending before the Bankruptcy Court.

WHEREAS, contemporaneously with the filing of such petitions, each of the Parties and Highbridge (defined below) entered into the Restructuring Support Agreement, dated as of January 31, 2023, by and among (i) the Company Parties and (ii) the Consenting Stakeholders (each of the foregoing, as defined in the RSA) (such agreement, along with all exhibits thereto, including the Restructuring Term Sheet attached thereto as Exhibit B (the "**Restructuring Term Sheet**") as it may be amended, restated, supplemented or otherwise modified from time to time, the "**RSA**"), which provides for the restructuring of the Debtors' capital structure and financial obligations pursuant to a plan of reorganization (as it may be amended, modified or supplemented from time to time in accordance with the RSA;

WHEREAS, on or about February 15, 2023, the Debtors filed the Joint Plan of Invacare Corporation and its Debtor Affiliates (the "**Initial Plan**") and a Disclosure Statement related thereto;

WHEREAS, the Committee was appointed on February 17, 2023, and the Committee, the Backstop Parties, Highbridge, and the Debtors have negotiated a global settlement (the "**Settlement**");

WHEREAS, the Debtors have filed the First Amended Joint Plan of Invacare Corporation and its Debtor Affiliates (as it may be amended, restated, supplemented or otherwise modified from time to time, the "**First Amended Plan**" or as referred to herein, the "**Plan**") with the Bankruptcy Court, incorporating the terms of the Settlement, which First Amended Plan amends, restates and supersedes the Initial Plan[2];

WHEREAS, in conjunction with the Settlement and to provide the Company with additional liquidity upon its emergence from bankruptcy, the Parties have determined to increase the Aggregate Rights Offering Amount (defined below) from $60 million to $75 million;

[1] Capitalized terms used but not defined herein have the meanings ascribed to them in the Plan.

[2] All references in this Agreement to "Plan" shall refer to the First Amended Plan, as it may be amended, restated, supplemented or otherwise modified from time to time,

WHEREAS, in connection with the Chapter 11 Cases, the Debtors have engaged in good faith, arm's-length negotiations with certain parties in interest regarding the terms of the Initial Plan and the First Amended Plan;

WHEREAS, subject to the Bankruptcy Court's entry of an order confirming the Plan (the "**Confirmation Order**"), pursuant to the Plan and this Agreement, prior to or on the effective date of the Plan (the "**Effective Date**"), the Company Parties will conduct a rights offering in accordance with the Rights Offering Procedures and the other terms and conditions set forth in this Agreement whereby it shall (x) offer and sell New Money Preferred Equity to be issued by New Parent to Eligible Holders of Unsecured Noteholder Rights at an aggregate purchase price equal to $75 million ($75,000,000.00) (the "**Aggregate Rights Offering Amount**") and (y) offer for purchase to the Backstop Parties the New Money Preferred Equity at the applicable purchase price based on the Aggregate Rights Offering Amount (the "**Purchase Price**,") as part of their Backstop Party Rights (the foregoing collectively, the "**Rights Offering**").

WHEREAS, in order to reflect the increased Aggregate Rights Offering Amount and other Settlement terms regarding the Rights Offering, the Parties have agreed to enter into this Agreement, which will amend, restate and supersede that certain Backstop Commitment Agreement by and among the Parties, dated as of January 31, 2023 (the "**Initial Backstop Agreement**");

WHEREAS, pursuant to the Rights Offering Procedures and the Plan, Eligible Holders who elect to participate in the Rights Offering and subscribe for the New Money Preferred Equity shall also receive their pro rata share of the Exchanged Preferred Equity to be issued pursuant to the Plan based on the amount of their respective participations in the Rights Offering.

WHEREAS, subject to the terms and conditions contained in this Agreement, each Backstop Party has agreed (on a several and not joint basis) to fully exercise all Backstop Party Rights and Subscription Rights issued to it (collectively, the "**Funding Commitments**").

WHEREAS, subject to the terms and conditions contained in this Agreement, the Company Parties have agreed to sell to each Backstop Party, and each Backstop Party has agreed to purchase (on a several and not joint basis), its Backstop Commitment Percentage of the Unsubscribed Shares, if any;

WHEREAS, as consideration for their respective Funding Commitments, the Company Parties have agreed, subject to the terms, conditions and limitations set forth herein, to pay the Backstop Parties the Backstop Commitment Premium (or in the alternative, the Backstop Commitment Termination Premium (if applicable)) and the Expense Reimbursement, and provide the indemnification on the terms set forth herein;

WHEREAS, the First Amended Plan contemplates that (i) the Reorganized Debtors shall form New Parent (defined below) as a new holding company which shall own all of the issued and outstanding common stock of Invacare Corporation and the New Intermediate Preferred Equity and (ii) New Parent shall issue New Common Equity and New Convertible Preferred Equity which shall be distributed pursuant to the Plan; and

WHEREAS, the First Amended Plan also contemplates that the Reorganized Debtors shall form a New Intermediate Holding Company which shall issue the New Intermediate Preferred Equity.

NOW, THEREFORE, in consideration of the mutual promises, agreements, representations, warranties and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the Parties hereby agrees as follows:

ARTICLE I

DEFINITIONS

Section 1.1 **Definitions**. Except as otherwise expressly provided in this Agreement, whenever used in this Agreement (including any Exhibits and Schedules hereto), the following terms shall have the respective meanings specified therefor below:

"**Ad Hoc Committee of Noteholders**" has the meaning set forth in the Plan.

"**Administrative Claim**" has the meaning set forth in the Plan.

"**Affiliate**" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such Person as of the date on which, or at any time during the period for which, the determination of affiliation is being made (including any Related Funds of such Person); *provided* that for purposes of this Agreement, no Backstop Party shall be deemed an Affiliate of the Company Parties or any of their Subsidiaries. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person, whether through the ownership of voting securities, by Contract or otherwise.

"**Aggregate Rights Offering Amount**" has the meaning set forth in the Recitals.

"**Agreement**" has the meaning set forth in the Preamble.

"**Allowed**" has the meaning set forth in the Plan.

"**Alternative Restructuring Counterproposal Notice**" has the meaning set forth in Section 7.2.

"**Alternative Restructuring Proposal**" means any alternative plan, sale or other transaction other than the Plan and the RSA to which each Backstop Party has not consented in its sole discretion.

"**Antitrust Approvals**" means any notification, authorization, approval, consent, filing, application, nonobjection, expiration or termination of applicable waiting period (including any extension thereof), exemption, determination of lack of jurisdiction, waiver, variance, filing, permission, qualification, registration or notification required or, if agreed between the Company Parties and the Required Backstop Parties (in each case, acting reasonably) advisable, under any Antitrust Laws.

"**Antitrust Authorities**" means the United States Federal Trade Commission, the Antitrust Division of the United States Department of Justice, the attorneys general of the several states of the United States and any other Governmental Authority having jurisdiction pursuant to the Antitrust Laws, and "**Antitrust Authority**" means any one of them.

"**Antitrust Laws**" mean the Sherman Act, the Clayton Act, the HSR Act, the Federal Trade Commission Act, each, as amended, and any other Law governing agreements in restraint of trade, monopolization, pre-merger notification, the lessening of competition through merger or acquisition or anti-competitive conduct, and any foreign investment Laws.

"**Applicable Consent**" has the meaning set forth in Section 4.8.

"**Available Shares**" means, collectively, the Unsubscribed Shares that any Backstop Party fails to purchase in accordance with the terms of this Agreement.

"**Azurite**" means Azurite Management LLC.

"**Backstop Amount**" has the meaning set forth in Section 2.4(a)(v).

"**Backstop Commitment**" has the meaning set forth in Section 2.2(b).

"**Backstop Commitment Percentage**" means, with respect to any Backstop Party, such Backstop Party's percentage of the Backstop Commitment as set forth opposite such Backstop Party's name under the column titled "**Backstop Commitment Percentage**" on Schedule 2 (as it may be amended, supplemented or otherwise modified from time to time in accordance with this Agreement). Any reference to "Backstop Commitment Percentage" in this Agreement means the Backstop Commitment Percentage in effect at the time of the relevant determination; *provided*, however, that Azurite's Backstop Commitment shall be as set forth in Section 2.2(b) hereof.

"**Backstop Commitment Premium Share Amount**" means, with respect to a Backstop Party, the number of shares of New Common Equity equal to the product of (i) such Backstop Party's Backstop Commitment Percentage and (ii) the number of shares of New Common Equity issued on account of the Backstop Commitment Premium pursuant to Section 3.2 hereof; *provided*, however, that Azurite's Backstop Commitment Premium Share Amount shall be as set forth in Section 3.2(b).

"**Backstop Commitment Termination Premium**" means a nonrefundable aggregate premium in an amount equal to $5 million ($5,000,000.00) payable in Cash which shall be payable only upon the occurrence of a Backstop Termination Premium Payment Event.

"**Backstop Commitment Premium**" has the meaning set forth in Section 3.1.

"**Backstop Order**" means the order entered by the Bankruptcy Court approving and authorizing the Debtors' entry into this Agreement and other Rights Offering Documents, including the Debtors' obligation to pay the Backstop Commitment Premium, which shall be in form and substance acceptable to the Company Parties and the Required Backstop Parties.

"**Backstop Party**" means each member of the Ad Hoc Committee of Noteholders, Azurite, or other Person that holds a Funding Commitment pursuant to this Agreement, including without limitation, any holder of a Funding Commitment that is a Related Purchaser, Existing Commitment Party Purchaser or a New Purchaser that has joined this Agreement pursuant to a joinder entered into pursuant to Section 2.6(b), Section 2.6(c), or Section 2.6(d), respectively.

"**Backstop Party Default**" means a breach of this Agreement arising if any Backstop Party (x) fails to (i) fully exercise all its Backstop Party Rights pursuant to and in accordance with Section 2.2(a) and Section 2.4 of this Agreement and to pay the applicable aggregate Purchase Price for such Subscription Shares or (ii) deliver and pay the applicable aggregate Purchase Price for such Backstop Party's Backstop Commitment Percentage of any Unsubscribed Shares by the Subscription Escrow Funding Date in accordance with Section 2.4, (y) denies or disaffirms such Backstop Party's obligations pursuant to this Agreement or (z) materially breaches or ceases to be party to the RSA.

"**Backstop Party Replacement**" has the meaning set forth in Section 2.3(a).

"**Backstop Party Replacement Period**" has the meaning set forth in Section 2.3(a).

"**Backstop Party Rights**" means those certain rights of the Backstop Parties to purchase the Subscription Shares at the applicable Purchase Price in accordance with the Rights Offering Procedures, which New Parent will issue to the Eligible Holders of Unsecured Notes Claims and Eligible Holders of Allowed General Unsecured Claims on account of such claims as set forth in the Plan.

"**Backstop Termination Premium Payment Event**" means the occurrence, either prior to or within three months after termination of this Agreement, of the following events: (i) (x) the Company Parties exercise their termination rights pursuant to Section 7.1 or (y) the Company Parties accept or enter into a definitive agreement with respect to an Alternative Restructuring Proposal pursuant to Section 7.2, (ii) (x) the proceeds of such transaction related to an Alternative Restructuring Proposal or transaction in connection with which the Debtors exercised their termination rights under Section 7.1 (the "Specified Transaction") provides for recoveries for claims under Classes 1-4 under the Plan (including, for the avoidance of doubt, the Term Loan Claims and the Secured Notes Claims (as defined in the Plan)) that are equal or greater than those otherwise provided for under the Plan and (y) such Specified Transaction does not result in any non-de minimis new or increased risks to the recoveries of any holder of Term Loan Claims or Secured Notes Claims under the Plan, as determined in good faith by the Debtors and the Backstop Parties, and (iii) the Specified Transaction is consummated; provided that the Backstop Termination Premium Payment Event shall not occur if this Agreement has been terminated due to a breach by the Backstop Parties.

"**Bankruptcy Code**" has the meaning set forth in the Recitals.

"**Bankruptcy Court**" has the meaning set forth in the Recitals.

"**Bankruptcy Rules**" has the meaning set forth in the Plan.

"**Business Day**" has the meaning set forth in the Plan.

"**Bylaws**" means the amended and restated bylaws of Reorganized Invacare, New Parent and New Intermediate Holding Company as of the Closing Date, which shall be consistent with the terms set forth in the RSA and otherwise be in form and substance satisfactory to the Required Backstop Parties.

"**Canadian Defined Benefit Pension Plan**" means a Canadian Pension Plan which contains a "defined benefit provision," as defined in subsection 147.1(1) of the Income Tax Act (Canada).

"**Canadian Pension Plans**" means (i) a "registered pension plan," as that term is defined in subsection 248(1) of the Income Tax Act (Canada), or (ii) a pension plan under other Canadian applicable law, in each case which is or was sponsored, administered or contributed to, or required to be contributed to by, any Company Party or under which any Company Party has any actual or potential liability.

"**Cash**" has the meaning set forth in the Plan.

"**Certificate of Designation**" means the Certificate of Designation or similar document or instrument of each of New Intermediate Holding Company and New Parent setting forth the rights, benefits and privileges in respect to the New Convertible Preferred Equity and the New Intermediate Preferred Equity.

"**Certificate of Incorporation**" means the amended and restated certificate of incorporation of New Parent, Reorganized Invacare and New Intermediate Holding Company as of the Closing Date, which shall be consistent with the Plan and RSA and otherwise be in form and substance satisfactory to the Required Backstop Parties.

"**Chapter 11 Cases**" has the meaning set forth in the Recitals.

"**Claim**" has the meaning set forth in the Plan.

"**Closing**" has the meaning set forth in Section 2.5(a).

"**Closing Date**" has the meaning set forth in Section 2.5(a).

"**Committee**" has the meaning set forth in the Plan.

"**Company Disclosure Schedules**" means the disclosure schedules delivered by the Company Parties to the Backstop Parties on the date of this Agreement.

"**Company Party**" has the meaning set forth in the Recitals and, for the avoidance of doubt, shall include the New Parent and the New Intermediate Holding Company upon their formation.

"**Company Plan**" means any employee benefit plan, as defined in Section 3(3) of ERISA and in respect of which any Company Party or any ERISA Affiliate is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA or has any liability, including a Multiemployer Plan.

"**Company SEC Documents**" has the meaning set forth in Section 4.11.

"**Complete Business Day**" means on any Business Day, the time from 12:00 a.m. to 11:59 p.m. (inclusive) on such Business Day.

"**Confirmation Order**" has the meaning set forth in the Recitals.

"**Consenting Unsecured Noteholders**" has the meaning set forth in the Plan.

"**Contract**" means any legally binding agreement, contract or instrument, including any loan, note, bond, mortgage, indenture, guarantee, deed of trust, license, franchise, commitment, lease, franchise agreement, letter of intent, memorandum of understanding or other obligation, and any amendments thereto, whether written or oral, but excluding the Plan.

"**<u>Contracted Related Parties</u>**" means any Related Party that is a party to this Agreement or the RSA.

"**<u>Debtors</u>**" has the meaning set forth in the Plan.

"**<u>Defaulting Backstop Party</u>**" means in respect of a Backstop Party Default that is continuing, the applicable defaulting Backstop Party.

"**<u>Definitive Documents</u>**" has the meaning set forth in the Plan.

"**<u>DIP ABL Credit Agreement</u>**" has the meaning set forth in the Plan.

"**<u>DIP Credit Agreement</u>**" means any of the DIP Term Credit Agreement and the DIP ABL Credit Agreement, as applicable.

"**<u>DIP Facilities</u>**" has the meaning set forth in the Plan.

"**<u>DIP Orders</u>**" has the meaning set forth in the Plan.

"**<u>DIP Term Loan Credit Agreement</u>** has the meaning set forth in the Plan.

"**<u>Disclosure Statement</u>**" has the meaning set forth in the Plan.

"**<u>Disclosure Statement Order</u>**" has the meaning set forth in the Plan, which shall also be in form and substance reasonably acceptable to the Required Backstop Parties and the Company Parties.

"**<u>Effective Date</u>**" has the meaning set forth in the Plan.

"**<u>Entity</u>**" has the meaning set forth in the Plan.

"**<u>Environmental Laws</u>**" means all applicable laws (including common law), rules, regulations, codes, ordinances, orders in council, Orders, decrees, treaties, directives, judgments or legally binding agreements promulgated or entered into by or with any Governmental Unit, relating in any way to the environment, preservation or reclamation of natural resources, the generation, management, transportation, storage, use, Release or threatened Release of, or exposure to, any Hazardous Material or to health and safety matters.

"**<u>Environmental Liability</u>**" means any liability, obligation, loss, claim, action, order or cost, contingent or otherwise, resulting from or based upon (a) any actual or alleged violation of any Environmental Law or permit, license or approval issued thereunder, (b) the generation, use, handling, transportation, storage, or treatment of any Hazardous Materials, (c) exposure to any Hazardous Materials or (d) the Release or threatened Release of any Hazardous Materials.

"**<u>ERISA</u>**" has the meaning set forth in the Plan.

"**<u>ERISA Affiliate</u>**" means any trade or business (whether or not incorporated) that, together with the Company Parties, is treated as a single employer under

Section 414(b) or (c) of the IRC, or, solely for purposes of Section 302 of ERISA and Section 412 of the IRC, is treated as a single employer under Section 414 of the IRC.

"**Event**" means any event, development, occurrence, circumstance, effect, condition, result, state of facts or change.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Exchanged Preferred Equity**" has the meaning set forth in the Plan.

"**Existing Commitment Party Purchaser**" has the meaning set forth in Section 2.6(c).

"**Exit Facilities**" has the meaning set forth in the Plan.

"**Exit Facilities Documents**" has the meaning set forth in the Plan.

"**Exit Term Loan Facility**" has the meaning set forth in the Plan.

"**Exit ABL Facility**" has the meaning set forth in the Plan.

"**Expense Reimbursement**" has the meaning set forth in Section 3.3.

"**Fiduciaries**" has the meaning set forth in Section 7.1.

"**Fiduciary Out Notice**" has the meaning set forth in Section 7.1.

"**Filing Party**" has the meaning set forth in Section 6.14(a).

"**Final Order**" has the meaning set forth in the Plan.

"**Final Outside Date**" has the meaning set forth in Section 10.4(e).

"**Funding Amount**" has the meaning set forth in Section 2.4(a)(v).

"**Funding Commitment**" has the meaning set forth in the Recitals.

"**Funding Notice**" has the meaning set forth in Section 2.4(a).

"**GAAP**" has the meaning set forth in Section 4.10.

"**General Unsecured Claim**" has the meaning set forth in the Plan.

"**Governmental Authority**" means any transnational, domestic or foreign federal, state, provincial or local, governmental authority, quasi-governmental, regulatory or administrative agency, self-regulatory authority, department, court, commission, board, bureau, agency or official, including any political subdivision thereof.

"**Governmental Unit**" has the meaning set forth in the Plan.

"**Hazardous Materials**" means all pollutants, contaminants, wastes, chemicals, materials, substances and constituents, exposure to which or release of which can pose a hazard to human health or the environment or are listed, regulated or defined as hazardous, toxic, pollutants or contaminants under any Environmental Laws, including materials defined as "hazardous substances" under the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§ 9601 et seq., and any radioactive substances or petroleum or petroleum distillates, asbestos or asbestos containing materials, per- and polyfluoroalkyl substances, polychlorinated biphenyls or radon gas.

"**Highbridge**" has the meaning set forth in the RSA.

"**Holder**" has the meaning set forth in the Plan.

"**HSR Act**" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"**Indemnified Claim**" has the meaning set forth in Section 9.2.

"**Indemnified Person**" has the meaning set forth in Section 9.1.

"**Indemnifying Party**" has the meaning set forth in Section 9.1.

"**Initial Backstop Agreement**" has the meaning set forth in the Recitals.

"**Initial Backstop Parties**" means each Backstop Party that is a party to this Agreement as of the date of this Agreement.

"**Initial Backstop Parties Advisors**" means (i) Brown Rudnick LLP, Norton Rose, LLP and GLC Advisors & Co., LLC in their capacities as legal and financial advisors, respectively, to the Ad Hoc Committee of Noteholders, certain members of which are Initial Backstop Parties, (ii) any other professionals retained by the Ad Hoc Committee of Noteholders in connection with the Rights Offering or the Chapter 11 Cases or the Debtors and (iii) Latham & Watkins LLP and one local counsel as counsel to Azurite.

"**Initial Plan**" means that certain Joint Chapter 11 Plan of Invacare Corporation and its Debtor Affiliates dated February 15, 2023 filed by the Debtors with the Bankruptcy Court on February 15, 2023 [Docket No. 184].

"**Intellectual Property**" means the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including copyrights, copyright licenses, domain names, trade secrets, patents, patent licenses, trademarks, trademark licenses, trade names, technology, know-how and processes, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

"**Intended Tax Treatment**" has the meaning set forth in Section 3.4.

"**IRC**" has the meaning set forth in the Plan.

"**Joint Filing Party**" has the meaning set forth in Section 6.14(b).

"**Kirkland & Ellis**" means Kirkland & Ellis LLP.

"**Knowledge**" means the actual knowledge, after reasonable inquiry of their direct reports, of the chief executive officer, chief financial officer, chief operating officer and general counsel of such Person. As used herein, "actual knowledge" means information that is personally known by the listed individual(s).

"**Law**" means any law (statutory or common), statute, regulation, rule, code or ordinance enacted, adopted, issued or promulgated by any Governmental Unit.

"**Legal Proceedings**" has the meaning set forth in Section 4.14.

"**Legend**" has the meaning set forth in Section 6.13.

"**Lien**" has the meaning set forth in the Plan.

"**Losses**" has the meaning set forth in Section 9.1.

"**Management Incentive Plan**" has the meaning set forth in the Plan.

"**Material Adverse Effect**" means any Event after January 1, 2022, which individually, or together with all other Events, has had or would reasonably be expected to have a material and adverse effect on (a) the business, assets, liabilities, finances, properties, results of operations or condition (financial or otherwise) of the Company Parties, taken as a whole, or New Intermediate Holding Company, or (b) the ability of the Company Parties, taken as a whole, or New Intermediate Holding Company, to perform their respective obligations under, or to consummate the transactions contemplated by, this Agreement, the RSA, or the other Definitive Documents, including the Rights Offering, in each case, except to the extent such Event results from, arises out of, or is attributable to, the following (either alone or in combination): (i) any change after the date hereof in global, national or regional political conditions (including acts of war, terrorism or natural disasters) or in the general business, market, financial or economic conditions affecting the industries, regions and markets in which the Company Parties operate; (ii) any changes after the date hereof in applicable Law or GAAP, or in the interpretation or enforcement thereof; (iii) the execution, announcement or performance of this Agreement, the RSA, or the other Definitive Documents or the transactions contemplated hereby or thereby, including, without limitation, the Restructuring Transactions; (iv) changes in the market price or trading volume of the claims or equity or debt securities of the Company Parties (but not the underlying facts giving rise to such changes unless such facts are otherwise excluded pursuant to the clauses contained in this definition); (v) the filing or pendency of the Chapter 11 Cases; (vi) acts of God, including any natural (including weather-related) or man-made event or disaster, epidemic, pandemic or disease outbreak (including the COVID-19 virus or any strain, mutation or variation thereof); (vii) any action taken at the express written request of the Backstop Parties or taken by the Backstop Parties, including any breach of this Agreement by the Backstop Parties; (viii) any failure by the Company Parties to meet any internal or published projection for any period (but not the underlying facts giving rise to such failure unless such facts are otherwise excluded pursuant to other clauses contained in this definition); (ix) any objections in the Bankruptcy Court to (A) this Agreement, the other Definitive Documents or the transactions contemplated hereby or thereby or (B) the reorganization of the Company Parties, the Plan or the Disclosure Statement; or (x) any order of the Bankruptcy Court or any actions or omissions of the Debtors required thereby; *provided* that the exceptions set forth in clauses (i), (ii) and (vi) of this definition shall apply to the extent that such Event is disproportionately adverse to the Company Parties, taken as a whole, as compared to other companies comparable in size and scale to the Company Parties operating in the industries in which the Company Parties operate, but in each case, solely to the extent of such disproportionate impact.

"**Material Contracts**" means (a) all "plans of acquisition, reorganization, arrangement, liquidation or succession" and "material contracts" (as such terms are defined in Items 601(b)(2) and 601(b)(10) of Regulation S-K under the Exchange Act or required to be discussed on a current report on Form 8-K) to which any Company Party is a party and (b) any Contracts to which any Company Party is a party that is likely to reasonably involve consideration of more than $10 million, in the aggregate, over a 12 month period.

"**Management Incentive Plan**" has the meaning set forth in the Plan.

"**MIP Award**" means an award of New Common Equity pursuant to the Management Incentive Plan.

"**MNPI**" means material nonpublic information.

"**Multiemployer Plan**" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Company Parties are making or accruing an obligation to make contributions, have within any of the preceding six plan years made or accrued an obligation to make contributions, or otherwise have any actual or contingent liability or obligation, including on account of an ERISA Affiliate.

"**New Common Equity**" has the meaning set forth in the Plan.

"**New Money Preferred Equity**" has the meaning set forth in the Plan.

"**New Intermediate Holding Company**" shall have the meaning set forth in the Plan.

"**New Intermediate Preferred Equity**" has the meaning set forth in the Plan.

"**New Organizational Documents**" means the amended and restated or new charters, Bylaws, operating agreements, shareholder agreements, or other formation or organizational documents for each of Reorganized Invacare, New Intermediate Holding Company, New Parent, and any of the Company Parties, as applicable, and shall include the Certificate of Designations.[3]

"**New Parent**" shall have the meaning set forth in the Plan.

"**New Convertible Preferred Equity**" has the meaning set forth in the Plan.

"**New Purchaser**" has the meaning set forth in Section 2.6(d).

"**Order**" means any judgment, order, award, injunction, writ, permit, license or decree of any Governmental Unit or arbitrator of applicable jurisdiction.

"**Outside Date**" has the meaning set forth in Section 10.4(e).

"**Party**" has the meaning set forth in the Preamble.

"**PBGC**" means the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA, or any successor thereto.

"**Permitted Liens**" means those Liens permitted under Section 6.02 of the DIP Term Loan Credit Agreement and any Liens granted as security for the Exit Facilities.

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[3] The determination of the type of entity Reorganized Invacare, New Intermediate Holding Company and New Parent will be shall be made prior to the filing of, and be disclosed in, the Plan Supplement, as shall the jurisdictions in which New Intermediate Holding Company and New Parent will be organized.

"**Person**" means a person as such term is defined in Section 101(41) of the Bankruptcy Code.

"**Petition Date**" means January 31, 2023.

"**Plan**" has the meaning set forth in Recitals.

"**Plan Equity Value**" means the value of the New Common Equity to be issued by Reorganized Invacare pursuant to the Plan, which value shall be determined and disclosed in the Plan Supplement.

"**Plan Supplement**" has the meaning set forth in the Plan.

"**Pre-Closing Period**" has the meaning set forth in Section 6.3.

"**Purchase Price**" has the meaning set forth in the Recitals.

"**Real Property**" means, collectively, all right, title and interest in and to any and all parcels of or interests in real property owned in fee simple or leased by the Company Parties, together with all easements, hereditaments and appurtenances relating thereto, and all improvements and appurtenant fixtures incidental to the ownership or lease thereof.

"**Registration Rights Agreement**" has the meaning set forth in Section 8.1(e).

"**Related Fund**" means, with respect to a Backstop Party, any Affiliates (including at the institutional level) of such Backstop Party or any fund, account (including any separately managed accounts) or investment vehicle that is controlled, managed, advised or sub-advised by such Backstop Party, an Affiliate of such Backstop Party or by the same investment manager, advisor or subadvisor as such Backstop Party or an Affiliate of such Backstop Party.

"**Related Party**" means, with respect to any Person, (i) any former, current or future director, officer, agent, Representative, Affiliate, employee, general or limited partner, member, controlling persons, manager or stockholder of such Person and (ii) any former, current or future director, officer, agent, Representative, Affiliate, employee, general or limited partner, member, controlling persons, manager or stockholder of any of the foregoing, in each case solely in their respective capacity as such.

"**Related Purchaser**" has the meaning set forth in Section 2.6(b).

"**Release**" means any spilling, leaking, seepage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, emanating or migrating in, into, onto or through the environment.

"**Reorganized Debtor**" has the meaning set forth in the Plan.

"**Reorganized Invacare**" has the meaning set forth in the Plan.

"**Replacement Backstop Parties**" has the meaning set forth in Section 2.3(a).

"**Reportable Event**" means any reportable event as defined in Section 4043(c) of ERISA or the regulations issued thereunder, other than those events as to which the 30-day notice period referred to in Section 4043(c) of ERISA has been waived, with respect to a

Company Plan (other than a Company Plan maintained by an ERISA Affiliate that is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the IRC).

"**Representatives**" means, with respect to any Person, such Person's directors, officers, members, partners, managers, employees, agents, investment bankers, attorneys, accountants, advisors and other representatives.

"**Required Backstop Parties**" means, as of the date of determination, the Backstop Parties holding a majority of the aggregate amount of Backstop Commitments of all Backstop Parties (excluding any Defaulting Backstop Parties and their corresponding Backstop Commitments).

"**Required Consenting Unsecured Noteholders**" has the meaning set forth in the RSA.

"**Restructuring Term Sheet**" has the meaning set forth in the Recitals.

"**Restructuring Transactions**" has the meaning set forth in the Plan.

"**Restructuring Transactions Memorandum**" has the meaning set forth in the Plan.

"**Rights Offering**" has the meaning set forth in the Plan.

"**Rights Offering Documents**" has the meaning set forth in the Plan, which, in each case, shall also be in form and substance acceptable to the Required Backstop Parties.

"**Rights Offering Expiration Time**" means the time and the date on which the applicable rights offering subscription form must be duly delivered to the Rights Offering Subscription Agent in accordance with the Rights Offering Procedures, together with the aggregate Purchase Price for the Subscription Shares subscribed for.

"**Rights Offering Participants**" means those Persons who duly subscribe for Subscription Shares in accordance with the Rights Offering Procedures.

"**Rights Offering Procedures**" has the meaning set forth in the Plan, which shall also be in form and substance reasonably acceptable to the Required Backstop Parties.

"**Rights Offering Record Date**" has the meaning set forth in the Rights Offering Procedures.

"**Rights Offering Subscription Agent**" means Epiq Corporate Restructuring LLC or another subscription agent appointed by the Company Parties and reasonably satisfactory to the Required Backstop Parties.

"**Rights Offering Shares**" means, collectively, (x) the Subscription Shares (including all Unsubscribed Shares) issued by New Parent pursuant to and in accordance with the Rights Offering Procedures (and, in the case of the Unsubscribed Shares, this Agreement). For the avoidance of doubt, the product of (i) the number of Rights Offering Shares multiplied by (ii) the Purchase Price shall equal the Aggregate Rights Offering Amount (or the Adjusted Aggregate Rights Offering Amount, if applicable).

"**RSA**" has the meaning set forth in the Recitals.

"**Sanctions**" means economic sanctions administered or enforced by the United States Government (including without limitation, sanctions enforced by OFAC and the Department of State), the United Nations Security Council, the European Union, Foreign Affairs, Trade and Development Canada, Public Safety Canada, or Her Majesty's Treasury of the United Kingdom.

"**SEC**" has the meaning set forth in the Plan.

"**Securities Act**" has the meaning set forth in the Plan.

"**Settlement**" has the meaning set forth in the Recitals.

"**Significant Terms**" means, collectively, (i) the definitions of "Purchase Price", "Required Backstop Parties" and "Significant Terms" and (ii) the terms of Section 11.7 and Section 10.3(g).

"**Single Employer Plan**" means any Company Plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the IRC or Section 302 of ERISA and in respect of which any Company Party or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA or has any liability.

"**Subscription Amount**" has the meaning set forth in Section 2.4(a)(ii).

"**Subscription Commitment**" has the meaning set forth in Section 2.2(a).

"**Subscription Escrow Account**" has the meaning set forth in Section 2.4(a)(vi).

"**Subscription Escrow Funding Date**" has the meaning set forth in Section 2.4(b).

"**Subscription Shares**" means the shares of New Convertible Preferred Equity (including all Unsubscribed Shares) issued by New Parent in connection with the Backstop Party Rights pursuant to and in accordance with the Rights Offering Procedures.

"**Subsidiary**" means, with respect to any Person, any corporation, partnership, joint venture or other legal entity as to which such Person (either alone or through or together with any other subsidiary or Affiliate), (a) owns, directly or indirectly, more than fifty percent (50%) of the stock or other equity interests, (b) has the power to elect a majority of the board of directors or similar governing body thereof or (c) has the power to direct, or otherwise control, the business and policies thereof.

"**Subsidiary Interests**" has the meaning set forth in Section 4.1.

"**Takeover Statute**" means any restrictions contained in any "fair price," "moratorium," "control share acquisition," "business combination" or other similar anti-takeover statute or regulation.

"**Taxes**" means all taxes, assessments, duties, levies or other similar mandatory governmental charges paid to a Governmental Unit in the nature of a tax, including all federal, state, local, foreign and other income, franchise, profits, gross receipts, capital gains, capital stock, transfer, property, sales, use, value-added, occupation, excise, severance, windfall profits, stamp, payroll, social security, withholding and other taxes, assessments, duties, levies or other similar mandatory governmental charges of any kind whatsoever paid to a Governmental Unit (whether payable directly or by withholding and whether or not requiring the filing of a return), all estimated taxes, deficiency assessments, additions to tax, penalties and interest thereon.

"**Total Outstanding Shares**" means the total number of shares of New Convertible Preferred Equity outstanding immediately following the Closing, as provided in the Plan.

"**Transfer**" means sell, transfer, assign, pledge, hypothecate, participate, donate or otherwise encumber or dispose of, directly or indirectly (including through derivatives, options, swaps, pledges, forward sales or other transactions in which any Person receives the right to own or acquire any current or future interest in) a Funding Commitment, a Backstop Party Right, an Unsecured Notes Claim, New Convertible Preferred Equity or New Common Equity or the act of any of the aforementioned actions.

"**Unsecured Notes Claims**" has the meaning set forth in the Plan.

"**Unsubscribed Shares**" means the Subscription Shares that have not been duly and timely subscribed for by the Rights Offering Participants in accordance with the Rights Offering Procedures and the Plan.

"**willful or intentional breach**" means a breach of this Agreement that is a consequence of an act undertaken by the breaching party with the knowledge that the taking of such act would, or would reasonably be expected to, cause a breach of this Agreement.

Section 1.2 **Construction**. In this Agreement, unless the context otherwise requires:

(a) references to Articles, Sections, Exhibits and Schedules are references to the articles and sections or subsections of, and the exhibits and schedules attached to, this Agreement;

(b) references in this Agreement to "writing" or comparable expressions include a reference to a written document transmitted by means of electronic mail, in portable document format (pdf), facsimile transmission or comparable means of communication;

(c) words expressed in the singular number shall include the plural and vice versa; words expressed in the masculine shall include the feminine and neuter gender and vice versa;

(d) the words "hereof," "herein," "hereto" and "hereunder," and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole, including all Exhibits and Schedules attached to this Agreement, and not to any provision of this Agreement;

(e) the term this "Agreement" shall be construed as a reference to this Agreement as the same may have been, or may from time to time be, amended, modified, varied, novated or supplemented;

(f) "include," "includes" and "including" are deemed to be followed by "without limitation" whether or not they are in fact followed by such words;

(g) references to "day" or "days" are to calendar days;

(h) references to "the date hereof" means the date of this Agreement;

(i) unless otherwise specified, references to a statute mean such statute as amended from time to time and include any successor legislation thereto and any rules or regulations promulgated thereunder in effect from time to time; and

(j) references to "dollars" or "$" refer to the currency of the United States of America, unless otherwise expressly provided.

In the event of an inconsistency between the RSA and this Agreement with respect to consents and approvals, this Agreement shall control; *provided* that the foregoing shall not limit any additional consent, approval or consultation rights granted in the RSA or the Plan.

ARTICLE II

BACKSTOP COMMITMENT

Section 2.1 **The Rights Offering**. On and subject to the terms and conditions hereof, including entry of the Backstop Order, the Company Parties shall, and shall cause New Parent to, conduct the Rights Offering pursuant to, and in accordance with, the Rights Offering Procedures, this Agreement, and the Plan.

Section 2.2 **The Subscription Commitment; The Backstop Commitment**.

(a) On and subject to the terms and conditions hereof, each Backstop Party agrees, severally and not jointly, to fully and timely exercise, in accordance with Section 2.4, and to cause its Related Funds to fully and timely exercise, in accordance with Section 2.4, all Backstop Party Rights that are properly issued to it and to duly purchase, and to cause its Related Funds to duly purchase, on the Effective Date for the applicable aggregate Purchase Price all Subscription Shares issuable to it in the Rights Offering in connection with such Backstop Party Rights (the "**Subscription Commitment**").

(b) On and subject to the terms and conditions hereof, each Backstop Party agrees, severally and not jointly, to purchase, and the Company Parties agree to sell, and to cause New Intermediate Holding Company to sell, to such Backstop Party, on the Effective Date for the applicable aggregate Purchase Price, the number of Unsubscribed Shares equal to (i) such Backstop Party's Backstop Commitment Percentage multiplied by (ii) the aggregate number of Unsubscribed Shares (rounded among the Backstop Parties solely to avoid fractional shares of New Convertible Preferred Equity as the Backstop Parties may determine in their sole discretion) (the "**Backstop Commitment**"); *provided*, however, that, notwithstanding anything in the foregoing to the contrary, Azurite shall initially be allocated and have the obligation to purchase the Initial Azurite Allocation of any Unsubscribed Shares and the obligation to purchase any Unsubscribed Shares in excess of the Initial Azurite Allocation shall be allocated to and purchased by all of the Backstop Parties (other than Azurite) based on their respective Backstop Commitment Percentages, subject to the other terms and conditions of this Agreement. As used in the immediately preceding sentence, "**Initial Azurite Allocation**" shall mean the difference between (x) $4 million ($4,000,000) and (y) the Purchase Price of all Subscription Shares which Azurite is obligated to purchase pursuant to its Subscription Commitment. For the avoidance of doubt, after Azurite receives the Initial Azurite Allocation, it shall have no further right or obligation to purchase Unsubscribed Shares as a Backstop Party.

Section 2.3 **Backstop Party Default.**

(a) Within five (5) Business Days after receipt of written notice from the Company to all Backstop Parties of a Backstop Party Default, which notice shall be given promptly to all Backstop Parties substantially concurrently following the occurrence of such Backstop Party Default (such five (5) Business Day period, which may be extended with the consent of the Required Backstop Parties and the Company Parties, the "**Backstop Party Replacement Period**"), the Backstop Parties and their respective Related Funds (other than any Defaulting Backstop Party) shall have the right, but not the obligation, to make arrangements for one or more of the Backstop Parties (other than any Defaulting Backstop Party) to purchase all or any portion of the Available Shares (such purchase, a "**Backstop Party Replacement**") on the terms and subject to the conditions set forth in this Agreement and in such amounts as may be agreed upon by all of the Backstop Parties electing to purchase all or any portion of the Available Shares, or, if no such agreement is reached, based upon the applicable Backstop Commitment Percentage of any such Backstop Parties and their respective Related Purchasers (other than any Defaulting Backstop Party) (such Backstop Parties, the "**Replacement Backstop Parties**"). Any such Available Shares purchased by a Replacement Backstop Party shall be included, among other things, in the determination of (x) the Unsubscribed Shares to be purchased by such Replacement Backstop Party for all purposes hereunder, (y) the Backstop Commitment Percentage of such Replacement Backstop Party for all purposes hereunder as adjusted to reflect the Unsubscribed Shares to be purchased by such Replacement Backstop Party (the "**Adjusted Backstop Commitment Percentage**") and (z) the Backstop Commitment of such Replacement Backstop Party for purposes of the definition of the "Required Backstop Parties." If a Backstop Party Default occurs, (i) the Outside Date shall be delayed and (ii) each Backstop Party shall support an extension of the milestones, in each case only to the extent necessary to allow for the Backstop Party Replacement to be completed within the Backstop Party Replacement Period. For the avoidance of doubt, pursuant to the Plan, the allocation of Exchanged Preferred Equity which each Backstop Party shall receive pursuant to the Plan in connection with its purchase of New Money Preferred Equity in the Rights Offering shall be based upon the total amount of New Money Preferred Equity which it purchases pursuant to its Subscription Commitment, Backstop Commitment or its agreement to purchase Available Shares as a Replacement Backstop Party.

(b) Notwithstanding anything in this Agreement to the contrary, if a Backstop Party is a Defaulting Backstop Party, (x) it shall not be entitled to any of the Backstop Commitment Premium, Backstop Commitment Termination Premium, or any expense reimbursement applicable solely to such Defaulting Backstop Party (including the Expense Reimbursement) provided, or to be provided, under or in connection with this Agreement, and (y) it and its Affiliates, equity holders, members, partners, general partners, managers and its and their respective Representatives and controlling persons shall not be entitled to any indemnification pursuant to Article IX hereof. All distributions of New Common Equity distributable to a Defaulting Backstop Party on account of the Backstop Commitment Premium or payments of cash in respect of the Backstop Commitment Termination Premium, as applicable, (i) shall be re-allocated contractually and turned over as liquidated damages to those non-Defaulting Backstop Parties that have elected to subscribe for their full Adjusted Backstop Commitment Percentage, or (ii) if Available Shares are not purchased by the non-Defaulting Backstop Parties, forfeited and retained by the Company Parties, as applicable. Notwithstanding anything to the contrary herein, No Backstop Commitment Premium or Backstop Commitment Termination Premium shall be payable to any of the Backstop Parties (including, for avoidance of doubt, a Backstop Party who is not a Defaulting Backstop Party) in the event of any Backstop Party Default unless all of the Available Shares are purchased and actually funded by one or more Replacement Backstop Parties in accordance with Section 2.3.

(c) Nothing in this Agreement shall be deemed to require a Backstop Party to purchase more than its Subscription Commitment and its Backstop Commitment.

(d) For the avoidance of doubt, notwithstanding anything to the contrary set forth in Section 10.6, but subject to Section 11.10, no provision of this Agreement shall relieve any Defaulting Backstop Party from any liability hereunder, or limit the availability of the remedies set forth in Section 11.9, in connection with any such Defaulting Backstop Party's Backstop Party Default under this Article II or otherwise.

Section 2.4 **Subscription Escrow Account Funding**. (a) Promptly, and in any event no later than the seventh (7^{th}) Business Day following the Rights Offering Expiration Time, the Rights Offering Subscription Agent shall deliver to each Backstop Party a written notice (the "**Funding Notice**") of:

(i) the number of Subscription Shares elected to be purchased by the Rights Offering Participants in the Rights Offering and the aggregate Purchase Price therefor;

(ii) the number of Subscription Shares to be issued and sold by New Intermediate Holding Company to such Backstop Party on account of the Subscription Commitment and the aggregate Purchase Price therefor (as it relates to each Backstop Party, such Backstop Party's "**Subscription Amount**");

(iii) [Reserved];

(iv) the aggregate number of Unsubscribed Shares, if any, and the aggregate Purchase Price required for the purchase thereof;

(v) the number of Unsubscribed Shares (based upon such Backstop Party's Backstop Commitment Percentage) to be issued and sold by New Intermediate Holding Company to such Backstop Party and the aggregate Purchase Price therefor (as it relates to each Backstop Party, such Commitment Party's "**Backstop Amount**" and, together with the Subscription Amount, the "**Funding Amount**"); and

(vi) the account information (including wiring instructions) for the escrow account to which such Backstop Party shall deliver and pay its Funding Amount (the "**Subscription Escrow Account**").

(b) No later than three (3) Business Days prior to the expected Effective Date (such date, the "**Subscription Escrow Funding Date**"), each Backstop Party shall deliver and pay its Funding Amount by wire transfer in immediately available funds in U.S. dollars into the Subscription Escrow Account in satisfaction of such Backstop Party's Funding Commitment. The Subscription Escrow Account shall be established with an escrow agent reasonably satisfactory to the Required Backstop Parties and the Company Parties pursuant to an escrow agreement in form and substance reasonably satisfactory to the Required Backstop Parties and the Company Parties. If this Agreement is terminated in accordance with its terms, the funds held in the Subscription Escrow Account shall be released, and each Backstop Party shall receive from the Subscription Escrow Account the Cash amount actually funded to the Subscription Escrow Account by such Backstop Party, without any interest, promptly following such termination but in any event within seven (7) Business Days following such termination. The Company Parties shall promptly direct the Rights Offering Subscription Agent to provide any written backup, information and documentation relating to the information contained in the Funding Notice as any Backstop Party may reasonably request.

Section 2.5 **Closing.**

(a) Subject to Article VIII, unless otherwise mutually agreed in writing between the Company Parties and the Required Backstop Parties, the closing of the Rights Offering, including the Backstop Commitments (the "**Closing**"), shall take place at the offices of Kirkland & Ellis, located at 601 Lexington Avenue, New York, NY 10022 at 9:00 a.m., New York City time, on the Effective Date (provided that all of the conditions set forth in Article VIII shall have been satisfied or waived in accordance with this Agreement (other than conditions that by their terms are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions)). The date on which the Closing actually occurs shall be referred to herein as the "**Closing Date**."

(b) At the Closing, the funds held in the Subscription Escrow Account shall be released to New Intermediate Holding Company and utilized as set forth in, and in accordance with, the Plan and the Confirmation Order.

(c) At the Closing, the issuance of the Rights Offering Shares will be made by New Parent to each Backstop Party (or to its designee in accordance with Section 2.7) against payment of such Backstop Party's Funding Amount (which shall be funded in advance pursuant to Section 2.4(b)), in satisfaction of such Backstop Party's Funding Commitment. To the extent requested by the Required Backstop Parties and permitted by The Depository Trust Company, the Company Parties shall use commercially reasonable efforts to cause all New Convertible Preferred Equity and New Common Equity on account of the Backstop Commitment Premium to be delivered into the account of a Backstop Party through the facilities of The Depository Trust Company; *provided*, *however*, that to the extent The Depository Trust Company does not permit the New Convertible Preferred Equity or New Common Equity to be deposited through its facilities, such securities will be delivered in book-entry form in a share registry held by a transfer agent reasonably satisfactory to the Required Backstop Parties and the Company Parties to the account of the Backstop Parties. Notwithstanding anything to the contrary in this Agreement, all New Convertible Preferred Equity and New Common Equity on account of the Backstop Commitment Premium will be delivered with all issue, stamp, transfer, sales and use, or similar transfer Taxes or duties that are due and payable (if any) in connection with such delivery duly paid by the Company Parties.

Section 2.6 **Transfer of Backstop Commitments.**

(a) (i) No Backstop Party (or any permitted transferee thereof) may Transfer all or any portion of its Funding Commitments to any Company Party or any of the Company Parties' Affiliates or to any other Person other than as set forth in this Section 2.6; and (ii) notwithstanding any other provision of this Agreement, the Funding Commitments may not be Transferred later than the earlier of (x) the third (3rd) Business Day following the Rights Offering Expiration Time and (y) the date on which the Company Parties have caused the Rights Offering Subscription Agent to send the Funding Notice.

(b) Each Backstop Party may Transfer all or any portion of its Funding Commitment to any Related Fund (each, a "**Related Purchaser**"), *provided* that such Backstop Party shall deliver to the Company Parties, counsel to the Initial Backstop Parties, and the Rights Offering Subscription Agent a joinder to this Agreement, substantially in the form attached hereto as Exhibit A, executed by such Related Fund, and a joinder to the RSA, substantially in the form attached as Exhibit C thereto, executed by such Related Fund. A Transfer of Funding Commitment made pursuant to this Section 2.6(b) shall relieve such transferring Backstop Party from its obligations under this Agreement with respect to such Transfer.

(c) Each Backstop Party may Transfer all or any portion of its Funding Commitment to any other Backstop Party or such other Backstop Party's Related Fund (each, an "**Existing Commitment Party Purchaser**"), *provided* that (A) to the extent such Existing Commitment Party Purchaser is not a Backstop Party hereunder, prior to or concurrently with such Transfer such Backstop Party shall deliver to the Company Parties, counsel to the Initial Backstop Parties, and the Rights Offering Subscription Agent a joinder to this Agreement, substantially in the form attached hereto as Exhibit B-1, executed by such Existing Backstop Party Purchaser, and a joinder to the RSA, substantially in the form attached as Exhibit C thereto, executed by such Existing Backstop Party Purchaser, and (B) to the extent such Existing Commitment Party Purchaser is already a Backstop Party hereunder, such Backstop Party shall deliver to the Company Parties, counsel to the Initial Backstop Parties, and the Rights Offering Subscription Agent an amendment to this Agreement, substantially in the form attached hereto as Exhibit B-2, executed by such Backstop Party and such Existing Commitment Party Purchaser. A Transfer of Funding Commitment made pursuant to this Section 2.6(c) shall relieve such transferring Backstop Party from its obligations under this Agreement with respect to such Transfer.

(d) Subject to Section 2.6(e), each Backstop Party shall have the right to Transfer all or any portion of its Funding Commitment to any Person that is not an Existing Commitment Party Purchaser or a Related Fund (each of the Persons to whom such a Transfer is made, a "**New Purchaser**"), *provided* that (i) such Transfer shall be subject to the reasonable consent of the Required Backstop Parties (such consent shall be deemed to have been given after five (5)Business Days following notification in writing to counsel to the Initial Backstop Parties of a proposed Transfer by such Backstop Party unless (A) any written objection is provided by any of the Backstop Parties to the Backstop Party which desires to effectuate a transfer prior to the expiration of such five (5) Business Day period or (B) any of the Backstop Parties requests customary financial information regarding the creditworthiness of the New Purchaser during such five (5) Business Day period (it being understood that such consent shall not be deemed to have been given until each of the other Backstop Parties receives such customary financial information on the creditworthiness of the New Purchaser as is reasonably satisfactory to the other Backstop Parties); (ii) such Transfer shall be subject to the reasonable prior written consent of the Company Parties (such consent shall be deemed to have been given after five (5) Business Days following written notification of a proposed Transfer by such Backstop Party to the Company Parties, unless (y) any written objection (email being sufficient) is provided by the Company Parties to such Backstop Party prior to the expiration of such five (5) Complete Business Day period or (z) the Company Parties request customary financial information regarding the creditworthiness of the New Purchaser during such five (5) Complete Business Day period (it being understood that such consent shall not be deemed to have been given until the Company Parties receive such customary financial information on the creditworthiness of the New Purchaser as is reasonably satisfactory to the Company Parties); and (iii) prior to and in connection with such Transfer such Backstop Party shall deliver to the Company Parties, counsel to the Initial Backstop Parties, and the Rights Offering Subscription Agent a joinder to this Agreement, substantially in the form attached hereto as Exhibit C, executed by such New Purchaser, and a joinder to the RSA, substantially in the form attached as Exhibit C thereto, executed by such New Purchaser; *provided* that the Company Parties shall be deemed to have consented to such proposed Transfer to the extent such New Purchaser deposits in the Subscription Escrow Account on or before the date of such Transfer a Funding Amount sufficient to satisfy such transferring Backstop Party's obligations under this Agreement, subject to the satisfaction of subclause (iii) above. Such Transfer shall be subject to the reasonable written consent of Highbridge (as defined in the RSA) (such consent shall be deemed to have been given after five (5) Business Days following written notification of a proposed Transfer by such Backstop Party to Highbridge, unless (y) any written objection is provided by Highbridge to such Backstop Party prior to the expiration of such five (5) Complete Business Day period or (z) Highbridge requests customary financial information regarding the creditworthiness of the

New Purchaser during such five (5) Complete Business Day period (it being understood that such consent shall not be deemed to have been given until Highbridge receives such customary financial information on the creditworthiness of the New Purchaser as is reasonably satisfactory to Highbridge). A Transfer of Funding Commitments made pursuant to this Section 2.6(d) shall not relieve such transferring Backstop Party from its obligations under this Agreement with respect to such Transfer unless the Company Parties otherwise agree in writing to release such Backstop Party from its obligations under this Agreement with respect to such Transfer in the Company Parties' sole discretion.

(e) Any Transfer of Funding Commitments made (or attempted to be made) in violation of this Agreement shall be deemed null and void *ab initio* and of no force or effect, regardless of any prior notice provided to the Parties or any Backstop Party, and shall not create (or be deemed to create) any obligation or liability of any other Backstop Party or any Company Party to the purported transferee or limit, alter or impair any agreements, covenants, or obligations of the proposed transferor under this Agreement. After the Closing Date, nothing in this Agreement shall limit or restrict in any way the ability of any Backstop Party (or any permitted transferee thereof) to Transfer any of the New Common Equity, New Convertible Preferred Equity or any interest therein.

Section 2.7 **Designation Rights**. Each Backstop Party shall have the right to designate by written notice to the Company Parties, counsel to the Initial Backstop Parties and the Rights Offering Subscription Agent no later than five (5) Business Days prior to the Closing Date that some or all of the Rights Offering Shares or the Backstop Commitment Premium that it is obligated to purchase or has the right to receive hereunder be issued in the name of, and delivered to a Related Fund of such Backstop Party upon receipt by Invacare of payment therefor in accordance with the terms hereof (it being understood that payment by either the Related Fund or the Backstop Party shall satisfy the applicable payment obligations of the Backstop Party), which notice of designation shall (a) be addressed to the Rights Offering Subscription Agent and signed by such Backstop Party and each such Related Fund, (b) specify the number of Rights Offering Shares or shares of New Common Equity issuable on account of the Backstop Commitment Premium, as applicable, to be delivered to or issued in the name of such Related Fund and (c) contain a confirmation by each such Related Fund of the accuracy of the representations set forth in Sections 5.4 through 5.6 as applied to such Related Fund; *provided* that no such designation pursuant to this Section 2.7 shall relieve such Backstop Party from its obligations under this Agreement.

Section 2.8 **Notification of Aggregate Number of Exercised Backstop Party Rights**. Upon request from counsel to the Initial Backstop Parties from time to time prior to the Rights Offering Expiration Time (and any permitted extensions thereto), the Company Parties shall promptly notify, or cause the Rights Offering Subscription Agent to promptly notify, the Backstop Parties of the aggregate number of Backstop Party Rights known by the Company Parties or the Rights Offering Subscription Agent to have been exercised pursuant to the Rights Offering as of the most recent practicable time before such request.

ARTICLE III

BACKSTOP COMMITMENT PREMIUM AND EXPENSE REIMBURSEMENT

Section 3.1 **Premium Payable by the Company Parties**. Subject to Section 3.2, as consideration for the Funding Commitment and the other agreements of the Backstop Parties in this Agreement, the Company Parties shall pay or cause to be paid a nonrefundable aggregate premium of $12 million ($12,000,000.00) at Plan Equity Value (the "**Backstop Commitment Premium**"), payable in New Common Equity, to the Backstop Parties on the Effective Date. The Backstop Commitment Premium shall be payable, in accordance with Section 3.2, to the

Backstop Parties (including any Replacement Backstop Party, but excluding any Defaulting Backstop Party) or their designees in proportion to their respective Backstop Commitment Percentages at the time the payment of the Backstop Commitment Premium is made. Under no circumstances shall a reduction in the Aggregate Rights Offering Amount result in a reduction of the Backstop Commitment Premium.

Section 3.2 **Payment of Premium**. The Backstop Commitment Premium shall be fully earned by the Backstop Parties upon execution of this Agreement, and non-avoidable upon entry of the Backstop Order and shall be paid by the Company Parties, free and clear of any withholding or deduction for any applicable Taxes, on the Effective Date as set forth above. For the avoidance of doubt, to the extent payable in accordance with the terms of this Agreement, the Backstop Commitment Premium will be payable regardless of the amount of Unsubscribed Shares (if any) actually purchased; *provided* that, notwithstanding anything to the contrary herein, the Backstop Commitment Premium shall not be payable to any of the Backstop Parties (including, for avoidance, a Backstop Party who is not a Defaulting Backstop Party) in the event of any Backstop Party Default unless all of the Available Shares are purchased and actually funded by one or more Replacement Backstop Parties in accordance with Section 2.3. The Company Parties shall satisfy their obligation to pay the Backstop Commitment Premium on the Effective Date by issuing the number of additional shares of New Common Equity (in each case rounded among the Backstop Parties solely to avoid fractional shares of New Common Equity as the Required Backstop Parties may determine in their sole discretion) to each Backstop Party (or its designee pursuant to Section 2.7) equal to such Backstop Party's Backstop Commitment Premium Share Amount; *provided* that the Backstop Commitment Termination Premium shall be payable in Cash upon the occurrence of a Backstop Termination Premium Payment Event (to the extent provided in and in accordance with Section 10.6). For the avoidance of doubt, (i) in no event shall both the Backstop Commitment Premium and the Backstop Commitment Termination Premium be payable by the Debtors and (ii) except to the extent that it is a Defaulting Backstop Party, Azurite shall be entitled to receive five percent (5%) of any Backstop Commitment Premium or any Backstop Commitment Termination Premium paid hereunder; *provided* that, notwithstanding anything to the contrary herein, no Backstop Commitment Premium or Backstop Commitment Termination Premium shall be payable to Azurite (including, for the avoidance of doubt, if Azurite is not a Defaulting Backstop Party) in the event of any Backstop Party Default unless all of the Available Shares are purchased and actually funded by one or more Replacement Backstop Parties in accordance with Section 2.3.

Section 3.3 **Expense Reimbursement.**

Whether or not the transactions contemplated hereunder are consummated, the Company Parties agree to pay in accordance with Section 3.3(b), all of the reasonable and documented prepetition and postpetition out of pocket fees and expenses incurred by the Initial Backstop Parties Advisors before, on or after the date hereof until the termination of this Agreement in accordance with its terms that have not otherwise been paid pursuant to the RSA or in connection with the Chapter 11 Cases, including: (A) the reasonable and documented prepetition and postpetition fees and expenses of the Initial Backstop Parties Advisors in connection with the transactions contemplated by this Agreement and the RSA; (B) all filing fees or other costs or fees associated with the matters contemplated by Section 5.10 and Section 6.14 (including, without limitation, all filing fees, if any, required by the HSR Act or any other Antitrust Law) in connection with the transactions contemplated by this Agreement and all reasonable and documented out-of-pocket expenses of the Initial Backstop Parties Advisors related thereto; and (C) all reasonable and documented out-of-pocket fees and expenses incurred in connection with any required regulatory filings in connection with the transactions contemplated by this Agreement (including, without limitation, filings done on Schedule 13D, Schedule 13G, Form 3 or Form 4, in each case, promulgated under the Exchange Act), in each case, that have been paid or are payable by the Initial Backstop Parties Advisors (such payment obligations set forth in clauses (A), (B), and (C) above, collectively, the "**Expense Reimbursement**"). The Expense Reimbursement shall, pursuant to the Backstop Order, constitute allowed administrative expenses of the Debtors' estates under Sections 503(b) and 507 of the Bankruptcy Code, which, for the avoidance doubt, shall be *pari passu* with all other administrative expenses of the Debtors' estates. Notwithstanding anything to the contrary in this Agreement, the Debtors or Reorganized Debtors, as applicable, shall not accrue additional Expense Reimbursement obligations from and after the closing or termination of this Agreement pursuant to Section 10, other than in connection with enforcement of any provisions of this Agreement that survive termination; *provided* that the obligation to pay such Expense Reimbursements shall survive closing or such termination until paid; *provided further* that the obligation to pay such Expenses Reimbursements shall survive termination of this Agreement in the event of the occurrence of a Backstop Termination Premium Payment Event.

(a) The Expense Reimbursement as described in Section 3.3(a) above shall be paid in Cash in accordance with the terms herein. The Expense Reimbursement accrued through the date on which the Backstop Order is entered shall be paid within five (5) Business Days of the Debtors' receipt of invoices therefor (which shall not include time details or otherwise be required to conform to the requirements for fee applications submitted by estate professionals). The Expense Reimbursement accrued thereafter shall be payable by the Debtors promptly when due. Unless otherwise ordered by the Bankruptcy Court, no recipient of any payment hereunder shall be required to file with respect thereto any interim or final fee application with the Bankruptcy Court with respect to such payment.

(b) For the avoidance of doubt, nothing herein shall alter or modify the Company Parties' obligations under the DIP Orders or the RSA.

Section 3.4 **Tax Treatment**. The parties hereto agree that, for U.S. federal income tax purposes, the Backstop Commitment Premium and the Backstop Commitment Termination Premium shall be treated as a "put premium" paid to the Backstop Parties (the "**Intended Tax Treatment**"). Each party shall file all tax returns consistent with, and take no position inconsistent with such treatment (whether in audits, tax returns or otherwise) unless required to do so pursuant to a "determination" within the meaning of Section 1313(a) of the IRC.

Section 3.5 **Integration; Administrative Expense**. The provisions for the payment of the Backstop Commitment Premium, the Backstop Commitment Termination Premium and Expense Reimbursement, and the indemnification provided herein, are an integral part of the transactions contemplated by this Agreement and without these provisions the Backstop Parties would not have entered into this Agreement. The Backstop Order and the Plan shall provide that the Backstop Commitment Premium, the Backstop Commitment Termination Premium, the Expense Reimbursement, and any indemnification provided herein shall constitute Allowed Administrative Claims of the Company Parties' estates under Sections 503(b) and 507 of the Bankruptcy Code. In addition and as a result thereof, the proposed Confirmation Order and the Plan filed by the Company Parties contemplate that any New Common Equity issued as payment of the Backstop Commitment Premium shall be issuable under Section 1145 of the Bankruptcy Code.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE COMPANY PARTIES AND NEW INTERMEDIATE HOLDING COMPANY

Except as (a) set forth in the corresponding section of the Company Disclosure Schedules, or (b) as disclosed in (i) the Company SEC Documents or otherwise publicly available on the SEC's Electronic Data-Gathering, Analysis and Retrieval system, (ii) the Company Disclosure Schedules or (iii) any Proofs of Claim on the Claims Register, in each case prior to the date hereof, each of the Company Parties, jointly and severally, hereby represent and warrant to the Backstop Parties as set forth below. Except for representations, warranties and agreements that are expressly limited as to their date, each representation, warranty and agreement is made as of the date hereof. Further, Invacare and the Company Parties shall cause New Intermediate Holding Company and New Parent to satisfy the representations and warranties contained in this Article IV, *mutatis mutandis*, as of the respective dates of formation of each of New Intermediate Holding Company and New Parent and as of the Closing Date and from and after the date of their formation, New Intermediate Holding Company and New Parent shall each be deemed to be a Company Party for purposes of these representations and warranties regardless of whether either New Intermediate Holding Company or New Parent, as applicable, is specifically mentioned therein.

Section 4.1 **Organization and Qualification**. Each Company Party (a) is a duly organized and validly existing corporation, limited liability company or limited partnership, as the case may be, and, if applicable, in good standing (or the equivalent thereof) under the Laws of the jurisdiction of its incorporation or organization (except where the failure to be in good standing (or the equivalent) would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect), (b) has the requisite corporate or other applicable power and authority to own, lease and operate its property and assets and to transact the business in which it is currently engaged and presently proposes to engage in all material respects and (c) is duly qualified and is authorized to do business and is in good standing (or the equivalent thereof) in each jurisdiction in which it owns or leases property or in which the conduct of its business or the ownership of its properties requires such qualification or authorization, except where the failure to be so qualified, authorized or in good standing has not had, and would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect.

Section 4.2 **Corporate Power and Authority**. Each Company Party has the requisite corporate power and authority (a) to enter into, execute and deliver this Agreement and any other agreements contemplated herein or in the Plan and (b) subject to entry of the Backstop Order, to perform their obligations hereunder and (c) subject to entry of the Backstop Order and the Confirmation Order, to consummate the transactions contemplated herein and in the Plan, to enter into, execute and deliver each of the Definitive Documents and to perform its obligations thereunder. Subject to the receipt of the foregoing Orders, as applicable, the execution and delivery of this Agreement and each of the other Definitive Documents and the consummation of the transactions contemplated hereby and thereby have been or will be duly authorized by all requisite corporate action on behalf of the Company Parties, and no other corporate proceedings on the part of the Company Parties are or will be necessary to authorize this Agreement or any of the other Definitive Documents or to consummate the transactions contemplated hereby or thereby.

Section 4.3 **Execution and Delivery; Enforceability**. Subject to entry of the Backstop Order, this Agreement will have been, and subject to entry of both the Backstop Order and the Confirmation Order, each other Definitive Document will be, duly executed and delivered by each of the Company Parties party thereto. Upon entry of the Backstop Order and, as applicable, the Confirmation Order, and assuming due and valid execution and delivery hereof by the Backstop Parties, the Company Parties' obligations hereunder will constitute the valid and legally binding obligations of the Company Parties enforceable against the Company Parties in accordance with their respective terms. Upon entry of the Confirmation Order and assuming due and valid execution and delivery of this Agreement and the other Definitive Documents by the Backstop Parties, each of the obligations hereunder and thereunder will constitute the valid and legally binding obligations of the Company Parties, enforceable against the Company Parties, in accordance with their respective terms.

Section 4.4 **Authorized and Issued Capital Shares**. On the Closing Date, (i) the total issued capital stock of New Intermediate Holding Company, New Parent, and Reorganized Invacare will be consistent with the terms of the Plan and Disclosure Statement; (ii) no New Common Equity will be held by New Intermediate Holding Company or New Parent in their treasuries; and (iii) no warrants to purchase New Common Equity will be issued and outstanding.

(a) As of the Closing Date, the Total Outstanding Shares of New Intermediate Holding Company, New Parent, and Reorganized Invacare will have been duly authorized and validly issued and will be fully paid and non-assessable, and will not be subject to any preemptive rights (other than any rights set forth in the New Organizational Documents).

(b) Except as set forth in this Agreement, the Plan and the New Organizational Documents, and except for a sufficient number of shares of New Common Equity reserved for issuance pursuant to the Plan, the Exit Facilities Documents or the Management Incentive Plan, as of the Closing Date, no shares of capital stock or other equity securities or voting interest in New Intermediate Holding Company, New Parent or Reorganized Invacare will have been issued, reserved for issuance or outstanding.

(c) Except as described in this Agreement and except as set forth in the Plan, the Registration Rights Agreement, if applicable, the New Organizational Documents, or the Exit Facilities Documents, upon the Closing, none of the Company Parties, New Parent, or New Intermediate Holding Company will be party to or otherwise bound by or subject to any outstanding option, warrant, call, right, security, commitment, Contract, arrangement or undertaking (including any preemptive right) that (i) obligates any Company Party, New Parent, or New Intermediate Holding Company to issue, deliver, sell or transfer, or repurchase, redeem or otherwise acquire, or cause to be issued, delivered, sold or transferred, or repurchased, redeemed or otherwise acquired, any shares of the capital stock of, or other equity or voting interests in any Company Party, New Parent, or New Intermediate Holding Company or any security convertible or exercisable for or exchangeable into any capital stock of, or other equity or voting interest in any Company Party, New Parent, or New Intermediate Holding Company, (ii) obligates any Company Party, New Parent, or New Intermediate Holding Company to issue, grant, extend or enter into any such option, warrant, call, right, security, commitment, Contract, arrangement or undertaking, (iii) restricts the Transfer of any shares of capital stock of any Company Party, New Parent, or New Intermediate Holding Company (other than any restrictions included in the Exit Facilities or any corresponding pledge agreement) or (iv) relates to the voting of any shares of capital stock of any Company Party, New Parent, or New Intermediate Holding Company.

Section 4.5 **Issuance**. Subject to entry of the Backstop Order and the Confirmation Order, (x) the Rights Offering Shares to be issued in connection with the consummation of the Rights Offering and pursuant to the terms hereof in exchange for the Aggregate Rights Offering Amount therefor (or the Adjusted Aggregate Rights Offering Amount, if applicable), and (y) the New Common Equity to be issued in connection with the Backstop Commitment Premium, will, when issued and delivered on the Closing Date, be duly and validly authorized, issued and delivered and shall be fully paid and nonassessable, and free and clear of all Taxes, Liens (other than Transfer restrictions imposed hereunder or under the New Organizational Documents or by applicable Law), preemptive rights, subscription and similar rights (other than any rights set forth in the New Organizational Documents, the Registration Rights Agreement, if applicable, the Plan, the RSA, and other than transfer restrictions pursuant to applicable securities laws).

Section 4.6 **Federal Reserve Regulations**. No part of the proceeds of the purchase of Rights Offering Shares will be used (a) to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock, or (b) for any other purpose, in each case, in violation of or inconsistent with any of the provisions of any regulation of the Board of Governors, including, without limitation, Regulations T, U and X thereto. The terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in the aforementioned Regulation U.

Section 4.7 **No Conflict**. Assuming the consents described in Section 4.8 are obtained, the execution and delivery by the Company Parties of this Agreement, the Plan and the other Definitive Documents, the compliance by the Company Parties with the provisions hereof and thereof and the consummation of the transactions contemplated herein and therein will not (a) conflict with, or result in a breach, modification or violation of, any of the terms or provisions of, or constitute a default under (with or without notice or lapse of time, or both), or result, except to the extent contemplated by the Plan, in the acceleration of, or the creation of any Lien under, or cause any payment or consent to be required under any Contract to which any Company Party will be bound as of the Closing Date after giving effect to the Plan or to which any of the property or assets of any Company Party will be subject as of the Closing Date after giving effect to the Plan, (b) result in any violation of the provisions of the New Organizational Documents or any of the organizational documents of any Company Party, or (c) result in any violation of any Law or Order applicable to any Company or any of their properties, except in each of the cases described in this Section 4.7, which would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.8 **Consents and Approvals**. No consent, approval, authorization, Order, registration or qualification of or with any Governmental Authority having jurisdiction over any Company Party, New Parent, or New Intermediate Holding Company or any of their respective properties (each, an "**Applicable Consent**") is required for the execution and delivery by any Company Party, New Parent, or New Intermediate Holding Company of this Agreement, the Plan and the other Definitive Documents, the compliance by any Company Party, New Parent, or New Intermediate Holding Company with the provisions hereof and thereof and the consummation of the transactions contemplated herein and therein, except for (a) the entry of the Backstop Order authorizing each of Invacare and the other Debtors to execute and deliver this Agreement and perform its obligations hereunder, (b) the entry of the Confirmation Order authorizing Invacare and the other Debtors to perform each of their respective obligations under the Plan, (c) the entry of the Disclosure Statement Order, (d) entry by the Bankruptcy Court, or any other court of competent jurisdiction, of Orders as may be necessary in the Chapter 11 Cases from time to time, (e) filings, notifications, authorizations, approvals, consents, clearances or termination or expiration of all applicable waiting periods under any Antitrust Laws in connection with the transactions contemplated by this Agreement, (f) such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or "Blue Sky" Laws in connection with the purchase of the Unsubscribed Shares by the Backstop Parties, the issuance of the Backstop Party Rights, the issuance of the Rights Offering Shares pursuant to the exercise of the Backstop Party Rights, the issuance of New Common Equity and New Convertible Preferred Equity, as applicable, in satisfaction of Unsecured Notes Claims and General Unsecured Claims pursuant to the Plan and the issuance of New Common Equity as payment of the Backstop Commitment Premium and (g) any Applicable Consents that, if not made or obtained, would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.9 **Arm's-Length**. The Company Parties agree that (a) each of the Backstop Parties is acting solely in the capacity of an arm's-length contractual counterparty with respect to the transactions contemplated hereby (including in connection with determining the terms of the Rights Offering) and not as a financial advisor or a fiduciary to, or an agent of any Company Party and (b) no Backstop Party is advising any Company Party as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction.

Section 4.10 **Financial Statements**. The audited financial statements as of and for the period ended December 31, 2021 (i) were prepared in accordance with U.S. generally accepted accounting principles ("**GAAP**") consistently applied throughout the period covered thereby, except as otherwise expressly indicated therein, including the notes thereto, and (ii) fairly present in all material respects the consolidated financial position of Invacare and its consolidated subsidiaries as of the respective dates thereof and the consolidated results of their operations for the respective periods then ended in accordance with GAAP consistently applied during the periods referred to therein, except as otherwise expressly indicated therein, including the notes thereto

Section 4.11 **Company SEC Documents and Disclosure Statements**. Since January 1, 2022, the Company Parties have (expect as provided in Section 6.16) timely filed all required reports, schedules, forms and statements with the SEC (the "**Company SEC Documents**"). As of their respective dates, and giving effect to any amendments or supplements thereto filed prior to the date of this Agreement, each of the Company SEC Documents that have been filed as of the date of this Agreement complied in all material respects with the requirements of the Securities Act or the Exchange Act applicable to such Company SEC Documents. No Company SEC Document that has been filed prior to the date of this Agreement, after giving effect to any amendments or supplements thereto and to any subsequently filed Company SEC Documents, in each case filed prior to the date of this Agreement, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Disclosure Statement as approved by the Bankruptcy Court will conform in all material respects with Section 1125 of the Bankruptcy Code.

Section 4.12 **Absence of Certain Changes**. Since January 1, 2022, except for the Chapter 11 Cases and any adversary proceedings or contested motions in connection therewith, no event, development, occurrence or change has occurred or exists that constitutes, individually or in the aggregate, a Material Adverse Effect.

Section 4.13 **No Violation; Compliance with Laws**. (a) Neither Invacare, New Parent, nor New Intermediate Holding Company is in violation of its charter or Bylaws and (b) no other Company Party is in violation of its respective articles of association, charter, bylaws or similar organizational document. To the Company Parties' Knowledge, none of the Company Parties is in violation of any Law or Order, except for any such violations that have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.14 **Legal Proceedings**. Except as set forth on the Company Disclosure Schedules, and other than the Chapter 11 Cases and any adversary proceedings or contested motions commenced in connection therewith, there are no material legal, governmental, administrative, judicial or regulatory investigations, audits, actions, suits, claims, arbitrations, demands, demand letters, claims, notices of noncompliance or violations, or proceedings ("**Legal Proceedings**") pending or, to the Knowledge of the Company Parties, threatened in writing to which New Intermediate Holding Company, New Parent, or any Company Party is a party or to which any property of New Intermediate Holding Company, New Parent or any Company Party is the subject, in each case that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.15 **Labor Relations**. Except as, in the aggregate, would not reasonably be expected to have a Material Adverse Effect: (a) there are no strikes or other labor disputes against any of the Company Parties pending or, to the knowledge of the Company Parties, threatened; and (b) no claims of unfair labor practices, charges or grievances pending against any Company Parties, or to the knowledge of Invacare, threatened against any of them by any Person.

Section 4.16 **Intellectual Property**. Except as could not reasonably be expected to have a Material Adverse Effect, each of the Company Parties owns, licenses or possesses the right to use, all of the rights to Intellectual Property that are reasonably necessary for the operation of its business as currently conducted, and, without conflict with the rights of any Person. Invacare or each Company Party do not, in the operation of their businesses as currently conducted, infringe upon any Intellectual Property rights held by any Person except for such infringements, individually or in the aggregate, which could not reasonably be expected to have a Material Adverse Effect. No claim or litigation regarding any of the Intellectual Property owned by Invacare or any Company Party is pending or, to the knowledge of Invacare, threatened in writing against Invacare or any Company Party, which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 4.17 **Title to Real and Personal Property.**

(a) Each Company Party has, and New Parent and New Intermediate Holding Company will each have, good title to, or valid leasehold interests in, all Real Property, and its other personal property related to its business, in each case, (i) free and clear of all Liens except for Permitted Liens, (ii) except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or as proposed to be conducted or to utilize such properties for their intended purposes, in each case, except as could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Each Company Party is in compliance with all obligations under all leases (as may be amended from time to time) to which it is a party that have not been rejected in the Chapter 11 Cases, except where the failure to comply has not had, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.18 **No Undisclosed Relationships**. Other than contracts or other direct or indirect relationships between or among any of the Company Parties, or contracts or relationships that are immaterial in amount or significance, there are no direct or indirect relationships existing as of the date hereof between or among the Company Parties, on the one hand, and any director, officer or greater than five percent (5%) stockholder of the Company Parties, on the other hand, that is required by the Exchange Act to be described in the Company Party's filings with the SEC and that is not so described, filed, or incorporated by reference in such filings, except for the transactions contemplated by this Agreement.

Section 4.19 **[Reserved]**.

Section 4.20 **Environmental**. Except with respect to any matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, none of Invacare or any Company Party (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has, to the knowledge of Invacare, become subject to any Environmental Liability, (iii) has received written notice of any claim with respect to any Environmental Liability or (iv) has, to the knowledge of Invacare, any basis to reasonably expect that Invacare or any Company Party will become subject to any Environmental Liability.

Section 4.21 **Tax Matters**. Except in each case as to matters that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect:

(a) Subject to the Bankruptcy Code, the terms of the applicable Orders and any required approval by the Bankruptcy Court, each Company Party (i) has filed or caused to be filed all federal, state, provincial and other Tax returns that are required to be filed and (ii) has paid or caused to be paid all Taxes shown to be due and payable on said returns and all other Taxes, fees or other charges imposed on it or on any of its property by any Governmental Unit (other than (A) any returns or amounts that are not yet due or (B) amounts the validity of which are currently being contested in good faith by appropriate proceedings and with respect to which any reserves required in conformity with GAAP have been provided on the books of the applicable Company Party).

(b) Other than in connection with (i) the Chapter 11 Cases, or (ii) Taxes being contested in good faith by appropriate proceedings for which adequate provisions have been made (to the extent required in accordance with GAAP), (A) there is no outstanding audit, assessment or written claim concerning any Tax liability of any Company Party, (B) no Company Party has received any written notices from any taxing authority relating to any outstanding tax issue that could affect any Company Party after the Effective Date; and (C) there are no Liens with respect to Taxes upon any of the assets or properties of any Company Party, other than Permitted Liens.

(c) All Taxes that any Company Party was required by law to withhold or collect in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder or other third party have been duly withheld or collected, and have been timely paid to the proper authorities to the extent due and payable.

(d) None of the Company Parties are parties to any Tax sharing, allocation or indemnification agreement or arrangement that would have a continuing effect after the Effective Date (other than such agreements or arrangements that form part of a larger commercial agreement or arrangement, the primary subject matter of which is not Tax, and agreements or arrangements wholly between the Company Parties and their subsidiaries).

(e) No Company Party has been requested in writing, and, to the Knowledge of the Company Parties, there are no claims against any Company Party, to pay any liability for Taxes of any Person (other than the Company Parties or their direct or indirect subsidiaries) that is material to any Company Party, arising from the application of Treasury Regulation Section 1.1502-6 or any analogous provision of state, local or foreign law, or as a transferee or successor.

(f) No Company Party has been either a “distributing corporation” or a “controlled corporation” in a distribution occurring during the last five years in which the parties to such distribution treated the distribution as one to which Section 355 of the IRC is applicable.

Section 4.22 **Employee Benefit Plans.**

(a) Except as would not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect: (i) neither a Reportable Event nor a failure to meet the minimum funding standards under Section 412 of the IRC or Section 302 of ERISA or applicable pension standards legislation has occurred during the five-year period prior to the date on which this representation is made with respect to any Single Employer Plan or Canadian Pension Plan, and each Single Employer Plan and Canadian Pension Plan has complied with the applicable provisions of ERISA, the IRC, or applicable law; (ii) no termination of a Single Employer Plan or Canadian Pension Plan has occurred, and no Lien in favor of the PBGC or a Single Employer Plan or Canadian Pension Plan has arisen on the assets of any Company Party or any other ERISA Affiliate, during such five-year period; (iii) the present value of all accrued benefits under each Single Employer Plan or Canadian Pension Plan (based on those assumptions used to fund such Single Employer Plans and Canadian Pension Plans) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Single Employer Plan or Canadian Pension Plan allocable to such accrued benefits; (iv) no Company Party or any other ERISA Affiliate has had a complete or partial withdrawal from any Multiemployer Plan that has resulted or would reasonably be expected to result in a liability under ERISA; (v) no Company Party or any other ERISA Affiliate would become subject to any liability under ERISA if such Company Party or such ERISA Affiliate were to withdraw completely from all Multiemployer Plans as of the valuation date most closely preceding the date on which this representation is made; and (vi) no Multiemployer Plan is insolvent or is in endangered or critical status (within the meaning of Section 432 of the IRC or Section 305 of ERISA). No Canadian Pension Plan is a Canadian Multiemployer Plan.

(b) Each Company Party and its Subsidiaries have not incurred, and do not reasonably expect to incur, any liability under ERISA or the IRC with respect to any Single Employer Plan that is subject to Title IV of ERISA or Section 412 of the IRC or Section 302 of ERISA and that is maintained or contributed to by an ERISA Affiliate (other than the Company Party and its Subsidiaries) merely by virtue of being treated as a single employer under Title IV of ERISA with the sponsor of such plan that would reasonably be likely to have a Material Adverse Effect.

Section 4.23 **Internal Control Over Financial Reporting**. The Company Parties have established and maintain a system of internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act) that complies in all material respects with the requirements of the Exchange Act and has been designed to provide reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Section 4.24 **Disclosure Controls and Procedures**. The Company Parties maintain disclosure controls and procedures (within the meaning of Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) that are designed to ensure that information required to be disclosed by the Company Parties in the reports that they file and submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management of the Company Parties as appropriate to allow timely decisions regarding required disclosure.

Section 4.25 **Material Contracts**. Other than as a result of a rejection motion filed by any Company Party in the Chapter 11 Cases, all Material Contracts are valid, binding and enforceable by and against each applicable Company Party, and to the Knowledge of each Company Party, each other party thereto (except where the failure to be valid, binding or enforceable would not constitute a Material Adverse Effect), and, no written notice to terminate, in whole or a material portion thereof, any Material Contract has been delivered to any Company Party (except where such termination would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect). Other than as a result of the filing of the Chapter 11 Cases, none of the Company Parties nor, to the Knowledge any Company Party, any other party to any Material Contract, is in default or breach under the terms thereof, in each case, except for such instances of default or breach that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.26 **PATRIOT Act, OFAC and FCPA.**

(a) Each of the Company Parties is in compliance in all material respects with applicable Sanctions, including without limitation regulations of the United States Department of the Treasury's Office of Foreign Assets Control ("**OFAC**"), Title III of the USA Patriot Act and other applicable anti-terrorism laws and regulations, and the FCPA and other applicable anti-corruption laws and regulations, and have instituted and maintain policies and procedures reasonably designed to ensure compliance with such laws and regulations.

(b) To the knowledge of Invacare, none of the Company Parties has, in the three years prior to the date hereof, committed a material violation of Sanctions, Title III of the USA Patriot Act or other applicable anti-terrorism laws and regulations, or the FCPA or other applicable anti-corruption laws and regulations

(c) None of the Company Parties, nor to the knowledge of Invacare, any director, officer, employee or agent of any Company Party, in each case, (i) is an individual or entity currently on OFAC's list of Specially Designated Nationals and Blocked Persons, the "Consolidated Canadian Autonomous Sanctions List", or any other list of targets identified or designated pursuant to any Sanctions, (ii) is located, organized or resident in a country or territory that is the subject of Sanctions, or (iii) is otherwise the Subject or target of Sanctions, or 50% or more in the aggregate owned or controlled by any such Person or Persons.

Section 4.27 **[Reserved]**.

Section 4.28 **[Reserved]**.

Section 4.29 **No Broker's Fees**. None of the Company Parties is a party to any Contract with any Person (other than this Agreement) that would give rise to a valid claim against the Backstop Parties for a brokerage commission, finder's fee or like payment in connection with the Rights Offering or the sale of the Unsubscribed Shares.

Section 4.30 **Takeover Statutes**. No Takeover Statute is applicable to this Agreement, the Backstop Commitment and the other transactions contemplated by this Agreement.

Section 4.31 **Investment Company Act**. None of the Company Parties is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended.

Section 4.32 **Insurance**. Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect: (a) all premiums due and payable in respect of insurance policies maintained by each Company Party have been paid, (b) the insurance maintained by or on behalf of each Company Party is adequate and (c) as of the date hereof, to the Knowledge of each of the Company Parties, no Company Party has received notice from any insurer or agent of such insurer with respect to any insurance policies of any Company Party of cancellation or termination of such policies, other than such notices which are received in the ordinary course of business or for policies that have expired on their terms.

Section 4.33 **No Undisclosed Material Liabilities**. Except as set forth on the Disclosure Statement, there are no liabilities or obligations of any Company Party of any kind whatsoever, whether accrued, contingent, absolute, determined or determinable, and there is no existing condition, situation or set of circumstances that would reasonably be expected to result in such a liability or obligation other than: (a) liabilities or obligations disclosed and provided for in the audited financial statements; (b) liabilities or obligations incurred in the ordinary course of business consistent with past practices since the date of the most recent balance sheet presented in the audited financial statements; (c) liabilities or obligations that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; and (d) liabilities or obligations that would not be required to be set forth or reserved for on a balance sheet of the Company Parties (and the notes thereto) prepared in accordance with GAAP consistently applied and in accordance with past practice; it being understood that for purposes of this clause section, any contract, agreement or understanding with any Person providing for a payment (in Cash or otherwise) in excess of $5.0 million in connection with any of the transactions contemplated under the Plan, the RSA or this Agreement (other than any contract, agreement, understanding or other transaction specifically contemplated by this Agreement, the Plan, the RSA, the Management Incentive Plan, any DIP Credit Agreement and any other Definitive Documents) shall not be deemed to have been incurred in the ordinary course of business or deemed to be non-material, and shall otherwise be deemed to be required to be set forth on the Company Parties' balance sheet for purposes of clause (d) above notwithstanding such clause.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE BACKSTOP PARTIES

Each Backstop Party represents and warrants as to itself only (unless otherwise set forth herein, as of the date of this Agreement and as of the Closing Date) as set forth below.

Section 5.1 **Incorporation**. Such Backstop Party is validly existing and in good standing (or the equivalent thereof) under the Laws of the jurisdiction of its incorporation or organization, and this Agreement is a legal, valid, and binding obligation of such Backstop Party, enforceable against it in accordance with its terms, except as enforcement may be limited by applicable Laws relating to or limiting such Backstop Party's rights generally or by equitable principles relating to enforceability.

Section 5.2 **Corporate Power and Authority**. Such Backstop Party has (or will have, at the relevant time) all requisite corporate or other power and authority to enter into, execute, and deliver this Agreement and to effectuate the Restructuring Transactions contemplated by, and perform its respective obligations under, this Agreement.

Section 5.3 **Execution and Delivery**. This Agreement and each other Definitive Document to which such Backstop Party is a party (a) has been, or prior to its execution and delivery will be, duly and validly executed and delivered by such Backstop Party and (b) upon entry of the Backstop Order and, as applicable, the Confirmation Order and assuming due and valid execution and delivery hereof and thereof by the Company and the other Company Parties (as applicable), will constitute a legal, valid, and binding obligation of such Commitment Party, enforceable against such Commitment Party in accordance with their respective terms, except as enforcement may be limited by applicable Laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

Section 5.4 **No Registration**. Such Backstop Party understands that (a) any Unsubscribed Shares issued to such Backstop Party in satisfaction of the Backstop Party Rights have not been registered under the Securities Act by reason of a specific exemption from the registration provisions of the Securities Act, the availability of which depends on, among other things, the bona fide nature of the investment intent and the accuracy of such Backstop Party's representations as expressed herein or otherwise made pursuant hereto, and (b) that such shares cannot be sold unless subsequently registered under the Securities Act or an exemption from registration is available.

Section 5.5 **Purchasing Intent**. Such Backstop Party is not acquiring the Unsubscribed Shares with the view to, or for resale in connection with, any distribution thereof not in compliance with applicable securities Laws, and such Backstop Party has no present intention of selling, granting any participation in, or otherwise distributing the same, except in compliance with applicable securities Laws.

Section 5.6 **Sophistication; Evaluation**. Such Backstop Party is an "accredited investor" within the meaning of Rule 501(a) of the Securities Act or a "qualified institutional buyer" within the meaning of Rule 144A of the Securities Act. Such Backstop Party understands that the Unsubscribed Shares are being offered and sold to such Backstop Party in reliance upon specific exemptions from the registration requirements of United States federal and state securities laws and that the Company Parties are relying upon the truth and accuracy of, and such Backstop Party's compliance with, the representations, warranties, agreements, acknowledgments and understandings of such Backstop Party set forth herein in order to determine the availability of such exemptions and the eligibility of such Backstop Party to acquire the Unsubscribed Shares. Such Backstop Party has such knowledge and experience in financial and business matters such that it is capable of evaluating the merits and risks of its investment in the Unsubscribed Shares. Such Backstop Party understands and is able to bear any economic risks associated with such investment (including the necessity of holding such shares for an indefinite period of time). Except for the representations and warranties of the Company Parties expressly set forth in this Agreement, such Backstop Party has independently evaluated the merits and risks of its decision to enter into this Agreement and disclaims reliance on any representations or warranties, either express or implied, by or on behalf of the Company Parties.

Section 5.7 **Unsecured Notes Claims.**

(a) As of the date hereof, such Backstop Party and its Affiliates are, collectively, the beneficial owner or record owner of, or the nominee, investment manager, or advisor for beneficial holders of, an aggregate principal amount of Unsecured Notes Claims;

(b) As of the date hereof, such Backstop Party or its applicable Affiliates has the full power to vote and consent to matters concerning all of its Unsecured Notes Claims referable to it as contemplated by this Agreement subject to applicable Law; and

(c) Other than as permitted under the RSA and this Agreement, such Backstop Party has not entered into any Contract to Transfer, in whole or in part, any portion of its right, title or interest in such Unsecured Notes Claims where such Transfer would prohibit such Backstop Party from complying with the terms of this Agreement or the RSA.

Section 5.8 **Intentionally Omitted.**

Section 5.9 **No Conflict**. The entry into and performance by each Backstop Party of, and the transactions contemplated by, this Agreement do not, and will not, conflict in any material respect with any Law or regulation applicable to it or with any of its articles of association, memorandum of association, or other constitutional documents.

Section 5.10 **Consents and Approvals**. No consent, approval, authorization, Order, registration or qualification of or with any Governmental Authority having jurisdiction over such Backstop Party or any of its properties is required for the execution and delivery by such Backstop Party of this Agreement and each other Definitive Document to which such Backstop Party is a party, the compliance by such Backstop Party with the provisions hereof and thereof and the consummation of the transactions (including the purchase by such Backstop Party of its Backstop Commitment Percentage of the Unsubscribed Shares or its portion of the Rights Offering Shares) contemplated herein and therein, except (a) Antitrust Approvals, if any, including but not limited to any filings required pursuant to the HSR Act, in each case, in connection with the transactions contemplated by this Agreement, and (b) any consent, approval, authorization, Order, registration or qualification which, if not made or obtained, would not reasonably be expected, individually or in the aggregate, to have a material adverse effect on such Backstop Party's performance of its obligations under this Agreement.

Section 5.11 **Legal Proceedings**. Other than the Chapter 11 Cases and any adversary proceedings or contested motions commenced in connection therewith, there are no Legal Proceedings pending or, to the Knowledge of such Backstop Party, threatened to which the Backstop Party is a party or to which any property of the Backstop Party is the subject, that would reasonably be expected to prevent, materially delay, or materially impair the ability of such Backstop Party to consummate the transactions contemplated hereby.

Section 5.12 **Sufficiency of Funds**. Such Backstop Party has, or will have as of the Closing, sufficient available funds to fulfill its obligations under this Agreement and the other Definitive Documents. For the avoidance of doubt, such Backstop Party acknowledges that its obligations under this Agreement and the other Definitive Documents are not conditioned in any manner upon its obtaining financing.

Section 5.13 **No Broker's Fees**. Such Backstop Party is not a party to any Contract with any Person (other than the Definitive Documents and any Contract giving rise to the Expense Reimbursement hereunder) that would give rise to a valid claim against Invacare or any Company Party for a brokerage commission, finder's fee or like payment in connection with the Rights Offering or the sale of the Unsubscribed Shares.

ARTICLE VI

ADDITIONAL COVENANTS

Section 6.1 **Approval Orders**. The Company Parties shall use their commercially reasonable efforts to, (a) obtain the entry of the Backstop Order and (b) cause the Backstop Order to become a Final Order (and request that such Order be effective immediately upon entry by the Bankruptcy Court pursuant to a waiver of Bankruptcy Rules 3020 and 6004(h), as applicable), in each case, as soon as reasonably practicable but no later than 90 days after the Petition Date, and in a manner consistent with the RSA and this Agreement.

Section 6.2 **Definitive Documents**. Without limitation to the RSA (including the consent rights therein), and except as expressly provided otherwise in this Agreement, (i) the Definitive Documents listed in Section 3.01 of the RSA that are to be acceptable to the Required Consenting Unsecured Noteholders shall also be in form and substance acceptable to the Required Backstop Parties and the Company Parties; and (ii) the Definitive Documents listed in Section 3.01 of the RSA that are to be acceptable to the Required Consenting Unsecured Noteholders shall also be in form and substance reasonably acceptable to the Required Backstop Parties and the Company Parties.

Section 6.3 **Conduct of Business**. Except as set forth in this Agreement or the RSA or with the prior written consent of the Required Backstop Parties (requests for which, including related information, shall be directed to the counsel and financial advisors to the Backstop Parties), during the period from the date of this Agreement to the earlier of (a) the Closing Date and (b) the date on which this Agreement is terminated in accordance with its terms (the "**Pre-Closing Period**"), each of the Company Parties (and New Intermediate Holding Company, to the extent applicable) shall carry on its business in the ordinary course, consistent with past practice and the RSA, to: (i) preserve intact its business; (ii) keep available the services of its officers and employees; (iii) preserve its material relationships with customers, suppliers, licensors, licensees, distributors and others having material business dealings with the each of the Company Parties in connection with their business; and (iv) maintain in effect all of its foreign, federal, state and local licenses, permits, consents, franchises, approvals and authorizations (except where the failure to do so would not individually, or in the aggregate, have a Material Adverse Effect).

Section 6.4 **Access to Information; Cleansing**. Subject to applicable Law, upon a minimum of two (2) Business Days' advance written notice to the Company Parties during the Pre- Closing Period, the Company Parties shall afford the Initial Backstop Parties and their Representatives, (i) reasonable access (without any material disruption to the conduct of the Company Parties' business) during normal business hours to the Company Parties' books and records, (ii) reasonable access to the management and advisors of the Company Parties for the purposes of evaluating the Company Parties' assets, liabilities, operations, businesses, finances, strategies, prospects, and affairs, and (iii) timely and reasonable responses to all reasonable diligence requests, *provided* that all rights provided for in this Section 6.4 shall be subject to the terms of any agreements between the Company Parties and third parties that may be affected by the exercise of the foregoing rights. All requests for information and access made in accordance with this Section 6.4 shall be directed to Kirkland & Ellis, as counsel for the Company Parties, or such other Person as may be designated in writing by the Company Parties' executive officers. To the extent that information provided in connection with this Agreement (including this Section 6.4) constitutes MNPI, the Company Parties and the Required Backstop Parties shall negotiate in good faith and mutually agree to a "cleansing" non- disclosure agreement to address such information.

Section 6.5 **Commitments of the Company Parties and Backstop Parties**. During the Pre-Closing Period, (i) each of the Company Parties, with respect to subsections (a)-(k) of this below Section 6.5, agrees to, and agrees to cause each of its direct and indirect subsidiaries to, and (ii) each of the Backstop Parties, with respect to subsections (a), (d), (e) and (i) of this below Section 6.5, agrees to:

(a) support and take all steps reasonably necessary and desirable to consummate the Restructuring Transactions in accordance with this Agreement and the RSA (including the milestones therein);

(b) to the extent any legal or structural impediment arises that would prevent, hinder, impede, or delay the consummation of the Restructuring Transactions, take all steps reasonably necessary and desirable to address any such impediment, and negotiate in good faith any appropriate additional or alternative provisions or agreements to address any such impediment;

(c) use commercially reasonable efforts to obtain any and all required governmental, regulatory, and/or third-party approvals for the Restructuring Transactions;

(d) negotiate in good faith and use commercially reasonable efforts to take all steps reasonably necessary to (i) consummate the Restructuring Transactions and (ii) execute and implement this Agreement and the other Definitive Documents;

(e) not file or seek authority to file any pleading inconsistent with this Agreement, the RSA (including the consent rights set forth therein), or the Restructuring Transactions;

(f) timely file a formal objection to any motion, application, or pleading filed with the Bankruptcy Court seeking the entry of an order for relief that: (i) is materially inconsistent with the RSA, this Agreement, or any other Definitive Document; or (ii) would, or would be reasonably expected to, frustrate the purposes of the RSA, this Agreement, or any other Definitive Document, including by preventing the consummation of the Restructuring Transactions;

(g) [Reserved];

(h) oppose and object to any motion, application, adversary proceeding, or cause of action filed with the Bankruptcy Court by any party seeking the entry of an order (i) directing the appointment of a trustee or examiner (with expanded powers beyond those set forth in sections 1106(a)(3) and (4) of the Bankruptcy Code); (ii) converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code; (iii) dismissing the Chapter 11 Cases; or (iv) modifying or terminating the Company Parties' exclusive right to file and/or solicit acceptances of a plan of reorganization, as applicable;

(i) oppose any objections filed with the Bankruptcy Court to this Agreement, the Plan, any other Definitive Document, or the Restructuring Transactions;

(j) inform counsel to the Initial Backstop Parties within two (2) Business Days after becoming aware of (i) any matter or circumstance, that they know or believe is likely, to be a material impediment to the implementation or consummation of the Restructuring Transactions; (ii) a breach of this Agreement (including a breach by any Company Party; or any representation or statement made or deemed to be made by any Company Party under this Agreement which is or proves to have been incorrect or misleading in any material respect when made or deemed to be made; and

(k) upon reasonable request of any Backstop Party, reasonably and promptly inform counsel to such party of: (i) the status and progress of the Restructuring Transactions contemplated by this Agreement, including progress in relation to the negotiations of the Definitive Documents; and (ii) the status of obtaining any necessary authorizations (including any consents) from each Backstop Party, any competent judicial body, governmental authority, banking, taxation, supervisory, regulatory body, or any stock exchange.

Section 6.6 **Additional Commitments of the Company Parties and the Backstop Parties**. Except as permitted or contemplated by the Plan or the RSA, during the Pre-Closing Period, (i) each of the Company Parties and New Intermediate Holding Company, in each case with respect to subsections (a)-(h) of this below Section 6.6, shall not, and shall cause each of its direct and indirect subsidiaries to not, directly or indirectly, and (ii) each of the Backstop Parties, with respect to subsections (a)-(e) of this below Section 6.6, shall not:

(a) without the reasonable consent of the Parties, object to, delay, impede, or take any other action or inaction that is reasonably avoidable and would interfere with, delay, or impede the acceptance, implementation, or consummation of this Agreement, the Plan or the Restructuring Transactions;

(b) take any action or inaction that is inconsistent in any material respect with, or is intended or could reasonably be expected to frustrate or impede approval, implementation, and consummation of the Restructuring Transactions, the RSA, or this Agreement;

(c) file any motion or pleading, with the Bankruptcy Court or any other court (including any modifications or amendments thereof) that, in whole or in part, is materially inconsistent with this Agreement, the RSA (including the consent rights set forth therein), or the Restructuring Transactions;

(d) execute or file any Definitive Document with the Bankruptcy Court (including any modifications or amendments thereto) that, in whole or in part, is materially inconsistent with this Agreement, the RSA (including the consent rights set forth therein), or the Restructuring Transactions;

(e) take any other action or inaction in contravention of the RSA, this Agreement, or any other Definitive Document, or to the material detriment of the Restructuring Transactions;

(f) without the consent (not to be unreasonably withheld, conditioned, or delayed) of the Required Backstop Parties, transfer any material asset or right of any Company Party or any material asset or right used in the business of the Company Parties to any Entity outside the ordinary course of business;

(g) without the consent (not to be unreasonably withheld, conditioned, or delayed) of the Required Backstop Parties, take any action or inaction that would cause a change to the tax status of any Company Party that would have a Material Adverse Effect; or

(h) without the consent (not to be unreasonably withheld, conditioned, or delayed) of the Required Backstop Parties, engage in any merger, consolidation, material disposition, material acquisition, investment, dividend, incurrence of indebtedness, or other similar transaction outside of the ordinary course of business other than the Restructuring Transactions.

Section 6.7 **Cooperation and Support.**

(a) Without in any way limiting any other respective obligation of any Company Party or any Backstop Party in this Agreement, each Party shall, consistent with the RSA, take or cause to be taken all actions, and do or cause to be done all things, reasonably necessary, proper or advisable in order to consummate and make effective the transactions contemplated by this Agreement, the RSA, and the Plan.

(b) The Company Parties shall provide draft copies of all material pleadings and documents that any Company Party intends to file with or submit to the Bankruptcy Court or any governmental authority (including any regulatory authority), as applicable, and draft copies of all press releases that any Company Party intends to issue regarding this Agreement, the RSA, or the Restructuring Transactions, to counsel to the Initial Backstop Parties at least three (3) Business Days prior to the date when such Company Party intends to file, submit or issue such document to the extent reasonably practicable (or such shorter period as may be necessary in light of exigent circumstances).

(c) Nothing contained in this Section 6.7 shall limit the ability of any Backstop Party to consult with any Company Party or any other party in interest in the Chapter 11 Cases, to appear and be heard, or to file objections, concerning any matter arising in the Chapter 11 Cases to the extent not inconsistent with the RSA or this Agreement or any applicable confidentiality agreement, and such acts are not for the purpose of delaying, interfering, or impeding, directly or indirectly, the Restructuring Transactions.

Section 6.8 **Intentionally Omitted**

Section 6.9 **Blue Sky**. The Company Parties shall, on or before the Closing Date, take such action as the Company Parties shall reasonably determine is necessary in order to obtain an exemption for, or to qualify the Unsubscribed Shares issued hereunder for sale to the Backstop Parties at the Closing Date pursuant to this Agreement under applicable securities and "Blue Sky" Laws of the states of the United States (or to obtain an exemption from such qualification) and any applicable foreign jurisdictions, and shall provide evidence of any such action so taken to the Backstop Parties on or prior to the Closing Date. The Company Parties shall timely make all filings and reports relating to the offer and sale of the Unsubscribed Shares issued hereunder required under applicable securities and "Blue Sky" Laws of the states of the United States following the Closing Date. The Company Parties shall pay all fees and expenses in connection with satisfying its obligations under this Section 6.9.

Section 6.10 **No Integration; No General Solicitation**. Neither the Company Parties nor any of their affiliates (as defined in Rule 501(b) of Regulation D promulgated under the Securities Act) will, directly or through any agent, sell, offer for sale, solicit offers to buy or otherwise negotiate in respect of, any security (as defined in the Securities Act) that is or will be integrated with the sale of the Unsubscribed Shares, the New Convertible Preferred Equity and New Common Equity in a manner that would require registration of any such securities to be issued by New Intermediate Holding Company or Reorganized Invacare on the Effective Date under the Securities Act. No Company Party or any of its affiliates or any other Person acting on its or its behalf will solicit offers for, or offer or sell, any Unsubscribed Shares by means of any form of general solicitation or general advertising within the meaning of Rule 502(c) of Regulation D promulgated under the Securities Act or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act.

Section 6.11 **DTC Eligibility**. To the extent permitted by The Depository Trust Company, the Company Parties shall use commercially reasonable efforts to promptly make all New Convertible Preferred Equity and New Common Equity deliverable to the Backstop Parties eligible for deposit with The Depository Trust Company, except as otherwise requested by the Required Backstop Parties.

Section 6.12 **Use of Proceeds**. Invacare will apply the proceeds from the exercise of the Backstop Party Rights and the sale of the Unsubscribed Shares for the purposes identified in the Plan and the Confirmation Order.

Section 6.13 **Share Legend**. Each certificate or book-entry annotation evidencing all Unsubscribed Shares that are issued in connection with this Agreement shall be stamped or otherwise imprinted with a legend (the "**Legend**") in substantially the following form:

> "THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED ON [DATE OF ISSUANCE], HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY OTHER APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN AVAILABLE EXEMPTION FROM REGISTRATION THEREUNDER."

In the event that any such Unsubscribed Shares are uncertificated, such Unsubscribed Shares shall be subject to a restrictive notation substantially similar to the Legend in the stock ledger or other appropriate records maintained by New Intermediate Holding Company or its transfer agent and the term "**Legend**" shall include such restrictive notation.

New Intermediate Holding Company or Reorganized Invacare, as applicable, shall cause the removal of the Legend (or restrictive notation, as applicable) set forth above from the certificates evidencing any such shares (or the stock ledger or other appropriate records, in the case of uncertified shares) at any time after the restrictions described in such Legend cease to be applicable, including, as applicable, when such shares may be sold under Rule 144 of the Securities Act without volume or manner of sale restrictions; *provided* that New Intermediate Holding Company or Reorganized Invacare may reasonably request such opinions, certificates or other evidence that such restrictions or conditions no longer apply as a condition to removing the Legend. For the avoidance of doubt, the (i) Subscription Shares and (ii) New Common Equity issued in satisfaction of the Backstop Commitment Premium shall not include the Legend.

Section 6.14 **<u>Antitrust Approval</u>.**

(a) Each Party agrees to use best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary to consummate and make effective the transactions contemplated by this Agreement, the Plan and the other Definitive Documents, including (i) if applicable, filing, or causing to be filed, the Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated by this Agreement with the Antitrust Division of the United States Department of Justice and the United States Federal Trade Commission and any filings (or, if required by any Antitrust Authority, any drafts thereof) under any other Antitrust Laws that are necessary to consummate and make effective the transactions contemplated by this Agreement as soon as reasonably practicable (and with respect to any filings required pursuant to the HSR Act, no later than fifteen (15) Business Days following the later of (x) the date hereof or (y) a date reasonably determined by the Required Backstop Parties (not to be later than twenty-five (25) Business Days following the date hereof)) and (ii) promptly furnishing documents or information reasonably requested by any Antitrust Authority and supplying to any Governmental Authority as promptly as practicable any additional information or documents that may be requested pursuant to any Law or by such Governmental Unit and taking, or causing to be taken, all other actions and doing, or causing to be done, all other things necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement. The Company Parties agree to pay all fees of a Governmental Authority incurred by any Part in connection with the filings and other actions contemplated by this <u>Section 6.14</u>.

Each Backstop Party, including its Affiliates, and its direct and indirect subsidiaries, agrees to take, or cause to be taken, any and all steps and to make, or cause to be made, any and all undertakings necessary to resolve such objections, if any, that a Governmental Authority or Antitrust Authority may assert under any Antitrust Law with respect to any transaction contemplated by this Agreement, the Plan or the other Definitive Documents, and to avoid or eliminate each and every impediment under any Antitrust Law that may be asserted by any Governmental Authority or Antitrust Authority with respect to any transaction contemplated by this Agreement, the Plan or the other Definitive Documents, in each case, so as to enable the Closing to occur as promptly as practicable, including, without limitation, (x) proposing, negotiating, committing to and effecting, by consent decree, hold separate order, or otherwise, the sale, divestiture or disposition of any businesses, assets, equity interests, product lines or properties of any Backstop Party (including its Affiliates, and its direct and indirect subsidiaries), or any equity interest in any joint venture held any by any Backstop Party (including its Affiliates, and its direct and indirect subsidiaries), (y) creating, terminating, or divesting relationships, ventures, contractual rights or obligations of any Backstop Party (including its Affiliates, and its direct and indirect subsidiaries), and (z) otherwise taking or committing to take any action that would limit any Backstop Party's (including its Affiliates', and its direct and indirect subsidiaries') freedom of action with respect to, or its ability to retain or hold, directly or indirectly, any businesses, assets, equity interests, product lines or properties of any Backstop Party (including its Affiliates, and its direct and indirect subsidiaries) or any equity interest in any joint venture held by any Backstop Party (including its Affiliates, and its direct and indirect subsidiaries), in each case as may be required in order to obtain all approvals, consents, clearances, expirations or terminations of waiting periods, registrations, permits, authorizations and other confirmations required directly or indirectly under any Antitrust Law or to avoid the commencement of any action to prohibit any transaction contemplated by this Agreement, the Plan or the other Definitive Documents under any Antitrust Law, or, in the alternative, to avoid the entry of, or to effect the dissolution of, any injunction, temporary restraining order or other order in any action or proceeding seeking to prohibit any transaction contemplated by this Agreement, the Plan or the other Definitive Documents or delay the Closing.

The Company Parties and each Backstop Party subject to an obligation pursuant to the Antitrust Laws, if applicable, to notify any transaction contemplated by this Agreement, the Plan or the other Definitive Documents that has notified the Company Parties in writing of such obligation (each such Backstop Party, a "**Filing Party**") agree to reasonably cooperate with each other as to the appropriate time of filing such notification and its content. Where applicable in connection with this Agreement, the Company Parties and each Filing Party shall, to the extent permitted by applicable Law: (A) promptly notify each other of, and if in writing, furnish each other with copies of (or, in the case of material oral communications, advise each other orally of) any communications from or with an Antitrust Authority; (B) not participate in any meeting with an Antitrust Authority unless it consults with each other Filing Party and the Company Parties, as applicable, in advance and, to the extent permitted by the Antitrust Authority and applicable Law, give each other Filing Party and the Company Parties, as applicable, a reasonable opportunity to attend and participate thereat; (C) furnish each other Filing Party and the Company Parties, as applicable, with copies of all correspondence and communications between such Filing Party or the Company Parties and the Antitrust Authority; (D) furnish each other Filing Party with such necessary information and reasonable assistance as may be reasonably necessary in connection with the preparation of necessary filings or submission of information to the Antitrust Authority; and (E) not withdraw its filing, if any, under the HSR Act without the prior written consent of the Required Backstop Parties and the Company Parties. Any such disclosures, rights to participate or provisions of information by one party to the other parties may be made on a counsel-only basis to the extent required under applicable Law or as appropriate to protect confidential business information, and any materials provided pursuant to this Section 6.14 may be redacted (i) to remove references concerning valuation; (ii) to the extent necessary to comply with contractual arrangements; and (iii) to the extent necessary to address reasonable privilege and confidentiality concerns.

(b) Should a Filing Party be subject to an obligation under the Antitrust Laws to jointly notify with one or more other Filing Parties (each, a "**Joint Filing Party**") any transaction contemplated by this Agreement, the Plan or the other Definitive Documents, such Joint Filing Party shall promptly notify each other Joint Filing Party of, and if in writing, furnish each other Joint Filing Party with copies of (or, in the case of material oral communications, advise each other Joint Filing Party orally of) any communications from or with an Antitrust Authority.

(c) The Company Parties and each Filing Party shall use their best efforts to obtain all authorizations, approvals, consents, or clearances under any applicable Antitrust Laws or to cause the termination or expiration of all applicable waiting periods under any Antitrust Laws in connection with the transactions contemplated by this Agreement at the earliest possible date after the date of filing. The communications contemplated by this Section 6.14 may be made by the Company Parties or a Filing Party on an outside counsel-only basis or subject to other agreed upon confidentiality safeguards.

Section 6.15 **Rights Offering**. The Company Parties shall effectuate, and shall cause New Parent and New Intermediate Holding Company to effectuate, the Rights Offering in accordance with the Plan and the Rights Offering Procedures in all material respects.

Section 6.16 **Company SEC Documents and Disclosure Statements**. The Company Parties shall use commercially reasonable efforts to file the Company's annual report on Form 10-K for the fiscal year ended December 31, 2022 prior to the Effective Date.

ARTICLE VII

ADDITIONAL PROVISIONS REGARDING FIDUCIARY OBLIGATIONS

Section 7.1 **Fiduciary Out**. Notwithstanding anything to the contrary in this Agreement, nothing in this Agreement shall require any Company Party or the board of directors, board of managers, or similar governing body of any Company Party (the aforementioned parties collectively as to the Company Parties, "**Fiduciaries**"), in each case, acting in their capacity as such, to take any action or to refrain from taking any action to the extent such Fiduciary determines, after consulting with counsel, that taking or failing to take such action would be inconsistent with applicable Law or its fiduciary obligations under applicable Law; *provided* that counsel to the Company Parties shall give notice not later than two (2) Business Days following such determination (with email being sufficient) (a "**Fiduciary Out Notice**"), to counsel to the Initial Backstop Parties following a determination made in accordance with this Section 7.1 to take or not take action, in each case in a manner that would result in a breach of this Agreement. This Section 7.1 shall not be deemed to amend, supplement or otherwise modify, or constitute a waiver of any Party's rights to terminate this Agreement pursuant to Article X or Section 7.1 of this Agreement that may arise as a result of any such action or inaction.

Section 7.2 **Alternative Transactions**. From the date of this Agreement until the Closing Date, (i) each Company Party and its respective board of directors (or committees thereof, but not any individual director), officers, employees, investment bankers, attorneys, accountants, consultants, and other advisors or representatives, each acting in their capacity as such, shall have the right, consistent with their fiduciary duties, to respond to any inbound indications of interest, but will no longer solicit Alternative Restructuring Proposals (or inquiries or indications of interest with respect thereto); and (ii) if any Company Party or the board of directors of any of the Company Parties determines, in the exercise of its fiduciary duties, to accept or pursue an Alternative Restructuring Proposal, the Company Parties shall notify (with email being sufficient) counsel to the Initial Backstop Parties within two (2) Business Days following such determination (an "**Alternative Restructuring Proposal Notice**"). Upon receipt of such Alternative Restructuring Proposal Notice, the Required Backstop Parties shall have the right to terminate this Agreement; *provided* that any such notice terminating this Agreement pursuant to Section 7.2 must notify the Company Parties that the Required Backstop Parties do not support the applicable Alternative Restructuring Proposal. The Company Parties' advisors shall provide the Initial Backstop Parties Advisors and any other party determined by the Company Parties, with (x) regular updates as to the status and progress of any Alternative Restructuring Proposals and (y) reasonable responses to any reasonable information requests related to any Alternative Restructuring Proposals or the Company Parties' actions taken pursuant to this Section 7.2. Nothing in this Agreement shall (a) impair or waive the rights of any Company Party to assert or raise any objection permitted under this Agreement in connection with the Restructuring Transactions, or (b) prevent any Company Party from enforcing this Agreement or contesting whether any matter, fact, or thing is a breach of, or is inconsistent with, this Agreement.

ARTICLE VIII

CONDITIONS TO THE OBLIGATIONS OF THE PARTIES

Section 8.1 **Conditions to the Obligations of the Backstop Parties**. The obligations of each Backstop Party to consummate the transactions contemplated hereby shall be subject to (unless waived by the Required Parties) the satisfaction of the following conditions prior to or at the Closing:

(a) Orders. The Bankruptcy Court shall have entered the Backstop Order, Disclosure Statement Order, and Confirmation Order, and in each case, consistent in all material respects with the RSA; each such Order shall be a Final Order; such Order shall be in full force and effect, and not subject to a stay.

(b) Plan. Each Company Party shall have complied, in all material respects, with the terms of the Plan that are to be performed by each Company Party on or prior to the Effective Date and the conditions to the occurrence of the Effective Date (other than any conditions relating to the occurrence of the Closing) set forth in the Plan shall have been satisfied or waived in accordance with the terms of the Plan.

(c) Rights Offering. The Rights Offering shall have been conducted, in all respects, in accordance with the Backstop Order, the Rights Offering Procedures and this Agreement, and the Rights Offering Expiration Time shall have occurred.

(d) Effective Date. The Effective Date shall have occurred, or shall be deemed to have occurred concurrently with the Closing, in accordance with the terms and conditions in the Plan and in the Confirmation Order.

(e) Registration Rights Agreement; New Organizational Documents.

(i) If applicable, a registration rights agreement shall have terms that are customary for a transaction of this nature and shall be in form and substance reasonably acceptable to the Required Backstop Parties and the Company Parties (the "**Registration Rights Agreement**"). The Registration Rights Agreement, if applicable, shall have been executed and delivered by the Company, shall otherwise have become effective with respect to the Backstop Parties and the other parties thereto, and shall be in full force and effect.

(ii) The New Organizational Documents, in the form and substance acceptable to the Company Parties and reasonably acceptable to the Required Backstop Parties, shall have been duly approved and adopted and shall be in full force and effect.

(f) Expense Reimbursement. The Company Parties shall have paid (or such amounts shall be paid concurrently with the Closing) all Expense Reimbursement invoiced through the Closing Date pursuant to Section 3.3.

(g) Consents. All governmental and third-party notifications, filings, consents, waivers and approvals required for the consummation of the transactions contemplated by this Agreement and the Plan shall have been made or received.

(h) Antitrust Approvals. All waiting periods imposed by any Governmental Authority or Antitrust Authority in connection with the transactions contemplated by this Agreement shall have terminated or expired and all authorizations, approvals, consents or clearances under the Antitrust Laws in connection with the transactions contemplated by this Agreement shall have been obtained.

(i) No Legal Impediment to Issuance. No Law or Order shall have been enacted, adopted or issued by any Governmental Unit that prohibits the implementation of the Plan or the transactions contemplated by this Agreement.

(j) Representations and Warranties.

(i) The representations and warranties of the Company Parties contained in Sections 4.1, 4.2, 4.3, 4.4, 4.5, 4.26, and 4.31 shall be true and correct in all respects on and as of the Closing Date after giving effect to the Plan with the same effect as if made on and as of the Closing Date after giving effect to the Plan (except for such representations and warranties made as of a specified date, which shall be true and correct only as of the specified date).

(ii) The representations and warranties of the Company Parties contained in Section 4.14 shall be true and correct in all material respects on and as of the Closing Date, or will be true and correct in all material respects on and as of the Closing Date with the same effect as if made on and as of the Closing Date after giving effect to the Plan (except for such representations and warranties made as of a specified date, which shall be true and correct in all material respects only as of the specified date).

(iii) The representations and warranties of the Company Parties contained in this Agreement other than those referred to in clauses (i) and (ii) above shall be true and correct (disregarding all materiality or Material Adverse Effect qualifiers other than with respect to Section 4.12) on and as of the Closing Date after giving effect to the Plan with the same effect as if made on and as of the Closing Date or will be true and correct in all material respects on and as of the Closing Date (except for such representations and warranties made as of a specified date, which shall be true and correct only as of the specified date), except where the failure to be so true and correct does not constitute, individually or in the aggregate, a Material Adverse Effect.

(k) Covenants. The Company Parties shall have performed and complied, in all material respects, with all of their respective covenants and agreements contained in this Agreement that contemplate, by their terms, performance or compliance prior to the Closing Date.

(l) Material Adverse Effect. Since January 1, 2022, except for the Chapter 11 Cases and any adversary proceedings or contested motions in connection therewith, and other than as disclosed in (i) the Company SEC Documents or otherwise publicly available on the SEC's Electronic Data-Gathering, Analysis and Retrieval system, or (ii) the Company Disclosures Schedules, there shall not have occurred, and there shall not exist, any event, development, occurrence or change that constitutes, individually or in the aggregate, a Material Adverse Effect.

(m) Officer's Certificate. The Backstop Parties shall have received on and as of the Closing Date a certificate of the chief executive officer or chief financial officer of Invacare confirming that the conditions set forth in Sections 8.1(j), (k), and (l) have been satisfied.

(n) Exit Facilities. The Exit ABL Facilities, Exit Secured Convertible Notes, and Exit Term Loan Facility shall be in effect with the terms set forth in the Restructuring Term Sheet, as in effect on the date hereof.

(o) RSA. The RSA shall not have terminated in accordance with the terms thereof.

(p) Backstop Commitment Premium. The Company Parties shall have paid (or such amounts shall be paid concurrently with the Closing) to each Backstop Party its Backstop Commitment Premium Share Amount as set forth in Section 3.2.

(q) Funding Notice. The Backstop Parties shall have received the Funding Notice in accordance with the terms of this Agreement.

(r) DIP Financing. An Event of Default shall not have occurred and be continuing under the DIP Term Loan Credit Agreement on account of which the agent and lenders thereunder shall have terminated the commitments and declared the loans to be immediately due and payable.

(s) Restructuring Transactions. The Restructuring Transactions which are supposed to occur prior to the Effective Date in accordance with the Restructuring Transactions Memorandum shall have occurred or shall occur contemporaneously with the Effective Date.

Section 8.2 **Certificate of Incorporation; Certificate of Designation**. Upon the Closing, (i) the rights, preferences and privileges of the New Convertible Preferred Equity and the New Common Equity will be as stated in the New Organizational Documents of the applicable issuer in accordance with the Plan and as provided by law.

Section 8.3 **Waiver of Conditions to Obligations of Backstop Parties**. All or any of the conditions set forth in Sections 8.1(b), (c), (e), (g), (h), (i), (j), (k), (l), (m), (n), (o) and (q) may only be waived in whole or in part with respect to all Backstop Parties by a written instrument executed by the Required Backstop Parties in their sole discretion and if so waived, all Backstop Parties shall be bound by such waiver. Any of the conditions not listed in the preceding sentence may only be waived in whole or in part with respect to all Backstop Parties by a written instrument executed by all Backstop Parties.

Section 8.4 **Conditions to the Obligations of the Company Parties**. The obligations of the Company Parties to consummate the transactions contemplated hereby with any Backstop Party is subject to (unless waived by the Company Parties in writing) the satisfaction of each of the following conditions:

(a) Orders. The Bankruptcy Court shall have entered the Backstop Order, Disclosure Statement Order, and Confirmation Order, in each case, in form and substance acceptable to the Company Parties and consistent in all material respects with the RSA and the Definitive Documents; each such Order shall be a Final Order; such Order shall be in full force and effect, and not subject to a stay.

(b) Effective Date. The Effective Date shall have occurred or shall be deemed to have occurred concurrently with the Closing, in accordance with the terms and conditions in the Plan and in the Confirmation Order.

(c) Rights Offering. The Rights Offering Expiration Time shall have occurred, and the Company Parties shall have received the Aggregate Rights Offering Amount (or the Adjusted Aggregated Rights Offering Amount, if applicable) in full in Cash pursuant to the Rights Offering.

(d) Antitrust Approvals. All waiting periods imposed by any Governmental Authority or Antitrust Authority in connection with the transactions contemplated by this Agreement shall have terminated or expired and all authorizations, approvals, consents or clearances under the Antitrust Laws in connection with the transactions contemplated by this Agreement shall have been obtained.

(e) No Legal Impediment to Issuance. No Law or Order shall have been enacted, adopted or issued by any Governmental Unit that prohibits the implementation of the Plan or the transactions contemplated by this Agreement.

(f) Representations and Warranties. The representations and warranties of the Backstop Parties contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as if made on and as of the Closing Date (except for such representations and warranties made as of a specified date, which shall be true and correct in all material respects only as of the specified date).

(g) Consents. All governmental and third-party notifications, filings, consents, waivers and approvals required for the consummation of the transactions contemplated by this Agreement and the Plan shall have been made or received.

(h) Covenants. The Backstop Parties shall have performed and complied, in all material respects, with all of their respective covenants and agreements contained in this Agreement that contemplate, by their terms, performance or compliance prior to the Closing Date.

(i) Exit Facilities. The Exit Facilities shall be in effect with the terms set forth in the Restructuring Term Sheet, as in effect on the date hereof.

(j) RSA. The RSA shall not have terminated in accordance with the terms thereof.

ARTICLE IX

INDEMNIFICATION AND CONTRIBUTION

Section 9.1 **Indemnification Obligations**. Following the entry of the Backstop Order, but effective as of the date hereof, the Company Parties (the "**Indemnifying Parties**," and each, an "**Indemnifying Party**") shall, jointly and severally, indemnify and hold harmless each Backstop Party and its Affiliates, equity holders, members, partners, general partners, managers and its and their respective Representatives and controlling persons (each, an "**Indemnified Person**") from and against any and all losses, claims, damages, liabilities and costs and expenses (other than Taxes of the Backstop Parties except to the extent otherwise provided for in this Agreement) (collectively, "**Losses**") that any such Indemnified Person may incur or to which any such Indemnified Person may become subject arising out of or in connection with this Agreement, the Plan, and the transactions contemplated hereby and thereby, including the Backstop Commitment, the Rights Offering, the Expense Reimbursement, the payment of the Backstop Commitment Premium or the Backstop Commitment Termination Premium or the use of the proceeds of the Rights Offering, or any claim, challenge, litigation, investigation or proceeding relating to any of the foregoing, regardless of whether any Indemnified Person is a party thereto, whether or not such proceedings are brought by the Company Parties, the Reorganized Company Parties, their respective equity holders, Affiliates, creditors or any other Person, and reimburse each Indemnified Person upon demand for reasonable documented out-of-pocket (with such documentation subject to redaction to preserve attorney client and work product privileges) legal or other third-party expenses incurred in connection with investigating, preparing to defend or defending, or providing evidence in or preparing to serve or serving as a witness with respect to, any lawsuit, investigation, claim or other proceeding relating to any of the foregoing (including in connection with the enforcement of the indemnification obligations set forth herein), irrespective of whether or not the transactions contemplated by this Agreement or the Plan are consummated or whether or not this Agreement is terminated; *provided* that the foregoing indemnity will not, as to any Indemnified Person, apply to Losses (a) as to a Defaulting Backstop Party or its Related Parties, or (b) to the extent they are found by a final, non-appealable judgment of a court of competent jurisdiction to arise from the willful misconduct, bad faith or gross negligence of such Indemnified Person. The Indemnified Persons are express third-party beneficiaries of this Article IX.

Section 9.2 **Indemnification Procedure**. Promptly after receipt by an Indemnified Person of notice of the commencement of any claim, challenge, litigation, investigation or proceeding (an "**Indemnified Claim**"), such Indemnified Person will, if a claim is to be made hereunder against the Indemnifying Party in respect thereof, notify the Indemnifying Party in writing of the commencement thereof; *provided* that (a) the omission to so notify the Indemnifying Party will not relieve the Indemnifying Party from any liability that it may have hereunder except to the extent it has been materially prejudiced by such failure and (b) the omission to so notify the Indemnifying Party will not relieve the Indemnifying Party from any liability that it may have to such Indemnified Person otherwise than on account of this Agreement. In case any such Indemnified Claims are brought against any Indemnified Person and it notifies the Indemnifying Party of the commencement thereof, the Indemnifying Party will be entitled to participate therein, and, at its election by providing written notice to such Indemnified Person, the Indemnifying Party will be entitled to assume the defense thereof or participation therein, with counsel reasonably acceptable to such Indemnified Person; *provided*, further, that if the parties (including any impleaded parties) to any such Indemnified Claims include both such Indemnified Person and the Indemnifying Party and based on advice of such Indemnified Person's counsel there are legal defenses available to such Indemnified Person that are different from or additional to those available to the Indemnifying Party, such Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such Indemnified Claims. Upon receipt of notice from the Indemnifying Party to such Indemnified Person of its election to so assume the defense of such Indemnified Claims with counsel reasonably acceptable to the Indemnified Person, the Indemnifying Party shall not be liable to such Indemnified Person for expenses incurred by such Indemnified Person in connection with the defense thereof or participation therein (other than reasonable documented out-of-pocket costs of investigation) unless (i) such Indemnified Person shall have employed separate counsel (in addition to any local counsel) in connection with the assertion of legal defenses in accordance with the proviso to the immediately preceding sentence (it being understood, however, that the Indemnifying Party shall not be liable for the expenses of more than one separate counsel representing the Indemnified Persons who are parties to such Indemnified Claims (in addition to one local counsel in each jurisdiction in which local counsel is required)), (ii) the Indemnifying Party shall not have employed counsel reasonably acceptable to such Indemnified Person to represent such Indemnified Person within a reasonable time after the Indemnifying Party has received notice of commencement of the Indemnified Claims from, or delivered on behalf of, the Indemnified Person, (iii) after the Indemnifying Party assumes the defense of the Indemnified Claims, the Indemnified Person determines in good faith that the Indemnifying Party has failed or is failing to defend such claim and provides written notice of such determination, and such failure is not reasonably cured within ten (10) Business Days following receipt of such notice by the Indemnifying Party, or (iv) the Indemnifying Party shall have authorized in writing the employment of counsel for such Indemnified Person.

Section 9.3 **Settlement of Indemnified Claims**. The Indemnifying Party shall not be liable for any settlement of any Indemnified Claims effected by such Indemnified Person without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld, conditioned or delayed). If any settlement of any Indemnified Claims is consummated with the written consent of the Indemnifying Party or if there is a final judgment for the plaintiff in any such Indemnified Claims, the Indemnifying Party agrees to indemnify and hold harmless each Indemnified Person from and against any and all Losses by reason of such settlement or judgment to the extent such Losses are otherwise subject to indemnification by the Indemnifying Party hereunder in accordance with, and subject to the limitations of, this Article IX. Notwithstanding anything in this Article IX to the contrary, if at any time an Indemnified Person shall have requested the Indemnifying Party to reimburse such Indemnified Person for legal or other expenses in connection with investigating, responding to or defending any Indemnified Claims as contemplated by this Article IX, the Indemnifying Party shall be liable for any settlement of any Indemnified Claims effected without its written consent if (a) such settlement is entered into more than thirty (30) days after receipt by the Indemnifying Party of such request for reimbursement and (b) the Indemnifying Party shall not have reimbursed such Indemnified Person in accordance with such request prior to the date of such settlement. The Indemnifying Party shall not, without the prior written consent of an Indemnified Person (which consent shall be granted or withheld, conditioned or delayed in the Indemnified Person's sole discretion), effect any settlement of any pending or threatened Indemnified Claims in respect of which indemnity or contribution has been sought hereunder by such Indemnified Person unless (i) such settlement includes an unconditional release of such Indemnified Person in form and substance satisfactory to such Indemnified Person from all liability on the claims that are the subject matter of such Indemnified Claims and (ii) such settlement does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Person.

Section 9.4 **Contribution**. If for any reason the foregoing indemnification is unavailable to any Indemnified Person or insufficient to hold it harmless from Losses that are subject to indemnification pursuant to Section 9.1, then the Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Person as a result of such Loss in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnifying Party, on the one hand, and such Indemnified Person, on the other hand, but also the relative fault of the Indemnifying Party, on the one hand, and such Indemnified Person, on the other hand, as well as any relevant equitable considerations. It is hereby agreed that the relative benefits to the Indemnifying Party, on the one hand, and all Indemnified Persons, on the other hand, shall be deemed to be in the same proportion as (a) the total value received or proposed to be received by the Company Parties pursuant to the issuance and sale of the Rights Offering Shares in the Rights Offering contemplated by this Agreement and the Plan bears to (b) the Backstop Commitment Premium paid or proposed to be paid to the Backstop Parties. Subject to Section 10.6, the Indemnifying Parties also agree that no Indemnified Person shall have any liability based on their comparative or contributory negligence or otherwise to the Indemnifying Parties, any Person asserting claims on behalf of or in right of any of the Indemnifying Parties, or any other Person in connection with an Indemnified Claim.

Section 9.5 **Treatment of Indemnification Payments**. All amounts paid by an Indemnifying Party to an Indemnified Person under this Article IX shall, to the extent permitted by applicable Law, be treated for all Tax purposes as adjustments to the Backstop Commitment Premium or the Backstop Commitment Termination Premium of such Indemnified Person, as the case may be, or, to the extent arising after the Closing Date, the Purchase Price of the Rights Offering Shares subscribed for by such Indemnified Person in the Rights Offering, or the Unsubscribed Shares purchased by such Indemnified Person, as applicable. The provisions of this Article IX are an integral part of the transactions contemplated by this Agreement and without these provisions the Backstop Parties would not have entered into this Agreement. The obligations of the Company Parties under this Article IX shall constitute allowed administrative expenses of the Company Parties' estates under Sections 503(b) and 507 of the Bankruptcy Code and are payable without further Order of the Bankruptcy Court, and that the Company Parties may comply with the requirements of this Article IX without further Order of the Bankruptcy Court.

Section 9.6 **No Survival**. All representations, warranties, covenants and agreements made in this Agreement shall not survive the Closing Date except for covenants and agreements that by their express terms are to be satisfied after the Closing Date, which covenants and agreements shall survive until satisfied in accordance with their terms. Notwithstanding the foregoing, the indemnification and other obligations of each of the Company Parties pursuant to this Article IX and the other obligations set forth in Section 10.6 shall survive the Closing Date until the latest date permitted by applicable Law and, if applicable, be assumed by each of the Reorganized Company Parties.

ARTICLE X

TERMINATION

Section 10.1 **Consensual Termination**. This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing Date by mutual written consent of the Company Parties and the Required Backstop Parties.

Section 10.2 **Automatic Termination**. Except as otherwise provided in this Article X, this Agreement shall terminate automatically without further action or notice by any Party if any of the following occurs:

(a) (i) any of the Chapter 11 Cases shall have been dismissed or converted to a chapter 7 case without the consent of the Required Backstop Parties or (ii) a chapter 11 trustee with plenary powers or an examiner with enlarged powers relating to the operation of the businesses of the Debtors beyond those set forth in Section 1106(a)(3) and (4) of the Bankruptcy Code shall have been appointed in any of the Chapter 11 Cases or the Debtors shall file a motion or other request for such relief.

Section 10.3 **Termination by the Company Parties**. This Agreement may be terminated by the Company Parties upon written notice to each Backstop Party upon the occurrence of any of the following Events, subject to the rights of the Company Parties to fully and unconditionally waive, in writing, on a prospective or retroactive basis the occurrence of such Event:

(a) the termination of the RSA as to the Company Parties in accordance with its terms;

(b) the occurrence of any Company Party Termination Event set forth in Section 12.02 of the RSA,

(c) the Bankruptcy Court denies entry of the Backstop Order;

(d) subject to the right of the Backstop Parties to arrange a Backstop Party Replacement in accordance with Section 2.3(a) (which will be deemed to cure any breach by the replaced Backstop Party pursuant to this Section 10.3(d)), (i) any Backstop Party shall have (x) breached any representation, warranty, covenant or other agreement made by such Backstop Party in this Agreement or any such representation or warranty shall have become inaccurate and such breach or inaccuracy would or would reasonably be expected to, individually or in the aggregate, cause a condition set forth in Section 8.4(f) or Section 8.4(h) not to be satisfied or (y) materially breached or ceased to be a party to the RSA, (ii) the Company Parties shall have delivered written notice of such breach or inaccuracy to such Backstop Party, and (iii) such breach or inaccuracy is not cured by such Backstop Party by the earlier of the tenth (10^{th}) Business Day after receipt of such notice and the third (3^{rd}) Business Day prior to the Outside Date; *provided* that this Agreement shall continue in full force and effect with respect to the Company Parties and the non-breaching Backstop Parties;

(e) the Company Parties determine in good faith, based upon advice of counsel, that proceeding with the Restructuring Transactions would be inconsistent with the exercise of the fiduciary duties of the board of directors or similar governing body of the Company or applicable law; *provided* that the Company provides notice of such determination to the Backstop Parties within two (2) Business Days after the date thereof;

(f) the Backstop Order or the Confirmation Order is reversed, dismissed or vacated;

(g) the Closing Date has not occurred by 11:59 p.m., New York City time on June 2, 2023, unless prior thereto the Effective Date occurs and the Rights Offering has been consummated; *provided* that the Company Parties shall not have the right to terminate this Agreement pursuant to this Section 10.3(g) if they are then in willful or intentional breach of this Agreement;

(h) if the Company Parties shall not receive the Aggregate Rights Offering Amount pursuant to the Rights Offering and this Agreement (subject to the right of the Backstop Parties to arrange a Backstop Party Replacement in accordance with Section 2.3(a)); *provided* that any termination pursuant to this Section 10.3(h) shall not relieve or otherwise limit the liability of any Defaulting Backstop Party hereto for any breach or violation of its obligations under this Agreement or any documents or instruments delivered in connection herewith; or

(i) any applicable Law or final and non-appealable Order shall have been enacted, adopted or issued by any Governmental Unit that prohibits the implementation of the Plan or the Rights Offering or the transactions contemplated by this Agreement or the other Definitive Documents; *provided*, that this termination right may not be exercised by any Party that sought or requested such ruling or order in contravention of any obligation set out in this Agreement.

Section 10.4 **Termination by the Required Backstop Parties**. This Agreement may be terminated by the Required Backstop Parties upon written notice to the Company Parties if, subject to the rights of the Required Backstop Parties to fully and unconditionally waive, in writing, on a prospective or retroactive basis the occurrence of such Event:

(a) the RSA has been terminated as to the Company Parties in accordance with its terms, except as a result of a breach of the RSA by the parties constituting the Required Backstop Parties;

(b) the termination of the RSA as to more than 66.67% of Consenting Unsecured Noteholders that are parties thereto in accordance with its terms;

(c) (i) the Bankruptcy Court has not entered or denies entry of the Backstop Order on or prior to one hundred and five (105) days after the Petition Date; or (ii) the Bankruptcy Court has not entered the Confirmation Order on or prior to one hundred and five (105) days after the Petition Date;

(d) the Backstop Order or the Confirmation Order is reversed, dismissed, vacated, or is modified or amended in any material respect after entry without the prior written consent of the Required Backstop Parties (and a revised Backstop Order or Confirmation Order reasonably acceptable to the Required Backstop Parties is not entered within five (5) Business Days thereafter); *provided*, that this termination right may not be exercised by any Party that sought or requested such reversal, dismissal, vacation, modification or amendment;

(e) the Closing Date has not occurred by 11:59 p.m., New York City time on June 2, 2023 (as it may be extended pursuant to this Section 10.4(e) or Section 2.3(a), the "**Outside Date**"), *provided* that the Outside Date may be waived or extended with the prior written consent of the Required Backstop Parties up to June 30, 2023 (the "**Final Outside Date**"), and the Final Outside Date may be waived or extended only with the prior written consent of each Backstop Party (excluding any Defaulting Backstop Party);

(f) Any Company Party shall have materially breached any representation, warranty, covenant or other agreement made by such Company Party in this Agreement or any such representation or warranty shall have become inaccurate and such breach or inaccuracy would, individually or in the aggregate, cause a condition set forth in Sections 8.1(j), 8.1(k) or 8.1(l) not to be satisfied, (i) any Backstop Party shall have delivered written notice of such breach or inaccuracy to the Company Parties, and (ii) if such breach or inaccuracy is capable of being cured, such breach or inaccuracy is not cured by Invacare or the other Company Parties by the earlier of (x) the tenth (10th) Business Day after receipt of such notice, and (y) the third (3rd) Business Day prior to the Outside Date;

(g) Since January 1, 2022, except for the Chapter 11 Cases and any adversary proceedings or contested motions in connection therewith, and other than as disclosed in (i) the Company SEC Documents or otherwise publicly available on the SEC's Electronic Data-Gathering, Analysis and Retrieval system, or (ii) the Company Disclosures Schedules, there shall have occurred any event, development, occurrence or change that constitutes, individually or in the aggregate, a Material Adverse Effect; or

(h) any applicable Law or final and non-appealable Order shall have been enacted, adopted or issued by any Governmental Unit that prohibits the implementation of the Plan or the Rights Offering or the transactions contemplated by this Agreement or the other Definitive Documents and that remains in effect for ten (10) Business Days after a delivery of a written notice to the Company Parties by the Backstop Parties; *provided*, that this termination right may not be exercised by any Party that sought or requested such ruling or order in contravention of any obligation set out in this Agreement.

Section 10.5 **[Reserved]**.

Section 10.6 **Effect of Termination.**

(a) Upon termination of this Agreement pursuant to this Article X, this Agreement shall forthwith become void and of no force or effect and there shall be no further obligations or liabilities on the part of the Parties; *provided* that (i) subject to Section 2.3(b), the obligations of the Company Parties to pay the Expense Reimbursement pursuant to Article III, to satisfy their indemnification obligations pursuant to Article IX, and, subject to the occurrence of a Termination Premium Payment Event, to pay the Backstop Commitment Termination Premium in Cash pursuant to Section 3.2 shall survive the termination of this Agreement and shall remain in full force and effect, in each case, until such obligations have been satisfied, and (ii) this Section 10.6 and Article XI shall survive the termination of this Agreement in accordance with their terms.

(b) Notwithstanding anything to the contrary contained herein, if this Agreement is terminated pursuant to (x) Section 7.1 or Section 7.2, (y) Section 10.3(a), Section 10.3(b) Section 10.3(f), Section 10.3(g) (*provided* that the Required Backstop Parties have not extended or have stated in writing that they are willing to extend the Outside Date beyond such date), or Section 10.3(i), or (z) Section 10.4(a) , Section 10.4(b) Section 10.4(d, Section 10.4(e) Section 10.4(f), Section 10.4(g) or Section 10.4(h), then, as promptly as practicable and in any event no later than two (2) Business Days following such termination, the Company Parties shall pay or cause to be paid to the Backstop Parties that are not (x) Defaulting Backstop Parties or (y) Backstop Parties whose breach of this Agreement caused its termination, (i) solely in the event of the occurrence of a Backstop Termination Premium Payment Event, the Backstop Commitment Termination Premium (*pro rata* in accordance with their Backstop Commitment Percentages, excluding the Backstop Commitment Percentage of any Defaulting Backstop Party); *provided* that, notwithstanding the foregoing and anything to the foregoing herein, the Backstop Commitment Premium shall not be payable to any of the Backstop Parties (including, for avoidance, a Backstop Party who is not a Defaulting Backstop Party) in the event of any Backstop Party Default unless all of the Available Shares are purchased and actually funded by one or more Replacement Backstop Parties in accordance with Section 2.3, and (ii) any filing fees or other similar costs, fees or expenses associated with the matters contemplated by Section 6.14, as well as the Expense Reimbursement pursuant to Section 3.3 (in each case, excluding any such fees or other expenses referenced in this clause (ii) of any (A) Defaulting Backstop Party or (B) Backstop Party whose breach of this Agreement caused its termination); *provided* that any invoices shall not be required to contain individual time detail. Subject to Section 11.10, nothing in this Section 10.6 shall relieve any Party from liability for its breach of this Agreement.

(c) The automatic stay applicable under section 362 of the Bankruptcy Code shall not prohibit a Party from taking any action or delivering any notice necessary to effectuate the termination of this Agreement pursuant to and in accordance with the terms hereof.

ARTICLE XI

GENERAL PROVISIONS

Section 11.1 **Notices**. All notices and other communications in connection with this Agreement shall be in writing and shall be deemed given if delivered personally, sent via electronic facsimile (with confirmation), mailed by registered or certified mail (return receipt requested) or delivered by an express courier (with confirmation) to the Parties at the following addresses (or at such other address for a Party as may be specified by like notice):

(a) If to Invacare or any Company Party, to:

Invacare Corporation
One Invacare Way
Elyria, Ohio 44035
Attention: Anthony LaPlaca, General Counsel and Chief Administrative Officer
Email: ALaPlaca@invacare.com

with copies to (which shall not constitute notice) to:

Kirkland & Ellis LLP
300 North LaSalle Street
Chicago, IL 60654
Attention: Ryan Blaine Bennett, P.C. (ryan.bennett@kirkland.com) and Yusuf Salloum (yusuf.salloum@kirkland.com)

and

Kirkland & Ellis LLP
601 Lexington Avenue
New York, New York 10022
Attention: Erica D. Clark (erica.clark@kirkland.com)

and

McDonald Hopkins LLC
600 Superior Avenue, East
Suite 2100

Cleveland, Ohio 44114
Attention: Shawn Riley (sriley@mcdonaldhopkins.com)

(b) If to the Consenting Term Loan Lender or a Consenting Secured Noteholder, to:

Highbridge Capital Management, LLC
277 Park Avenue
New York, NY 10172
Attn: Damon Meyer
Jonathan Segal
Ian Scime
Jason Hempel
E-mail address: damon.meyer@highbridge.com;
jonathan.segal@highbridge.com;
ian.scime@highbridge.com;
jason.hempel@highbridge.com

and

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10017
Attn: Damian S. Schaible
Kenneth J. Steinberg
Jonah A. Peppiatt
E-mail address: damian.schaible@davispolk.com
kenneth.steinberg@davispolk.com
jonah.peppiatt@davispolk.com

(c) If to the Ad Hoc Committee of Noteholders, to:

Brown Rudnick LLP
Seven Times Square
New York, NY 10036
Attn: Robert J. Stark
Bennett S. Silverberg
E-mail address: RStark@brownrudnick.com
BSilverberg@brownrudnick.com

(d) If to a Consenting ABL Lender, to:

Blank Rome LLP
130 North 18th Street
Philadelphia, Pennsylvania 19103
Attn: Michael C. Graziano
E-mail address: michael.graziano@blankrome.com

(e) If to Azurite, to:

Azurite Management LLC
25101 Chagrin Blvd 300

Beachwood Ohio 44122
Attn: Steven H Rosen

and

Latham & Watkins LLP
1271 Avenue of the Americas
New York, NY 10020
Attention: George A Davis; Adam J. Goldberg
E-mail: george.davis@lw.com;
adam.goldberg@lw.com

(f) A copy of each notice sent hereunder shall be sent to the Committee, to:

Kilpatrick Townsend & Stockton LLP
1100 Peachtree Street NE, Suite 2800
Atlanta, GA 30309-4528
Attn: Todd C. Meyers
Paul M. Rosenblatt
James R. Risener
Email: tmeyers@kilpatricktownsend.com
prosenblatt@kilpatricktownsend.com
jrisener@kilpatricktownsend.com

and

Kilpatrick Townsend & Stockton LLP
700 Louisiana Street, Suite 4300
Houston, TX 77002
Attn: Daniel F. Shank
Email: dshank@kilpatricktownsend.com

Section 11.2 **Assignment; Third-Party Beneficiaries**. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned by any Party (whether by operation of Law or otherwise) without the prior written consent of the Company Parties and the Required Backstop Parties, other than an assignment by a Backstop Party expressly permitted by Section 2.3 or Section 2.6 and any purported assignment in violation of this Section 11.2 shall be void *ab initio* and of no force or effect. Except as expressly provided in Article IX with respect to the Indemnified Persons, and Section 2.6(d) with respect to Highbridge, this Agreement (including the documents and instruments referred to in this Agreement) is not intended to and does not confer upon any Person any rights or remedies under this Agreement other than the Parties.

Section 11.3 **Prior Negotiations; Entire Agreement.**

(a) This Agreement (including the exhibits, the schedules, and the other documents and instruments referred to herein and in the RSA) constitutes the entire agreement of the Parties and supersedes all prior agreements, arrangements or understandings, whether written or oral, among the Parties with respect to the subject matter of this Agreement (including but not limited to the Initial Backstop Agreement), except that the Parties hereto acknowledge that any confidentiality agreements heretofore executed between or among the Parties and the RSA (including the Restructuring Term Sheet) will each continue in full force and effect.

(b) Notwithstanding anything to the contrary in the Plan (including any amendments, supplements or modifications thereto) or the Confirmation Order (and any amendments, supplements or modifications thereto) or an affirmative vote to accept the Plan submitted by any Backstop Party, nothing contained in the Plan (including any amendments, supplements or modifications thereto) or Confirmation Order (including any amendments, supplements or modifications thereto) shall alter, amend or modify the rights of the Backstop Parties under this Agreement unless such alteration, amendment or modification has been made in accordance with Section 11.7.

Section 11.4 **Governing Law; Venue**. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH (a) THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD FOR ANY CONFLICTS OF LAW PRINCIPLES THAT WOULD APPLY THE LAWS OF ANY OTHER JURISDICTION, AND TO THE EXTENT APPLICABLE, THE BANKRUPTCY CODE. THE PARTIES CONSENT AND AGREE THAT ANY ACTION TO ENFORCE THIS AGREEMENT OR ANY DISPUTE, WHETHER SUCH DISPUTES ARISE IN LAW OR EQUITY, ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE AGREEMENTS, INSTRUMENTS AND DOCUMENTS CONTEMPLATED HEREBY SHALL BE BROUGHT EXCLUSIVELY IN THE BANKRUPTCY COURT (OR, SOLELY TO THE EXTENT THE BANKRUPTCY COURT DECLINES JURISDICTION OVER SUCH ACTION OR DISPUTE, IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK OR ANY NEW YORK STATE COURT SITTING IN NEW YORK CITY). THE PARTIES CONSENT TO AND AGREE TO SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE BANKRUPTCY COURT (OR, SOLELY TO THE EXTENT THE BANKRUPTCY COURT DECLINES JURISDICTION OVER SUCH ACTION OR DISPUTE, IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK OR ANY NEW YORK STATE COURT SITTING IN NEW YORK CITY). EACH OF THE PARTIES HEREBY WAIVES AND AGREES NOT TO ASSERT IN ANY SUCH DISPUTE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY CLAIM THAT (i) SUCH PARTY IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF THE BANKRUPTCY COURT, (ii) SUCH PARTY OR SUCH PARTY'S PROPERTY IS IMMUNE FROM ANY LEGAL PROCESS ISSUED BY THE BANKRUPTCY COURT OR (iii) ANY LITIGATION OR OTHER PROCEEDING COMMENCED IN THE BANKRUPTCY COURT IS BROUGHT IN AN INCONVENIENT FORUM (OR, IN EACH CASE, SOLELY TO THE EXTENT THE BANKRUPTCY COURT DECLINES JURISDICTION OVER SUCH ACTION OR DISPUTE, IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK OR ANY NEW YORK STATE COURT SITTING IN NEW YORK CITY). THE PARTIES HEREBY AGREE THAT MAILING OF PROCESS OR OTHER PAPERS IN CONNECTION WITH ANY SUCH ACTION OR PROCEEDING TO AN ADDRESS PROVIDED IN WRITING BY THE RECIPIENT OF SUCH MAILING, OR IN SUCH OTHER MANNER AS MAY BE PERMITTED BY LAW, SHALL BE VALID AND SUFFICIENT SERVICE THEREOF AND HEREBY WAIVE ANY OBJECTIONS TO SERVICE ACCOMPLISHED IN THE MANNER HEREIN PROVIDED.

Section 11.5 **Waiver of Jury Trial**. EACH PARTY HEREBY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY JURISDICTION IN ANY ACTION, SUIT OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE AMONG THE PARTIES UNDER THIS AGREEMENT, WHETHER IN CONTRACT, TORT OR OTHERWISE.

Section 11.6 **Counterparts**. This Agreement may be executed in any number of counterparts, all of which will be considered one and the same agreement and will become effective when counterparts have been signed by each of the Parties and delivered to each other Party (including via facsimile or other electronic transmission), it being understood that each

Party need not sign the same counterpart. Any facsimile or electronic signature shall be treated in all respects as having the same effect as having an original signature.

Section 11.7 **Waivers and Amendments; Rights Cumulative; Consent**. This Agreement may be amended, restated, modified or changed only by a written instrument (with email being sufficient) signed by the Company Parties and the Required Backstop Parties; *provided* that (a) any Backstop Party's prior written consent shall be required for any amendment that would, directly or indirectly: (i) increase such Backstop Party's Purchase Price in respect of its Rights Offering Shares, (ii) modify such Backstop Party's *pro rata* share of the Backstop Commitment Percentage, Backstop Commitment Premium, or Backstop Commitment Termination Premium relative to the other Backstop Parties' (at the time of such amendment) *pro rata* share of the same, or (i) otherwise disproportionately and materially adversely affects such Backstop Party; and (b) the prior written consent of each Backstop Party shall be required for any amendment that would, directly or indirectly modify a Significant Term. Notwithstanding the foregoing, Schedule 2 shall be revised as necessary without requiring a written instrument signed by the Company Parties and the Required Backstop Parties to reflect conforming changes in the composition of the Backstop Parties and Backstop Commitment Percentages as a result of Transfers permitted and consummated in compliance with the terms and conditions of this Agreement. The terms and conditions of this Agreement (other than the conditions set forth in Section 8.1 and Section 8.4, the waiver of which shall be governed solely by Article VIII) may be waived (A) by the Company Parties only by a written instrument executed by the Company Parties and (B) by the Required Backstop Parties only by a written instrument executed by the Required Backstop Parties. No delay on the part of any Party in exercising any right, power or privilege pursuant to this Agreement will operate as a waiver thereof, nor will any waiver on the part of any Party of any right, power or privilege pursuant to this Agreement, nor will any single or partial exercise of any right, power or privilege pursuant to this Agreement, preclude any other or further exercise thereof or the exercise of any other right, power or privilege pursuant to this Agreement. The rights and remedies provided pursuant to this Agreement are cumulative and are not exclusive of any rights or remedies which any party hereto otherwise may have at law or in equity.

Section 11.8 **Headings**. The headings in this Agreement are for reference purposes only and will not in any way affect the meaning or interpretation of this Agreement.

Section 11.9 **Specific Performance**. The Parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the Parties shall be entitled to an injunction or injunctions, including pursuant to an order of the Bankruptcy Court or other court of competent jurisdiction, without the necessity of posting a bond to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof, in addition to any other remedy to which they are entitled at law or in equity. Unless otherwise expressly stated in this Agreement, no right or remedy described or provided in this Agreement is intended to be exclusive or to preclude a Party from pursuing other rights and remedies to the extent available under this Agreement, at law or in equity.

Section 11.10 **Damages**. Notwithstanding anything to the contrary in this Agreement, none of the Parties will be liable for, and none of the Parties shall claim or seek to recover, any punitive, special, indirect or consequential damages or damages for lost profits in connection with the breach or termination of this Agreement.

Section 11.11 **No Reliance**. No Backstop Party or any of its Related Parties shall have any duties or obligations to the other Backstop Parties in respect of this Agreement, the Plan or the transactions contemplated hereby or thereby, except those expressly set forth herein. Without limiting the generality of the foregoing, (a) no Backstop Party or any of its Related Parties shall be subject to any fiduciary or other implied duties to the other Backstop Parties, (b) no Backstop Party or any of its Related Parties shall have any duty to take any discretionary action or exercise any discretionary powers on behalf of any other Backstop Party, (c) no Backstop Party or any of its Related Parties shall have any duty to the other Backstop Parties to obtain, through the exercise of diligence or otherwise, to investigate, confirm, or disclose to the other Backstop Parties any information relating to the Company Parties that may have been communicated to or obtained by such Backstop Party or any of its Affiliates in any capacity, (d) no Backstop Party may rely, and confirms that it has not relied, on any due diligence investigation that any other Backstop Party or any Person acting on behalf of such other Backstop Party may have conducted with respect to the Company Parties or any of their Affiliates or any of their respective securities, and (e) each Backstop Party acknowledges that no other Backstop Party is acting as a placement agent, initial purchaser, underwriter, broker or finder with respect to its Unsubscribed Shares or Backstop Commitment Percentage of its Backstop Commitment.

Section 11.12 **Settlement Discussions**. This Agreement and the transactions contemplated herein are part of a proposed settlement of a dispute between the Parties. Nothing herein shall be deemed an admission of any kind. Pursuant to Section 408 of the U.S. Federal Rule of Evidence and any applicable state rules of evidence, this Agreement and all negotiations relating thereto shall not be admissible into evidence in any Legal Proceeding, except to the extent filed with, or disclosed to, the Bankruptcy Court in connection with the Chapter 11 Cases (other than a Legal Proceeding to approve or enforce the terms of this Agreement). The Parties agree that any valuations of any Company Party's assets or estates, whether implied or otherwise, arising from this Agreement shall not be binding for any other purpose, including determining recoveries under the Plan, and that this Agreement does not limit the Parties' rights regarding valuation in the Chapter 11 Cases.

Section 11.13 **No Recourse**. Notwithstanding anything that may be expressed or implied in this Agreement, and notwithstanding the fact that certain of the Parties may be partnerships or limited liability companies, each Party covenants, agrees and acknowledges that no recourse under this Agreement or any documents or instruments delivered in connection with this Agreement shall be had against any Party's Affiliates or any of the respective Related Parties of such Party or of the Affiliates of such Party (in each case other than the Parties to this Agreement and each of their respective successors and permitted assignees under this Agreement), whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any applicable Law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any of such Related Parties, as such, for any obligation or liability of any Party under this Agreement or any documents or instruments delivered in connection herewith for any claim based on, in respect of or by reason of such obligations or liabilities or their creation; *provided*, *however*, that nothing in this Section 11.13 shall relieve or otherwise limit the liability of any Party hereto or any of their respective successors or permitted assigns for any breach or violation of its obligations under this Agreement or such other documents or instruments. For the avoidance of doubt, none of the Parties will have any recourse, be entitled to commence any proceeding or make any claim under this Agreement or in connection with the transactions contemplated hereby except against any of the Parties or their respective successors and permitted assigns, as applicable.

Section 11.14 **Severability**. In the event that any one or more of the provisions contained in this Agreement are held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein will not be in any way impaired thereby, it being intended that all of the rights and privileges of the parties hereto will be enforceable to the fullest extent permitted by law.

Section 11.15 **Enforceability of Agreement**. Each of the Parties waives any right to assert that the exercise of termination rights under this Agreement is subject to the automatic stay provisions of the Bankruptcy Code, and expressly stipulates and consents hereunder to the prospective modification of the automatic stay provisions of the Bankruptcy Code for purposes of exercising termination rights under this Agreement, to the extent the Bankruptcy Court determines that such relief is required.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first above written.

[•]

By:
[•]

[•]

SCHEDULE 1

COMPANY PARTIES

1. Invacare Corporation (Ohio)
2. Adaptive Switch Laboratories, Inc. (Texas)
3. Freedom Designs, Inc. (California)
4. New Parent[4]
5. New Intermediate Holding Company

[4] New Parent and New Intermediate Holding Company are anticipated to be formed as part of the Restructuring Transactions.

Confidential

SCHEDULE 2

BACKSTOP PARTY COMMITMENTS

Backstop Party	Backstop Amount	Backstop Commitment Percentage
Total	$[●]	100.00%

EXHIBIT A

FORM OF JOINDER FOR RELATED PURCHASER

Joinder to Backstop Commitment Agreement (this "**Joinder**") dated as of [____________], by and among [____________] (the "Transferor") and [____________] (the "**Transferee**").

W I T N E S S E T H:

WHEREAS, Invacare Corporation ("**Invacare**" or the "**Company**"), the Company Parties, certain of their directly- and indirectly-owned subsidiaries and the Backstop Parties party thereto have heretofore executed and delivered an Amended and Restated Backstop Commitment Agreement, dated as of March 29, 2023 (as amended, supplemented, restated or otherwise modified from time to time, the "**Agreement**");

WHEREAS, pursuant to Section 2.6(b) of the Agreement, each Backstop Party shall have the right to Transfer all or any portion of its Funding Commitment to any Related Purchaser, subject to the terms and conditions set forth in the Agreement; and

WHEREAS, Transferor desires to sell to Transferee and Transferee desires to purchase from Transferor the Subscription Commitment and the Backstop Commitment Percentage set forth beneath its signature in the signature page hereto (the "**Subject Transfer**");

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration, the receipt of which is hereby acknowledged, the Transferor and the Transferee covenant and agree as follows:

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement. The "**General Provisions**" set forth in Article XI of the Agreement shall be deemed to apply to this Joinder and are incorporated herein by reference, *mutatis mutandis*.

2. Agreement to Transfer. The Transferor hereby agrees to Transfer to the Transferee, pursuant and subject to the terms and conditions set forth in the Agreement and the Backstop Order, the Subscription Commitment and the Backstop Commitment Percentage as set forth beneath its signature in the signature page hereto (and Schedule 2 to the Agreement shall be deemed to have been revised in accordance with the Agreement).

3. Agreement to be Bound. The Transferee hereby agrees (a) to become a party to the Agreement as a Backstop Party and Party and as such will have all the rights and be subject to all of the obligations and agreements of a Backstop Party under the Agreement, (b) to purchase, pursuant and subject to the terms and conditions set forth in the Agreement and the Backstop Order, such number of Subscription Shares and Unsubscribed Shares as corresponds to the Subscription Commitment and the Backstop Commitment Percentage Transferred to the Transferee hereunder. The Subscription

Commitment and the Backstop Commitment Percentage Transferred to the Transferee pursuant to the Subject Transfer as of the date hereof is set forth on the signature page hereto (and Schedule 2 to the Agreement shall be deemed to have been revised in accordance with the Agreement); *provided*, *however*, that such Transferee's Subscription Commitment and the Backstop Commitment Percentage may be modified after the date hereof, subject to the terms of the Agreement and the Backstop Order.

4. Release of Obligations of Transferor. Upon consummation of the Subject Transfer, the Transferor shall be deemed to relinquish its rights and be released from its obligations under the Agreement with respect to the Subject Transfer.

5. Representations and Warranties of the Transferor. The Transferor hereby represents and warrants that the Subject Transfer does not violate any of the provisions contained in Section 2.6(e) of the Agreement.

6. Representations and Warranties of the Transferee. The Transferee hereby (a) represents and warrants that the Transferee is a Related Purchaser of the Transferor and (b) makes, to each of the other Parties, as to itself only and (unless otherwise set forth therein) as of the date hereof and as of the Closing Date, the representations and warranties set forth in Article V of the Agreement; *provided*, *however*, for purposes of any representation concerning Unsecured Notes Claims, the Transferee is only hereby making representations with respect to any such Claims that it actually holds on the date hereof (which may be none, in which case it makes no such representations).

7. Governing Law. This Joinder shall be governed by and construed in accordance with the laws of the State of New York without regard for any conflict of law principles that would apply the laws of any other jurisdiction, and, to the extent applicable, the Bankruptcy Code.

8. Notice. All notices and other communications given or made to the Transferee in connection with the Agreement shall be made in accordance with Section 11.1 of the Agreement, to the address set forth under the Transferee's signature in the signature pages hereto (and the Agreement shall be deemed to have been updated to include such notice information for the Transferee).

[*Signature pages follow*]

IN WITNESS WHEREOF, each of the undersigned parties has caused this Joinder to be executed as of the date first written above.

TRANSFEROR:

[ ]

By: ____________________________

Name:
Title:
Address:
Email:
Facsimile:
Subscription Commitment:
Backstop Commitment Percentage:

TRANSFEREE:

[ ]

By: ____________________________

Name:
Title:
Address:
Email:
Facsimile:
Subscription Commitment:
Backstop Commitment Percentage:

EXHIBIT B-1

FORM OF JOINDER FOR EXISTING COMMITMENT PARTY PURCHASER

Joinder to Backstop Commitment Agreement (this "**Joinder**") dated as of [____________], by and among [____________] (the "**Transferor**") and [____________] (the "**Transferee**").

W I T N E S S E T H:

WHEREAS, Invacare Corporation ("**Invacare**" or the "**Company**"), the Company Parties, certain of their directly- and indirectly-owned subsidiaries and the Backstop Parties party thereto have heretofore executed and delivered an Amended and Restated Backstop Commitment Agreement, dated as of March 29, 2023 (as amended, supplemented, restated or otherwise modified from time to time, the "**Agreement**");

WHEREAS, pursuant to Section 2.6(c) of the Agreement, each Backstop Party shall have the right to Transfer all or any portion of its Backstop Commitment to any Existing Commitment Party Purchaser, subject to the terms and conditions set forth in the Agreement; and

WHEREAS, Transferor desires to sell to Transferee and Transferee desires to purchase from Transferor the Subscription Commitment and the Backstop Commitment Percentage set forth beneath its signature in the signature page hereto (the "**Subject Transfer**");

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration, the receipt of which is hereby acknowledged, the Transferor and the Transferee covenant and agree as follows:

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement. The "**General Provisions**" set forth in Article XI of the Agreement shall be deemed to apply to this Joinder and are incorporated herein by reference, *mutatis mutandis*.

2. Agreement to Transfer. The Transferor hereby agrees to Transfer to the Transferee, pursuant and subject to the terms and conditions set forth in the Agreement and the Backstop Order, Subscription Commitment and the Backstop Commitment Percentage as set forth beneath its signature in the signature page hereto (and Schedule 2 to the Agreement shall be deemed to have been revised in accordance with the Agreement).

3. Agreement to be Bound. The Transferee hereby agrees (a) to become a party to the Agreement as a Backstop Party and Party and as such will have all the rights and be subject to all of the obligations and agreements of a Backstop Party under the Agreement, (b) to purchase, pursuant and subject to the terms and conditions set forth in the Agreement and the Backstop Order, such number of Subscription Shares and Unsubscribed Shares as corresponds to the Subscription Commitment and Backstop Commitment Percentage Transferred to the Transferee hereunder. The Backstop Commitment Percentage Transferred to the Transferee pursuant to the Subject Transfer as

of the date hereof is set forth on the signature page hereto (and Schedule 2 to the Agreement shall be deemed to have been revised in accordance with the Agreement); *provided*, *however*, that such Transferee's Subscription Commitment and Backstop Commitment Percentage may be modified after the date hereof, subject to the terms of the Agreement and the Backstop Order.

4. Release of Obligations of Transferor. Upon consummation of the Subject Transfer, the Transferor shall be deemed to relinquish its rights and be released from its obligations under the Agreement with respect to the Subject Transfer.

5. Representations and Warranties of the Transferor. The Transferor hereby represents and warrants that the Subject Transfer does not violate any of the provisions contained in Section 2.6(e) of the Agreement.

6. Representations and Warranties of the Transferee. The Transferee hereby (a) represents and warrants that the Transferee is an Existing Commitment Party Purchaser (and not prior to the date hereof a Backstop Party) and (b) makes, to each of the other Parties, as to itself only and (unless otherwise set forth therein) as of the date hereof and as of the Closing Date, the representations and warranties set forth in Article V of the Agreement; *provided*, *however*, for purposes of any representation concerning Unsecured Notes Claims, the Transferee is only hereby making representations with respect to any such Claims that it actually holds on the date hereof (which may be none, in which case it makes no such representations).

7. Governing Law. This Joinder shall be governed by and construed in accordance with the laws of the State of New York without regard for any conflict of law principles that would apply the laws of any other jurisdiction, and, to the extent applicable, the Bankruptcy Code.

8. Notice. All notices and other communications given or made to the Transferee in connection with the Agreement shall be made in accordance with Section 11.1 of the Agreement, to the address set forth under the Transferee's signature in the signature pages hereto (and the Agreement shall be deemed to have been updated to include such notice information for the Transferee).

[*Signature pages follow*]

IN WITNESS WHEREOF, each of the undersigned parties has caused this Joinder to be executed as of the date first written above.

TRANSFEROR:

[ ]

By: ______________________________

Name:

Title:

Address:

Email:

Facsimile:

Subscription Commitment:

Backstop Commitment Percentage:

TRANSFEREE:

[ ]

By: ______________________________

Name:

Title:

Address:

Email:

Facsimile:

Subscription Commitment:

Backstop Commitment Percentage:

EXHIBIT B-2

FORM OF AMENDMENT FOR EXISTING COMMITMENT PARTY PURCHASER

Amendment to Backstop Commitment Agreement (this "**Amendment**") dated as of [____________], by and among [____________] (the "**Transferor**") and [____________] (the "**Transferee**").

W I T N E S S E T H:

WHEREAS, Invacare Corporation ("**Invacare**" or the "**Company**"), the Company Parties, certain of their directly- and indirectly-owned subsidiaries and the Backstop Parties party thereto have heretofore executed and delivered an Amended and Restated Backstop Commitment Agreement, dated as of March 29, 2023 (as amended, supplemented, restated or otherwise modified from time to time, the "**Agreement**");

WHEREAS, pursuant to Section 2.6(c) of the Agreement, each Backstop Party shall have the right to Transfer all or any portion of its Funding Commitment to any Existing Commitment Party Purchaser, subject to the terms and conditions set forth in the Agreement; and

WHEREAS, Transferor desires to sell to Transferee and Transferee desires to purchase from Transferor the Subscription Commitment and the Backstop Commitment Percentage set forth beneath its signature in the signature page hereto (the "**Subject Transfer**");

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration, the receipt of which is hereby acknowledged, the Transferor, the Transferee, and the Company Parties covenant and agree as follows:

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement. The "**General Provisions**" set forth in Article XI of the Agreement shall be deemed to apply to this Amendment and are incorporated herein by reference, *mutatis mutandis*.

2. Agreement to Transfer. The Transferor hereby agrees to Transfer to the Transferee, pursuant and subject to the terms and conditions set forth in the Agreement and the Backstop Order, the Subscription Commitment and the Backstop Commitment Percentage as set forth beneath its signature in the signature page hereto (and Schedule 2 to the Agreement shall be deemed to have been revised in accordance with the Agreement).

3. Agreement to be Bound. The Transferee hereby agrees to purchase, pursuant and subject to the terms and conditions set forth in the Agreement and the Backstop Order, such number of Subscription Shares and Unsubscribed Shares as corresponds to the Subscription Commitment and Backstop Commitment Percentage Transferred to the Transferee hereunder. The Subscription Commitment and Backstop Commitment Percentage Transferred to the Transferee pursuant to the Subject Transfer as of the date hereof is set forth on the signature page hereto (and Schedule 2 to the Agreement shall be deemed to have been revised in accordance with the Agreement); *provided*, *however*, that

such Transferee's Backstop Commitment Percentage may be decreased after the date hereof, subject to the terms of the Agreement and the Backstop Order.

4. Release of Obligations of Transferor. Upon consummation of the Subject Transfer, the Transferor shall be deemed to relinquish its rights and be released from its obligations under the Agreement with respect to the Subject Transfer. Representations and Warranties of the Transferor. The Transferor hereby represents and warrants that the Subject Transfer does not violate any of the provisions contained in Section 2.6(e) of the Agreement.

5. Representations and Warranties of the Transferee. The Transferee hereby (a) represents and warrants that the Transferee is an Existing Commitment Party Purchaser (and prior to the date hereof a Backstop Party) and (b) makes, to each of the other Parties, as to itself only and (unless otherwise set forth therein) as of the date hereof and as of the Closing Date, the representations and warranties set forth in Article V of the Agreement; *provided*, *however*, for purposes of any representation concerning Unsecured Notes Claims, the Transferee is only hereby making representations with respect to any such Claims that it actually holds on the date hereof (which may be none, in which case it makes no such representations).

6. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York without regard for any conflict of law principles that would apply the laws of any other jurisdiction, and, to the extent applicable, the Bankruptcy Code.

7. Notice. All notices and other communications given or made to the Transferee in connection with the Agreement shall be made in accordance with Section 11.1 of the Agreement, to the address set forth under the Transferee's signature in the signature pages hereto (and the Agreement shall be deemed to have been updated to include such notice information for the Transferee).

[*Signature pages follow*]

EXHIBIT C

FORM OF JOINDER FOR NEW PURCHASER

Joinder to Backstop Commitment Agreement (this "**Joinder**") dated as of [____________], by and among [____________] (the "**Transferor**") and [____________] (the "**Transferee**").

W I T N E S S E T H:

WHEREAS, Invacare Corporation ("**Invacare**" or the "**Company**"), the Company Parties, certain of their directly- and indirectly-owned subsidiaries and the Backstop Parties party thereto have heretofore executed and delivered an Amended and Restated Backstop Commitment Agreement, dated as of March 29, 2023 (as amended, supplemented, restated or otherwise modified from time to time, the "**Agreement**");

WHEREAS, pursuant to Section 2.6(d) of the Agreement, each Backstop Party shall have the right to Transfer all or any portion of its Funding Commitment to any New Purchaser, subject to the terms and conditions set forth in the Agreement;

WHEREAS, Transferor desires to sell to Transferee and Transferee desires to purchase from Transferor the Subscription Commitment and the Backstop Commitment Percentage set forth beneath its signature in the signature page hereto (the "**Subject Transfer**");

WHEREAS, the Subject Transfer has been consented to (or has been deemed consented to pursuant to Section 2.6(d) of the Agreement) by the Required Backstop Parties; and

WHEREAS, the Subject Transfer has been consented to (or has been deemed consented to pursuant to Section 2.6(d) of the Agreement) by the Company Parties;

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration, the receipt of which is hereby acknowledged, the Transferor and the Transferee covenant and agree as follows:

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement. The "**General Provisions**" set forth in Article XI of the Agreement shall be deemed to apply to this Joinder and are incorporated herein by reference, mutatis mutandis.

2. Agreement to Transfer. The Transferor hereby agrees to Transfer to the Transferee, pursuant and subject to the terms and conditions set forth in the Agreement and the Backstop Order, the Subscription Commitment and the Backstop Commitment Percentage as set forth beneath its signature in the signature page hereto (and Schedule 2 to the Agreement shall be deemed to have been revised in accordance with the Agreement).

3. Agreement to be Bound. The Transferee hereby agrees (a) to become a party to the Agreement as a Backstop Party and Party and as such will have all the rights and be subject to all of the obligations and agreements of a Backstop Party under the Agreement, (b) to purchase, pursuant and subject to the terms and conditions set forth in the

Agreement and the Backstop Order, such number of Subscription Shares and Unsubscribed Shares as corresponds to the Subscription Commitment and Backstop Commitment Percentage. The Subscription Commitment and Backstop Commitment Percentage Transferred to the Transferee pursuant to the Subject Transfer as of the date hereof is set forth on the signature page hereto (and Schedule 2 to the Agreement shall be deemed to have been revised in accordance with the Agreement); *provided*, *however*, that such Transferee's Subscription Commitment and Backstop Commitment Percentage may be modified after the date hereof, subject to the terms of the Agreement and the Backstop Order.

4. Release of Obligations of Transferor. Upon consummation of the Subject Transfer, the Transferor shall be deemed to relinquish its rights and be released from its obligations under the Agreement with respect to the Subject Transfer.

5. Representations and Warranties of the Transferor. The Transferor hereby represents and warrants that (a) the Subject Transfer has been consented to (or has been deemed consented to pursuant to Section 2.6(d) of the Agreement) by the Required Backstop Parties; (b) the Subject Transfer has been consented to (or has been deemed consented to pursuant to Section 2.6(d) of the Agreement) by the Company Parties; and (c) the Subject Transfer does not violate any of the provisions contained in Section 2.6(e) of the Agreement.

6. Representations and Warranties of the Transferee. The Transferee hereby makes, to each of the other Parties, as to itself only and (unless otherwise set forth therein) as of the date hereof and as of the Closing Date, the representations and warranties set forth in Article V of the Agreement; *provided*, *however*, for purposes of any representation concerning Unsecured Notes Claims, the Transferee is only hereby making representations with respect to any such Claims that it actually holds on the date hereof (which may be none, in which case it makes no such representations).

7. Governing Law. This Joinder shall be governed by and construed in accordance with the laws of the State of New York without regard for any conflict of law principles that would apply the laws of any other jurisdiction, and, to the extent applicable, the Bankruptcy Code.

8. Notice. All notices and other communications given or made to the Transferee in connection with the Agreement shall be made in accordance with Section 11.1 of the Agreement, to the address set forth under the Transferee's signature in the signature pages hereto (and the Agreement shall be deemed to have been updated to include such notice information for the Transferee).

[*Signature pages follow*]

IN WITNESS WHEREOF, each of the undersigned parties has caused this Joinder to be executed as of the date first written above.

TRANSFEROR:

[ ]

By: ____________________________

Name:

Title:

Address:

Email:

Facsimile:

Subscription Commitment:

Backstop Commitment Percentage:

TRANSFEREE:

[ ]

By: ____________________________

Name:

Title:

Address:

Email:

Facsimile:

Subscription Commitment:

Backstop Commitment Percentage:

SEPARATION AGREEMENT

This Separation Agreement (hereinafter "Agreement") is made by and between INVACARE CORPORATION (hereinafter "Company") and RICK A. CASSIDAY (hereinafter "Employee"). Company and Employee agree as follows:

1. Separation Date. Employee's employment with the Company ended on October 28, 2022 ("Separation Date"). Regardless of whether Employee signs this Agreement, Employee will be permitted to extend existing medical, dental, and vision insurance coverage, if any, at Employee's own expense, consistent with federal COBRA law and any applicable state laws.

2. Severance Pay. In consideration of the agreements and promises set forth in this Agreement, the Company agrees to provide Employee with severance pay ("Severance Pay") equal to 40% of Employee's 2022 base salary, less applicable taxes and withholdings, payable in semi-monthly installments over a 12-month period coinciding with the Company's normal payroll cycles. For avoidance of doubt, Employee's 2022 base salary is $310,000, and 40% of employee's 2022 base salary is $124,000, and the Severance Pay will be payable regardless of Employees continued eligibility for long-term disability benefits. The installment payments shall begin no later than fourteen (14) days after the Effective Date (defined below). In addition, the Company agrees to provide an addition payment of $7,000, payable in 24 semi-monthly installments of $291.67, less applicable taxes and withholdings, that Employee can apply toward his COBRA or other health care benefits (the "COBRA Benefit").

3. Release and Covenant Not to Sue. Employee hereby releases, dismisses, and forever discharges the Company, its predecessors, parents, subsidiaries, divisions, related and affiliated companies and each of their respective officers, directors, stockholders, members, employees, heirs, successors, assigns, representatives, agents and counsel (collectively, the "Released Parties") from any and all claims, demands, damages, suits, proceedings, actions, and/or causes of action, including claims for attorney's fees (collectively, "Claims") of every kind, whether known or unknown, which Employee has or had through the date Employee signed this Agreement, and Employee agrees not to assert any such Claims against the Company or other Released Parties in any lawsuit, grievance, or arbitration. Employee's release is on behalf of Employee and Employee's dependents, successors, assigns, heirs, executors, administrators, and Employee's legal representatives of every kind. The scope of Claims being released includes, is but not limited to:

A. All Claims arising out of or relating to Employee's employment with the Company or with other Released Parties, the decision to terminate employment and the timing of termination, any terms or conditions of employment, any compensation of any kind (including but not limited to salary, bonuses, commissions, incentive plans, unvested restricted shares and performance shares, severance payments other than specifically provided in this Agreement, and all other forms of remuneration or potential remuneration that are not otherwise provided in this Agreement);

B. All Claims of discrimination, harassment, or retaliation; and any Claims under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Age Discrimination in Employment Act, Ohio Revised Code chapter 4112, Michigan Elliott-Larsen Civil Rights Act (ELCRA), Michigan Persons with Disabilities Civil Rights Act (PWDCRA), Payment of Wages and Fringe Benefits Act (WFBA), Michigan Whistleblowers' Protection Act (WPA), Bullard-Plawecki Employee Right to Know Act, the Michigan Occupational Safety and Health Act (MIOSHA), the Michigan Social Security Number Privacy Act, and the Michigan Internet Privacy Protection Act, and all federal, state, and local laws relating to employment; and

C. All Claims of wrongdoing or unjust discharge, breach of any oral or written contract or promise (whether express or implied), any tort Claim, defamation, promissory estoppel, detrimental reliance, and any Claim based on any employment policy or practice, and any other common law Claim.

Employee is not releasing rights or claims that may arise after this Agreement is executed. Employee is not waiving the right to seek unemployment benefits. Employee is not waiving the right to retain any vested benefits under any qualified retirement plan or rights to continue Long Term Disability coverage under the terms of such plans; but any unvested restricted stock or performance shares held by Employee are forfeited. Employee is not waiving claims which by law cannot be waived. Employee is not waiving the right to file a charge with or participate in an investigation conducted by the Equal Employment Opportunity Commission or other governmental agency; but Employee agrees that Employee shall not obtain any relief, recovery, or monies in connection with any such matter brought against any of the Released Parties, regardless of who filed or initiated any such charge, investigation, or proceeding. Employee agrees that Employee will neither seek nor accept from any source whatsoever, any further benefit, payment, or other consideration relating to any rights or Claims that have been released in this Agreement. The prohibitions on further recovery in this paragraph shall not apply to any monetary award from a government-administered whistleblower award program for providing information directly to a government agency.

This Agreement shall not be interpreted to imply that Employee had any valid claims against any of the Released Parties or that any of the Released Parties engaged in any conduct that could support any Claim by Employee or that was in violation of any law.

4. Voluntary Election. Employee acknowledges and agrees as follows:

A. The only consideration being given for signing this Agreement is set forth herein. In exchange for signing this Agreement, Employee is being provided consideration to which Employee would not otherwise be entitled.

B. No other promises or agreements have been made to or with Employee by any person or entity to induce Employee to sign this Agreement.

C. Employee is encouraged to discuss this Agreement and any matters related to the termination of Employee’s employment with an attorney of Employee's own choosing before signing this Agreement, and any such consultation shall be at Employee’s own expense. Employee acknowledges that, before signing, Employee has had sufficient opportunity to do so.

5. Execution of Agreement; Time to Consider. Employee has been given a period of twenty-one (21) calendar days to consider whether to sign this Agreement, but Employee may sign earlier. To accept this Agreement, Employee must sign below and return the signed version to Anthony C. LaPlaca, Senior Vice President, General Counsel and Chief Administrative Officer, Invacare Corporation, One Invacare Way, Elyria, OH 44035, or via email to ALaPlaca@invacare.com before the expiration of this period. Once the original version of this Agreement has been presented to Employee, the 21-day period shall not be restarted or tolled except by written agreement of the parties.

6. Revocation; Effective Date. Employee may revoke this Agreement during the seven-day period beginning immediately after Employee signs this Agreement. Such revocation must be made in writing and delivered to Anthony C. LaPlaca, Senior Vice President, General Counsel and Chief Administrative Officer, Invacare Corporation, One Invacare Way, Elyria, OH 44035, or by email to ALaPlaca@invacare.com, in a manner such that it is received before the expiration of this period. The “Effective Date” of this Agreement will be the day after the seven-day revocation period has expired. This Agreement will be neither effective nor enforceable before the Effective Date. If timely revoked, all portions of this Agreement will be void.

7. Confidentiality. Employee agrees to keep this Agreement and the Severance Pay confidential, except that Employee may disclose the terms of this Agreement to Employee’s

spouse, accountant, tax adviser, and lawyer, so long as Employee makes clear to them that they too must keep it confidential. Employee may report the payment to governmental taxing agencies. Employee shall not post anything about this Agreement or its terms on any social media site, whether public or private. Employee shall not disclose anything about these subjects in any type of communication, including electronic, email, print, or verbal, except that Employee may show this Agreement to government agencies in the context of a charge or governmental investigation.

8. Non-Disparagement. Employee shall not make any disparaging comments about the Company, its management, directors, or officers or employees, terms or conditions of employment, or the termination of employment, whether directly or indirectly or anonymously, in any communication of any kind, including electronic, written, or verbal, and including any statement to any third party or in any public forum or through any social media.

9. Employment References. Employee agrees to direct any request for an employment reference to Anthony C. LaPlaca, Senior Vice President, General Counsel and Chief Administrative Officer, Invacare Corporation, One Invacare Way, Elyria, OH 44035, or ALaPlaca@invacare.com. Mr. LaPlaca will verify Employee's dates of employment and position(s).

10. Company Property. Before signing this Agreement or within five days thereafter, Employee (a) shall return to the Company all Company property in Employee's possession, including but not limited to, all paper documents, electronic documents, physical property, computers, phones, badges, keys, credit cards, and other materials, including confidential information and non-confidential information; and (b) after returning all electronic records to the Company, Employee shall delete all copies Employee has of any electronic records or documents of the Company and shall not, at any time in the future, seek to recover or permit recovery of any such deleted files unless requested by the Company or required by law. The Company will separately provide Employee with instructions on how to return the computer. If Employee has any questions about the scope or applicability of this Section, Employee agrees to contact Mr. LaPlaca.

11. Successors and Binding Agreement. This Agreement will be binding upon and inure to the benefit of the Company and any successor to the Company, including, without limitation, any person acquiring, directly or indirectly, all or substantially all of the business and/or assets of the Company whether by purchase, merger, consolidation, reorganization, or otherwise, and such successor shall thereafter be deemed included in this definition of "Company" for purposes of this Agreement. Employee shall not assign, transfer or delegate any rights or Claims that Employee has released in this Agreement; and by signing below, Employee certifies that Employee has not done so previously.

12. Third Party Beneficiaries. Each of the Released Parties is an intended third party beneficiary of this Agreement and shall have full rights to enforce it as if standing in the shoes of the Company.

13. Miscellaneous. The death or disability of Employee following the execution of this Agreement will not affect or revoke this Agreement or any of the obligations of the parties hereto. No provision of this Agreement may be modified, waived, or discharged unless in writing. Inaction by either party with respect to an individual breach by the other party or with respect to any failure to comply with any portion of this Agreement shall not be deemed a waiver of the right to enforce such breach or noncompliance, or any other breach or noncompliance, at that time or in the future. Employee acknowledges that the Severance Pay and COBRA Benefit are being provided to Employee only in exchange for Employee's agreement to all of the terms in this Agreement, and neither the Severance Pay and COBRA Benefit described in Section 2 nor any severance payment of any kind would be available to Employee other than as part of this Agreement. Employee acknowledges that, in exchange for signing this Agreement, Employee has not been promised anything other than what is described in this Agreement.

14. Entire Agreement. This Agreement constitutes the entire Agreement between the parties on the subjects addressed in this Agreement, except that the Technical Information and Non-Competition Agreement dated June 3, 2021, is re-affirmed and remains in effect. This Agreement supersedes and replaces any other previous agreements (including the offer letter agreement dated April 21, 2021), representations, promises, or statements related to any of the matters addressed in this Agreement, except as set forth in the previous sentence.

15. Governing Law. The validity, interpretation, construction and performance of this Agreement will be governed by the substantive laws of the State of Ohio, regardless of any principles of conflicts of law.

16. Severability. If any portion of this Agreement is determined by judicial order or duly appointed arbitrator to be illegal, invalid or unenforceable, the validity of the remaining portions shall not be affected thereby, and the illegal, invalid, or unenforceable portion shall be modified to the narrowest extent possible such that it becomes enforceable; or, if that is not accomplished, then such portion (to the narrowest extent possible) shall be deemed severed from this Agreement but the remaining portions of the Agreement shall remain in effect. The phrase "narrowest extent possible" means that a portion can be as small as a word, phrase, or sentence; it need not mean an entire section or provision. However, if any portion of the Release and Covenant Not to Sue in Section 3 is determined by judicial order or duly appointed arbitrator to be invalid or unenforceable, then the Company shall have seven days to decide whether (a) to invalidate this entire Agreement, in which case the entire Agreement will be void and Employee will have to pay back all money (including the Severance Pay) and the value of any other benefits that Employee already received under Section 2 of this Agreement; or (b) to waive its right to invalidate the Agreement and instead, to keep the Agreement valid and fully enforceable, subject to the changes needed to remove or modify the portion of the Release and Covenant Not to Sue that was judicially determined to be invalid or unenforceable.

17. End of Employment Relationship. Employee understands and agrees that the employment relationship with the Company ended on the Separation Date, and Employee agrees not to seek or accept employment at any time in the future with the Company or any of its predecessors, successors, acquirers, parents, direct or indirect subsidiaries, or affiliated companies, whether such relationship exists now or exists in the future. Employee agrees that if such employment is sought or obtained, this Agreement shall constitute lawful and sufficient grounds for denying or terminating employment. This provision can be waived by mutual agreement of the parties.

18. Acknowledgements. Employee represents and warrants that: (a) if Employee has incurred any workplace injury at the Company, Employee has previously reported such injury in writing, and Employee is unaware of any facts that could give rise to any workers' compensation claim that has not already been filed; (b) Employee has reported, and has been paid for, all time worked through the date Employee signed this Agreement; and Company does not owe Employee any further compensation of any kind, other than as set forth in Section 2; and (c) Employee has been provided all leave that Employee requested and was entitled to receive, and Employee is unaware of any facts that would give rise to any claim under the Family Medical Leave Act or any other state or local leave law.

19. Additional Representations and Acknowledgments. By signing below, Employee agrees that this Agreement is written in a way that Employee understands it, and Employee has had an opportunity to ask any questions before signing.

20. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which, together, will constitute one and the same agreement.

By signing this Agreement, Employee affirms that Employee has read this Agreement carefully, that Employee knows and understands all terms of this Agreement, and that Employee is signing this Agreement freely, voluntarily, and with the intent to be legally bound.

EMPLOYEE	INVACARE CORPORATION
/s/ Rick A Cassiday RICK A. CASSIDAY	By: /s/ Anthony LaPlaca
	Its: Senior Vice President, GC & Chief Administrative Officer
Date: 11/28/2022	Date: 11/29/2022

Yes, you can.®

PERSONAL AND CONFIDENTIAL

November 21, 2022

Mr. Geoffrey P. Purtill
Neumattstrasse 10
Reinach BL
4153 Switzerland

Dear Geoff:

On behalf of the Board of Directors (the "Board") of Invacare Corporation ("Invacare" or "Company"), I am pleased to confirm your appointment by the Board to the position of President and Chief Executive Officer ("CEO"), reporting directly to the Board. The effective date of this appointment is November 17, 2022 (the "Effective Date").

The following represents the general terms and conditions of your appointment as CEO and modifies and amends the terms of your Existing Employment Agreement (as defined below) only as and to the extent expressly set forth herein:

COMPENSATION

Salary – Your base salary rate for the position of CEO will be USD **$550,000** on an annualized basis, beginning as of November 17, 2022. This annualized rate is established for convenience purposes only and is not intended to be construed as a contract or promise of employment for any fixed period of time. Your salary will be payable in the equivalent amount of Swiss Francs (CHF; gross; less statutory and contractual deductions and, where applicable, tax at source) in accordance with the Amended and Restated Employment Agreement between you and Invacare International GmbH dated as of January 31, 2022, as amended by letter agreement dated September 13, 2022 ("Existing Employment Agreement").

Annual Bonus – You will continue to participate in the Executive Incentive Bonus Plan (the "Plan"), and your target bonus opportunity will be **100%** of your base annual salary. Your total annual target bonus opportunity will be determined pro rata based on the respective times of service, base annual salary rates and target bonus opportunity percentages for the portions of the applicable Plan year during which you served in the role of Interim CEO and in the role of Senior Vice President/GM of EMEA & APAC or other position. Payment of any bonus will be subject to achievement of the Annual Bonus targets established by, and the determination and certification of, the Compensation and Management Development

Committee (the "Compensation Committee"). Any bonus earned under the terms of the Plan for 2022 will be prorated as described above and be payable in 2023 at the time any similar 2022 Plan year payments are made to other executives and be subject to the applicable Plan rules.

OTHER MATTERS

Work Arrangements – As CEO, you will be provided an office in the Elyria, Ohio, global headquarters of Invacare. You will also maintain your office and principal place of work at the EMEA HQ office in Switzerland. You will maintain your residence in Switzerland and be expected to travel between Europe and the United States from time to time, as warranted to discharge the duties of your role as the CEO. Travel must adhere to Invacare's Travel Policy Guidelines, except that you will be permitted to Business Class for international air travel.

Employment Agreement. You will remain on the payroll of Invacare International GmbH and receive the employee benefits as described in the Existing Employment Agreement, except to the extent expressly modified and amended by the terms of this letter agreement. Accordingly, the Existing Employment Agreement shall remain in full force and effect, except as amended by the terms of this letter agreement.

Severance Benefit / Notice Period. In the event the Company terminates your employment for any reason other than "for cause" as defined in the Existing Employment Agreement, any notice pay, severance pay or other termination benefits to which you may be entitled as a result of such termination will be calculated based upon your then base salary.

The Board will discuss with you at a later time any additional potential elements and / or benefits of your appointment, such as potential relocation and long-term incentive opportunities, and, if agreed upon, the Existing Employment Agreement may be further amended or modified, if required, to address any such additional elements. As we discussed, the Compensation Committee will consider bonus metrics for you, as well as consider whether bonus might be paid quarterly.

Geoff, we are excited about having you step up to serve as CEO of Invacare! Please sign and date a copy of this letter to indicate your understanding and agreement to these terms and return it to me. If there are any questions regarding this letter agreement, please contact me.

Sincerely,

/s/ Michael J. Merriman, Jr.

Michael J. Merriman, Jr.
Chairman of the Board

cc: Marc Gibeley
Chair of Compensation & Management Development Committee

To acknowledge acceptance of, and agreement with, the terms and conditions for the position of President and Chief Executive Officer, please sign below and return a copy of this letter agreement to Invacare.

/s/ Geoffrey P. Purtill	November 21, 2022
GEOFFREY P. PURTILL	Date

Cintia Ferreira
Im Hügliacker 2b
4102 Binningen
Switzerland

Witterswil, September 16th 2020

Dear Cintia,

Following our discussions we have the pleasure in confirming your employment contract with our Company at the following terms and conditions:

Between **Invacare International GmbH**
(in the following referred to as the "Company")

And **Cintia Ferreira**
(in the following referred to as the "Employee")

1. **THE EMPLOYMENT**

Position: The Employee is employed with the Company on the terms provided in this contract as **Human Resources Head EMEA.**

Reporting to: The Employee will report to Ralf Ledda, SVP & GM EMEA.

Trial period: 3 months. The notice period during the trial period is 7 days.

Work permit – The Employee must be in possession of a working permit. The Employee should bring a copy of their passport and AVS card on the first day of employment. The Employee will also have to provide the details for their Swiss bank account for salary payments.

Commencement: January 1st 2021, and no later than February 1st 2021.

Working hours: The normal weekly working hours are 40 excluding lunch and breaks. The Employee shall devote his full working capacity to the Company and may not engage in other paid work without the written consent of the Company. The Employee should work during core hours but flexibility can be agreed with the Manager.

Supplementary hours: Due to the Employee's job level there will be no compensation for overtime or supplementary hours either in the form of payment or time off in lieu.

Working environment: In order that the Company maintain a positive work environment, the Employee must not engage in nor permit any fellow employee(s) to engage in any form of harassment or unlawful discrimination against another person (whether Company employee or not). This includes harassment and discrimination on the basis of age, sex, race, disability, religion or belief, marriage and civil partnership, pregnancy and maternity, gender reassignment and sexual orientation.

Policies and Procedures: The Employee will adhere to all policies and procedures located in the Company's Sharepoint portal available to all employees.

2. **REMUNERATION**

Salary: The Employee will receive an annual gross salary of **CHF 240 000** paid in 12 installments per year. The Employee's Gross Annual Salary will be reviewed annually according to the rules in place in the Company but there is no automatic entitlement to a salary increase in any year. Next salary review will be January 2022.

Bonus Plan (MBO): In addition, the Employee in the current position is entitled to a bonus target of **35%** of Gross Fixed Annual Salary. This bonus is a discretionary bonus in the sense of the article 322d CO and will not be paid should the employee resign prior to the end of the plan year i.e. not be on the payroll until the 30th of November each year. Furthermore, the bonus payment is subject to the Company Bonus Plan and will be dependent upon the achievement of agreed objectives, based on Company and personal objectives. The bonus will be calculated on a prorated basis for the months worked and the average salary during the plan year. The granting of the bonus does not create any precedent and the payment of a bonus can at any time be freely decided by the employer. If and when the Company wishes to grant a bonus during a certain year, the Employee will be notified at the beginning of the year by means of an internal document.

Taxation: If the Employee holds a 'B' work permit, the Employee will be subject to a taxation at source in accordance with Swiss fiscal legislation.

Long Term Incentive Program: Subject to review and approval by the Compensation Committee of the Board of Directors of Invacare Corporation, you will be eligible to receive restricted stock grants on an annual basis.

Sign-on bonus: Upon acceptance of our offer, you will be eligible to receive a sign-on bonus in the amount of CHF 30'000, payed at the latest with the February 2021 installment.

3. COMPANY CAR

The Employee will be eligible to receive a company car or car allowance in line with our company car policy. A company car is a taxable benefit in line with Swiss fiscal legislation.

4. INSURANCES

The usual Employee's contribution to Swiss Social Security (AVS/AI/APG), unemployment benefits, loss of wages insurance in case of illness and pension fund shall be deducted from gross fixed salary.

Accident Insurance: The Company pays the premium for the accident insurance, whether professional or non-professional (providing the Employee works a minimum of 8 hours per week).

Loss in salary insurance: The Company pays the premium for loss in salary insurance in case of sickness according to legislation and Insurance policy in place.

Pension: The Employee will be entitled to the Company's LPP Pension Plans - Basic and Complementary (Plans 1&2) according to the rules in place. The remuneration used for benefits is the Employee's Gross Fixed Annual Salary pay exclusive of bonuses.

5. PORTABLE COMPUTER AND MOBILE PHONE

The Employee is entitled to receive a mobile phone and a lap-top for business purposes, during the course of the employment as long as the Employee is physically required to work.

6. TRANFER OF DATA

The Employee gives permission to the Company to transfer personal and confidential data or the remuneration conditions of the Employee to other Invacare companies either in Europe or outside of Europe that may be required for the normal running of the business.

7. TRAVEL EXPENSES

The Employee will be paid or reimbursed for any reasonable expenses properly incurred while performing his duties on behalf of the Company, subject to the production of receipts in respect of such expenses and subject to compliance with the Company's rules and policies relating to expenses. Expense reports should be submitted no later than 30 days after the closing of the previous month.

8. HOLIDAYS

Legal entitlement in Switzerland is 20 days. Invacare International employees are entitled to receive paid holidays of 25 working days per annum. The Employee is required to take all annually entitled holidays during the year. At the end of the employment relationship, the Employee will be asked to take any holiday balance during the notice period and any vacation taken but not accrued up to the date of the end of the contract will be deducted from the final salary payment. The Employee must obtain the prior written approval from the Manager before booking holiday dates. In the case of sick leave, vacation entitlement will be reduced in accordance with Swiss legislation. The Employee will adhere to the Invacare International public holiday and Company holiday schedule for security reasons.

9. TERMINATION

Notice period: Both parties can terminate the contract of employment in writing. The length of the notice period is 6 months, at the end of the month.

At the end of the month in which the Employee reaches the legal age of retirement, the employment will stop.

The Company shall be entitled at any time during the Employee's employment, or in any event on termination, to deduct from the Employee's salary (or any other monies due to the Employee) any monies due from the Employee to the Company including (but not limited to) any cash advances, training costs (in accordance with the Company Training funding policy and agreement), any sums to be deducted in accordance with the Company's vehicle policy, the cost of repairing any damage or loss
to the Company's property caused by the Employee (and of recovering the same), any sums due from the Employee and any other monies owed by the Employee to the Company including replacement of car park remote control and loaned equipment.

The Company reserves the right to terminate the Employee's contract without any notice or payment in lieu of notice if it has reasonable grounds to believe that:
the Employee has committed gross misconduct;
the Employee has committed gross negligence;
the Employee has taken leave without authorization (except in the case of illness or accident);
the Employee is in material breach of one of the terms of this agreement;
the Employee is convicted of any criminal offence (other than minor offences under the Road Traffic Acts or the Road Safety Acts for which a fine or non-custodial penalty is imposed) which might reasonably be thought to affect adversely the performance of their duties; and/or
the Employee has committed any fraud, dishonesty or conduct tending to bring the Employee, the Company or any Associated Company into disrepute.
Further examples of gross misconduct are set out under Swiss Labour laws.
The Company shall retain the right to suspend the Employee on full pay and benefits pending any investigation into potential dishonesty, gross misconduct or other similar circumstances.

10. SECRECY

The Employee shall be under secrecy as regards anything that is learned in connection with the execution of the duties as Employee, except as regards matters that by their very nature must be communicated to a third party. This secrecy shall also apply after the Employee has left the Company. When the Employee leaves the Company – regardless of reason – any material belonging to the Company in the Employees possession shall be returned to the Company. The Employee may not exercise a lien on any materials belonging to the Company.

11. MISCELLANEOUS

Yes, you can.

Insofar the Employment Agreement does not derogate from them, the provisions of the following rules and regulations, which form an integral part of this Employment Agreement, shall apply:

- Employee Handbook
- Employee Privacy Policy
- Global Anti-Bribery and Anti-Corruption Policy
- Acceptable Use and Access Policy and Procedures for Electronic Communications and Electronic Devices
- Business Ethics and Code of Conduct
- Whistleblower
- Conflict of interest
- Insider trading

Any controversy about interpretation of this contract and all other disputes between the parties that might stem from this contract must be settled in accordance with Swiss law.

This contract has been executed in two original copies, one given to each of the parties.

Please confirm your acceptance of our offer by signing all original documents (signature on the last page and initials on all other pages) and returning one full set of signed documents to the undersigned.

Yours sincerely,

/s/ Ralf Ledda

____

Ralf Ledda
SVP & GM EMEA

/s/ Cintia Ferreira

Read and agreed ________________________ Date: Sept. 17th, 2020
Cintia Ferreira

PERSONAL AND CONFIDENTIAL

January 3, 2023

Cintia Ferreira
Hölzlistrasse 57 A
4102 Binningen
Switzerland

Dear Cintia:

I am pleased to confirm your appointment to the position of Chief Human Resources Officer ("CHRO") of Invacare Corporation (the "Company" or "Invacare"), reporting directly to me. The effective date of this appointment is December 9, 2022 (the "Effective Date").

The following represents the general terms and conditions of your appointment as CHRO and modifies and amends the terms of your Existing Employment Agreement (as defined below) only as and to the extent expressly set forth herein:

COMPENSATION

Salary – Your base salary rate for the period during which you serve in the position of CHRO will be CHF **300,000** on an annualized basis, beginning as of December 9, 2022. This annualized rate is established for convenience purposes only and is not intended to be construed as a contract or promise of employment for any fixed period of time. Your salary will be payable in Swiss Francs (CHF; gross; less statutory and contractual deductions and, where applicable, tax at source) in accordance with the Employment Agreement between you and Invacare International GmbH ("IIG") dated as of September 16, 2020 ("Existing Employment Agreement"). During the period in which you serve in the position of CHRO, this base salary will replace and supersede your gross base salary under the Existing Employment Agreement.

Annual Bonus – You will continue to participate in the Executive Incentive Bonus Plan (the "Plan"), and your target bonus opportunity will be **50%** of your base annual salary for the portions of the applicable Plan year during which you serve as CHRO. Your total annual target bonus opportunity will be determined pro rata based on the respective times of service, base annual salary rates and target bonus opportunity percentages for the portions of the applicable Plan year during which you served in the role of CHRO and in the role of VP HR EMEA. Payment of any bonus will be subject to achievement of the Annual Bonus targets established by, and the determination and certification of, the Compensation and Management Development Committee of Invacare (the "Compensation Committee").

OTHER MATTERS

Work Arrangements – As CHRO, you will be provided an office in the Elyria, Ohio, global headquarters of Invacare. You will also maintain your office and principal place of work at the EMEA HQ office in Switzerland. You will maintain your residence in Switzerland and be expected to travel from time to time, as warranted to discharge the duties of your role as the CHRO. Travel must adhere to Invacare's Travel Policy Guidelines.

Employment Agreement. You will remain on the payroll of Invacare International GmbH and receive the employee benefits as described in the Existing Employment Agreement, except to the extent expressly modified and amended by the terms of this letter agreement. Accordingly, the Existing Employment Agreement shall remain in full force and effect, except as amended by the terms of this letter agreement.

Change of Control Agreement. As CHRO, the Company will provide you with the Executive Level change of control agreement in place of your existing change of control agreement dated November 23, 2021.

Cintia, we are excited about having you step up to serve as CHRO of Invacare! Please sign and date a copy of this letter to indicate your understanding and agreement to these terms and return it to me. If there are any questions regarding this letter agreement, please contact me.

Sincerely,

/s/ Geoffrey P. Purtill

Geoffrey P, Purtill
President and Chief Executive Officer

To acknowledge acceptance of, and agreement with, the terms and conditions for the position of Chief Human Resources Officer, please sign below and return a copy of this letter agreement to Invacare.

/s/ Cintia Ferreira	04.01.2023
CINTIA FERREIRA	Date

INVACARE CORPORATION

AGREEMENT

This AGREEMENT ("Agreement"), is made as of the **[*]** day of **[month, year]**, between INVACARE CORPORATION, an Ohio corporation ("Invacare"), and ______________ (the Executive").

Invacare desires to enter into an agreement with Executive in recognition of the importance of the Executive's services to the continuity of management of Invacare and based upon its determination that it will be in the best interests of Invacare to encourage the Executive's continued attention and dedication to the Executive's duties in the potentially disruptive circumstances of a possible Change of Control of Invacare. (As used in this Agreement, the term "Change of Control" and certain other capitalized terms have the meanings ascribed to them in Section 8 hereof.)

Invacare and the Executive agree, effective as of the date first set forth above (the "Effective Date"), as follows:

1. <u>Severance Benefits if Employment is Terminated in Certain Circumstances Within Two Years of a Change of Control</u>. If, within two years following the occurrence of a Change of Control, the Executive's employment with Invacare is terminated by Invacare for any reason other than Cause, Disability, or death, or is terminated by the Executive for Good Reason, then the provisions of this Section 1 shall become applicable in all respects and Invacare shall pay to the Executive the amounts specified in Sections 1.1 and 1.2 on the dates indicated therein, and shall cause certain rights of the Executive to vest as provided in Section 1.3:

1.1 <u>Lump Sum Severance Benefit</u>. Subject to Section 1.6, Invacare shall pay to the Executive, on the sixtieth (60th) day after the Termination Date, a lump sum severance benefit in an amount equal to two times: (i) the Executive's Annual Base Salary <u>plus</u> (ii) the Executive's Prior Bonus Amount. In addition, Invacare shall pay to the Executive, on the sixtieth (60th) day after the Termination Date, an amount equal to the Executive's Prorated Bonus Amount.

1.2 <u>Insurance Benefits</u>. Subject to Section 1.6, Invacare shall pay to the Executive, on the sixtieth (60th) day after the Termination Date, a lump sum amount equal to twenty-four (24) times the current monthly COBRA premium rate in effect as of the Termination Date for the level of coverage in which the Executive and his or her eligible dependents were enrolled under Invacare's medical plan immediately prior to the Termination Date.

1.3 Vesting of Certain Rights. Subject to Section 1.6, Invacare shall cause the Executive's rights under the Invacare Deferred Compensation Plus Plan to become, as of the Termination Date, immediately vested in full.

1.4 Equity Awards.

(a) *Invacare Remains the Surviving Entity or the Post-CIC Entity Assumes Equity Awards*. If, upon the occurrence of a Change of Control (i) Invacare is the surviving entity following such Change of Control or (ii) all outstanding equity awards held by the Executive are Assumed by the Post-CIC Entity, and if the Executive's employment is terminated by Invacare or the Post-CIC Entity for any reason other than Cause, Disability, or death, or is terminated by the Executive for Good Reason within two years following the occurrence of the Change of Control, then in respect of all options to purchase Invacare stock, all shares of restricted stock, all restricted stock units and all performance shares that have been granted to the Executive pursuant to any award agreement, plan or arrangement sponsored by Invacare (or any corresponding replacement awards granted by a Post-CIC Entity) and which remain outstanding as of the Termination Date, and notwithstanding any other provision to the contrary contained in any award agreement, plan or arrangement, and subject to Section 1.6, Invacare shall:

(i) with respect to all options, cause such options:

(A) to become exercisable in full as of the Termination Date;

(B) to continue to be exercisable until the earlier of (1) the expiration date of the option or (2) the second anniversary of the Termination Date; provided that, if the award agreement underlying such option provides for a longer period of exercisability following the Termination Date, then this clause (2) shall be the end of such longer period; and

(C) to be exercisable (and/or to be eligible to satisfy any tax withholding requirements in connection with the exercise of the options) using shares of Invacare common stock previously owned by the Executive and/or shares subject to the options being exercised as consideration in lieu of a cash payment or other arrangement, but only to the extent that any such exercise of the option (and/or withholding tax payments) would not result in Invacare being required to take an additional charge in respect of such exercise in determining and reporting its net income for financial accounting purposes; and

(ii) with respect to any awards of restricted stock or restricted stock units that are not subject to the attainment of performance goals, cause such awards:

(A) to become vested in full as of the Termination Date; and

(B) to be eligible to satisfy any tax withholding requirements in connection with such vesting of the restricted stock or restricted stock units by using shares of Invacare common stock previously owned by the Executive and/or shares of restricted stock or restricted stock units that become so vested as consideration (in lieu of a cash payment or other arrangement) for the payment of withholding tax, but only to the extent that any such withholding tax payments would not result in Invacare being required to take an additional charge in respect of such accelerated vesting or withholding tax payment in determining and reporting its net income for financial accounting purposes.

(iii) with respect to any awards of restricted stock, restricted stock units or performance shares that are subject to the attainment of performance goals, cause such awards:

(A) to be earned or vest in accordance with their terms as if all of the performance goals applicable to such awards had been achieved at their target levels as of the Termination Date; and

(B) to be eligible to satisfy any tax withholding requirements in connection with such vesting of the restricted stock, restricted stock units or performance shares by using shares of Invacare common stock previously owned by the Executive and/or shares of restricted stock, restricted stock units or performance shares that become so vested as consideration (in lieu of a cash payment or other arrangement) for the payment of withholding tax, but only to the extent that any such withholding tax payments would not result in Invacare being required to take an additional charge in respect of such accelerated vesting or withholding tax payment in determining and reporting its net income for financial accounting purposes.

(b) *Post-CIC Entity Does Not Assume Equity Awards*. If, upon the occurrence of a Change of Control, the Post-CIC Entity does not Assume all options to purchase Invacare stock, all shares of restricted stock, all restricted stock units or all performance shares that have been granted to the Executive pursuant to any award agreement, plan or arrangement sponsored by Invacare and which remain outstanding as of the date of the Change of Control, and notwithstanding any other provision to the contrary contained in any award agreement, plan or arrangement, then:

(i) any such options, shares of restricted stock, restricted stock units or performance shares not Assumed by the Post-CIC Entity shall become fully vested and exercisable and any restrictions that apply to such awards shall lapse;

(ii) any awards of restricted stock, restricted stock units or performance shares that are subject to the attainment of performance goals and not Assumed by the Post-CIC Entity shall immediately vest and become immediately payable in accordance with their terms, subject to the last paragraph of this Section 1.4, as if all of the performance goals applicable to such awards had been achieved at their the target levels as of the date of the Change of Control;

(iii) for each stock option not Assumed by the Post-CIC Entity, the Executive shall receive a payment equal to the difference between the consideration (consisting of cash or other property (including securities of a successor or parent corporation)) received by holders of Invacare's common stock in the Change of Control transaction and the exercise price of the applicable stock option, if such difference is positive. Such payment shall be made in the same form as the consideration received by holders of Invacare's common stock. Any stock option with an exercise price that is higher than the per share consideration received by holders of Invacare's common stock in connection with the Change of Control shall be cancelled for no additional consideration;

(iv) with respect to any awards of restricted stock or restricted stock units that are not Assumed by the Post-CIC Entity and are not subject to the attainment of performance goals, the Executive shall receive the consideration (consisting of cash or other property (including securities of a successor or parent corporation)) that the Executive would have received in the Change of Control transaction had he or she been, immediately prior to such transaction, a holder of the number of shares of Invacare's common stock equal to the number of shares of restricted stock or number of restricted stock units held by the Executive; and

(v) subject to the last paragraph of this Section 1.4, the payments contemplated by Sections 1.3(b) (iii) and (iv) shall be made at the same time as consideration is paid to the holders of Invacare's common stock in connection with the Change of Control.

Notwithstanding anything to the contrary in this Agreement, if the payment or benefit of any award constitutes a deferral of compensation under Code Section 409A, then to the extent necessary to comply with Code Section 409A, payment or delivery with respect to such award shall be made on the date of payment or delivery originally provided for such payment or benefit.

1.5 Later Time for Payment on Account of Termination. Notwithstanding the preceding provisions of Section 1, solely to the extent required to comply with applicable provisions of Code Section 409A with respect to any amounts or benefits not exempt from Code Section 409A, payments made pursuant to Sections 1.1, 1.2, 1.3 or 1.4, on account of the Executive's termination of employment shall: (a) not commence until the date that is six months and a day following the Termination Date; and (b) upon commencement, include along with the initial payment an amount sufficient to reimburse the Executive for reasonable lost interest at a rate of Prime Plus One per annum, compounded annually, incurred during the period commencing on the date which is sixty (60) days after the Termination Date through the date of payment by Invacare. In the event that Invacare, in the exercise of its reasonable discretion, determines that a delay in payments under this Section 1.5 is required in order to comply with Code Section 409A, Invacare shall, within two business days after the Termination Date, deposit the entire amount due and to become due under Section 1, in the trust established by Invacare with Wells Fargo Bank, National Association, successor in interest to Wachovia Bank of North Carolina, N.A., pursuant to a Benefit Security Trust Agreement dated August 21, 1996, as such agreement may be amended from time to time in accordance with its terms. Payments to the Executive from such trust shall thereafter be made in accordance with this Section 1.5; provided, however, that Invacare shall remain fully obligated to the Executive for the full and complete satisfaction of its liabilities and obligations under this Agreement.

1.6 Release Requirement. Notwithstanding any provision herein to the contrary, as a condition to the Executive's receipt of any post-termination benefits pursuant to this Agreement, (i) the Executive shall execute a release of all claims in favor of Invacare in the form attached hereto as Exhibit B (the "*Release*") within the sixty (60) day period following the Termination Date and (ii) any applicable revocation period has expired during such sixty (60) day period without the Executive's revocation of the Release. In the event the Executive does not sign, or signs and revokes the Release, within the sixty (60) day period following the Termination Date, the Executive shall not be entitled to the aforesaid payments and benefits.

1.7 Best Pay Provision. If any payment or benefit the Executive would receive under this Agreement, when combined with any other payment or benefit Executive receives in connection with the termination of Executive's employment with the Company (a "*Payment*"), would, after taking into account any

shareholder approval satisfying Section 280G of the Internal Revenue Code of any such payment or benefit, or of any other payment or benefit with respect to the Executive (a) constitute a "parachute payment" within the meaning of Section 280G of the Internal Revenue Code, and (b) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code (the "Excise Tax"), then such Payment shall be either (i) the full amount of such Payment or (ii) such lesser amount (with cash payments being reduced before stock option compensation) as would result in no portion of the Payment being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local employment taxes, income taxes, and the Excise Tax, results in the Executive's receipt, on an after-tax basis, of the greater amount of the Payment notwithstanding that all or some portion of the Payment may be subject to the Excise Tax.
All determinations required to be made under this Section 1.7, including whether and to what extent the Payments shall be reduced and the assumptions to be used in arriving at such determination, shall be made by the Accounting Firm in good faith. The Accounting Firm shall provide detailed supporting calculations both to the Executive and the Company at such time as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon the Executive and the Company. For purposes of making the calculations required by this Section 1.7, the Accounting Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good-faith interpretations concerning the application of Sections 280G and 4999 of the Internal Revenue Code.

2. Other Benefits.

2.1 Reimbursement of Certain Expenses After a Change of Control. Invacare shall pay, as incurred (in no event later than the end of the Executive's taxable year following the year in which such expenses were incurred), all expenses incurred by the Executive at any time during the longer of 20 years or the Executive's lifetime, including the reasonable fees of counsel engaged by the Executive, in respect of enforcing the Executive's rights hereunder and/or defending any action brought to have this Agreement, or any provision hereof, declared invalid or unenforceable.

2.2 Sick Leave Pay for Executive. If, after a Change of Control and prior to the Termination Date, (i) Invacare or the Post-CIC Entity does not maintain a disability plan covering the Executive that is no less favorable than the disability plan sponsored by Invacare immediately prior to the Change of Control, and (ii) the Executive is unable to perform services for Invacare for any period by reason of accidental bodily injury or sickness, then Invacare will pay and provide to the Executive, as sick leave pay, all compensation and benefits to which the Executive would have been entitled had the Executive continued to be actively employed by Invacare through the earliest of the following dates (the "Sick Leave Period"): (a) the first date on which the Executive is again capable of performing ongoing services for Invacare consistent with past practice, or (b) the date on which the Executive's employment is terminated by Invacare by reason of Disability or otherwise, or (c) the date on which Invacare has paid and provided 29 months of compensation and benefits to the Executive during the period of the Executive's incapacity, or (d) the date of the Executive's death. Notwithstanding the foregoing, the Sick Leave Period may not be greater than 6 months unless the Executive's injury or sickness can be expected to result in death or can be expected to last for a continuous period of not less than 6 months, and such injury or sickness renders the Executive unable to perform the duties of his or her position of employment or any substantially similar position of employment. The foregoing sick leave pay is intended to compensate Executive for compensation and benefits that he otherwise would have earned during the Sick Leave Period, and shall not reduce or otherwise have any effect on Executive's rights to receive any other compensation, benefits or other Payments hereunder for any other reason, including as may be owed arising out of cessation of Executive's employment.

3. No Set-Off; No Obligation to Seek Other Employment or to Otherwise Mitigate Damages; No Effect Upon Other Plans. Invacare's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense, or other claim whatsoever which Invacare may have against the Executive. The Executive shall not be required to mitigate damages, or the amount of any payment provided for under this Agreement by seeking other employment or otherwise. The amount of any payment provided for under this Agreement shall not be reduced by any compensation or benefits earned by the Executive as the result of employment by another employer or otherwise after the termination of the Executive's employment.

4. Taxes; Withholding of Taxes. Without limiting the right of Invacare to withhold taxes pursuant to this Section 4, the Executive shall be responsible (after taking into account all payments to be made by Invacare to or on behalf of the Executive under Section 1 hereof,) for all income, excise, and other taxes (federal, state, city, or other) imposed on or incurred by the Executive as a result of receiving the payments provided in this Agreement, including, without limitation, the payments provided under Section 1 of this Agreement. Invacare may withhold from any amounts payable under this Agreement all federal, state, city, or other taxes as Invacare shall

determine to be required pursuant to any law or government regulation or ruling. Without limiting the generality of the foregoing, Invacare may withhold from any amount payable under this Agreement amounts sufficient to satisfy any withholding requirements that may arise out of any benefit provided to or in respect of the Executive by Invacare under Section 1 of this Agreement.

5. Term of this Agreement. This Agreement shall be effective as of the date first above written and shall thereafter apply to any Change of Control occurring on or before **[month *, year +1]** or during any succeeding applicable term, and on **[month *, year +1]** and on **[month *]** of each succeeding year thereafter (a "Renewal Date"), the term of this Agreement, if not previously terminated, shall be automatically extended for an additional year unless either party has given notice to the other, at least one year in advance of that Renewal Date, that the Agreement shall not apply to any Change of Control occurring after that Renewal Date.

5.1 Termination of Agreement Upon Termination of Employment Before a Change of Control. This Agreement shall automatically terminate on the first date occurring before a Change of Control on which the Executive is no longer employed by Invacare, except that, for purposes of this Agreement, any involuntary termination of employment of the Executive or any termination by the Executive for Good Reason that is effected within 6 months before a Change in Control and primarily in contemplation of a Change of Control that actually occurs after the date of the termination shall be deemed to be a termination of the Executive's employment as of the date immediately after that Change of Control, and in such case, the Change in Control shall constitute the Termination Date and the date as of which the Executive's right to payment hereunder shall become vested and this Agreement shall not be deemed to be terminated for such purpose.

5.2 No Termination of Agreement During Two-Year Period Beginning on Date of a Change of Control. After a Change of Control, this Agreement may not be terminated. However, if the Executive's employment with Invacare continues for more than two years following the occurrence of a Change of Control, then, for all purposes of this Agreement, that particular Change of Control shall thereafter be treated for purposes of this Agreement as if it never occurred; provided, however, that the foregoing shall not deprive Executive of any rights, benefits or payments (or allow Invacare to avoid any obligations) that were or became vested under this or any other agreement, plan or arrangement.

6. Code Section 409A.

6.1 Code Section 409A Compliance. This Agreement is intended to meet the requirements for exemption from (or to the extent not exempt, compliance with) Code Section 409A (including without limitation, the exemptions for short-term deferrals and separation pay arrangements), and this Agreement shall be so construed and administered. Notwithstanding anything in this Agreement to the contrary, at any time prior to a Change in Control, Invacare and the Executive may amend this Agreement, retroactively or prospectively, while maintaining the spirit of this Agreement and after consultation with Executive, to secure exemption from (or, to the extent not exempt, to ensure compliance with), the requirements of 409A and to avoid adverse tax consequences to Executive thereunder. Furthermore, at any time prior to a Change in Control, the Executive agrees to execute such further instruments and take such further action as may be necessary to comply with 409A or to avoid adverse tax consequences to Executive thereunder.

6.2 Reimbursements. Any reimbursement paid to Executive by Invacare, either pursuant to this Agreement or under any reimbursement arrangement or policy of Invacare shall be made within ninety (90) days following Executive's submitting evidence of the incurrence of expenses, and in all events prior to the last day of the calendar year following the calendar year in which Executive incurred the expense. In no event will the amount of expenses so reimbursed by the Company in one year affect the amount of expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year.

7. Miscellaneous.

7.1 Successor to Invacare. In the event that

(a) Invacare transfers all or substantially all of its assets to another corporation or entity; or

(b) (i) Invacare consolidates with or merges with or into any other corporation or entity and

(ii) either (x) Invacare is not the surviving corporation or entity of such consolidation or merger or (y) Invacare is the surviving corporation or entity of such consolidation or merger but the shareholders of Invacare immediately prior to the consummation of such merger or consolidation do not own securities representing a majority of the outstanding voting power of such surviving corporation or entity or its parent after the consummation of the consolidation or merger, then, in any of such events, the entity surviving such consolidation or merger and each Affiliate thereof having an individual net worth of $5 million or more shall assume joint and several liability for this Agreement in a signed writing and deliver a copy thereof to the Executive. Upon such assumption, the successor corporation or entity and each Affiliate thereof having an individual net worth of $5 million or more shall become obligated to perform the obligations of Invacare under this Agreement and the term "Invacare" as used in this Agreement shall be deemed to refer to such successor entity and such Affiliates jointly and severally. Any failure of Invacare to obtain the written agreement of such successor or surviving entity (including a parent successor entity) and the required Affiliates to assume this Agreement before the effectiveness of any such succession shall be deemed to be a material breach of this Agreement.

7.2 Notices. Notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered in person or by confirmed facsimile transmission (to the Senior Vice President and General Counsel of Invacare in the case of notices to Invacare and to the Executive in the case of notices to the Executive) or three business days after being mailed by United States registered mail, return receipt requested, postage prepaid, addressed as follows:

If to Invacare:

Invacare Corporation
One Invacare Way
Elyria, OH 44035
Attention: Senior Vice President & General Counsel

If to the Executive:

____
____
____

or such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

7.3 Employment Rights. Nothing expressed or implied in this Agreement shall create any right or duty on the part of Invacare or the Executive to have the Executive continue as an officer of Invacare or an Affiliate of Invacare or to remain in the employment of Invacare or an Affiliate of Invacare.

7.4 Administration. Invacare shall be responsible for the general administration of this Agreement and for making payments under this Agreement. All fees and expenses billed by the Accounting Firm for services contemplated under this Agreement shall be the responsibility of Invacare.

7.5 Source of Payments. Any payment specified in this Agreement to be made by Invacare may be made directly by Invacare solely from its general assets, and the Executive shall have the rights of an unsecured general creditor of Invacare with respect thereto. In the event that Invacare establishes a rabbi trust and/or purchases an insurance policy insuring the life of the Executive to recover the cost of providing benefits hereunder, neither the Executive nor his or her Beneficiary shall have any rights whatsoever in the assets of such rabbi trust or such policy or the proceeds therefrom.

7.6 Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement which shall remain in full force and effect.

7.7 Modification; Waiver. No provision of this Agreement may be modified, waived, or discharged unless such waiver, modification, or discharge is agreed to in a writing signed by the Executive and Invacare. No waiver by either party hereto at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time.

7.8 Entire Agreement; Supercession. Except as otherwise specifically provided herein, this Agreement, including its attachments, contains the entire agreement between the parties concerning the subject matter hereof and incorporates and supersedes any and all prior discussions or agreements, written or oral, the parties may have had with respect to such subject matter; provided, however, that except as expressly provided otherwise herein, nothing in this Agreement shall affect any rights the Executive or anyone claiming through the Executive may have in respect of either (a) any Employee Benefit Plan which provides benefits to or in respect of the Executive or (b) any other agreements the Executive may have with Invacare or an Affiliate of Invacare, including without limitation any employment or severance protection agreements the Executive may have with Invacare or an Affiliate of Invacare.

7.9 Post-Mortem Payments; Designation of Beneficiary. In the event that, following the termination of the Executive's employment with Invacare, the Executive is entitled to receive any payments pursuant to this Agreement and the Executive dies, such payments shall be made to the Executive's Beneficiary designated hereunder. At any time after the execution of this Agreement, the Executive may prepare, execute, and file with the Secretary or the Senior Vice President, Human Resources, of Invacare a copy of the Designation of Beneficiary form attached to this Agreement as Exhibit A; provided, that if the Executive has already filed a similar beneficiary form with Invacare, then such form shall remain in effect for purposes of this Agreement until the Executive files an amended form. The Executive shall thereafter be free to amend, alter or change such form; provided, however, that any such amendment, alteration or change shall be made by filing a new Designation of Beneficiary form with the Secretary or the head of Human Resources of Invacare. In the event the Executive fails to designate a beneficiary, following the death of the Executive, all payments of the amounts specified by this Agreement which would have been paid to the Executive's designated beneficiary pursuant to this Agreement shall instead be paid to the Executive's spouse, if any, if he or she survives the Executive or, if there is no spouse or he or she does not survive the Executive, to the Executive's estate.

7.10 Service with Affiliates. Any services the Executive performs for an Affiliate of Invacare shall be deemed performed for Invacare. Any transfer of the Executive's employment from Invacare to an Affiliate of Invacare, or from an Affiliate of Invacare to Invacare, or from an Affiliate of Invacare to another Affiliate of Invacare shall be deemed not to constitute a termination of the Executive's employment with Invacare.

7.11 Time Periods. Any action required to be taken under this Agreement within a certain number of days shall be taken within that number of calendar days; provided, however, that if the last day for taking such action falls on a weekend or a holiday, the period during which such action may be taken shall be automatically extended to the next business day. If the day for taking any action under this Agreement falls on a weekend or a holiday, such action may be taken on the next business day. Notwithstanding the foregoing, no such extension shall permit an action to be taken at a time that would cause an exempt payment to become subject to Code Section 409A or to cause a payment that would otherwise be compliant with Code Section 409A to cease to be so compliant.

7.12 Incorporation by Reference. The incorporation herein of any terms by reference to another document shall not be affected by the termination of any agreement set forth in such other document or the invalidity of any provisions thereof.

7.13 Binding Effect; Construction of Agreement. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal representatives, executors, administrators, successors, heirs, and designees (including, without limitation, the Beneficiary). Upon the Executive's death, for purposes of this Agreement, the term "Executive" shall be deemed to include, as applicable, any person (including, without limitation, the Beneficiary) who is entitled to benefits under this Agreement following the Executive's death.

7.14 Governing Law. All questions concerning the construction, validity and interpretation of this Agreement and the exhibits hereto will be governed by and construed in accordance with the internal laws of the State of Ohio, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Ohio or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Ohio.

7.15 Representations and Warranties of Invacare. Invacare represents and warrants to the Executive that (i) Invacare is a corporation duly organized, validly existing, and in good standing under the laws of the State of Ohio; (ii) Invacare has the power and authority to enter into and carry out this Agreement, and there exists no contractual or other restriction upon its so doing; (iii) Invacare has taken such corporate action as is necessary or appropriate to enable it to enter into and perform its obligations under this Agreement; and (iv) this Agreement constitutes the legal, valid and binding obligation of Invacare, enforceable against Invacare in accordance with its terms.

7.16 Gender. The use of the feminine, masculine or neuter pronoun shall not be restrictive as to gender and shall be interpreted in all cases as the context may require.

8. Definitions.

8.1 Accounting Firm. The term "Accounting Firm" means the independent auditors of Invacare for the fiscal year preceding the year in which the Change of Control occurred and such firm's successor or successors; provided, however, if such firm is unable or unwilling to serve and perform in the capacity contemplated by this Agreement, Invacare shall select another national accounting firm of recognized standing to serve and perform in that capacity under this Agreement, except that such other accounting firm shall not be the then independent auditors for Invacare or any of its Affiliates.

8.2 Affiliate. The term "Affiliate" shall mean, with respect to any person or entity, any other person or entity which controls, is controlled by, or is under common control with such person or entity within the meaning of Section 414(b) or (c) of the Internal Revenue Code.

8.3 Annual Base Salary. "Annual Base Salary" means the highest annual rate of base salary payable by Invacare to the Executive at any time between the Effective Date and the Termination Date.

8.4 Assumed. For purposes of this Agreement, a stock option, share of restricted stock, restricted stock unit or performance share shall be considered "Assumed" if all of the following conditions are met:

(a) stock options are converted into replacement awards in a manner that complies with Code Section 409A;

(b) awards of restricted stock and restricted stock units that are not subject to performance goals are converted into replacement awards covering a number of shares of the Post-CIC Entity, as determined in a manner substantially similar to how the same number of common shares underlying the awards of restricted stock or restricted stock units would be treated in the Change of Control transaction; provided that, to the extent that any portion of the consideration received by holders of Invacare's common stock in the Change of Control transaction is not in the form of the common stock of the Post-CIC Entity, the number of shares covered by the replacement awards shall be based on the average of the high and low selling prices of the common stock of such Post-CIC Entity on the established stock exchange on the trading day immediately preceding the date of the Change of Control;

(c) awards of restricted stock, restricted stock units and performance shares that are subject to performance goals are converted into replacement awards that preserve the value of such awards at the time of the Change of Control;

(d) the replacement awards contain provisions for scheduled vesting and treatment on termination of employment (including the definitions of Cause and Good Reason, if applicable) that are no less favorable to the Executive than the underlying awards being replaced, and all other terms of the replacement awards (other than the security and number of shares represented by the replacement awards) are substantially similar to, or more favorable to the Executive than, the terms of the underlying awards; and

(e) the security represented by the replacement awards, if any, is of a class that is publicly held and widely traded on an established stock exchange.

8.5 Beneficiary. "Beneficiary" means the person designated by the Executive as his or her beneficiary pursuant to Section 7.9 or such other person as determined pursuant to Section 7.9 hereof.

8.6 Cause. The employment of the Executive by Invacare shall have been terminated for "Cause" if, after a Change of Control and prior to the termination of employment, any of the following has occurred:

(a) the Executive shall have been convicted of a felony,

(b) the Executive commits an act or series of acts of dishonesty in the course of the Executive's employment which are materially inimical to the best interests of Invacare and which constitutes the commission of a crime, all as determined by the vote of three-fourths of all of the members of the Board of Directors of Invacare (other than the Executive, if the Executive is a Director of Invacare), which determination is confirmed by a panel of three arbitrators appointed and acting in accordance with the rules of the American Arbitration Association for the purpose of reviewing that determination,

(c) any federal or state regulatory agency with jurisdiction over Invacare has issued a final order, with no further right of appeal, that has the effect of suspending, removing, or barring the Executive from continuing his or her service as an officer or director of Invacare, or

(d) the Executive's breach of any Technical Information Agreement & Non-Competition Agreement entered into by the Executive.

8.7 Change of Control. A "Change of Control" shall be deemed to have occurred at the first time on which, after the Effective Date:

(a) There is a report filed on Schedule 13D or Schedule 14D1 (or any successor schedule, form, or report), each as adopted under the Securities Exchange Act of 1934, as amended, disclosing the acquisition, in a transaction or series of transactions, by any person (as the term "person" is used in Section 13(d) and Section 14(d)(2) of the Securities Exchange Act of 1934, as amended), other than (1) Invacare or any of its subsidiaries, (2) any employee benefit plan or employee stock ownership plan or related trust of Invacare or any of its subsidiaries, or (3) any person or entity organized, appointed or established by Invacare or any of its subsidiaries for or pursuant to the terms of any such plan or trust, of such number of shares of Invacare as entitles that person to exercise 30% or more of the voting power of Invacare in the election of Directors; or

(b) During any period of twenty-four (24) consecutive calendar months, individuals who at the beginning of such period constitute the Directors of Invacare cease for any reason to constitute at least a majority of the Directors of Invacare unless the election of each new Director of Invacare (over such period) was approved or recommended by the vote of at least two-thirds of the Directors of Invacare then still in office who were Directors of Invacare at the beginning of the period; or

(c) There is a merger, consolidation, combination (as defined in Section 1701.01(Q), Ohio Revised Code), majority share acquisition (as defined in Section 1701.01(R), Ohio Revised Code), or control share acquisition (as defined in Section 1701.01(Z)(1), Ohio Revised Code, or in Invacare's Articles of Incorporation) involving Invacare and, as a result of which, the holders of shares of Invacare prior to the transaction become, by reason of the transaction, the holders of such number of shares of the surviving or acquiring corporation or other entity as entitles them to exercise in the aggregate less than fifty percent (50%) of the voting power of the surviving or acquiring corporation or other entity in the election of Directors; or

(d) There is a sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of Invacare, but only if the transferee of the assets in such transaction is not a subsidiary of Invacare; or

(e) The shareholders of Invacare approve any plan or proposal for the liquidation or dissolution of Invacare, but only if the transferee of the assets of Invacare in such liquidation or dissolution is not a subsidiary of Invacare.

If an event described in any of Clauses (a), (b), (c), (d), and (e) occurs, a Change of Control shall be deemed to have occurred for all purposes of this Agreement and, except as provided in the last sentence of Section 5.2, that Change of Control shall be irrevocable.

8.8 Code. "Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

8.9 Demotion or Removal. The Executive shall be deemed to have been subjected to "Demotion or Removal" if, during the two-year period commencing on the date of a Change of Control, other than by Voluntary Resignation or with the Executive's written consent, the Executive ceases to hold the highest position held by Executive at any time during the two-year period ending on the date of the Change of Control with all of the duties, authority, and responsibilities of that office as in effect at any time during the two-year period ending on the date of the Change of Control.

8.10 Disability. For purposes of this Agreement, the Executive's employment will have been terminated by Invacare by reason of "Disability" of the Executive only if (a) as a result of accidental bodily injury or sickness, the Executive has been unable to perform his or her normal duties for Invacare for a period of 180 consecutive days, and (b) the Executive begins to receive payments under the executive long term disability plan or its successor plan(s) sponsored by Invacare not later than 30 days after the Termination Date.

8.11 Employee Benefit Plan. "Employee Benefit Plan" means any plan or arrangement defined as such in 29 U.S.C. §1002 which provides benefits to the employees of Invacare or its Affiliates.

8.12 Good Reason. The Executive shall have "Good Reason" to terminate his or her employment under this Agreement if, at any time after a Change of Control has occurred and before the second anniversary of that Change of Control, one or more of the events listed in (a) through (f) of this Section 8.12 occurs and, based on that event, the Executive gives notice of such event (and of Executive' intention to terminate his or her employment if Invacare does not cure such condition(s)) on a date that is both (i) within 90 days of the occurrence of that event and (ii) not later than the second anniversary of that Change of Control, and Invacare does not cure the condition(s) constituting the event within 30 days after such notice:

(a) The Executive is subjected to a Demotion or Removal involving a material diminution in the Executive's authority, duties, or responsibilities or in those of the individual to whom the Executive is required to report; or

(b) The Executive's Annual Base Salary is materially reduced (which for this purpose shall be deemed to occur if the reduction is five percent (5%) or greater); or

(c) The Executive's opportunity for incentive compensation is materially reduced from the level of his or her opportunity for incentive compensation as in effect immediately before the date of the Change of Control or from time to time thereafter (which for this purpose shall be deemed to occur if the reduction is equivalent to a five percent (5%) or greater reduction in Executive's Annual Base Salary); or

(d) The Executive is excluded (other than by his or her volitional action(s)) from full participation in any benefit plan or arrangement maintained for senior executives of Invacare generally, and such exclusion materially reduces the benefits provided to the Executive; or

(e) The Executive's principal place of employment for Invacare is relocated a material distance (which for this purpose shall be deemed to be more than 35 miles) from Executive's principal place of employment on the date of the Change of Control; or

(f) Any other action or inaction that constitutes a material breach by Invacare of this Agreement or any other agreement under which the Executive provides his or her services to Invacare.

8.13 Post-CIC Entity. "Post-CIC Entity" means any entity (or any successor or parent thereof) that effects a Change of Control pursuant to Section 8.7.

8.14 Prime Plus One. "Prime Plus One" means the prime rate of interest, as reported by the *Wall Street Journal* or its successors, plus 1%.

8.15 Prior Bonus Amount. "Prior Bonus Amount" means an amount equal to the average of the bonuses earned by the Executive under Invacare's annual bonus plan with respect to the three fiscal years immediately preceding the fiscal year in which a Change of Control occurs, provided however, if the Change of Control occurs prior to Executive completing three full years of employment with Invacare, then "Prior Bonus Amount" will mean the average of the bonuses earned for the actual number of fiscal years the Executive was employed.

8.16 Prorated Bonus Amount. "Prorated Bonus Amount" means an amount equal to (a) times (b), in which (a) equals the Executive's Annual Base Salary multiplied by the higher of (i) the target bonus percentage in effect for the Executive under Invacare's bonus plan during the fiscal year immediately preceding the fiscal year in which the Change of Control occurs, or (ii) the target bonus percentage in effect for the Executive under Invacare's bonus plan during the fiscal year in which the Termination Date occurs; and (b) equals a quotient, in which the numerator is the number of days the Executive was employed by Invacare during the year in which the Termination Date occurs and the denominator is 365.

8.17 Termination Date. "Termination Date" means the date on which (and related terms, such as "termination of employment" and "terminate employment" mean a situation in which) the Executive incurs a separation from service with Invacare and all of its Affiliates within the meaning of Code Section 409A. A separation from service under Code Section 409A includes a quit, discharge, or retirement, or a leave of absence (including military leave, sick leave, or other bona fide leave of absence such as temporary employment by the government, at the point that such leave exceeds the greater of: (i) six months; (ii) the period for which the Participant's right to reemployment is provided either by statute or by contract, or (iii) in the case of sick leave, twenty-nine (29) months, if the Executive's injury or sickness can be expected to result in death or can be expected to last for a continuous period of not less than 6 months, and such injury or sickness renders the Executive unable to perform the duties of his or her position of employment or any substantially similar position of employment). A separation from service under Code Section 409A also occurs upon a permanent decrease in service to a level that is no more than twenty percent (20%) of its prior level. For this purpose, whether a separation from service has occurred is determined based on whether it is reasonably anticipated that no further services will be performed by the Executive after a certain date or that the level of bona fide services the Executive will perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services if the Executive has been providing services less than 36 months).

8.18 Voluntary Resignation. A “Voluntary Resignation” shall have occurred if the Executive terminates his or her employment with Invacare by voluntarily resigning at his or her own instance without having been requested to so resign by Invacare, except that any resignation by the Executive will not be deemed to be a Voluntary Resignation if, at the time of that resignation, the Executive had Good Reason to resign, which had not been waived in writing by the Executive.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

INVACARE CORPORATION
(“Invacare”)

By:
Name:
Title:

(the “Executive”)

Schedule of Change of Control Agreements

Name	Position	Date of Agreement
Geoffrey P. Purtill	President and Chief Executive Officer	September 1, 2021
Kathleen P. Leneghan	Senior Vice President and Chief Financial Officer	February 22, 2018
Cintia Ferreira	Chief Human Resources Officer	December 9, 2022
Joost Beltman	Senior Vice President Commercial Operations, Central	August 26, 2020
Angela Goodwin	NA Transformation Leader	May 21, 2020

INVACARE CORPORATION

FORM OF INDEMNITY AGREEMENT

THIS AGREEMENT is made as of the ___ day of ___________, 20__, by and between INVACARE CORPORATION, an Ohio corporation (the "Corporation"), and _______________ ("Indemnitee"), an Officer and/or Director of the Corporation.

WHEREAS, it is essential to the Corporation to retain and attract as Directors and/or Officers the most capable persons available, such as Indemnitee; and

WHEREAS, the prevalence of corporate litigation subjects directors and officers to expensive litigation risks, and it is the policy of the Corporation to indemnify its Directors and/or Officers so as to provide them with the maximum possible protection permitted by law; and

WHEREAS, in addition, because the statutory indemnification provisions of the Ohio Revised Code expressly provide that they are non-exclusive, it is the policy of the Corporation to indemnify Directors and Officers who, on behalf of the Corporation, have entered into settlements of derivative suits or have paid judgments, fines or penalties therefor, provided they have not breached the applicable statutory standard of conduct; and

WHEREAS, Indemnitee does not regard the protection available under the Corporation's Code of Regulations and insurance, if any, as adequate in the present circumstances, and considers it necessary and desirable to his or her service as a Director and/or Officer to have maximum protection, and the Corporation desires to provide such protection to induce Indemnitee to serve in such capacity; and

WHEREAS, the Ohio Revised Code Section 1701.13(E) and the Corporation's Code of Regulations Article V(a) provide that indemnification of Directors and Officers of the Corporation may be authorized by agreement, and thereby contemplates that contracts of this nature may be entered into between the Corporation and Indemnitee with respect to indemnification of Indemnitee as a Director or an Officer of the Corporation.

NOW, THEREFORE, for good and valuable consideration, the sufficiency and adequacy of which is hereby acknowledged, the Corporation and Indemnitee do hereby agree as follows:

1. Agreement to Serve. Indemnitee agrees to serve or continue to serve as a Director and/or Officer of the Corporation for so long as he or she is duly elected or appointed or until such time as he or she tenders his or her resignation in writing or is otherwise terminated or removed from office.

The Corporation expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on the Corporation hereby in order to induce Indemnitee to continue to serve as a Director and/or Officer of the Corporation, and acknowledges that Indemnitee is relying upon this Agreement in continuing in such capacity.

2. Definitions. As used in this Agreement:

The term "Proceeding" shall include any threatened, pending, or completed action, suit or proceeding, whether brought by or in the right of the Corporation or otherwise and whether of a civil, criminal, administrative or investigative nature, in which Indemnitee may be or may have been involved as a party or otherwise, by reason of the fact that Indemnitee is or was a Director and/or Officer of the Corporation or any subsidiary of the Corporation, by reason of any action taken by Indemnitee or of any inaction on his or her part while acting as such a Director and/or Officer, or by reason of the fact that he or she is or was serving at the request of the Corporation as a director, officer, member or manager, partner, trustee, employee or agent of another corporation, domestic or foreign, non-profit or for-profit, a limited liability company or a partnership, joint venture, trust or other enterprise; in each case whether or not he or she is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification or reimbursement can be provided under this Agreement.

The term "Expenses" shall include, without limitation, expenses of investigations, judicial or administrative proceedings or appeals, attorneys' fees and disbursements and any expenses of establishing a right to indemnification under Paragraph 9 of this Agreement, but shall not include the amount of judgments, fines or penalties against or settlements paid by Indemnitee.

References to "other enterprise" shall include, without limitation, employee benefit plans; references to "fines" shall include, without limitation, any excise tax assessed with respect to any employee benefit plan; references to "serving at the request of the Corporation" shall include, without limitation, any service as a Director or Officer of the Corporation which imposes duties on, or involves services by, such Director or Officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Agreement.

3. Indemnity in Third-Party Proceedings. The Corporation shall indemnify Indemnitee in accordance with the provisions of this Paragraph 3 if Indemnitee

is a party to or threatened to be made a party to or otherwise involved in any Proceeding (other than a Proceeding by or in the right of the Corporation to procure a judgment in its favor) by reason of the fact that Indemnitee is or was a Director and/or Officer of the Corporation or a subsidiary of the Corporation, or is or was serving at the request of the Corporation as a director, officer, member or manager, partner, trustee, employee or agent of another corporation, domestic or foreign, non-profit or for-profit, a limited liability company or a partnership, joint venture, trust or other enterprise, against all Expenses, judgments, settlements, fines and penalties, actually and reasonably incurred by Indemnitee in connection with the defense or settlement of such Proceeding, but only if Indemnitee acted in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation and, in the case of a criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful. The termination of any such Proceeding by judgment, order of court, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal proceeding, that such person had reasonable cause to believe that his or her conduct was unlawful.

4. Indemnity for Expenses in Proceedings by or in the Right of the Corporation. The Corporation shall indemnify Indemnitee in accordance with the provisions of this Paragraph 4 if Indemnitee is a party to or threatened to be made a party to any Proceeding by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that Indemnitee is or was a Director and/or Officer of the Corporation or a subsidiary of the Corporation, or is or was serving at the request of the Corporation as a director, officer, member or manager, partner, trustee, employee or agent of another corporation, domestic or foreign, non-profit or for-profit, a limited liability company or a partnership, joint venture, trust or other enterprise, against all Expenses actually and reasonably incurred by Indemnitee in connection with the defense of such Proceeding, but only if he or she acted in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, except that no indemnification for Expenses shall be made under this Paragraph 4 in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged by a court order or judgment, by a court of competent jurisdiction, to be liable to the Corporation, unless and only to the extent that any court in which such Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such expenses as such court shall deem proper.

5. Indemnity for Amounts Paid in Settlement in Proceedings by or in the Right of the Corporation. The Corporation shall indemnify Indemnitee in accordance

with the provisions of this Paragraph 5 if Indemnitee is a party to or threatened to be made a party to any Proceeding by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that Indemnitee is or was a Director and/or Officer of the Corporation or a subsidiary of the Corporation, or is or was serving at the request of the Corporation as a director, officer, member or manager, partner, trustee, officer, employee, or agent of another corporation, domestic or foreign, non-profit or for-profit, a limited liability company or a partnership, joint venture, trust or other enterprise, against all amounts actually and reasonably paid in settlement by Indemnitee in connection with any such Proceeding, but only if he or she acted in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation.

6. Indemnity for Amounts Paid for in Judgments in Proceedings by or in the Right of the Corporation. The Corporation shall indemnify Indemnitee in accordance with the provisions of this Paragraph 6 if Indemnitee is a party to or threatened to be made a party to any Proceeding by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that Indemnitee is or was a Director and/or Officer of the Corporation or a subsidiary of the Corporation, or is or was serving at the request of the Corporation as a director, officer, member or manager, partner, trustee, officer, employee, or agent of another corporation, domestic or foreign, non-profit or for-profit, a limited liability company or a partnership, joint venture, trust or other enterprise, against all judgments, fines and penalties actually and reasonably incurred by Indemnitee in connection with any such Proceeding, but only if he or she acted in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation.

7. Indemnification of Expenses of Successful Party. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any Proceeding or in defense of any claim, issue or matter therein, including dismissal without prejudice, Indemnitee shall be indemnified against all Expenses incurred in connection therewith.

8. Advances of Expenses. Any Expenses incurred by or on behalf of Indemnitee pursuant to Paragraphs 3 or 4 in any Proceeding shall be paid by the Corporation in advance upon the written request of Indemnitee if Indemnitee shall undertake to (a) repay such amount to the extent that it is ultimately determined by clear and convincing evidence in a court that Indemnitee is not entitled to indemnification hereunder, and (b) reasonably cooperate with the Corporation concerning the action, suit or proceeding giving rise to the Expenses. Any advances to be made under this Paragraph 8 shall be paid by the Corporation to Indemnitee within twenty (20) days following delivery of a written request therefor by Indemnitee to the Corporation.

9. Procedure. Any indemnification and advances provided for in Paragraph 3, 4, 5, 6, 7 and 8 shall be made no later than twenty (20) days after receipt of the written request of Indemnitee. If a claim under this Agreement, under any statute, or under any provision of the Corporation's Code of Regulations or Articles of Incorporation providing for indemnification, is not paid in full by the Corporation within twenty (20) days after a written request for payment thereof has been first received by the Corporation, Indemnitee may, but need not, at any time thereafter bring an action against the Corporation to recover the unpaid amount of the claim and, subject to the other provisions of this Agreement, Indemnitee also shall be entitled to be paid for the Expenses of bringing such action. It shall be a defense to any such action (other than an action brought to enforce a claim for Expenses incurred in connection with any action, suit or proceeding in advance of its final disposition) that Indemnitee has not met the standards of conduct which make it permissible under applicable law for the Corporation to indemnify Indemnitee for the amount claimed, but the burden of proving such defense shall be on the Corporation and Indemnitee shall be entitled to receive advance payments of expenses pursuant to Paragraph 8 hereof unless and until such defense may be finally adjudicated by court order or judgment from which no further right of appeal exists. It is the parties' intention that if the Corporation contests Indemnitee's right to indemnification, the question of Indemnitee's right to indemnification shall be for the court to decide. There shall exist in such action a rebuttable presumption that Indemnitee has met the applicable standard(s) of conduct and is therefore entitled to indemnification pursuant to this Agreement. Neither the failure of the Corporation (including its Board of Directors, any committee or subgroup of the Board of Directors, independent legal counsel or its shareholders) to have made a determination that indemnification of Indemnitee is proper in the circumstances because Indemnitee has met the applicable standard of conduct as may be required by applicable law, nor any actual determination by the Corporation (including its Board of Directors, any committee or subgroup of the Board of Directors, independent legal counsel, or its shareholders) that Indemnitee has not met such applicable standard of conduct, shall (a) constitute a defense to such action, (b) create a presumption that Indemnitee has or has not met the applicable standard of conduct, or (c) otherwise alter the presumption in favor of Indemnitee referred to in the preceding sentence.

10. Allowance for Compliance with SEC Requirements. Indemnitee acknowledges that the Securities and Exchange Commission ("SEC") has expressed the opinion that indemnification of directors and officers from liabilities under the Securities Act of 1933, as amended (the "Act"), is against public policy as expressed in the Act and is, therefore, unenforceable. Indemnitee hereby acknowledges and agrees that it will not be a breach of this Agreement for the Corporation to undertake with the SEC in connection with the registration for sale of any capital stock or other securities of the

Corporation from time to time that, in the event a claim for indemnification against such liabilities (other than the payment by the Corporation of expenses incurred or paid by a director or officer of the Corporation in the successful defense of any action, suit or proceeding) is asserted in connection with such capital stock or other securities being registered, the Corporation will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of competent jurisdiction on the question of whether or not such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue. Indemnitee further agrees that such submission to a court of competent jurisdiction shall not be a breach of this Agreement.

11. Indemnification Hereunder Not Exclusive. The indemnification provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may be entitled under the Articles of Incorporation or the Code of Regulations of the Corporation, any agreement, any vote of shareholders or disinterested directors, the Ohio General Corporation Laws, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office.

The indemnification under this Agreement for any action taken or not taken while serving in an indemnified capacity shall continue as to Indemnitee even though he or she may have ceased to be a Director and/or Officer and shall inure to the benefit of the heirs, executors and personal representatives of Indemnitee.

12. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Corporation for some claims, issues or matters, but not as to other claims, issues or matters, or for some or a portion of the Expenses, judgments, fines or penalties actually and reasonably incurred by Indemnitee or amounts actually and reasonably paid in settlement by Indemnitee in the investigation, defense, appeal or settlement of any Proceeding, but not for the total amount thereof, the Corporation shall nevertheless indemnify Indemnitee for the portion of such claims, issues or matters or Expenses, judgments, fines, penalties or amounts paid in settlement to which Indemnitee is entitled.

13. No Rights of Continued Employment. Nothing contained in this Agreement is intended to create in Indemnitee any right to continued employment with the Corporation.

14. Reimbursement to Corporation by Indemnitee; Limitation on Amounts Paid by Corporation. To the extent Indemnitee has been indemnified by the Corporation hereunder and later receives payments from any insurance carrier covering the same Expenses, judgments, fines, penalties or amounts paid in settlement so

indemnified by the Corporation hereunder, Indemnitee shall immediately reimburse the Corporation hereunder for all such amounts received from the insurer.

Notwithstanding anything contained herein to the contrary, Indemnitee shall not be entitled to recover amounts under this Agreement which, when added to the amount of indemnification payments made to, or on behalf of, Indemnitee, under the Articles of Incorporation or Code of Regulations of the Corporation, in the aggregate exceed the Expenses, judgments, fines, penalties and amounts paid in settlement actually and reasonably incurred by Indemnitee ("Excess Amounts"). To the extent the Corporation has paid Excess Amounts to Indemnitee, Indemnitee shall be obligated to immediately reimburse the Corporation for such Excess Amounts.

Notwithstanding anything contained herein to the contrary, the Corporation shall not be obligated under the terms of this Agreement to indemnify Indemnitee:

(a) or advance expenses to Indemnitee with respect to proceedings or claims initiated or brought voluntarily by Indemnitee and not by way of defense, except with respect to Proceedings brought to establish or enforce a right to indemnification under this Agreement or any other statute or law or otherwise, but such indemnification or advancement of expenses may be provided by the Corporation in specific cases if the Board of Directors finds it appropriate;

(b) if it is proved by final judgment in a court of law or other final adjudication to have been based upon or attributable to the Indemnitee's in fact having gained any personal profit or advantage to which he or she was not legally entitled;

(c) for any expenses incurred by Indemnitee with respect to any proceeding instituted by Indemnitee to enforce or interpret this Agreement, if a court of competent jurisdiction determines that each of the material assertions made by Indemnitee in such proceeding was not made in good faith or was frivolous;

(d) for a disgorgement of profits made from the purchase and sale by Indemnitee of securities pursuant to Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of any state statutory law or common law; or

(e) for any Expenses, judgment, fine or penalty which the Corporation is prohibited by applicable law from paying as indemnity or for any other reason.

15. Scope. Notwithstanding any other provision of this Agreement, except Paragraph 14 hereof, the Corporation hereby agrees to indemnify the Indemnitee

to the fullest extent permitted by law, notwithstanding that such indemnification is not specifically authorized by the other provisions of this Agreement, the Corporation's Code of Regulations or Articles of Incorporation, or by statute. In the event of any change, after the date of this Agreement, in any applicable law, statute or rule which expands the right of an Ohio corporation to indemnify a member of its board of directors or an officer, such change shall be deemed to be within the purview of the Indemnitee's rights and the Corporation's obligations under this Agreement. In the event of any change in any applicable law, statute or rule which narrows the right of an Ohio corporation to indemnify a member of its board of directors or an officer, such change, to the extent not otherwise required by such law, statute or rule to be applied to this Agreement, shall have no effect on this Agreement or the parties' rights and obligations hereunder.

16. Notice to Insurers. If, at the time of the receipt of a written request of Indemnitee pursuant to Paragraph 9 hereof, the Corporation has director and officer liability insurance in effect, the Corporation shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Corporation shall thereafter take all necessary or desirable action, using commercially reasonable efforts, to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

17. Continuation of Rights and Obligations. All rights and obligations of the Corporation and Indemnitee hereunder shall continue in full force and effect despite the subsequent amendment or modification of the Corporation's Articles of Incorporation or Code of Regulations, as such are in effect on the date hereof, and such rights and obligations shall not be affected by any such amendment or modification, any resolution of directors or shareholders of the Corporation, or by any other corporate action which conflicts with or purports to amend, modify, limit or eliminate any of the rights or obligations of the Corporation and/or Indemnitee hereunder.

18. Amendment and Modification. This Agreement may only be amended, modified or supplemented by the written agreement of the Corporation and Indemnitee.

19. Assignment. This Agreement shall not be assigned by the Corporation or Indemnitee without the prior written consent of the other party thereto, except that the Corporation may freely assign its rights and obligations under this Agreement to any subsidiary for whom Indemnitee is serving as a director and/or officer thereof; provided, however, that no permitted assignment shall release the assignor from its obligations hereunder. Subject to the foregoing, this Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and

their respective successors and assigns, including, without limitation, any successor to the Corporation by way of merger, consolidation and/or sale or disposition of all or substantially all of the capital stock of the Corporation.

20. Saving Clause. If this Agreement or any portion thereof shall be invalidated on any ground by any court of competent jurisdiction, the Corporation shall nevertheless indemnify Indemnitee as to Expenses, judgments, fines, penalties and amounts paid in settlement with respect to any Proceeding to the full extent permitted by any applicable portion of this Agreement that shall not have been invalidated or by any other applicable law.

21. Counterparts. This Agreement may be executed in two or more fully or partially executed counterparts each of which shall be deemed an original binding the signer thereof against the other signing parties, but all counterparts together shall constitute one and the same instrument. Executed signature pages may be removed from counterpart agreements and attached to one or more fully executed copies of this Agreement. The parties may execute and deliver this Agreement by facsimile signature, which shall have the same binding effect as an original ink signature.

22. Notice. Indemnitee shall, as a condition precedent to his or her right to be indemnified under this Agreement, give to the Corporation notice in writing as soon as practicable of any claim made against him or her for which indemnity will or could be sought under this Agreement. Notice to the Corporation shall be directed to the Corporation at its headquarters located at One Invacare Way, Elyria, Ohio 44035, Attention: Chairman (or such other address as the Corporation shall designate in writing to Indemnitee). Notice shall be deemed received three days after the date postmarked if sent by prepaid mail, properly addressed. In addition, Indemnitee shall give the Corporation such information and cooperation as it may reasonably require within Indemnitee's power.

23. Applicable Law. All matters with respect to this Agreement, including, without limitation, matters of validity, construction, effect and performance, shall be governed by and construed in accordance with the laws of the State of Ohio applicable to contracts made and to be performed therein between the residents thereof (regardless of the laws that might otherwise be applicable under principles of conflict of law).

IN WITNESS WHEREOF, the parties hereby have caused this Agreement to be duly executed and signed as of the day and year first above written.

INVACARE CORPORATION
THE “CORPORATION”

Name:
Title:

“INDEMNITEE”

Type Name

Schedule of Indemnity Agreements with Current Directors and Executive Officers

Name	Position	Date of Agreement
Geoffrey P. Purtill	President and Chief Executive Officer	December 1, 2021
Kathleen P. Leneghan	Senior Vice President and Chief Financial Officer	November 1, 2017
Anthony C. LaPlaca	Senior Vice President, General Counsel, Secretary and Chief Administrative Officer	December 29, 2008
Cintia Ferreira	Chief Human Resources Officer	December 9, 2022
Angela Goodwin	NA Transformation Leader	May 21, 2020
Joost Beltman	Senior Vice President Commercial Operations, Central	August 26, 2020
Gerald B. Blouch	Former President & Chief Executive Officer and Director	May 24, 2021
Lois F. J. Slangen	Former Senior Vice President - Corporate Marketing and Chief Project Officer	May 24, 2021
Robert K. Gudbranson	Former Senior Vice President, Chief Financial Officer and Treasurer	April 1, 2008
Patricia Stumpp	Former Senior Vice President - Human Resources	September 1, 2009
Carl E. Will	Former Senior Vice President - Global Commercial Operations	November 19, 2010
Rick A. Cassiday	Former Senior Vice President and Chief Human Resources Officer	June 7, 2021
James C. Boland	Former Director	May 24, 2001
Michael F. Delaney	Former Director	May 24, 2001
Dan T. Moore, II	Former Director	May 24, 2001
William M. Weber	Former Director	May 24, 2001
C. Martin Harris, MD	Former Director	January 24, 2003
Dale C. LaPorte	Former Director	February 12, 2009
Charles S. Robb	Former Director	March 1, 2010
James L. Jones	Former Director	December 1, 2010
Baiju R. Shah	Former Director	May 19, 2011
John M. Remmers	Former Director	May 16, 2013
Susan H. Alexander	Former Director	December 1, 2016
Julie A. Beck	Former Director	September 18, 2019
Stephanie L. Fehr	Former Director	March 25, 2021
Clifford D. Nastas	Director	May 14, 2015
Marc M. Gibeley	Director	November 20, 2015
Petra Danielsohn-Weil	Director	May 17, 2018
Edward F. Crawford	Director	August 22, 2022
Michael J. Merriman Jr.	Director	August 28, 2022
Steven H. Rosen	Director	August 22, 2022
Aron I. Schwartz	Director	March 21, 2022

<u>Non-Employee Director Compensation</u>
Effective December 2022

Board Members:

Annual Retainer:	$ 105,000
Annual Equity Award:	$ 90,000 (1)(2)
	<u>$ 195,000</u>

Non-Executive Chairman Fee: $ 40,000

Committee Chair Fees:

Audit	$ 15,000
Compensation	$ 15,000
Nominating & Governance	$ 10,000
Regulatory & Compliance	$ 15,000
Special	$ 20,000

Meeting Fees: $ 1,500 (3)

Notes:

(1) Target Value of restricted stock units
(2) New Directors receive an award of a pro-rated number of shares of the most recent annual grant based on the months remaining until the next annual grant
(3) For meetings attended in excess of 24 in a year

Exhibit 21

Invacare Corporation Subsidiaries

1 Adaptive Switch Laboratories, Inc., a Texas corporation.
2 Alber GmbH, a German limited liability company.
3 Alber GmbH, a Swiss limited liability company.
4 Invacare Logistics GmbH, a German limited liability company.
5 Carroll Healthcare General Partner Inc., an Ontario corporation.
6 Carroll Healthcare Inc., an Ontario corporation.
7 Freedom Designs, Inc., a California corporation.
8 Invacare AB, a Swedish company.
9 Invacare AG, a Swiss company.
10 Invacare A/S, a Danish company.
11 Invacare AS, a Norwegian company.
12 Invacare Asia Ltd., a Hong Kong company.
13 Invacare Australia Pty Limited, an Australian company.
14 Invacare Austria GmbH, an Austrian company.
15 Invacare B.V., a Netherlands company.
16 Invacare Canada General Partner Inc., a Canadian federal corporation.
17 Invacare Canada L.P., an Ontario limited partnership.
18 Invacare Credit Corporation, an Ohio corporation.
19 Invacare Dolomite AB, a Swedish company.
20 Invacare (Deutschland) GmbH, a German company.
21 Invacare France Operations SAS, a French company.
22 Invacare Enterprise Management Services (Suzhou) Co., Ltd., a China company
23 Invacare Germany Holding GmbH, a German company.
24 Invacare GmbH, a German company.
25 Invacare Holding AS, a Norwegian company.
26 Invacare Holdings C.V., a Netherlands partnership.
27 Invacare Holdings, LLC, an Ohio limited liability company.
28 Invacare Holdings SARL, a Luxembourg company.
29 Invacare Holding Two AB, a Swedish company.
30 Invacare Holdings Two B.V., a Netherlands company.
31 Invacare Holdings Two SARL, a Luxembourg company.
32 Invacare Ireland Ltd., an Ireland company.
33 Invacare International GmbH, a Swiss company.
34 Invacare Limited, a UK company.
35 Invacare MeccSan Srl, an Italian company.
36 Invacare New Zealand, a New Zealand company.
37 Invacare NV, a Belgium company.
38 Invacare Poirier SAS, a French company.
39 Invacare (Portugal)—Sociedade Industrial e Comercial de Ortopedia, Lda., a Portuguese company.
40 Invacare (Portugal) II—Material Ortopedico, Lda., a Portuguese company.
41 Invacare Rea AB, a Swedish company.
42 Invacare S.A., a Spanish company.
43 Invacare Thailand Ltd., a Thailand limited liability company
44 Invacare UK Operations Ltd., a UK company.
45 Invacare Verwaltungs GmbH, A German limited liability company.

46 Invamex Holdings LLC, a Delaware limited liability company.
47 Invamex S. de R.L. de C.V., a Mexican corporation.
48 Invatection Insurance Company, a Vermont corporation.
49 Medbloc, Inc., a Delaware corporation.
50 Motion Concepts, L.P., an Ontario limited partnership.
51 Perpetual Motion Enterprises Limited, an Ontario corporation.

Note that all entities are direct or indirect wholly owned subsidiaries.

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8, No. 333-109794) dated October 17, 2003 pertaining to the Invacare Corporation 2003 Performance Plan,
(2) Registration Statement (Form S-8, No. 333-136391) dated August 8, 2006 pertaining to the Invacare Corporation 2003 Performance Plan,
(3) Registration Statement (Form S-8, No. 333-188803) dated May 23, 2013 pertaining to the Invacare Corporation 2013 Equity Compensation Plan,
(4) Registration Statement (Form S-8, No. 333-215206) dated December 21, 2016 pertaining to the Invacare Corporation 2013 Equity Compensation Plan,
(5) Registration Statement (Form S-8, No. 333-225110) dated May 22, 2018 pertaining to the Invacare Corporation 2018 Equity Compensation Plan,
(6) Registration Statement (Form S-8, No. 333-231641) dated May 21, 2019 pertaining to the Invacare Corporation 2018 Equity Compensation Plan,
(7) Registration Statement (Form S-8, No. 333-238793) dated May 29, 2020 pertaining to the Invacare Corporation 2018 Equity Compensation Plan,
(8) Registration Statement (Form S-8, No. 333-256497) dated May 26, 2021 pertaining to the Invacare Corporation 2018 Equity Compensation Plan, and
(9) Registration Statement (Form S-3, No. 333-266915) dated August 16, 2022

of our report dated April 14, 2023, with respect to the consolidated financial statements and financial statement schedule of Invacare Corporation and subsidiaries included in this Annual Report (Form 10-K) of Invacare Corporation and subsidiaries for the year ended December 31, 2022.

/s/ Ernst & Young LLP

Cleveland, Ohio
April 14, 2023

Exhibit 31.1

CERTIFICATIONS

I, Geoffrey P. Purtill, certify that:

1. I have reviewed this annual report on Form 10-K of Invacare Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

INVACARE CORPORATION

/s/ GEOFFREY P. PURTILL

Geoffrey P. Purtill
President and Chief Executive Officer
(Principal Executive Officer)

Date: April 14, 2023

Exhibit 31.2

CERTIFICATIONS

I, Kathleen P. Leneghan, certify that:

1. I have reviewed this annual report on Form 10-K of Invacare Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

INVACARE CORPORATION

/s/ KATHLEEN P. LENEGHAN

Kathleen P. Leneghan
Chief Financial Officer
(Principal Financial Officer)

Date: April 14, 2023

Exhibit 32.1

Certification
Pursuant to Section 18 U.S.C. Section 1350,
as adopted pursuant to Section 906
of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Invacare Corporation (the "company") on Form 10-K for the period ending December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Geoffrey P. Purtill, President and Chief Executive Officer of the company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the company.

/s/ GEOFFREY P. PURTILL

Geoffrey P. Purtill
President and Chief Executive Officer
(Principal Executive Officer)

Date: April 14, 2023

A signed original of this written statement required by Section 906 has been provided to Invacare Corporation and will be retained by Invacare Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification
Pursuant to Section 18 U.S.C. Section 1350,
as adopted pursuant to Section 906
of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Invacare Corporation (the "company") on Form 10-K for the period ending December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kathleen P. Leneghan, Chief Financial Officer of the company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the company.

/s/ KATHLEEN P. LENEGHAN

Kathleen P. Leneghan
Chief Financial Officer
(Principal Financial Officer)

Date: April 14, 2023

A signed original of this written statement required by Section 906 has been provided to Invacare Corporation and will be retained by Invacare Corporation and furnished to the Securities and Exchange Commission or its staff upon request.