



Yes, you can.®

Invacare Corporation

First Quarter 2023 Financial Performance
May 15, 2023



Yes, you can.®

Forward-Looking Statements

This presentation 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,” “should,” “could,” “plan,” “intend,” “expect,” “continue,” “forecast,” “believe,” and “anticipate” and include, for example, any statement made regarding the company's future results. Actual results may differ materially as a result of various risks and uncertainties, including those expressed in the cautionary statement in the company's earnings press release for the first quarter 2023 posted on www.invacare.com/investorrelations, as well as in the company's annual reports on Form 10-K, quarterly reports on Form 10-Q and other filings 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 as required by law, shall have no obligation to update any forward-looking statements. Invacare Holdings Corporation became the successor to Invacare Corporation upon its emergence from bankruptcy on May 5, 2023, as further described in the company's Quarterly Report on Form 10-Q.

Financial results presented are as of March 31, 2023, unless otherwise noted.

Non-GAAP Financial Measures

Some of the information in this presentation is derived from the company's consolidated financial data but not presented in its financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). Certain of these data points are considered “non-GAAP financial measures” under Securities and Exchange Commission rules. These non-GAAP financial measures supplement the company's GAAP disclosures and should not be considered an alternative to the GAAP measure. The reconciliations to their most directly comparable GAAP financial measures are included in the accompanying tables.

Improving Trends and Actions Taken to Strengthen the Company



1Q23 Highlights vs. 1Q22

- **Improved profitability** on a consolidated basis driven by over 90% increase in Europe
- **Achieved gross margin expansion** driven by favorable product mix and lower costs
- **Realized lower SG&A expense** attributable to lower employment and IT expense
- **Product line rationalization** – finalized the sale of the respiratory business and continued simplification of the product portfolio
- **Renewed focus on core** lifestyle and mobility & seating products

Strategic Actions Taken To Date

- **Financial restructuring** – successfully emerged from Chapter 11 on May 5, 2023 with a more flexible, recapitalized balance sheet 94 days after filing on January 31, 2023
- **Footprint optimization** – announced manufacturing at the Sanford, FL location to transition to existing facilities in 3Q23 to optimize excess capacity
- **Enhanced North America sales force** – entered strategic partnership with a leading medtech sales organization to amplify sales pipeline through existing and new channels for lifestyle products
- **Refocused IT strategy** – insourcing core IT capability and revisiting IT infrastructure
- **New Board of Directors** – onboarded a new slate of directors with strong financial, restructuring and healthcare experience

Key Financial Metrics 1Q23 vs. 1Q22 – Consolidated



Key Metrics

(in millions USD)	1Q23	1Q22	Change Fav (Unfav)
Net Sales	\$165.5	\$201.0	(\$35.5)
Constant Currency Net Sales	\$174.5	\$201.0	(\$26.5)
Gross Profit	\$43.8	\$47.7	(\$3.9)
Gross Margin	26.5%	23.7%	280 bps
SG&A	\$53.8	\$60.6	\$6.8
Constant Currency SG&A	\$55.6	\$60.6	\$5.0
Operating Loss	(\$10.4)	(\$16.6)	\$6.2
Adjusted EBITDA	(\$6.2)	(\$8.6)	\$2.4
Free Cash Flow Usage	(\$32.6)	(\$29.8)	\$2.8

1Q23 compared to 1Q22

- ❑ **Reported net sales** decreased 17.7% and constant currency net sales decreased 13.2% largely due to the divestiture of respiratory products and product rationalization
 - Excluding sales of respiratory products, constant currency net sales declined 7.7%
 - North America revenues negatively impacted by bankruptcy filing
- ❑ **Gross margin** increased 280 bps driven by
 - Favorable product mix from portfolio simplifications
 - Lower costs, primarily freight expense
- ❑ **Constant currency SG&A** expense decreased 8.2% driven by
 - Lower employment and IT costs
- ❑ **Operating loss** improved by \$6.2 million and **Adjusted EBITDA** improved by \$2.4 million driven primarily by lower SG&A expense
- ❑ **Free cash flow usage** decreased \$2.8 million
 - 1Q23 free cash flow usage includes \$9.5 million of bankruptcy related payments
 - Excluding those bankruptcy related payments, free cash flow usage was \$23.1 million, an improvement of \$6.7 million, compared to 1Q22.

Key Financial Metrics – Europe



Key Metrics

(in millions USD)	1Q23	1Q22	Change Fav (Unfav)
Reported Sales	\$104.9	\$118.1	(\$13.2)
Lifestyle	\$52.8	\$61.1	(\$8.3)
Mobility & Seating	\$42.9	\$47.4	(\$4.5)
Respiratory	\$4.7	\$4.7	\$0.0
Other	\$4.5	\$5.0	(\$0.4)
Operating Income	\$6.2	\$3.2	\$3.0

1Q23 compared to 1Q22

- ❑ **Reported net sales** decreased 11.1% and constant currency net sales decreased 4.1%
 - Constant currency revenue decline primarily due to product line discontinuation (i.e., walking aids)
- ❑ **Gross margin** improved by 390 basis points, or \$1.0 million, driven by
 - Favorable impact of price increases, product mix changes and reduced freight expense
 - Partially offset by lower net sales and unfavorable foreign currency
- ❑ **Operating income** improved 91.3% driven by
 - Higher gross profit as a result of lower costs
 - Benefit of SG&A savings from transformation actions implemented in 2022

Key Financial Metrics – North America



Key Metrics

(in millions USD)	1Q23	1Q22	Change Fav (Unfav)
Reported Sales	\$52.4	\$75.3	(\$23.0)
Lifestyle	\$28.0	\$34.3	(\$6.3)
Mobility & Seating	\$22.3	\$25.4	(\$3.1)
Respiratory	\$1.5	\$15.5	(\$13.9)
Other	\$0.5	\$0.1	\$0.3
Operating Loss	(\$10.3)	(\$8.3)	(\$2.0)

1Q23 compared to 1Q22

- ❑ **Reported net sales** decreased 30.5% and constant currency net sales decreased 30.1% primarily due to
 - The company’s exit of the respiratory product line with \$13.9 million, or 60%, of the decline attributable to the decision
 - Lower sales of lifestyle and mobility & seating impacted by the Chapter 11 filing during the quarter
- ❑ **Gross margin** decreased 50 basis points, or \$5.3 million, primarily due to
 - Lower net sales and unfavorable operating costs
 - Partially offset by the benefit of price increases and reduced freight costs
- ❑ **Operating loss** increased \$2.0 million primarily due to
 - Lower gross profit from lower net sales
 - Partially offset by reduced SG&A expense

Key Financial Metrics – All Other



Key Metrics

(in millions USD)	1Q23	1Q22	Change Fav (Unfav)
Reported Sales in Asia Pacific	\$8.2	\$7.6	\$0.6
Lifestyle	\$2.8	\$2.8	(\$0.0)
Mobility & Seating	\$2.4	\$2.7	(\$0.3)
Respiratory	\$1.6	\$0.8	\$0.9
Other	\$1.4	\$1.3	\$0.1
Operating Loss	(\$5.8)	(\$7.7)	\$1.9

1Q23 compared to 1Q22

- ❑ **Reported net sales** in the Asia Pacific region increased 8.0% and constant currency net sales increased 14.1%
- ❑ **Gross margin** decreased 240 basis points and gross profit dollars flat, primarily due to
 - Higher material costs
- ❑ **Operating loss** improved \$1.9 million driven by
 - Improved profitability in the Asia Pacific business primarily driven by revenue growth and reduced SG&A expense
 - Lower IT costs in Corporate unallocated costs

Reconciliation of Non-GAAP Performance Metrics to GAAP Financial Measures

<i>(Dollars in millions)</i>	1Q23	1Q22
Net Loss)	(41.2)	(24.2)
Income Taxes	0.9	1.3
Loss before Income Taxes	(40.2)	(22.9)
Interest Expense	9.1	6.3
Reorganization items, net	20.8	-
Net Gain on Convertible Debt Derivatives	(0.1)	-
Operating Income (Loss)	(10.4)	(16.6)
Depreciation and Amortization	3.6	3.9
Gain on Sale of Business	(4.2)	-
EBITDA	(11.1)	(12.7)
Restructuring Charges	4.7	3.8
Stock Compensation	0.2	0.3
Adjusted EBITDA	(6.2)	(8.6)
Net Cash Used by Operating Activities	(30.6)	(27.7)
Less: Purchases of Property and Equipment	(2.0)	(2.1)
Free Cash Flow	(32.6)	(29.8)
Reported Net Sales % Change	-17.7%	2.4%
Less: Foreign Exchange Impact	-4.5%	-4.0%
Less: Impact of Divested Entities	0.0%	0.0%
Constant Currency Sales % Change	-13.2%	6.4%
Reported SG&A % Change	-11.2%	3.0%
Less: Foreign Exchange Impact	-2.9%	-3.2%
Less: Impact of Divested Entities	0.0%	0.0%
Constant Currency SG&A % Change	-8.2%	6.2%

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- ❑ "EBITDA" – Earnings (loss) before income taxes; interest expense, net; reorganization items, net; gain/loss on debt extinguishment including debt financing charges and fees; net gain/loss on convertible debt derivatives; gain/loss on sale of business; impairment of goodwill; impairment of intangible assets; and depreciation and amortization.
- ❑ "Adjusted EBITDA" – EBITDA plus stock compensation, charges related to restructuring activities, and restructuring related to exit of product lines.
- ❑ "Free cash flow" – Net cash provided (used) by operating activities less purchases of property and equipment plus proceeds, including the advances from sales of property and equipment.
- ❑ "Constant currency net sales" – Net sales excluding the impact of foreign currency translation.
- ❑ "Constant currency SG&A" – SG&A excluding the impact of foreign currency translation.