Yes, you can.

Invacare Corporation

Third Quarter 2022 Conference Call Webcast

November 7, 2022

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 third quarter 2022 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.

Financial results presented are as of September 30, 2022, 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 table and Appendix.

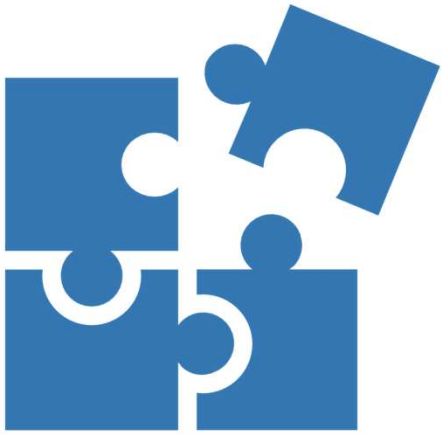
Strategic Changes to Accelerate Invacare's Transformation

- Geoff Purtill named interim President and CEO on August 28th to accelerate the execution of the transformation plan

- Increased financial flexibility and liquidity, with proceeds used to unlock the supply chain, and positive benefits thus far being realized in 4Q22
  - Secured $66.5 million initial Term Loan in July
  - Received additional $18.5 million on the Term Loan in October

- Discontinuing production of respiratory products in order to focus on core lifestyle and mobility & seating product categories

- Added three new Board members with experience in business turnarounds



Actions are driving sequential revenue and profitability improvements in early 4Q22

Updating Strategic Priorities to Improve Profitability

Focusing on **core product lines** of lifestyle and mobility & seating and discontinuing production of respiratory products to further streamline operations, simplify supply chain, and improve profitability

Lifestyle and Mobility & Seating

- ✓ Strong demand and orders
- ✓ Growing markets with favorable demographics
- ✓ Higher margins and customer reimbursement
- ✓ Results in less complex supply chain overall
- ✓ Part of strategic shift to emphasis on homecare and long-term care facilities
- ✓ Refreshed product line with award-winning wheelchairs, power add-ons, lifts, hygiene products, and bed systems

Accelerating execution of transformative actions to drive improved profitability

Yes, you can.

Financial Results

Key Financial Metrics vs. 3Q21 – Consolidated

Key Metrics

(in millions USD)	**3Q22**	3Q21	Change Fav (Unfav)
Net Sales	**$170.4**	$224.2	($53.8)
Constant Currency Net Sales	**$186.3**	$224.2	($37.9)
Gross Profit	**$31.4**	$60.3	($28.9)
Gross Margin	**18.4%**	26.9%	(850 bps)
SG&A	**$55.4**	$56.1	1.4%
Constant Currency SG&A	**$58.6**	$56.1	(4.5%)
Operating Loss	**($33.4)**	($24.8)	($8.7)
Adjusted EBITDA	**($11.8)**	$8.0	($19.8)
Free Cash Usage	**($20.5)**	($6.1)	($14.3)

As compared to 3Q21

- **Reported net sales** decreased 24.0% and constant currency net sales decreased 16.9% due to
  - Supply chain challenges and component availability
  - Significant foreign exchange impact given strengthening of the USD
- **Gross margin** decreased 850 bps due to
  - Respiratory inventory and purchase obligations write down of 510 bps, or $8.7 million, as result of decision to discontinue manufacturing
  - Excluding the respiratory charge, gross margin declined 340 bps due to operational variances on lower volumes and higher input costs partially offset by pricing actions
- **Constant currency SG&A** expense increased 4.5% due to
  - Higher IT expenses classified as operating costs
- **Operating loss** increased by $8.7 million and **Adjusted EBITDA** decreased $19.8 million due to
  - Lower gross profit from lower revenues
  - Inventory and purchase obligations write down of $8.7 million related to respiratory products
  - Higher restructuring expenses of $8.1 million
  - IT expenses of $2.7 million classified as operating costs as a result of the pause in the ERP roll out
- **Free cash flow usage** increased $14.3 million
  - Decreased accounts payable to unlock the supply chain and restructuring costs and funding of operating loss
  - Partially offset by lower accounts receivable and inventory

Key Financial Metrics vs. 2Q22 – Consolidated

Yes, you can.

Key Metrics

(in millions USD)	**3Q22**	2Q22	Change Fav (Unfav)
Net Sales	**$170.4**	$189.0	($18.6)
Constant Currency Net Sales	**$176.2**	$189.0	($12.9)
Gross Profit	**$31.4**	$48.0	($16.6)
Gross Margin	**18.4%**	25.4%	(700 bps)
SG&A	**$55.4**	$58.6	$3.3
Constant Currency SG&A	**$56.6**	$58.6	$2.1
Operating Loss	**($33.4)**	($14.8)	($18.4)
Adjusted EBITDA	**($11.8)**	($4.8)	($7.0)
Free Cash Flow (Usage)	**($20.5)**	$0.1	($20.6)

As compared to 2Q22

- **Reported net sales** decreased 9.8% and **constant currency net sales** decreased 6.8%
  - Impacted by supply chain disruptions and component availability
- **Gross margin** decreased 700 bps due to
  - The impact of respiratory inventory and purchase obligations write down was 510 bps
  - Gross profit impacted by unfavorable operational variances attributable to lower volumes and foreign exchange of $1.3 million
- **Constant currency SG&A** expense decreased 3.5% driven by lower employment costs
- **Operating loss** increased by $18.4 million and **Adjusted EBITDA** decreased $7.0 million due to
  - Lower gross profit from lower revenues
  - Higher restructuring expenses of $4.3 million
  - Inventory and purchase obligations write down of $8.7 million related to respiratory products in 3Q22
- **Free cash flow usage** increased $20.6 million due to
  - Decreased accounts payable to unlock the supply chain
  - Operating loss impacted by lower revenues

Favorable Trends Drive Improved 4Q22 Outlook

Trends

- ✓ **Improving access to key material and components** as a result of increased financial flexibility
- ✓ **Strong demand and orders** for lifestyle and mobility & seating products
- ✓ **Europe**, through two months of 4Q22, achieved sequential constant currency net sales growth, improved capacity utilization on higher volume, favorable product mix and operating income growth
- ✓ **Benefit of prior restructuring actions** beginning to be realized
- ✓ **Gross margin improvement** driven by operational efficiencies and effectiveness of price increases
- ✓ **Restoring confidence** with customers and trust with vendors

4Q22 Outlook vs 3Q22

- ➢ **Revenue growth** on a constant currency basis driven by higher volumes and favorable product mix
- ➢ **Adjusted EBITDA improvement** driven by constant currency net sales growth, gross margin expansion, operational efficiencies and restructuring benefits partially offset by unfavorable foreign exchange
- ➢ **Europe** on pace to deliver sequential constant currency net sales improvement and positive Adjusted EBITDA
- ➢ **North America** anticipated to incur additional restructuring charges as it focuses on improving profitability

Actions to be Taken Over the Next Two Quarters

The company has identified additional opportunities to drive growth and profitability in 2023 and beyond. These actions may include:

- Product line rationalization
- Footprint optimization
- Supply chain simplification
- Organization rightsizing
- Liquidity enhancements

Focused on driving improved profitability and free cash flow

INVACARE

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Thank You

Appendix: Net Sales by Product Line – Consolidated

Key Metrics

(in millions USD)	**3Q22**	2Q22	Change Fav (Unfav)
Reported Sales	**$170.4**	$189.0	($18.6)
Lifestyle	**$83.8**	$91.7	($7.9)
Mobility & Seating	**$70.5**	$76.8	($6.3)
Respiratory	**$9.9**	$14.0	($4.1)
Other	**$6.1**	$6.5	($0.4)

As compared to 2Q22

Revenues across all product lines were impacted as the timing of incremental funding did not favorably impact the supply chain until early 4Q22

Foreign exchange decreased revenues by $5.8 million, or 3%, primarily impacting mobility & seating and lifestyle products

- **Lifestyle**
  - Net sales decreased primarily due to supply chain challenges (i.e., component availability) impacting beds and manual wheelchairs
- **Mobility & Seating**
  - Net sales decreased due primarily to electronic component shortages
- **Respiratory**
  - Net sales decreased in part due to component shortages which limited order fulfillment, primarily in North America
  - As guided, sales declined given less COVID-related demand for these products

Appendix: Key Financial Metrics – Europe

Key Metrics

(in millions USD)	3Q22	2Q22	Change Fav (Unfav)
Reported Sales	**$97.5**	$112.8	($15.3)
Lifestyle	**$46.9**	$55.0	($8.1)
Mobility & Seating	**$43.8**	$47.8	($4.1)
Respiratory	**$2.3**	$4.9	($2.7)
Other	**$4.6**	$5.0	($0.5)
Operating Income (Loss)	**($2.6)**	$3.5	($6.1)

As compared to 2Q22

- **Reported net sales** decreased 13.6%
  - Constant currency net sales decreased 8.9%
- **Gross margin** decreased by 240 basis points, or $6.5 million due to
  - Unfavorable operational variances given lower volumes and higher material costs
  - 90 basis points of the decline was attributable to charges for respiratory-related inventory and purchase obligations write-downs
- **Operating income** declined by $6.1 million to an operating loss primarily due to
  - Significantly lower revenues
  - Respiratory inventory charge of $0.9 million

Appendix: Key Financial Metrics – North America

Yes, you can.

Key Metrics

(in millions USD)	**3Q22**	2Q22	Change Fav (Unfav)
Reported Sales	**$65.3**	$68.7	($3.4)
Lifestyle	**$34.4**	$33.8	$0.5
Mobility & Seating	**$23.5**	$26.0	($2.5)
Respiratory	**$7.2**	$8.7	($1.5)
Other	**$0.2**	$0.2	$0.1)
Operating Loss	**($15.0)**	($6.3)	($8.7)

As compared to 2Q22

- **Reported net sales** decreased 5.0%
  - Constant currency net sales decreased 4.8%
- **Gross margin** decreased by 1190 basis points, or $9.5 million
  - Charges for respiratory-related inventory and purchase obligations write-downs comprised $7.7 million, or 1080 basis points of the decline
- **Operating loss** increased $8.7 million due to
  - Respiratory inventory charge of $7.7 million
  - Lower net sales and unfavorable operational variances

Appendix: Key Financial Metrics – All Other

Key Metrics

(in millions USD)	3Q22	2Q22	Change Fav (Unfav)
Reported Sales in Asia Pacific	**$7.6**	$7.5	$0.1
Lifestyle	**$2.6**	$2.9	($0.3)
Mobility & Seating	**$3.3**	$3.0	$0.3
Respiratory	**$0.4**	$0.4	$0.1
Other	**$1.3**	$1.3	($0.0)
Operating Loss	**($6.4)**	($7.9)	($1.5)

As compared to 2Q22

- **Reported net sales** in the Asia Pacific region increased 1.0%
  - Constant currency net sales increased 6.3% due to timing of receipt of inventory to fulfill orders in the region
- **Gross margin** decreased by $0.5 million, or 770 basis points, driven by higher material and freight costs
- **Operating loss** decreased $1.5 million due to
  - Lower corporate spending related to employment costs including stock compensation

Appendix: Reconciliation of Non-GAAP Performance Metrics to GAAP Financial Measures

(Dollars in millions)	3Q21	2Q22	3Q22
Net Loss	(22.8)	(21.9)	(34.4)
Income Taxes	1.8	0.9	0.9
Loss before Income Taxes	(20.9)	(21.0)	(33.4)
Net Interest Expense *	(3.8)	6.2	1.0
Net Gain on Convertible Debt Derivatives	-	-	(0.9)
Operating Loss	(24.8)	(14.8)	(33.4)
Depreciation and Amortization	4.2	3.9	3.9
Impairment of an intangible asset	-	-	1.0
Impairment of Goodwill	28.6	-	-
EBITDA	8.0	(10.9)	(28.5)
Restructuring Charges	0.4	4.2	8.4
Restructuring related to exit of product lines	-	-	8.7
Stock Compensation	(0.4)	2.0	(0.4)
Adjusted EBITDA	8.0	(4.8)	(11.8)
Net Cash Provided (Used) by Operating Activities	(0.8)	0.8	(19.9)
Less: Purchases of Property and Equipment	(5.3)	(0.6)	(0.5)
Free Cash Flow (Usage)	(6.1)	0.1	(20.5)
Reported Net Sales % Change	5.8%	-16.3%	-24.0%
Less: Foreign Exchange Impact	2.9%	-5.6%	-7.1%
Constant Currency Sales % Change	2.9%	-10.7%	-16.9%
Reported SG&A % Change	1.1%	-8.1%	-1.4%
Less: Foreign Exchange Impact	2.3%	-4.3%	-5.8%
Less: Impact of Divested Entities	0.0%	0.0%	0.0%
Constant Currency SG&A % Change	-1.2%	-3.8%	4.5%

** Includes gain on debt extinguishment including financing charges & fees*

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- "EBITDA" – Earnings (loss) before income taxes, interest expense-net, gain/loss on debt extinguishment including debt financing charges and fees, 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.