20240506094459

Årsredovisning för

Invacare Holding Two AB

556614-5107

Räkenskapsåret

2022-12-01 - 2023-11-30

Fastställelseintyg

Undertecknad styrelseledamot i Invacare Holding Two AB intygar härmed dels att denna kopia av årsredovisningen överensstämmer med originalet, dels att resultat- och balansräkningen fastställts på årsstämma 2024-05-03 . Stämman beslöt också att godkänna styrelsens förslag till resultatdisposition.

Spånga 2024-05-03
Niclas Dahllöf

20240506094470

Årsredovisning för

Invacare Holding Two AB

556614-5107

Räkenskapsåret

2022-12-01 - 2023-11-30

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Förvaltningsberättelse
Styrelsen för Invacare Holding Two AB, 556614-5107 får härmed avge årsredovisning för 2022-12-01 - 2023-11-30, bolagets 21:e räkenskapsår.

20240506094711

Allmänt om verksamheten

Invacare Holding Two AB med säte i Älmhults kommun är moderbolag och har under verksamhetsåret ägt och förvaltat dotterbolagen Invacare AB och Invacare Rea AB. Verksamheten i Invacare Holding Two AB utgörs av förvaltning av dotterbolagsaktier.

Samtliga belopp i årsredovisningen är i svenska kronor.

Verksamheten i Invacare Rea AB består av produktutveckling och montering av manuella rullstolar samt distribution av andra handikapphjälpmedel på uppdrag av Invacare AB.

Verksamheten i Invacare AB består av försäljning av rullstolar, sängar och andra hjälpmedel för rörelsehindrade.

Invacare Rea AB och Invacare AB driver verksamheten i kommission för Invacares europeiska huvudkontor, Invacare SARL International, Schweiz.

Ägarförhållanden

Den svenska koncernen består av moderbolaget Invacare Holding Two AB och dotterbolagen Invacare AB och Invacare REA AB. Moderbolaget till Invacare Holding Two AB är det holländska bolaget Invacare Holdings Two B.V. org.nr 0069.85.609 med säte i Ede, Holland. Invacare Holding Two AB ingår i Invacare-koncernen, ägd av det amerikanska moderbolaget Invacare Corporation. Invacare Holding Two AB upprättar ingen koncernredovisning för de svenska bolagen utan ingår i det Amerikanska moderbolaget Invacare Corporation's koncernredovisning. Bolaget upprättar inte koncernredovisning i enligt med årsredovisningslagen 7:2 då Invacare Corporation upprättar koncernredovisning för samtliga bolag.

Verksamheten i den amerikanska koncernen består av tillverkning och försäljning av ett brett sortiment av hjälpmedel för rörelsehindrade bl.a. rullstolar, sängar och personlyftar.

Utveckling av företagets verksamhet, resultat och ställning **Belopp i kr**

	2023-11-30	2022-11-30	2021-11-30	2020-11-30	2019-11-30
Nettoomsättning	0	-	-	-	-
Balansomslutning	192 346 022	141 287 832	257 256 442	231 871 801	134 953 014
Soliditet %	44	74	39	38	38

Definitioner:
Rörelsemarginal: Rörelseresultat / Nettoomsättning.
Balansomslutning: Totala tillgångar.
Soliditet: Justerat totalt eget kapital / Totala tillgångar.

Väsentliga händelser under räkenskapsåret

Dotterbolaget Invacare Rea AB har under verksamhetsåret påverkats negativt av problem med leveranser från Asien.

Dotterbolaget Invacare AB har under verksamhetsåret behållit en marknadsledande ställning beträffande produkt- och tjänstelösningar vilka både förenklar och berikar vardagen för rörelsehindrade, vårdare och äldre på den svenska marknaden. Bolaget gjorde dock ett bra sista kvartal med ökad orderingång och fakturering.

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Förändring av eget kapital

	Aktiekapital	Reservfond	Balanserad vinst	Årets resultat	Totalt
Belopp vid årets ingång enligt fastställd balansräkning	100 100	0	37 423 894	66 884 691	104 408 685
Justerade belopp vid jämförelseårets ingång	**100 100**	**0**	**37 423 894**	**66 884 691**	**104 408 685**
Resultatdisp.enl. beslut av årsstämma:			66 884 691	-66 884 691	0
Utdelning:			-32 000 000		-32 000 000
Årets resultat				12 436 952	12 436 952
Belopp vid årets utgång 2023-11-30	**100 100**	**0**	**72 308 585**	**12 436 952**	**84 845 637**

Förväntad framtida utveckling samt väsentliga risker och osäkerhetsfaktorer

Invacare Corporation och ytterligare två bolag i USA har pågående Chapter11, Europa är inte påverkade av denna process. Dotterbolagen ser positivt på framtiden men ser inte att volymerna i dessa oroliga tider kommer att öka.

Förslag till disposition av företagets vinst eller förlust

	Belopp i kr
Styrelsen föreslår att till förfogande stående medel:	
balanserat resultat	72 308 585
årets resultat	12 436 952
Totalt	84 745 537
disponeras för	
utdelning	65 000 000
balanseras i ny räkning	19 745 537
Summa	84 745 537

Yttrande från styrelsen

Styrelsen föreslår att utdelning för 2023 ska ske med 64.935,06 kronor per aktie, innebärande att sammanlagd utdelning för 2023 uppgår till 65.000.000 kronor.
Styrelsen lämnar följande motiverade yttrande enligt 18 kapitel 4§ aktiebolagslagen (2005:551) avseende vinstutdelningsförslaget:

Den föreslagna utdelningen till aktieägarna reducerar bolagets soliditet från 44 % till 16 %. Soliditeten är, mot bakgrund av att bolagets och koncernens verksamhet fortsatt bedrivs med lönsamhet, betryggande. Likviditeten i bolaget och koncernen bedöms kunna upprätthållas på en likaledes betryggande nivå.
Vid bedömningen av föreslagen utdelning har hänsyn tagits till Invacares´s affärsmodell och på hur styrelsen ser på moderbolagets och koncernens utsikter för 2024.
Styrelsens uppfattning är att den föreslagna utdelningen ej hindrar bolaget, och övriga i koncernen ingående bolag, från att fullgöra sina förpliktelser på kort och lång sikt, ej heller att fullgöra erforderliga investeringar. Den föreslagna utdelningen kan därmed försvaras med hänsyn till vad som anförs i ABL 17 kapitel 3§ 2-3 stycket (försiktighetsregeln).

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Resultaträkning

Belopp i kr	Not	2022-12-01-2023-11-30	2021-12-01-2022-11-30
Övriga rörelseintäkter		0	0
		0	**0**
Rörelsens kostnader			
Övriga externa kostnader		-131 008	-120 000
Rörelseresultat		**-131 008**	**-120 000**
Resultat från finansiella poster			
Kursvinst/förlust vid omräkning av korta skulder		0	1 399 158
Utdelning från andelar i dotterbolag		0	45 000 000
Ränteintäkter och liknande resultatposter	3	2 594 676	880 899
Räntekostnader och liknande kostnader	4	0	-105 518
Resultat efter finansiella poster		**2 463 668**	**47 054 539**
Bokslutsdispositioner	5	13 200 000	25 805 000
Resultat före skatt		**15 663 668**	**72 859 539**
Skatt på årets resultat	6	-3 226 716	-5 974 848
Årets resultat		**12 436 952,00**	**66 884 691**

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Balansräkning

Belopp i kr	Not	2023-11-30	2022-11-30
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	7	37 344 884	37 344 884
		37 344 884	**37 344 884**
Summa anläggningstillgångar		**37 344 884**	**37 344 884**
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar hos koncernföretag		59 165 417	54 152 276
Övriga fordringar		2 131	4 020
		59 167 548	**54 156 296**
Kassa och bank	8	**95 833 590**	**49 786 652**
Summa omsättningstillgångar		**155 001 138**	**103 942 948**
SUMMA TILLGÅNGAR		**192 346 022**	**141 287 832**

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Balansräkning

Belopp i kr	Not	2023-11-30	2022-11-30
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		100 100	100 100
Reservfond		0	36 346 063
		100 100	**36 446 163**
Fritt eget kapital			
Balanserad vinst eller förlust		72 308 585	1 077 831
Årets resultat		12 436 952	66 884 691
		84 745 537	**67 962 522**
Summa eget kapital		**84 845 637**	**104 408 685**
Obeskattade reserver			
Periodiseringsfond	9	0	0
		0	**0**
Kortfristiga skulder			
Skulder till koncernföretag		102 841 732	31 047 207
Skatteskuld		4 538 653	5 670 542
Upplupna kostnader och förutbetalda intäkter	10	120 000	161 398
		107 500 385	**36 879 147**
SUMMA EGET KAPITAL OCH SKULDER		**192 346 022**	**141 287 832**

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Tilläggsupplysningar

Not 1 Redovisningsprinciper

Belopp i kr om inget annat anges

Allmäna redovisningsprinciper

Företaget tillämpar Årsredovisningslagen (1995:1554) och Bokföringsnämndens allmänna råd BFNAR 2012:1 *Årsredovisning och koncernredovisning (K3)*

Koncernförhållanden

Bolaget ingår i en koncern i vilken Invacare Holdings Two B.V., organisationsnummer 0069.85.609, med säte i Nederländerna är moderbolag.

Övergripande koncernmoderföretag är det amerikanska bolaget Invacare Corporation. Bolaget, med registreringsnummer 95-2680965, har postadressen, P.O. Box 4028, Elyria, Ohio, 44035 U.S.A. Bolaget har sitt säte på samma adress. Bolaget upprättar koncernredovisning för alla i koncernen ingående bolag, enligt US GAAP, det innebär att Invacare Holding Two AB inte upprättar koncernredovisning enligt Årsredovisningslagen 7.2.

Värderingsprinciper

Fordringar och skulder i utländsk valuta

Fordringar och skulder i utländsk valuta har omräknats till balansdagens kurs. Kursvinster och kursförluster på rörelsens fordringar och skulder tillförs rörelseresultatet. Vinster och förluster på finansiella fordringar och skulder redovisas som finansiella poster.

Fordringar har värderats till det lägsta av anskaffningsvärde och det belopp varmed de beräknas bli reglerade.

Övriga tillgångar, avsättningar och skulder

Övriga tillgångar och skulder har värderats till anskaffningsvärde om ej annat anges.

Intäkter

Intäkter har upptagits till verkligt värde av vad som erhållits eller kommer att erhållas.

Finansiella instrument

Finansiella instrument värderas utifrån anskaffningsvärdet.

Ränta

Ersättning i form av ränta redovisas som intäkt när det är sannolikt att företaget kommer att få de ekonomiska fördelar som är förknippade med transaktionen och när inkomsten kan beräknas på ett tillförlitligt sätt.

Låneutgifter

Låneutgifter redovisas i resultaträkningen i den period de uppkommer.

Inkomstskatt

Skattekostnden utgörs av summan av aktuell skatt och uppskjuten skatt.

Aktuell skatt

Aktuell skatt beräknas på det skattepliktiga resultat för perioden. Skattepliktigt resultat skiljer sig från det redovisade resultatet i resultaträkningen då det har justerats för ej skattepliktiga intäkter och ej avdragsgilla kostnader samt för intäkter och kostnader som är skattepliktiga eller avdragsgilla i andra perioder. Aktuell skatteskuld beräknas enligt de skattesatser som gäller per balansdagen.

Uppskjuten skatt

Uppskjuten skatt redovisas på temporära skillnader mellan det redovisade värdet på tillgångar och skulder i de finansiella rapporterna och det skattemässiga värden som används vid beräkning av skattepliktigt resultat. Uppskjuten skatt redovisas enligt den s k balansräkningsmetoden. Uppskjutna skatteskulder redovisas för i princip alla skattepliktiga temporära skillnader, och uppskjutna skattefordringar redovisas i princip för alla avdragsgilla temporära skillnader i den omfattning det är sannolikt att beloppen kan utnyttjas mot framtida skattepliktiga överskott. Obeskattade reserver redovisas inklusive uppskjuten skatteskuld.

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Noter

Not 2 Personalkostnader och ersättningar

Bolaget har ej haft några anställda under verksamhetsåret. Ersättning till styrelsen har ej utgått.

Not 3 Ränteintäkter

	2022/2023	2021/2022
Ränteintäkter, koncern	1 526 621	727 206
Ränteintäkter, extern	1 068 055	153 693
Summa	**2 594 676**	**880 899**

Not 4 Räntekostnader

	2022/2023	2021/2022
Räntekostnader, externa	0	105 508
Summa	**0**	**105 508**

Not 5 Bokslutsdispositioner

	2022/2023	2021/2022
Koncernbidrag	13 200 000	3 390 000
Avsättning/återföring periodiseringsfond	0	22 415 000
Summa	**13 200 000**	**25 805 000**

Not 6 Skatt på årets resultat

	2022/2023	2021/2022
Aktuell skattekostnad / -skatteintäkt	3 226 716	5 974 848
Redovisad skattekostnad	**3 226 716**	**5 974 848**
Avstämning av effektiv skatt		
Resultat före skatt	15 663 668	72 859 539
Skattekostnad 20,60% (20,60%)	3 226 716	15 009 065
Skatteeffekt ej avdragsgilla kostnader	0	0
Skatteeffekt ej skattepliktiga intäkter	0	0
Utdelning	0	-9 270 000
Schablonintäkt periodiseringsfond	0	23 088
Uppräkning återföring p-fond	0	212 695
Övrigt	0	0
Redovisad effektiv skatt	**3 226 716**	**5 974 848**

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Not 7 Andelar i koncernföretag

	2023-11-30	2022-11-30
Ackumulerade anskaffningsvärden:		
-Vid årets början	37 344 884	37 344 884
Vid årets slut	37 344 884	37 344 884
Redovisat värde vid årets slut	**37 344 884**	**37 344 884**

Koncernen	**Org nr**	**Säte**
Invacare AB	556050-1313	Stockholm
Invacare REA AB	556098-9211	Älmhult

Direkt ägande	**Kapital andel %**	**Rösträttsandel %**	**Redovisat värde**	**Antal andelar**
Invacare AB	100	100	35 166 884	20 000
Invacare REA AB	100	100	2 178 000	200 000
			37 344 884	

Not 8 Likvida medel

	2023-11-30	2022-11-30
Följande delkomponenter ingår i likvida medel:		
Banktillgodohavande	95 833 590	49 786 652
	95 833 590	49 786 652

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Not 9 Periodiseringsfonder

	2023-11-30	2022-11-30
Periodiseringsfond, avsatt vid beskattningsår 2018	0	0
Periodiseringsfond, avsatt vid beskattningsår 2020	0	0
Periodiseringsfond, avsatt vid beskattningsår 2021	0	0
Summa periodiseringsfond	**0**	**0**

Den ej redovisade uppskjutna skatteskulden i obeskattade reserver uppgår till 0 kr (0) kr.

Not 10 Upplupna kostnader och förutbetalda intäkter

	2023-11-30	2022-11-30
Revisionsarvode	129 414	161 398
	129 414	**161 398**

Not 11 Disposition av vinst eller förlust

Förslag till vinst disposition

Styrelse föreslår att till förfogande stående vinstmedel:

	2023-11-30	2022-11-30
Balanserad vinst	72 308 585	1 077 831
Årets vinst	12 436 952	66 884 691
	84 745 537	**67 962 522**
disponeras så att		
till aktieägarna utdelas (0 kronor per aktie)		
Vinstutdelning	65 000 000	0
I ny räkning överföres	19 745 537	67 962 522
	84 745 537	**67 962 522**

Not 12 Väsentliga händelser efter räkenskapsårets slut

Inga händelser att redovisa efter balansdagen som påverkar denna årsredovisning.

Not 13 Ställda säkerheter och eventualförpliktelser

	2023-11-30	2022-11-30
Ställda säkerheter	Inga	Inga
Eventualförpliktelser	Inga	Inga

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Underskrifter

20240505094800

Spånga det datum som framgår av de elektroniska signaturerna

Niclas Dahllöf
Styrelsledamot

Vår revisionsberättelse har avgivits det datum som framgår av den elektroniska signaturen
Grant Thornton Sweden AB

Karin Eriksson
Auktoriserad revisor

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COMPLETED BY ALL:
03.05.2024 09:16

SENT BY OWNER:
Karin Eriksson • 29.04.2024 16:32

DOCUMENT ID:
rJJc1N6Z0

ENVELOPE ID:
SklRKJVpZ0-rJJc1N6Z0

Document history

DOCUMENT NAME:
IVC H2 AB 556614-5107 ÅR 22.pdf
11 pages

Activity log

RECIPIENT	ACTION*	TIMESTAMP (CET)	METHOD	DETAILS
1. NICLAS DAHLLÖF	Signed	29.04.2024 16:48	eID	Swedish BankID (DOB: 1965/06/22)
ndahllof@invacare.com	Authenticated	29.04.2024 16:46	Low	IP: 213.64.129.100
2. KARIN KRISTINA ERIKSSON	Signed	03.05.2024 09:16	eID	Swedish BankID (DOB: 1984/04/13)
karin.eriksson@se.gt.com	Authenticated	03.05.2024 09:16	Low	IP: 194.14.78.10

* Action describes both the signing and authentication performed by each recipient. Authentication refers to the ID method used to access the document.

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20240506090482

Revisionsberättelse

Till bolagsstämman i Invacare Holding Two AB

Org.nr. 556614 - 5107

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Invacare Holding Two AB för räkenskapsåret 2022-12-01 - 2023-11-30.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Invacare Holding Two ABs finansiella ställning per den 30 november 2023 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Invacare Holding Two AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Övriga upplysningar

Revisionen av årsredovisningen för räkenskapsåret 2021-12-01 - 2022-11-30 har utförts av en annan revisor vars uppdrag upphörde i förtid och som lämnat en revisionsberättelse daterad 5 maj 2023 med omodifierade uttalanden i Rapport om årsredovisningen.

Tidigare revisor har inte upprättat anmälan om sitt förtida utträde enligt 9 kap. 23 § aktiebolagslagen eller underrättelse enligt 9 kap. 23 a § aktiebolagslagen.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan

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framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.

- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Invacare Holding Two AB för räkenskapsåret 2022-12-01 - 2023-11-30 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamot ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Invacare Holding Two AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet.

Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Göteborg, enligt datum som framgår av elektronisk signering.
Grant Thornton Sweden AB

Karin Eriksson
Auktoriserad revisor

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KARIN KRISTINA ERIKSSON	Signed	03.05.2024 09:17	eID	Swedish BankID (DOB: 1984/04/13)
karin.eriksson@se.gt.com	Authenticated	03.05.2024 09:17	Low	IP: 194.14.78.10

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Consolidated Financial Statements and Report of Independent Certified Public Accountants

Invacare Holdings Corporation and Subsidiaries

As of December 31, 2023 and 2022 and for the periods from January 1, 2022 to April 30, 2023 (Predecessor) and May 1, 2023 to December 31, 2023 (Successor)

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Invacare Holdings Corporation

Opinion
We have audited the consolidated financial statements of Invacare Holdings Corporation (a Delaware corporation) and subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2023 and the related consolidated statements of comprehensive income (loss), changes in mezzanine equity and stockholders' equity, and cash flows for the periods from January 1, 2023 to April 30, 2023 (Predecessor) and May 1, 2023 to December 31, 2023 (Successor) and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and the results of its operations and its cash flows for the periods from January 1, 2023 to April 30, 2023 (Predecessor) and May 1, 2023 to December 31, 2023 (Successor) in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion
We conducted our audit of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial doubt about 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 note to the financial statements, on January 31, 2023, the Company and two of its United States subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code. While the Company emerged from bankruptcy in 2023, management 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 note. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

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Other matter
The consolidated financial statements of the Company as of and for the year ended December 31, 2022 were audited in accordance with the standards of the Public Company Accounting Oversight Board (United States) by other auditors who expressed an unmodified opinion on those financial statements in their report dated April 14, 2023 and included an emphasis of matters paragraph related to the Company's ability to continue as a going concern and the adoption of ASU No. 2020-06.

Responsibilities of management for the financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

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- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton LLP

Southfield, Michigan
November 22, 2024

Consolidated Statements of Comprehensive Income (Loss)

(In thousands)

	Successor	Predecessor	
	Eight Months Ended December 31,	Four Months Ended April 30,	Year Ended December 31,
	2023	2023	2022
Net sales	$ 437,547	$ 220,362	$ 741,733
Cost of products sold	315,183	159,646	566,340
Gross Profit	122,364	60,716	175,393
Selling, general and administrative expenses	140,208	73,161	226,780
Loss (gain) on sale of business	34	(4,212)	—
Charges related to restructuring activities	996	5,937	25,820
Impairment of goodwill	6,867	—	—
Asset write-off	4,204	—	—
Asset impairment	—	257	—
Impairment of intangible assets	—	—	3,259
Operating Loss	(29,945)	(14,427)	(80,466)
Net gain on convertible debt derivatives	—	(85)	(1,510)
Gain on debt extinguishment including debt finance charges and fees	—	—	(9,419)
Interest expense	14,311	12,278	28,520
Interest income	(235)	(53)	(56)
Reorganization items, net	2,616	(128,805)	—
Income (Loss) Before Income Taxes	(46,637)	102,238	(98,001)
Income tax provision	2,932	1,550	3,070
Net Income (Loss)	$ (49,569)	$ 100,688	$ (101,071)
Other comprehensive income (loss):			
Foreign currency translation adjustments	723	16,101	(48,197)
Defined benefit plans:			
Amortization of prior service costs and unrecognized losses	(701)	30	6,487
Deferred tax adjustment resulting from defined benefit plan activity	—	(5)	(197)
Valuation reserve associated with defined benefit plan activity	—	5	197
Current period loss on cash flow hedges	—	—	(1)
Other Comprehensive Income (Loss)	22	16,131	(41,711)
Comprehensive Income (Loss)	$ (49,547)	$ 116,819	$ (142,782)

See notes to consolidated financial statements.

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Consolidated Balance Sheets

	(In thousands)	
	Successor	Predecessor
	December 31, 2023	December 31, 2022
Assets		
Current Assets		
Cash and cash equivalents	$ 54,160	$ 58,792
Trade receivables, net	67,509	87,952
Installment receivables, net	265	311
Inventories, net	108,829	112,561
Other current assets	34,604	39,702
Total Current Assets	265,367	299,318
Other Assets	7,744	5,159
Intangibles, net	87,989	21,669
Property and Equipment, net	50,932	51,533
Finance Lease Assets, net	25,974	56,272
Operating Lease Assets, net	15,431	10,737
Goodwill	44,700	326,281
Total Assets	$ 498,137	$ 770,969
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	$ 55,264	$ 104,590
Accrued expenses	83,276	106,091
Current taxes payable	6,180	2,774
Current portion of long-term debt	27	154
Current portion of finance lease obligations	1,736	3,106
Current portion of operating lease obligations	5,348	3,420
Total Current Liabilities	151,831	220,135
Long-Term Debt	145,628	354,087
Long-Term Obligations - Finance Leases	36,896	57,994
Long-Term Obligations - Operating Leases	11,351	7,259
Other Long-Term Obligations	34,499	50,402
Mezzanine Equity		
Preferred Shares (6,750 shares issued and outstanding at December 31, 2023 for Successor; 0 shares issued and outstanding at December 31, 2022 for Predecessor)	164,813	—
Shareholders' Equity		
Common Shares (10,000 shares issued and outstanding at December 31, 2023 for Successor; 42,540 shares issued and outstanding at December 31, 2022 for Predecessor)	10	10,812
Class B Common Shares (0 shares issued and outstanding at December 31, 2023 for Successor; 4 shares issued and outstanding at December 31, 2022 for Predecessor)—no par	—	2
Additional paid-in-capital	12,988	281,366
Retained earnings (accumulated deficit)	(59,901)	(78,426)
Accumulated other comprehensive income (loss)	22	(24,723)
Treasury Shares (0 shares at December 31, 2023 for Successor and 4,536 shares at December 31, 2022 for Predecessor)	—	(107,939)
Total Shareholders' Equity	(46,881)	81,092
Total Liabilities, Mezzanine Equity and Shareholders' Equity	$ 498,137	$ 770,969

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

	(In thousands)		
	Successor	Predecessor	
	Eight Months Ended December 31,	Four Months Ended April 30,	Year Ended December 31,
Operating Activities	2023	2023	2022
Net income (loss)	$ (49,569)	$ 100,688	$ (101,071)
Adjustments to reconcile net earnings to net cash used by operating activities:			
Loss (gain) on sale of business	34	(4,212)	—
Depreciation and amortization	20,619	4,776	15,491
Non cash lease expense	3,198	1,670	4,862
Provision for losses on trade and installment receivables	215	54	862
Benefit for deferred income taxes	556	(10)	(241)
Other deferred liabilities	(4)	190	(1,431)
Equity compensation expense	336	(286)	2,080
Loss (gain) on disposals of property and equipment	4,111	(73)	126
Gain on debt extinguishment including debt finance charges and associated fees	—	—	(9,419)
Reorganization items, net	(2,616)	(128,805)	—
Asset impairment	—	257	—
Impairment of intangible assets	—	—	3,259
Impairment of goodwill	6,867	—	—
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	—	1,189	3,891
Amortization of debt fees	859	2,548	2,684
Net gain on convertible debt derivatives	—	(85)	(1,510)
Other non-cash	(484)	703	573
Changes in operating assets and liabilities:			
Trade receivables	9,633	7,687	23,178
Installment sales contracts, net	169	132	317
Inventories, net	2,451	(872)	17,108
Other current assets	(7)	3,846	3,209
Accounts payable	(15,183)	(15,263)	(19,156)
Accrued expenses	24,391	(40,581)	(3,970)
Other long-term liabilities	(4,074)	(6,309)	(4,744)
Net Cash Provided (Used) by Operating Activities	1,502	(72,756)	(55,251)
Investing Activities			
Purchases of property and equipment	(4,530)	(2,507)	(3,778)
Proceeds from sale of property and equipment	1,415	—	5
Proceeds from sale of business	—	11,596	—
Change in other long-term assets	399	(467)	(7)
Other	346	(530)	(540)
Net Cash Provided (Used) by Investing Activities	(2,370)	8,092	(4,320)
Financing Activities			
Proceeds from revolving lines of credit and long-term borrowings	6,830	187,918	110,512
Repurchases of long-term debt, payments on revolving lines of credit and finance leases	(6,631)	(191,140)	(61,000)
Payment of financing costs	(1,441)	(10,848)	(11,037)
Proceeds from preferred stock	—	75,000	—
Purchases of treasury shares	—	—	(151)
Net Cash Provided (Used) by Financing Activities	(1,242)	60,930	38,324
Effect of exchange rate changes on cash	265	947	(3,706)
Decrease in cash and cash equivalents	(1,845)	(2,787)	(24,953)
Cash and cash equivalents at beginning of period	56,005	58,792	83,745
Cash and cash equivalents at end of period	$ 54,160	$ 56,005	$ 58,792

See notes to consolidated financial statements.

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Financial Statements

Consolidated Statements of Mezzanine Equity and Shareholders' Equity (Deficit)

(In thousands)	Mezzanine Equity	Shareholder's Equity						
		Common Stock						
	Preferred Shares	Common Shares	Class B Shares	Additional Paid-in-Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Total
January 1, 2022 Balance (Predecessor)	—	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 gain 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 (Predecessor)	—	10,812	2	$ 281,366	$ (78,426)	$ (24,723)	(107,939)	**$ 81,092**
Performance awards	—	—	—	(55)	—	—	—	**(55)**
Restricted share awards	—	—	—	(231)	—	—	—	**(231)**
Net income	—	—	—	—	100,688	—	—	100,688
Foreign currency translation adjustments	—	—	—	—	—	16,101	—	16,101
Defined benefit plans: Amortization of prior service costs and unrecognized losses and credits	—	—	—	—	—	30	—	30
Total comprehensive income								**116,819**
Cancellation of Predecessor Equity	—	(10,812)	(2)	(281,080)	(22,262)	8,592	107,939	**(197,625)**
April 30, 2023 Balance (Predecessor)	—	—	—	$ —	$ —	$ —	—	$ —
Issuance of new common stock	—	10	—	12,652	—	—	—	**12,662**
Issuance of new preferred stock	154,481	—	—	—	—	—	—	—
Non-cash dividend on preferred stock	10,332	—	—	—	(10,332)	—	—	**(10,332)**
Issuance of warrants	—	—	—	1,500	—	—	—	**1,500**
Non-qualified share options	—	—	—	151	—	—	—	**151**
Restricted share awards	—	—	—	185	—	—	—	**185**
Deemed dividend	—	—	—	(1,500)	—	—	—	**(1,500)**
Net loss	—	—	—	—	(49,569)	—	—	(49,569)
Foreign currency translation adjustments	—	—	—	—	—	723	—	723
Defined benefit plans: Amortization of prior service costs and unrecognized losses and credits	—	—	—	—	—	(701)	—	(701)
Total comprehensive loss								**(49,547)**
December 31, 2023 Balance (Successor)	**164,813**	10	—	$ 12,988	$ (59,901)	$ 22	—	**$ (46,881)**

See notes to consolidated financial statements.

Nature of Operations

Invacare Corporation (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, 2023 and 2022 and the results of its operations and changes in its cash flow for the periods ended December 31, 2023, April 30, 2023 and December 31, 2022. The European segment's fiscal calendar runs December 1st through November 30th. The financial results are consolidated for the European segment using a one month lag for all periods presented. No material subsequent events, significant transactions or material activity related to normal operations have occurred related to the European segment during the one month lag period, which would require disclosure or adjustment to the Company's financial statements. All significant intercompany transactions are eliminated.

Basis of Presentation

The financial results for the periods from January 1, 2023 through April 30, 2023 and for the twelve months ended December 31, 2022 are referred to as those of the "Predecessor" period. The financial results for the period from May 1, 2023 through December 31, 2023 is referred to that of the "Successor" period. The financial results as reported in the Company's Consolidated Financial Statements for these periods are prepared in conformity with accounting principles generally accepted in the United States ("US GAAP"). The Predecessor period relates to the period prior to the emergence from Chapter 11 Bankruptcy and the Successor period relates to the period following the emergence from Chapter 11 Bankruptcy. Refer to the Chapter 11 Emergence section below and the Fresh Start Accounting footnote.

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.

Chapter 11 Emergence

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"). Invacare's other businesses in North America and throughout the rest of the world (i.e., Europe and Asia Pacific), were not included in these filings.

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" or the "Bankruptcy"). Refer to the Fresh Start Accounting Footnote.

On March 29, 2023, the Company Parties filed the First Amended Joint Plan of Reorganization and First Amended Disclosure Statement (the "Amended Disclosure Statement"). On March 30, 2023, the Bankruptcy Court approved the adequacy of the Amended Disclosure Statement as well as the solicitation and notice procedures with respect to confirmation of the Plan, approved the forms of ballots and notices in connection therewith, approved the rights offering procedures and related materials, approved the scheduling of certain dates with respect thereto, and granted related relief.

The Debtors continued to operate their business and managed 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 through May 5, 2023.

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Chapter 11 Plan

On April 28, 2023, the Bankruptcy Court entered an order (the "Confirmation Order") confirming the First Amended Joint Chapter 11 Plan Reorganization of Invacare Corporation and its Debtor Affiliates (Technical Modifications) (the "Plan").

The Company elected April 30, 2023, as the convenience date pursuant to Accounting Standards Codification ("ASC") 852, *Reorganizations* (the "Convenience Date"). Refer to Note "Fresh Start Accounting".

On May 5, 2023 (the "Effective Date"), the Plan became effective in accordance with its terms and the Debtors emerged from the Chapter 11 Cases without any need for further action or order of the Bankruptcy Court.

In connection with its emergence from the Chapter 11 Cases, Invacare Corporation completed a series of transactions pursuant to which it became a wholly owned subsidiary of Invacare Holdings Corporation, a Delaware corporation, and conveyed certain of its foreign subsidiaries to a second wholly owned subsidiary of the Company, Invacare International Holdings Corp., a Delaware corporation. Invacare Holdings Corporation, as the successor to Invacare Corporation (the "Successor"), and Invacare Corporation, as the predecessor to Invacare Holdings Corporation (the "Predecessor" or "Old Invacare"), are both referred to herein as the "Company" as the context requires.

Bankruptcy Accounting

During the Predecessor period, the Company has applied ASC 852 in preparing the consolidated financial statements. ASC 852 requires the financial statements, for periods subsequent to the commencement of the Chapter 11 Cases, to distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Accordingly, certain charges incurred during the four months ended April 30, 2023 related to the Bankruptcy proceedings, including unamortized long-term debt fees and discounts associated with debt classified as Liabilities Subject to Compromise, are recorded as Reorganization items, net. In addition, post-petition Debtor obligations that may be impacted by the Chapter 11 Cases have been classified on the Predecessor consolidated balance sheet at April 30, 2023 as Liabilities Subject to Compromise. These liabilities are reported at the amounts the Company anticipates will be allowed by the Bankruptcy Court, even if they may ultimately be settled for lesser amounts. Liabilities Subject to Compromise have been classified to Reorganization items in the Predecessor consolidated financial statements as of April 30, 2023. See below for more information regarding Reorganization Items, net.

As a result of the application of ASC 852 upon emergence, there were no significant changes in the accounting policies of the Company.

Financial Statement Classification of Liabilities Subject to Compromise

Amounts classified as Liabilities Subject to Compromise on the Predecessor consolidated balance sheet as of April 30, 2023, which represent liabilities the Company anticipates will be allowed as claims in the Chapter 11 Cases, have been reclassified to Reorganization items, net. These amounts represent the Debtors' current estimate of known or potential obligations to be resolved in connection with the Chapter 11 Cases and may differ from actual future settlement amounts paid. Differences between liabilities estimated and claims filed, or to be filed, will be investigated and resolved in connection with the claims resolution process. The Company will continue to evaluate these liabilities and adjust amounts as necessary. Such adjustments may be material. Refer to Note "Fresh Start Accounting".

Reorganization Items, Net

The Company incurred and may continue to incur significant costs associated with the reorganization, primarily legal, investment banking, financial advisory and other professional fees, the write-off of deferred long-term debt fees on debt subject to compromise, net expenses incurred due to the termination and modification of lease agreements, and gain on settlements of pre-petition claims. The amount of these charges, which since the Petition Date are being expensed as incurred, are expected to significantly affect the Company's results of operations. Professional fees incurred prior to the Petition Date but related to the Bankruptcy filing have been recorded as charges related to restructuring activities in the consolidated statement of comprehensive income (loss). In accordance with applicable guidance, costs associated with the Bankruptcy proceedings subsequent to the Petition Date have been recorded as Reorganization items, net within the Company's accompanying Consolidated Statements of

Comprehensive Income (Loss) for the four months ended April 30, 2023 and for the Successor for the eight months ended December 31, 2023.

Goodwill and Other Intangibles

In accordance with ASC 350, *Intangibles—Goodwill and Other*, goodwill and definite lived intangibles are subject to 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.

Definite-lived intangibles are also assessed for impairment by estimating the future undiscounted cash flows expected to be generated by the asset. Actual impairment amounts for definite-lived assets are then calculated using a discounted cash flow calculation. When goodwill and other assets of the entity are tested for impairment at the same time, the other assets are tested for impairment before goodwill.

Going Concern

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 November 22, 2024.

While the Company was able to emerge from Bankruptcy during the second quarter of 2023, the Company's ability to continue as a going concern continues to be impacted by the financial performance of the North America business and its difficulties in generating sufficient liquidity to meet contractual obligations and operating needs. The financial performance of the North America business in 2023 continued to be negatively impacted by the Bankruptcy filing primarily related to net sales. The disruptive effects of the Chapter 11 Cases on the Company's business has made it more difficult to maintain business, financing and operational relationships, which has created substantial risks and uncertainties with respect to the Company's financial performance. In addition to the overall continued difficulties in improving financial performance, the Company is projecting an inability in maintaining minimum liquidity as required by a debt covenant throughout the year following the date that the financial statements are available to be issued. As such, the projected failure in the debt covenant regarding liquidity presents substantial doubt in the Company's ability to continue as a going concern.

Given the inherent risks and uncertainties associated with the financial performance of the North America business, the negative impacts of the Bankruptcy process and direct correlation between these matters that may arise, and the Company's projected inability to maintain compliance with the liquidity debt covenant, the Company believes there is substantial doubt that it may continue to operate as a going concern within one year of the date that the financial statement are available to be issued. While the Company is focused on increasing its sales revenue in the North America business, there is no guarantee that customers will increase their purchases of, or continue to purchase, products from the Company. To address the potential liquidity deficiency and projected noncompliance with the debt liquidity covenant, the Company may undertake plans to minimize cash outflows, which could include actions to optimize its assets, implementing significant restructuring actions, divesting certain Company assets, or seeking additional financing in the future which could include substantial additional debt (including secured debt) or equity or equity-linked financing. There can be no assurance that any of these steps, if undertaken, will be sufficient to adequately or timely address the Company's liquidity needs or any liquidity deficiency.

Although the terms of the agreements governing existing debt restrict the Company's ability to incur additional debt (including secured debt) or issue additional equity, 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 or equity issued in compliance with such restrictions and qualifications (as they may be waived or amended) may be substantial. There can be no assurance that additional financing will be available to the Company on satisfactory terms, or at all. Even if additional financing is obtained,

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there can be no assurance that it will be sufficient to adequately or timely address the Company's liquidity needs or any liquidity deficiency.

Refer to the Subsequent Event note for additional information regarding the North America business.

Deregistration of Securities

Subsequent to fiscal year 2023, on August 8, 2024, the Company filed with the SEC a Form 15 providing notice of the termination of its registration under Section 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and suspension of its duty to file reports under Sections 13 and 15(d) of the Exchange Act.

In connection with the foregoing, the Company has terminated all offerings of securities pursuant to the Registration Statement. In accordance with an undertaking made by the Company in the Registration Statement to remove from registration, by means of a post-effective amendment, any securities that remain unsold at the termination of each offering, the Company hereby removes from registration any and all securities registered but unsold under the Registration Statement, if any, as of the date of August 8, 2024. The Registration Statement is hereby amended, as appropriate, to reflect the deregistration of such securities, and the Company hereby terminates the effectiveness of the Registration Statement ("Deregistration"). Refer to the Subsequent Event note.

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. At various times during the year, the amounts held at financial institutions may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk related to cash and cash equivalents.

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 credit losses 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. The Company identified a triggering event following the impairment identified as a part of the ASC 350 annual impairment analysis performed on October 1, 2023, after emerging from Chapter 11 bankruptcy. The Company performed an impairment analysis for long-lived assets as required by the guidance in ASC 360, *Property, Plant, and Equipment*, and concluded no impairment existed as the carrying value exceeded the future net undiscounted cash flows. Refer to Goodwill in the Notes to the Consolidated Financial Statements for further discussion on the identified triggering event.

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. 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 to reflect the Company's best estimate of future claims.. 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 is self-insured in the US and Canada for product liability 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 self-insurance 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 in the US and Canada 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.

As a result of the Bankruptcy filing, the captive that previously managed US and Canada product liability claims (Invatection Insurance Company) dissolved. In addition, US product liability claims outstanding as of the date of the Bankruptcy filing were compromised. The Company will continue to be self-insured for product liability exposures in the US and Canada on a go-forward basis.

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.

All of the Company's product-related contracts, and a portion of service contracts, 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

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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 for 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 standard terms and conditions, 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). 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. 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. In addition, the Company has sold extended warranties that, while immaterial, require the Company to defer the revenue associated with those warranties until earned over the term of the respective warranty contract. 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 $2,560,000, $1,407,000 and $3,492,000 for the Successor period ending December 31, 2023, the Predecessor period ending April 30, 2023 and the Predecessor year ended 2022, respectively.

Advertising

Advertising costs are expensed as incurred and included in selling, general and administrative expenses. Advertising expenses amounted to $3,517,000, $1,921,000 and $4,511,000 for the Successor period ending December 31, 2023, the Predecessor period ending April 30, 2023 and the Predecessor year ended 2022, 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 in 2022 based on initial fair values and these fair values are updated each reporting period with the offset to the income statement. Refer to the Fresh Start Accounting Footnote for details on the write-off of the convertible debt conversion liabilities.

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 period-end exchange rates, including the Successor period end of December 31, 2023, Predecessor period ends of April 30, 2023 December 31, 2022, respectively. 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.

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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.

Fresh Start Accounting

In connection with the emergence from Chapter 11 Cases, the Company qualified for fresh start accounting as (i) the holders of existing voting shares of the Predecessor received less than 50% of the voting shares of the Successor Company and (ii) the reorganization value of the Company's assets immediately prior to the confirmation of the Plan was less than the post-petition liabilities and allowed claims. In accordance with ASC 852, with the application of fresh start accounting, the Company allocated the reorganization value to its individual assets and liabilities based on their estimated fair values as of the Effective Date. Estimated fair values of certain of the Company's assets and liabilities differed materially from their recorded values as reflected on the historical balance sheets.

The reorganization value represents the fair value of the Company's total assets before considering liabilities and is intended to approximate the amount a willing buyer would pay for the Company's assets immediately after restructuring. The reorganization value was derived from the enterprise value, which represents the estimated fair value of an entity's long-term debt and equity. As set forth in the Plan, the enterprise value (excluding cash) of the Company was estimated to be in the range of $235,000,000 to $295,000,000 with a mid-point of $265,000,000. The Company estimated its enterprise value to be $295,000,000, which is the high point of the range. The enterprise value range provided to the Bankruptcy Court was based on valuation assumptions utilizing a Comparable Company Analysis and a Discounted Cash Flow Analysis. While the enterprise value range assumed an equal weight of both valuation methods, the Discounted Cash Flow Analysis valuation was higher than the enterprise value range provided to the Bankruptcy Court. As such, the Company believes more weight should be given to the Discounted Cash Flow Method as it captures the unique economic expectations of each reporting unit, based on the prospective financial projections for the Company.

The estimated enterprise value is not necessarily indicative of actual value or financial results. Changes in the economy or the financial markets could result in a different estimated enterprise value. The actual value of the Company is subject to certain uncertainties and contingencies that are difficult to predict and will fluctuate with changes in various factors affecting the financial conditions and prospects of the business.

The following reconciles the estimated enterprise value to the estimate fair value of the Successor's Series A Preferred Stock and common stock as of the convenience date:

(in thousands except shares and per share value)	
Enterprise value, excluding cash	$ 295,000
Plus: cash, cash equivalents and restricted cash	56,005
Less: fair value of debt	(183,862)
Fair value of Successor stockholders' equity	$ 167,143
Preferred stock issued upon emergence	6,750,011
Per preferred stock value	$ 22.89
Common stock issued upon emergence	9,999,980
Per common stock value	$ 1.27

The following reconciles the estimated enterprise value to the reorganization value of the Successor assets to be allocated to individual assets as of the fresh start accounting reporting date:

(in thousands)	
Enterprise value, excluding cash	$ 295,000
Plus: cash, cash equivalents and restricted cash	56,005
Current liabilities less short-term debt and finance lease obligations	138,804
Operating lease long-term obligations	12,067
Other long-term obligations	34,561
Reorganization value of Successor assets	$ 536,437

With the assistance of financial advisors, the Company determined the estimated enterprise value by considering the discounted cash flow valuation method. In order to estimate the enterprise value using the discounted cash flow analysis approach, the Company's estimated future cash flow projections through 2028, plus a terminal value calculated using a capitalization rate applied to normalized cash flows were discounted to an assumed present value using the Company's estimated weighted average cost of capital (21%), which represents the internal rate of return. Additionally, the fair value of the 2028 Convertible Notes, the

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Series A Preferred Stock, and the common stock were valued using a probability weighted expected return model ("PWERM"). The PWERM considered two scenarios (i) the Company conducts an initial public offering of stock ("IPO") and (ii) the Company remains private. A backsolve methodology was employed such that the probability weighted fair value of the Convertible Note in the PWERM analysis was equal to its purchase price. The use and reliability of each approach is dependent on the facts and circumstances of the business being valued.

Use of Convenience Date

On April 28, 2023, the Bankruptcy Court entered the Confirmation Order confirming the Plan. Invacare Holdings Corporation is the successor of Invacare Corporation both of which are referred to as the Company. On May 5, 2023, once the Debtors satisfied the remaining conditions as set forth in the Plan, the Plan became effective in accordance with its terms and the Debtors emerged from the Chapter 11 Cases without any need for further action or order of the Bankruptcy Court. There were no divestitures of assets, legal entities or operations under the Plan.

To assess materiality of activity between May 1 and May 5, 2023, the Company considered quantitative metrics (revenues, net income, cash, working capital) in the Predecessor and Successor periods as well as qualitative factors. In addition, the Company considered the users of the financial statements (primarily ownership and debt holders). Predecessor ownership was compromised in the Bankruptcy and became general unsecured creditors. The Plan did not call for liquidation and thus Predecessor ownership did not receive liquidation distributions under the Plan. Certain Predecessor unsecured convertible debt holders were in favor of the Plan and many participated in the related rights offering of Series A Preferred Stock and Common Stock, becoming stockholders of the Successor.

Therefore, the Company concluded the operating results for May 1, 2023 to May 5, 2023 are not material to either the Predecessor or Successor periods, quantitatively or qualitatively. As a result, and in accordance with guidance in ASC 852, the Company is utilizing a convenience date of April 30, 2023 as the end of the Predecessor period for the adoption of fresh start accounting. As such, the immaterial results of operations for the five-day period between May 1, 2023 and May 5, 2023 will be included within the Successor post-emergence reporting period.

Debt and Equity Structure

As part of its financial restructuring, the Company recapitalized its balance sheet through various transactions including:

- Convertible Preferred Equity - the Company executed a $75,000,000 rights offering of new Series A Preferred Stock and Common Stock.
- Exit Term Loan Facility and Secured Convertible Senior Notes - the post-Bankruptcy capital structure consisted of an Exit Term Loan Facility of $85,000,000 maturing in 2027 (referred to herein as the Term Loan); and $46,475,000 of Secured Convertible Senior Notes, in two tranches maturing in 2028 (referred to herein as the 2028 Convertible Notes).
- Asset-based lending facility - North America ABL with borrowing capacity of up to $40,000,000, of which $13,400,000 was borrowed on emergence from Bankruptcy (referred to herein as the ABL).
- All of the existing equity of the Predecessor was canceled on the Effective Date pursuant to the Plan.

Condensed Consolidated Balance Sheet

The adjustments set forth in the following condensed consolidated balance sheet as of April 30, 2023 reflect the effects of the transactions contemplated by the Plan and executed on the convenience date (reflected in the column entitled "Reorganization Adjustments") as well as the fair value and other required accounting adjustments resulting from the adoption of fresh start reporting (reflected in the column entitled "Fresh Start Reporting Adjustments").

(In thousands)	As of April 30, 2023			
	Predecessor	Reorganization Adjustments	Fresh Start Reporting Adjustments	Successor
Assets				
Current Assets				
Cash and cash equivalents	$ 48,519	$ 7,486 (1)	$ —	$ 56,005
Trade receivables, net	81,483	—	(4,696) (15)	76,787
Installment receivables, net	260	—	—	260
Inventories, net	108,738	—	2,284 (16)	111,022
Other current assets	35,988	25	—	36,013
Total Current Assets	274,988	7,511	(2,412)	280,087
Other Assets	5,349	200 (2)	—	5,549
Intangibles, net	22,128	—	69,372 (17)	91,500
Property and Equipment, net	50,055	—	16,999 (18)	67,054
Finance Lease Assets, net	56,338	(19,514) (3)	(9,700) (19)	27,124
Operating Lease Assets, net	9,953	3,753 (3)	—	13,706
Goodwill	339,867	—	(288,450) (20)	51,417
Total Assets	$ 758,678	$ (8,050)	$ (214,191)	$ 536,437
Liabilities and Shareholders' Equity				
Current Liabilities				
Accounts payable	$ 65,836	$ 4,335 (4)	$ —	$ 70,171
Accrued expenses	86,381	(23,561) (5)	—	62,820
Current taxes payable	2,170	—	—	2,170
Current portion of long-term debt	35,659	(35,500) (6)	—	159
Current portion of finance lease obligations	3,208	(1,512) (3)	—	1,696
Current portion of operating lease obligations	3,643	—	—	3,643
Total Current Liabilities	196,897	(56,238)	—	140,659
Long-Term Debt	138,204	5,894 (7)	—	144,098
Finance Lease Long-Term Obligations	58,452	(20,543) (3)	—	37,909
Operating Leases Long-Term Obligations	6,347	5,720 (3)	—	12,067
Other Long-Term Obligations	30,399	944 (8)	3,218 (21)	34,561
Liabilities Subject to Compromise	282,579	(282,579) (9)	—	—
Mezzanine Equity				
Successor Preferred Shares, at par	—	6 (10)	—	6
Successor Preferred Shares Additional paid-in-capital	—	168,744 (11)	(14,269) (22)	154,475
Shareholders' Equity				
Predecessor Common Shares	10,812	(10,812) (12)	—	—
Predecessor Class B Common Shares	2	(2) (12)	—	—
Successor Common Shares, at par	—	10 (10)	—	10
Predecessor Additional paid-in-capital	281,079	(281,079) (12)	—	—
Successor Common Shares Additional paid-in-capital	—	17,198 (11)	(4,546) (22)	12,652
Retained earnings (accumulated deficit)	(129,563)	336,749 (13)	(207,186) (23)	—
Accumulated other comprehensive income (loss)	(8,592)	—	8,592 (24)	—
Treasury Shares	(107,938)	107,938 (14)	—	—
Total Mezzanine and Shareholders' Equity	45,800	338,752	(217,409)	167,143
Total Liabilities, Mezzanine Equity, and Shareholders' Equity	$ 758,678	$ (8,050)	$ (214,191)	$ 536,437

Fresh Start Accounting

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(1) The table below reflects the sources and uses of cash on the Effective Date from implementation of the Plan:

(in thousands)	
Cash at May 1, 2023	$ 48,519
Sources:	
Proceeds from issuance of Preferred Stock and Common Stock	$ 75,000
Proceeds from issuances of 2028 Convertible Notes	46,475
Proceeds from ABL	13,400
Total sources of cash	$ 134,875
Uses:	
Funding of Professional Fees Escrow Account	$ (15,311)
Payment of other professional and administrative fees	(10,093)
Payment of debt and related unpaid interest	(98,991)
Payment of deferred financing costs	(2,994)
Total uses of cash	$ (127,389)
Net sources (uses) of cash	$ 7,486
Cash upon emergence	$ 56,005

(2) Represents the capitalization of debt issuance costs related to the ABL.

(3) Reflects the adjustments made to finance and operating lease assets and related lease liabilities due to the termination and modification of five leases as part of the Plan.

(4) Reflects primarily the reinstatement of accounts payable included within Liabilities Subject to Compromise.

(5) The following summarizes the net change in accrued expenses:

(in thousands)	
Payment of accrued interest on DIP ABL	$ (151)
Payment of accrued interest on DIP Term Loan	(175)
Payment of accrued interest on Secured 2026 Notes	(805)
Payment of accrued interest on 2026 Secured Term Loan	(2,015)
Payment to fund professional fee escrow account	(15,311)
Payment of other professional and administrative fees	(10,093)
Settlement of other accrued expenses	(1,441)
Reinstatement of Liabilities Subject to Compromise	528
Accrual for professional fees	5,902
	$ (23,561)

(6) Represents the payment in full on the DIP Term Loan principal.

(7) The following summarizes the changes in long-term debt:

(in thousands)	
Draw on the ABL	$ 13,400
Repayment of DIP ABL Facility	(13,870)
Issuance of the 2028 Convertible Notes	46,475
Payment of Successor debt issuance costs	(2,794)
Repayment of Secured 2026 Notes	(41,475)
Issuance of Term Loan due 2027	85,000
Repayment of Term Loan due 2026	(90,000)
Write-off of Predecessor debt issuance costs	9,158
Change in long-term debt	$ 5,894

(8) Reflects the net impact of the reinstatement of $4,661,000 of other long-term obligations included within Liabilities Subject to Compromise and the adjustment related to leaseback deferred gain of $3,717,000 related to the termination and modification of five leases noted in footnote (3).

(9) As part of the Plan, the Bankruptcy Court approved the settlement of claims reported within Liabilities Subject to Compromise in the Company's consolidated balance sheet at their respective allowed claim amounts.

The table below indicates the disposition of Liabilities Subject to Compromise:

(in thousands)	
Liabilities Subject to Compromise pre-emergence	$ 282,579
To be reinstated on the Effective Date:	
Accrued expenses	(528)
Accounts payable	(4,327)
Other long-term liabilities	(4,661)
Total liabilities reinstated	$ (9,516)
Less amounts settled per the Plan:	
Equity issued at emergence to previous debt holders in settlement of Liabilities Subject to Compromise	$ (110,958)
Total amounts settled	$ (110,958)
Gain on settlement of Liabilities Subject to Compromise	$ 162,105

(10) Represents the issuance upon emergence of 6,750,011 and 9,999,980 shares of Successor preferred stock and Successor common stock at $.001 par value, respectively.

(11) The changes in Successor paid-in-capital were as follows:

(in thousands)	
Value of Successor preferred stock	$ 168,744
Value of Successor common stock	17,198
Change in Successor paid-in-capital	$ 185,942

(12) Represents the cancellation of Predecessor common shares, class B common shares and additional paid in capital.

(13) Represents $151,860,000 of cumulative impact to Predecessor retained deficit as a result of the reorganization adjustments above (footnotes 1 through 11 and 13) and $184,889,000 for the elimination of Predecessor common shares, additional paid-in-capital and treasury stock.

(14) Represents the cancellation of Predecessor treasury stock.

(15) Represents the fair value adjustment made to trade receivables, net to reflect management's best estimate of the expected collectability of trade receivable balances and includes the correction of an immaterial error which had no material impact to the statements of operations or statements of cash flows in all presented periods.

(16) Represents the following fair value adjustments to inventories, net:

(in thousands)

	Predecessor Historical Value	Fair Value Adjustment	Successor Fair Value
Raw materials	$ 52,036	$ —	$ 52,036
Finished goods	47,017	2,284	49,301
Work in process	9,685	—	9,685
Inventories, net	$ 108,738	$ 2,284	$ 111,022

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(17) Represents the following fair value adjustments to intangibles, net:

(in thousands)

	Predecessor Historical Value	Fair Value Adjustment	Successor Fair Value	Estimated Useful Lives
Customer list	$ 50,125	$ (22,125)	$ 28,000	10-15 years
Trademarks	20,705	26,295	47,000	20 years
Developed technology	7,361	9,139	16,500	10 years
Patents	4,085	(4,085)	—	
License agreements	3,981	(3,981)	—	
Intangibles, gross	86,257	5,243	91,500	
Accumulated amortization	(64,129)	64,129	—	
Intangibles, net	$ 22,128	$ 69,372	$ 91,500	

(18) Represents the following fair value adjustments to property and equipment, net:

(in thousands)

	Predecessor Historical Value	Fair Value Adjustment	Successor Fair Value
Machinery and equipment	$ 227,938	$ (190,858)	$ 37,080
Capitalized software	30,921	(26,946)	3,975
Land, buildings and improvements	25,715	(4,122)	21,593
Furniture and fixtures	7,494	(5,303)	2,191
Leasehold improvements	3,692	(1,477)	2,215
Property and Equipment, gross	295,760	(228,706)	67,054
Accumulated depreciation	(245,705)	245,705	—
Property and Equipment, net	$ 50,055	$ 16,999	$ 67,054

(19) Represents the fair value adjustment to right-of-use lease assets.

(20) The historical goodwill has been eliminated and the following table sets forth the adjustments to goodwill:

(in thousands)

Reorganization value	$ 536,437
Less: fair value of assets (excluding goodwill)	(485,020)
Total goodwill upon emergence	$ 51,417
Elimination of historical goodwill	(339,867)
Fresh start adjustment to goodwill	$ (288,450)

(21) Represents the fair value adjustment to the Successor deferred tax liabilities.

(22) Represents the fair value adjustment to the Successor preferred stock and common stock.

(23) Represents the cumulative impact of the remeasurement of assets and liabilities from fresh start reporting and the elimination of Predecessor's accumulated other comprehensive loss.

(24) Represents the derecognition of accumulated other comprehensive loss as a result of reorganization primarily related to the Predecessor's foreign currency translation adjustments and pension adjustments.

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. In addition, there was an immaterial adjustment to the true-up the net gain on sale of the business in the fourth quarter of 2023.

The net gain on the sale of these businesses was $4,212,000 for the four months ended April 30, 2023.

Current Assets

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Receivables

Receivables consist of the following (in thousands):

	Successor	Predecessor
	December 31, 2023	December 31, 2022
Accounts receivable, gross	$ 94,424	$ 112,659
Customer rebate reserve	(11,580)	(11,569)
Allowance for credit losses	(2,474)	(3,279)
Cash discount reserves	(11,611)	(8,756)
Other, principally returns and allowances reserves	(1,250)	(1,103)
Accounts receivable, net	$ 67,509	$ 87,952

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.

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 healthcare, 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'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 credit losses.

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.

Current Assets

The movement in the trade receivables allowance for credit losses was as follows (in thousands):

	Successor	Predecessor
	Eight Months Ended December 31, 2023	Four Months Ended April 30, 2023
Balance as of beginning of period	$ 3,198	$ 3,279
Current period provision	215	54
Recoveries (direct write-offs), net	(939)	(135)
Balance as of end of period	$ 2,474	$ 3,198

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 credit losses 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 credit losses 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 $245,000 as of December 31, 2023 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 credit losses 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 credit losses adjusted accordingly. Installments are individually and not collectively reviewed. The Company assesses the credit loss 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

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amounts, the length of which typically approximates eighteen months. Any write-offs are made after the legal process has been completed.

No sales of installment receivables were made by the Company during 2023 and 2022.

There was no activity in the installment receivables allowance for credit losses for year ended December 31, 2023 and 2022.

Installment receivables by class as of December 31, 2023 consist of the following (in thousands):

	Successor			
	Total Installment Receivables	Unpaid Principal Balance	Related Allowance for Credit Loses	Interest Income Recognized
Asia Pacific				
Non-impaired installment receivables with no related allowance recorded	$ 265	$ 265	$ —	$ —
Total				
Non-impaired installment receivables with no related allowance recorded	265	265	—	—
Total installment receivables	$ 265	$ 265	$ —	$ —

Installment receivables by class as of December 31, 2022 consist of the following (in thousands):

	Predecessor			
	Total Installment Receivables	Unpaid Principal Balance	Related Allowance for Credit Losses	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	—	—
Total installment receivables	$ 577	$ 577	$ —	$ —

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, 2023, 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 credit losses 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.

Inventories, Net

Inventories, net consist of the following (in thousands):

	Successor	Predecessor
	December 31, 2023	December 31, 2022
Raw materials	$ 56,836	$ 57,174
Finished goods	42,980	45,476
Work in process	9,013	9,911
Inventories, net	$ 108,829	$ 112,561

As of May 1, 2023, inventory values were increased by $2,284,000 related to application of fresh start accounting adjustments. The step up adjustment amount was fully amortized in inventory included in the Cost of products sold balance in the consolidated statement of income (loss) as of December 31, 2023.

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.

Other Current Assets

Other current assets consist of the following (in thousands):

	Successor	Predecessor
	December 31, 2023	December 31, 2022
Tax receivables principally value added taxes	$ 18,985	$ 22,946
Prepaid insurance	1,203	1,223
Prepaid inventory and freight	5,524	3,077
Recoverable income taxes	1,487	1,990
Service contracts	2,592	1,366
Derivatives (foreign currency forward exchange contracts)	—	1,117
Receivable due from information technology provider	—	934
Deferred financing fees	485	339
Prepaid and other current assets	4,328	6,710
Other Current Assets	$ 34,604	$ 39,702

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Other Long-Term Assets

Other long-term assets consist of the following (in thousands):

	Successor	Predecessor
	December 31, 2023	December 31, 2022
Prepaid insurance	$ 2,027	$ —
Cash surrender value of life insurance policies	2,920	2,686
Deferred income taxes	1,559	1,102
Deferred financing fees	639	733
Installment receivables	—	266
Investments	75	85
Other	524	287
Other Long-Term Assets	$ 7,744	$ 5,159

Property and Equipment

Property and equipment consist of the following (in thousands):

	Successor	Predecessor
	December 31, 2023	December 31, 2022
Machinery and equipment	$ 37,023	$ 269,835
Capitalized software	4,235	30,923
Land, buildings and improvements	20,099	25,095
Furniture and fixtures	2,687	8,053
Leasehold improvements	2,437	4,802
Property and Equipment, gross	66,481	338,708
Accumulated depreciation	(15,549)	(287,175)
Property and Equipment, net	$ 50,932	$ 51,533

Depreciation expense was $15,461,000, $3,113,000, and $14,984,000 for the periods ended December 31, 2023, April 30, 2023, and December 31, 2022, respectively, and is included in cost of products sold and selling, general and administrative expenses on the consolidated statement of comprehensive income (loss).

Property and Equipment, net value increased by $16,999,000 as a result of fresh start accounting fair value adjustments. This will result in additional depreciation being recorded in future periods based on the remaining life associated with the assets.

Machinery and equipment includes demonstration units placed in provider locations which are depreciated to their estimated recoverable values over their estimated useful lives.

In the second quarter of 2023, the Company decided to stop any further implementation of its Enterprise Resource Planning ("ERP") software in North America. As a result, assets capitalized but not placed in service of $4,204,000 were written off in the Successor period.

In addition, in April 2023, the Company decided to sell its sales and distribution facility in Italy and as a result reduced the value of this facility to its net realizable value. This resulted in an asset impairment charge of $257,000 reflected in the Predecessor period.

The Company evaluates the carrying value of the long-lived assets whenever events or circumstances indicate possible impairment. On October 1, 2023, the Company assessed its long-lived assets for impairment based on the triggering event discussed within the Goodwill Note of the Consolidated Financial Statements (refer to Note "Goodwill"). Based on the assessment, the Company concluded there was no long-lived assets impairment.

Goodwill

The carrying amount of goodwill by reporting unit is as follows (in thousands):

	North America	Europe	All Other (Asia Pacific)	Consolidated
Balance at January 1, 2022 - Predecessor	$ —	$ 355,875	$ —	$ 355,875
Foreign currency translation adjustments	—	(29,594)	—	(29,594)
Balance at December 31, 2022 - Predecessor	—	326,281	—	326,281
Foreign currency translation adjustments	—	13,586	—	13,586
Reversal of existing goodwill	—	(339,867)	—	(339,867)
April 30, 2023 Balance - Predecessor	—	—	—	—
Fresh start accounting capitalization of goodwill	4,586	40,345	6,486	51,417
April 30, 2023 Balance - Successor	4,586	40,345	6,486	51,417
Foreign currency translation	—	162	(12)	150
Impairment of goodwill	(4,586)	—	(2,281)	(6,867)
Balance at December 31, 2023 - Successor	$ —	$ 40,507	$ 4,193	$ 44,700

The Company recorded $51,417,000 of goodwill related to each of the reporting units at the Effective Date (Refer to Note "Fresh Start Accounting").

In accordance with ASC 350, goodwill is tested annually for impairment or whenever events or changes in circumstances indicate the carrying value of a reporting unit could be above its fair value. A reporting unit is defined as an operating segment or one level below. The Company has determined that its reporting units are North America, Europe and All Other (Asia Pacific).

A quantitative goodwill impairment assessment was performed as of October 1, 2023. The fair values of the Company's reporting units were calculated using inputs that are not observable in the market and included management's own estimates regarding the assumptions that market participants would use and thus these inputs are deemed Level III inputs in the fair value hierarchy. To calculate the fair values of the reporting units, the Company utilizes a discounted cash flow method in which the Company forecasts income statement and balance sheet amounts based on assumptions regarding projected sales growth, operating income, inventory turns, days' sales outstanding, etc. to forecast future cash flows. The projected operating income used has a significant impact upon the discounted cash flow methodology utilized in the Company's interim or annual impairment assessment as lower projected operating income would result in lower fair value estimates. The cash flows are discounted using a weighted average cost of capital ("WACC") discount rate where the cost of debt is based on quoted rates for 20-year debt of potential acquirer 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. While the discount rate calculated in the annual impairment assessment valuation for both North America and Asia Pacific reporting units was favorable to the Bankruptcy emergence forecasted discount rate, the annual assessment was significantly impacted by a change in the financial projections as the near-term projections available as of October 1, 2023 were unfavorable compared to those used for Fresh Start Accounting upon the emergence from Bankruptcy, primarily related to lower net sales projections in both reporting units.

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 the Company considered this valuation method, the discounted cash flow method drove the conclusions for fair values.

The discounted cash flow method, as described above, resulted in a full write-off of goodwill for the North America reporting unit and a partial write-off of goodwill for the Asia Pacific reporting unit. This conclusion resulted in the recording of impairment of goodwill during the Successor period of 2023 of $6,867,000. Through year-end, the Company monitored for triggers which could suggest additional risk of impairment as of December 31, 2023. 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, 2023.

While there was no impairment in the Successor period of 2023 related to goodwill for the Europe reporting unit and only a partial write-off for the Asia Pacific reporting unit, a future potential impairment could be possible if actual results differ materially from forecasted results used in the valuation analysis. Furthermore, the Company's valuation can differ materially if

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financial projections or the 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 addition, business changes impacting the Company's assessment of reporting units and their financial projections could also have a material impact on impairment assessment results.

As a result of the quantitative goodwill impairment assessment, there is no goodwill in the North America reporting unit at December 31, 2023.

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" Notes.

Intangibles

The Company's intangibles consist of the following (in thousands):

	Successor		Predecessor	
	December 31, 2023		December 31, 2022	
	Historical Cost	Accumulated Amortization	Historical Cost	Accumulated Amortization
Customer lists	$ 28,149	$ 1,251	$ 48,515	$ 48,515
Trademarks	47,215	1,574	18,867	—
Developed technology	16,554	1,104	7,154	6,859
Patents	—	—	4,092	4,092
License agreements	—	—	3,981	1,480
Other	—	—	1,148	1,142
Intangibles	$ 91,918	$ 3,929	$ 83,757	$ 62,088

The Company wrote-off the Predecessor net value of the historical intangibles ($22,128,000) and capitalized estimated fair values of new intangible assets as of the Effective Date of $91,500,000 million (Refer to Note "Fresh Start Accounting"). These intangible assets are capitalized in Europe ($72,700,000), North America ($12,300,000) and All Other (Asia Pacific) ($6,500,000).

All of the Successor's intangible assets have been assigned definite lives on a basis consistent with expected cash flows and are amortized over their useful lives.

The change in intangible balances on the balance sheet from the Convenience Date to December 31, 2023 is the result of foreign currency translation on the historical costs and accumulated amortization. The changes in intangible balances reflected on the balance sheet from December 31, 2022 to the Convenience Date were the result of foreign currency translation on historical cost and accumulated amortization.

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.

The Company evaluates the carrying value of the indefinite-live intangible assets annually in the fourth quarter and all intangible assets whenever events or circumstances indicate possible impairment. During the Successor period, the Company assessed its intangible assets for impairment based on the triggering event discussed within the Goodwill Footnote of the Consolidated Financial Statements (Refer to Note "Goodwill"). Based on the assessment, the Company concluded there was no intangible assets impairment.

All of the Predecessor's historical intangible assets were assigned definite lives and amortized over their useful lives, except for trademarks shown above, which had indefinite lives.

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 $240,000 for the four months ended April 30, 2023 and $3,929,000 for the eight months ended December 31, 2023. For the Predecessor period twelve months ended December 31, 2022, amortization expense was $507,000. Estimated amortization expense for each of the next five years for 2024 through 2028 is expected to be $5,867,000, annually. Amortized intangible assets are being amortized on a straight-line basis over remaining lives of 10 to 20 years with a weighted average remaining life of approximately 16.7 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.

As of December 31, 2022, 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. The cash flow projections were negatively impacted by the decision to exit certain lifestyle products. In 2022, the Company performed an assessment for potential impairments and recognized no intangible asset impairment charge or other long-lived asset impairment charge.

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Accrued Expenses

Accrued expenses consist of accruals for the following (in thousands):

	Successor	Predecessor
	December 31, 2023	December 31, 2022
Taxes other than income taxes, primarily value added taxes	$ 25,306	$ 27,106
Salaries and wages	24,374	19,307
Professional fees	7,364	11,267
Warranty	9,980	7,981
Interest	3,302	6,900
IT service contracts	135	5,581
Rebates	3,390	4,923
Freight	2,900	4,542
Product line exit obligations	—	3,743
Severance	354	3,472
Deferred revenue	2,160	2,279
Product liability, current portion	80	2,125
Insurance	725	951
Supplemental executive retirement program liability	220	391
Derivatives (foreign currency forward exchange contracts)	—	137
Other items, principally trade accruals	2,986	5,386
Accrued Expenses	$ 83,276	$ 106,091

The following is a reconciliation of the changes in accrued warranty costs for the reporting period (in thousands):

Balance as of January 1, 2022 – Predecessor	$ 11,198
Warranties provided during the period	2,202
Settlements made during the period	(5,577)
Changes in liability for pre-existing warranties during the period, including expirations	158
Balance as of December 31, 2022 – Predecessor	$ 7,981
Warranties provided during the period	672
Settlements made during the period	(1,314)
Changes in liability for pre-existing warranties during the period, including expirations	403
Balance as of April 30, 2023 – Predecessor	$ 7,742
Warranties provided during the period	4,096
Settlements made during the period	(1,345)
Changes in liability for pre-existing warranties during the period, including expirations	(513)
Balance as of December 31, 2023 – Successor	$ 9,980

Warranty reserves are subject to adjustment in future periods as new developments change the Company's estimate of the total cost.

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 reduction in IT service contracts is result of exiting an IT outsourcing contract with Birlasoft Solutions Inc. and certain of its affiliates (collectively, "Birlasoft"). In 2019, the Company entered into a Master Information Technology Services Agreement (the "Master Services Agreement") with 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.

On April 24, 2023, the Company reached a settlement with Birlasoft which was approved by the Bankruptcy Court, pursuant to which the Company will make payments to Birlasoft in the aggregate amount of $2,000,000 for disengagement services to be completed by Birlasoft on or about May 31, 2023. The expense for the settlement was recorded during the Predecessor period of 2023 within the selling, general and administrative expenses line item of the consolidated statement of comprehensive income(loss).

Product Recall

In the fourth quarter of 2023, the Company recorded a reserve of $3,653,000 related to a bed component performance issue, with $3,000,000 reflected in the Warranty accrued expense amount above and $653,000 reflected in inventory reserves. This estimate was calculated based on the Company's anticipated costs to repair or replace the potentially affected units, which were sold in North America. The units impacted were manufactured during the fourth quarter of 2023. The Company's reserve for this recall is based upon the Company's actual experience with repairs and replacements in prior recalls. Any reserve recorded related to this issue would be subject to adjustment as new developments or experiences change the Company's estimate of the total cost of this matter. As of the date the financial statements are available to be issued, there has not been a significant change to the reserve and this recall is still on-going.

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Long-Term Debt

Debt consists of the following (in thousands):

	Successor	Predecessor
	December 31, 2023	December 31, 2022
Convertible senior notes Series I at 5.00%, due in November 2024	$ —	$ 72,408
Convertible senior notes Series II at 5.00%, due in November 2024	—	76,719
Convertible senior notes at 4.25%, due in March 2026	—	67,665
Secured convertible senior notes at 5.68%, due in May 2026	—	37,240
Term loan, due in July 2026	—	82,808
Prior asset-based lending facility due in 2026	—	15,220
Term loan, due in May 2027	83,110	—
Senior secured convertible notes at 7.5%, due in May 2028	45,409	—
Asset-based lending facility due in 2026	14,849	—
Other obligations	2,287	2,181
Total debt	145,655	354,241
Less current maturities of long-term debt	(27)	(154)
Long-Term Debt	$ 145,628	$ 354,087

On April 28, 2023, the Bankruptcy Court entered an order confirming the First Amended Joint Chapter 11 Plan Reorganization of Invacare Corporation and its Debtor Affiliates.

On May 5, 2023 the Plan became effective in accordance with its terms and the Debtors emerged from the Chapter 11 Cases without any need for further action or order of the Bankruptcy Court.

Pursuant to the terms of the Plan, on the Effective Date, the obligations of the Company and the other Debtors under the following agreements were cancelled:

- Debtor-in-Possession Revolving Credit and Security Agreement, dated as of February 2, 2023, by and between Old Invacare, PNC Bank, National Association, as lender and agent, the other lenders party thereto, the other borrowers party thereto and the guarantors party thereto;
- Superpriority Secured Debtor-in-Possession Credit Agreement, dated as of February 2, 2023, among Old Invacare, the lenders party thereto, Cantor Fitzgerald Securities, as administrative agent, and GLAS Trust Corporation Limited, as collateral agent;
- Indenture, dated as of November 19, 2019, by and between Old Invacare and Wells Fargo Bank, National Association, as trustee, and the $72,909,000 aggregate outstanding principal amount of Old Invacare's 5.00% Convertible Senior Exchange Notes due 2024 issued thereunder, plus certain accrued and unpaid interest;
- Indenture, dated as of June 4, 2020, by and between Old Invacare and Wells Fargo Bank, National Association, as trustee, and the $68,875,000 aggregate outstanding principal amount of Old Invacare's 5.00% Series II Convertible Senior Exchange Notes due 2024 issued thereunder, plus certain accrued and unpaid accretion and interest;
- Indenture, dated as of March 16, 2021, by and between Old Invacare and Wells Fargo Bank, National Association, as trustee, and the $69,700,000 aggregate outstanding principal amount of Old Invacare's 4.25% Convertible Senior Notes due 2026 issued thereunder, plus certain accrued and unpaid interest.
- Indenture, dated as of July 26, 2022, by and among Old Invacare, the guarantors party thereto, Computershare Trust Company, N.A., as trustee, and GLAS Corporation Limited, as notes collateral agent, and the $20,739,000 aggregate outstanding principal amount of Old Invacare's 5.68% Convertible Senior Secured Notes due 2026, Tranche I issued thereunder, plus certain accrued and unpaid interest; and

- Indenture, dated as of July 26, 2022, by and among Old Invacare, the guarantors party thereto, Computershare Trust Company, N.A., as trustee, and GLAS Corporation Limited, as notes collateral agent, and the $20,736,000 aggregate outstanding principal amount of Old Invacare's 5.68% Convertible Senior Secured Notes due 2026, Tranche II issued thereunder, plus certain accrued and unpaid interest.

As part of its emergence from Bankruptcy, the Company successfully recapitalized its balance sheet as of the Convenience Date through various transactions including:

- Exit Term Loan Facility (referred to herein as the Term Loan) of $85,000,000 maturing in May 2027
- 7.5% Senior Secured Convertible Notes of $46,475,000, in two tranches, maturing in 2028 (referred to herein as the 2028 Convertible Notes); and
- Asset-based lending facility ("ABL") with borrowing capacity of up to $40,000,000 (referred to herein as the ABL)

The Company had outstanding letters of credit of $2,857,000 and $4,229,000 as of December 31, 2023 and December 31, 2022, respectively. For the period ended December 31, 2023, the outstanding letters of credit did not impact borrowing capacity as these were cash collateralized.

The following describes the debt instruments outstanding for the Company upon emergence from Bankruptcy on April 30, 2023.

Term Loan due in 2027

On May 5, 2023, the Company entered into an Amended and Restated Credit Agreement, which restates and replaces in its entirety the Credit Agreement, originally dated as of July 26, 2022, among Old Invacare, the lenders party thereto, Cantor Fitzgerald Securities, as administrative agent for the lenders thereunder and GLAS Trust Corporation Limited, as collateral agent for the secured parties thereunder (the "Original Loan Agreement"), (such Amended and Restated Credit Agreement, together with the "related Exit Term Loan" Facility, is referred to herein as the Term Loan) with Highbridge Capital Management, LLC ("Highbridge"), as the lender, Cantor Fitzgerald Securities as administrative agent and GLAS Trust Company LLC, as collateral agent.

Pursuant to the Term Loan, the Company borrowed on the Closing Date an aggregate principal amount of $85,000,000 secured term loans, which secured term loans consist of $55,500,000 of secured term loans continued from the Original Credit Agreement and $29,500,000 of secured term loans converted from secured term loans under that certain Superpriority Secured Debtor-In-Possession Credit Agreement, dated as of February 2, 2023, among Old Invacare, the lenders party thereto, Cantor Fitzgerald Securities, as administrative agent for the lenders thereunder and GLAS Trust Corporation Limited, as collateral agent for the secured parties thereunder.

The Term Loan is scheduled to mature on May 5, 2027 and accrues interest at an annual rate of Term SOFR + 8.00% or a base rate plus 7.00%. The obligations under the Term Loan are secured by substantially all assets of Old Invacare and certain subsidiaries of Old Invacare (subject to certain exceptions), subject to intercreditor agreements in connection with the ABL Credit Agreement and the Senior Secured Convertible Notes due in May 2028, and are guaranteed on the Closing Date by certain subsidiaries of Old Invacare in the United States, United Kingdom, Canada, France, the Netherlands, Denmark, Norway, Australia, New Zealand, Switzerland and Luxembourg.

The Company will have the right to prepay the Term Loan at any time, subject to a prepayment premium. Voluntary prepayments and certain mandatory prepayments shall be accompanied by a premium equal to a percentage of the aggregate principal amount of the loans so prepaid: (i) 3% for loans prepaid prior to the first anniversary of the Effective Date, (ii) 2% for loans prepaid on or after the first anniversary of the Effective Date and before the second anniversary of the Effective Date and (iii) 1% for loans prepaid on or after the second anniversary of the Effective Date and prior to the third anniversary of the Effective Date. The Term Loan also contains certain customary mandatory prepayments, including an excess cash flow sweep, mandatory prepayments for a percentage of paydowns of a potential future European asset-based lending facility, and mandatory prepayments for certain sales and dispositions of assets by any loan party.

The Term Loan contains customary terms and covenants, including without limitation a financial covenant to maintain a minimum global liquidity of $20,000,000 and negative covenants, such as limitations on indebtedness, liens, fundamental

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changes, asset sales, investments and other matters customarily restricted in such agreements. Most of these restrictions are subject to certain minimum thresholds and exceptions. The Term Loan also contains 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 Old Invacare and its subsidiaries, change in control and lien priority. At December 31, 2023, the Company was in default of certain covenants. See Subsequent Event footnote for discussion of the First Amendment to the Term Loan which provides a Forbearance period regarding these defaults of the Term Loan and Convertible Debt.

The liability components of the Term Loan consist of the following (in thousands):

	Successor
	December 31, 2023
Principal amount of liability component	$ 85,000
Debt fees	(1,890)
Net carrying amount of liability component	$ 83,110

Debt issuance costs of $2,254,000 were capitalized in the Successor period and are being amortized as interest expense through May 2027. The debt issuance cost amortization expense recognized at December 31, 2023 were $376,000, all recorded in the Successor period. Debt issuance costs are presented on the balance sheet as a direct deduction from the carrying amount of the related debt liability.

Interest expense of $7,468,000 was recognized in the Successor period of the eight months ended December 31, 2023. The effective interest rate of the Secured Term Loan as of December 31, 2023 was 13.3%.

Secured Convertible Senior Notes due 2028

On May 5, 2023, the Company issued (i) $25,739,000 in aggregate principal amount of the Company's new 7.50% Convertible Senior Secured Notes due 2028, Tranche I (the "2028 Tranche I Notes"), issued pursuant to that certain indenture, dated as of May 5, 2023 (the "2028 Tranche I Indenture"), by and among the Company, the guarantors party thereto, and GLAS Company LLC, as trustee (in such capacity, the "Trustee") and notes collateral agent (in such capacity, the "Collateral Agent"), (ii) $20,736,000 in aggregate principal amount of the Company's new 7.50% Convertible Senior Secured Notes due 2028, Tranche II (the "2028 Tranche II Notes" and, together with the 2028 Tranche I Notes, the "2028 Convertible Notes"), issued pursuant to that certain indenture, dated as of May 5, 2023 (the "2028 Tranche II Indenture" and, together with the 2028 Tranche I Indenture, the "Indentures"), by and among the Company, the guarantors party thereto, the Trustee and the Collateral Agent.

The 2028 Convertible 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 Term Loan.

Interest on the 2028 Convertible Notes will be payable semi-annually in cash in arrears on May 1 and November 1 of each year, beginning on November 1, 2023, at a rate of 7.50% per year. The 2028 Convertible Notes will mature on May 1, 2028, unless earlier converted, redeemed or repurchased in accordance with their terms. Holders of the 2028 Convertible Notes have the right, at their option, at any time prior to the close of business on the second business day immediately preceding May 1, 2028 (the maturity date), to convert any 2028 Convertible Notes or portion thereof that is $1,000 or an integral multiple thereof, subject to certain conditions, into Common Stock (subject to, and in accordance with, the settlement provisions set forth in the applicable Indenture). The initial conversion rate for the 2028 Convertible Notes is 581.3953 shares of Common Stock (subject to adjustment as provided for in the applicable Indenture) per $1,000 principal amount of the 2028 Convertible Notes, which is equal to an initial conversion price of $1.72 per share. In addition, following certain corporate events as described in the Indentures that occur prior to the maturity date of the 2028 Convertible 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 2028 Convertible 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.

The Company may not redeem the 2028 Convertible Notes prior to the maturity date. No sinking fund is provided for the New Notes. If the Company undergoes a Fundamental Change (as defined in the applicable Indenture), prior to the maturity date of

the 2028 Convertible Notes, holders of the 2028 Convertible 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 2028 Convertible Notes at a repurchase price equal to 100% of the principal amount of the 2028 Convertible Notes to be repurchased, plus any accrued and unpaid interest to, but not including, the applicable fundamental change repurchase date.

The Indentures provide for customary events of default. In the case of an event of default with respect to the 2028 Convertible Notes arising from specified events of Bankruptcy or insolvency, all outstanding 2028 Convertible Notes will become due and payable immediately without further action or notice. If any other event of default with respect to the New Notes under the Indentures occur or is continuing, the Trustee or holders of at least 25% in aggregate principal amount of the then outstanding 2028 Convertible Notes may declare the principal amount of the 2028 Convertible Notes to be immediately due and payable. At December 31, 2023, the Company was in default of certain covenants. See Subsequent Event footnote for discussion of the First Amendment to the Term Loan which provides a Forbearance period regarding these defaults of the Term Loan and Convertible Debt.

In addition, if, and for so long as, the restrictive legend on any sub-tranche of the 2028 Convertible Notes has not been removed, any sub-tranche of the New Notes are assigned a restricted CUSIP number or any sub-tranche of the 2028 Convertible 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 2028 Convertible Notes) as of the 380th day after the date of original issuance of such sub-tranche of the 2028 Convertible Notes, the Company will pay additional interest at a rate of 0.50% on the 2028 Convertible Notes during the period in which the 2028 Convertible Notes remain so restricted.

The liability components of the 2028 Convertible Notes consist of the following (in thousands):

	Successor December 31, 2023
Principal amount of liability component	$ 46,475
Debt fees	(1,066)
Net carrying amount of liability component	$ 45,409

Debt issuance costs of $1,225,000 were capitalized in the Successor period and are being amortized as interest expense through May 2028. The debt issuance cost amortization expense recognized at December 31, 2023 was $163,000, all recorded in the Successor period. Debt issuance costs are presented on the balance sheet as a direct deduction from the carrying amount of the related debt liability.

Interest expense of $2,333,000 related to the 2028 Convertible Notes was recognized in the Successor period of the eight months ended December 31, 2023. The effective interest rate of the 2028 Convertible Notes as of December 31, 2023 was 7.5%.

Asset Based Lending Facility ("ABL")

On May 5, 2023, the Company entered into a Loan and Security Agreement (referred to herein as the ABL) by and among the Company, certain of the Company's direct and indirect North American subsidiaries (the "ABL Borrowers"), certain other of the Company's direct and indirect North American subsidiaries (together with the Company, the "ABL Guarantors"), Invacare International Holdings Corp., and White Oak ABL, LLC and White Oak Commercial Finance, LLC (the "ABL Lenders"). White Oak Commercial Finance, LLC is the administrative agent and the collateral agent under the Loan and Security Agreement.

The ABL provides for an asset-based lending senior secured revolving credit facility of up to $40,000,000, including letters of credit, with a $10,000,000 minimum borrowing requirement (the "ABL Credit Facility"). The ABL Credit Facility is available on a revolving basis until May 5, 2026. Borrowing availability under the ABL Credit Facility is subject to a borrowing base determined the amount of up to 90% of the ABL Borrowers' eligible North American accounts receivable less certain reserves. Borrowings under the ABL Credit Facility are secured by a first-priority lien on all of the working capital assets of the ABL Borrowers and the ABL Guarantors and a second-priority lien on all other assets of Old Invacare and its subsidiaries and the equity of Old Invacare and Invacare International Holdings Corp issued to the Company. Proceeds from the initial borrowings under the ABL Credit Facility were used to repay existing indebtedness and transaction expenses.

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Interest will accrue on borrowings under the ABL Credit Facility at the 30-day SOFR rate, plus a margin of 5.0%, with a minimum SOFR rate of 2.0%. The ABL Credit Facility also is subject to certain annual, quarterly and monthly fees payable by the ABL Borrowers, and fees and make-whole payments for any prepayment and early termination of the facility.

The Loan and Security Agreement contains customary terms and covenants and negative covenants, subject to a number of important exceptions and qualifications, such as covenants relating to: a springing minimum fixed charge coverage ratio, minimum unrestricted cash and liquidity, limitations on indebtedness, liens, fundamental changes, asset sales, investments and other matters customarily restricted in such agreements. The Loan and Security Agreement also contains 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. At December 31, 2023, the Company was in default of certain covenants. See Subsequent Event footnote for discussion of the Fourth Amendment to the ABL which provides a Forbearance period regarding these defaults.

Debt issuance costs of $1,439,000 were capitalized in the Successor period and are being amortized as interest expense through May 2026. The debt issuance cost amortization expense recognized at December 31, 2023 were $320,000, all recorded in the Successor period. Debt issuance costs are presented on the balance sheet as an asset and not deducted from the carrying amount of the related debt liability.

As of December 31, 2023, the Company had a gross borrowing availability of $14,925,000 under the ABL, considering the minimum availability reserve and other reserves and had borrowings of $14,849,000. Interest expense of $894,000 was recognized in the Successor period of the eight months ended December 31, 2023. The effective interest rate of the ABL as of December 31, 2023 was 10.3%.

Other

In the second quarter of 2022, the Company borrowed $2,000,000 against the cash surrender value of its life insurance policies.

The weighted average interest rate on all borrowings, excluding finance leases, was 8.9% and 5.3% for the year ended December 31, 2023 and December 31, 2022, respectively.

The aggregate minimum maturities of long-term debt (excluding finance leases) for each of the next five years are as follows: $27,000 in 2024, $259,000 in 2025, $16,849,000 in 2026, $85,000,000 in 2027, and $46,475,000 in 2028. Interest paid on all borrowings was $22,940,000 and $18,309,000 in 2023 and 2022, respectively.

The following describes the debt instruments outstanding during the Bankruptcy and settled upon emergence.

Debtor-in-Possession (DIP) Term Loan and ABL Facilities

On February 2, 2023, the Company entered into a superpriority debtor-in-possession credit agreement (the "DIP 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.

The DIP Term Loan rolled $35,000,000 from the Secured Term Loan and funded an additional $35,000,000 in the first quarter of 2023. Debt issuance costs for the DIP Term Loan were expensed to Reorganization items, net. The rollover of the principal from the Secured Term Loan to the DIP Term Loan resulted in a modification of the Secured Term Loan which allocated previous debt issuance costs and original issuance discount to the DIP Term Loan which is amortized over the DIP Term Loan period.

Interest expense of $2,130,000 was recognized in the Predecessor period of the four months ended April 30, 2023, for the DIP Term Loan. The effective interest rate of the DIP Term Loan was 15.0%.

On February 2, 2023 the Company entered into a Debtor-in-Possession Revolving Credit and Security Agreement ("DIP ABL") with PNC, which replaced the Prior ABL Credit Agreement, with a maturity of June 2, 2023 or upon emergence from Bankruptcy. The principal balance of the DIP ABL was $13,870,000 at the time it was repaid upon emergence.

Interest expense of $387,000 was recognized in the Predecessor period of the four months ended April 30, 2023, for the DIP ABL. The effective interest rate of the DIP ABL was 12.3%.

Upon emergence from Bankruptcy on May 5, 2023 the DIP Term Loan and DIP ABL were repaid. Debt issuance costs of $6,181,000 were classified to Reorganization items, net in the Predecessor period. Any unamortized debt fees and original issuance discount were expensed on the Emergence date.

Prior ABL Credit Agreement

On July 26, 2022, the Company entered into a Second Amended and Restated Revolving Credit and Security Agreement (the "Prior ABL Credit Agreement" or "Prior ABL"), amending and restating the Company's existing Revolving Credit and Security Agreement, as amended (the "Prior Credit Agreement"). The Prior 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 and JPMorgan Chase Bank, N.A. (the "ABL Lenders"). PNC is the administrative agent (the "Administrative Agent") under the Prior ABL Credit Agreement.

The Prior ABL Credit Agreement extended the maturity date to January 16, 2026, with the maximum aggregate principal amount the Company and the domestic and Canadian Borrowers could borrow up 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.

Interest accrued on outstanding indebtedness under the Prior 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%.

In connection with entering into the Company's Prior ABL Credit Agreement, the Company incurred fees which were capitalized and were being amortized as interest expense. Unamortized debt issuance costs of $1,036,000 were written off to Reorganization items, net in the Predecessor period ending April 2023. The Prior ABL Credit Agreement was settled at the time of the Bankruptcy filing.

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 were to mature on November 15, 2024, unless repurchased, redeemed or converted in accordance with their terms prior to such date.

The liability components of the Series I 2024 Notes consist of the following (in thousands):

	Predecessor
	December 31, 2022
Principal amount of liability component	$ 72,909
Debt fees	(501)
Net carrying amount of liability component	$ 72,408

The effective interest rate on the liability component was 8.8% upon original issuance including consideration of the discount. Total interest expense includes coupon interest and amortization of debt fees. Interest expense of $303,000 and $3,645,000 was recognized in the Predecessor period of 2023 and 2022, respectively, based on the stated coupon rate of 5.0%. Interest expense was not recorded after the Bankruptcy filing date as the debt was compromised. Unamortized debt issuance costs of $479,000 were written to Reorganization items, net in the Predecessor period ending April 2023 and the principal was included in Liabilities Subject to Compromise as of the Emergence Date.

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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 were to mature on November 15, 2024, unless repurchased, redeemed or converted in accordance with their terms prior to such date.

The principal amount of the Series II 2024 Notes, until Bankruptcy petition on January 31, 2023, accreted 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 was payable in cash upon maturity but did not bear interest and was not convertible into the Company's common shares. The total amount accreted was $8,883,000.

The liability components of the Series II 2024 Notes consist of the following (in thousands):

	Predecessor
	December 31, 2022
Principal amount of liability component - including accretion	$ 77,309
Debt fees	(590)
Net carrying amount of liability component	$ 76,719

The effective interest rate on the liability component was 9.0% upon original issuance including consideration of the discount. Total interest expense includes coupon interest, accretion and amortization of debt fees. Non-cash interest expense, including accretion, of $449,000 and $3,590,000 was recognized in the Predecessor period of 2023 and 2022, respectively. Interest expense of $287,000 and $3,507,000 was recognized in the Predecessor period of 2023 and 2022, respectively based on the stated coupon rate of 5.0%. Interest expense was not recorded after the Bankruptcy filing date as the debt was compromised. Unamortized debt issuance costs of $564,000 were written off to Reorganization items, net in the Predecessor period ending April 2023 and the principal was included in Liabilities Subject to Compromise on the Emergence date.

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 were to mature on March 15, 2026, unless repurchased, redeemed or converted in accordance with their terms prior to such date.

In 2022, $55,300,000 aggregate principal amount of 2026 Notes were exchanged and retired as part of the Secured 2026 Convertible Notes transaction discussed below.

The liability components of the 2026 Notes consist of the following (in thousands):

	Predecessor
	December 31, 2022
Principal amount of liability component	$ 69,700
Debt fees	(2,035)
Net carrying amount of liability component	$ 67,665

Interest expense of $247,000 and $4,467,000 was recognized in the Predecessor period of 2023 and 2022, respectively, based on the stated coupon rate of 4.25%. Interest expense was not recorded after the Bankruptcy filing date as the debt was compromised.

Unamortized debt issuance costs of $1,982,000 were written off to Reorganization items, net in the Predecessor period ending April 2023 and the principal was included in Liabilities Subject to Compromise on the Emergence date.

Secured Convertible Senior Notes due 2026

In the third and fourth quarter of 2022, the Company issued an aggregate $41,475,000 (split equally between two separate tranches ("Tranche I Notes" and "Tranche II Notes") in aggregate principal amount of 5.68% Convertible Senior Secured Notes due 2026 (the "Secured 2026 Notes") in a private offering. This was in exchange for $55,300,000 aggregate principal amount of 2026 Senor Convertible Notes which were retired.

Interest on the Secured 2026 Notes was 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 were to mature on July 1, 2026, unless earlier converted, redeemed or repurchased in accordance with their terms. Certain features of the instrument required bifurcation driving convertible derivative liability.

Debt issuance costs of $3,099,000 were capitalized and were 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):

	Predecessor
	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 $589,000 and $905,000 was recognized in the Predecessor period of 2023 and 2022, respectively. The effective interest rate of the Secured 2026 Notes as of was 5.68%. Non-cash interest expense of $91,000 and $148,000 was recognized in the Predecessor period of 2023 and 2022, respectively. Interest expense was not recorded after the Bankruptcy filing date as the debt was compromised. Unamortized debt issuance costs of $2,645,000 and unamortized debt discount of $1,325,000 were written off to Reorganization items, net in the Predecessor period ending April 30, 2023.

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 7.0% or a base rate plus 6.0% and after the second anniversary of closing at an annual rate of SOFR plus 8.75% or a base rate plus 7.75%.

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.

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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. 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.

On February 2, 2023, the Company rolled $35,000,000 of Secured Term Loan principal to a new DIP Term Loan with maturity of June 2, 2023 as a result of the Bankruptcy filing and further discussed above. The rollover of the principal from the Secured Term Loan to the DIP Term Loan resulted in a modification of the Secured Term Loan which allocated previous debt issuance costs and original issuance discount to the DIP Term Loan which is amortized over the DIP Term Loan period. The DIP Term Loan was repaid at the time of emergence from Bankruptcy.

The liability components of the Secured Term Loan consist of the following (in thousands):

	Predecessor
	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 $2,845,000 and $3,352,000 was recognized in the Predecessor period of 2023 and 2022, respectively. Non-cash interest expense of $420,000 and $153,000 was recognized in the Predecessor period of 2023 and 2022, respectively. Unamortized debt issuance costs of $3,959,000 and unamortized debt discount of $1,228,000 were written off to Reorganization items, net in the Predecessor period ending April 2023.

Other Long-Term Obligations

Other long-term obligations consist of the following (in thousands):

	Successor	Predecessor
	December 31, 2023	December 31, 2022
Deferred income taxes	$ 20,477	$ 18,771
Product liability	2,386	10,438
Deferred compensation	5,110	4,970
Deferred gain on sale leaseback	860	4,834
Supplemental Executive Retirement Plan liability	449	4,383
Uncertain tax obligation including interest	2,337	2,891
Death benefit obligation plan	731	2,533
Pension	1,858	1,019
Secured Convertible 2026 debt conversion liability	—	85
Other	291	478
Other Long-Term Obligations	$ 34,499	$ 50,402

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 sale leaseback transaction which resulted in the Company recording 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. As a result of the Chapter 11 Bankruptcy, certain leases of the Company were renegotiated resulting in the terms changing. As a result of the change in the terms, the deferred gain for the period was accelerated. The gain realized was $257,000, $3,717,000 and $328,000 during the eight-month Successor period ending December 31, 2023, four-month Predecessor period ending April 30, 2023 and twelve month Predecessor period ending December 31, 2022, respectively.

The $3,717,00 gain realized during the Predecessor period ending April 30, 2023 was recognized in the Reorganization items, net line item of the Consolidated Statements of Comprehensive Income (Loss). The $257,000 gain realized during the Successor period ending December 31, 2023 was recognized in the SG&A expense line item of the Consolidated Statements of Comprehensive Income (Loss). The gains realized as of December 31, 2022 were recognized through the SG&A expense line item on the Consolidated Statements of Comprehensive Income (Loss).

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 combines 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. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized for these leases on a straight-line basis over the lease term.

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, 2023, 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 U.S. and Canadian 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 $3,717,000 and $257,000 for the Predecessor period ended April 30, 2023 and the Successor period ended December 31, 2023, respectively. The gain realized was $328,000 in 2022.

On May 1, 2023, in execution of the Plan to emerge from Bankruptcy, two of the sale lease-back transactions from 2015 were exited and properties returned to the landlord. Further, one property located in Ohio was split to two separate leases (one for corporate headquarters and one for a production facility) and the lease related to a property located in Florida were amended. Lease terms for the Ohio properties were shortened to five years. The lease term for the Florida property was shortened to the end of 2023 and the Company exercised an option to exit this Florida lease on September 30, 2023.

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Lease expenses for the Predecessor period ended April 30, 2023 and Successor period ended December 31, 2023 and the year ended December 31, 2022, respectively, were as follows (in thousands):

	Successor	Predecessor	
	Eight Months Ended December 31, 2023	Four Months Ended April 30, 2023	December 31, 2022
Operating leases	$ 4,896	$ 2,006	$ 5,712
Variable and short-term leases	1,035	953	2,549
Total operating leases	$ 5,931	$ 2,959	$ 8,261
Finance lease interest cost	$ 2,060	$ 1,424	$ 4,256
Finance lease depreciation	1,247	1,423	4,246
Total finance leases	$ 3,307	$ 2,847	$ 8,502

Future minimum operating and finance lease commitments, as of December 31, 2023, are as follows (in thousands):

	Finance Leases	Operating Leases
2024	$ 4,598	$ 7,107
2025	4,498	5,340
2026	4,386	3,581
2027	4,256	2,520
2028	4,177	1,142
Thereafter	42,818	1,514
Total future minimum lease payments	64,733	21,204
Amounts representing interest	(26,101)	(4,505)
Present value of minimum lease payments	38,632	16,699
Less: current maturities of lease obligations	(1,736)	(5,348)
Long-term lease obligations	$ 36,896	$ 11,351

Supplemental cash flow amounts for the Predecessor period ended April 30, 2023 and Successor period ended December 31, 2023 and the year ended December 31, 2022, respectively, were as follows (in thousands):

Cash Activity: Cash paid in measurement of amounts for lease liabilities	Successor Eight Months Ended December 31, 2023	Predecessor Four Months Ended April 30, 2023	Predecessor December 31, 2022
Operating leases	$ 3,590	$ 2,022	$ 7,618
Finance leases	1,184	6,266	7,260
Total	$ 4,774	$ 8,288	$ 14,878

Non-Cash Activity: Right-of-use assets obtained in exchange for lease obligations	Eight Months Ended December 31, 2023	Four Months Ended April 30, 2023	December 31, 2022
Operating leases	$ 12,072	$ 3,304	$ 4,652
Finance leases	—	5	969
Total	$ 12,072	$ 3,309	$ 5,621

Weighted-average remaining lease terms and discount rates for finance and operating leases are as follows as of December 31, 2023 and December 31, 2022, respectively:

	Successor	Predecessor
	December 31, 2023	December 31, 2022
Weighted-average remaining lease term - finance leases	15.3 years	14.8 years
Weighted-average remaining lease term - operating leases	4.1 years	4.6 years
Weighted-average discount rate - finance leases	7.59%	3.74%
Weighted-average discount rate - operating leases	13.03%	9.36%

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 was $267,000 related to Predecessor and $386,000 related to Successor for the twelve months ended December 31, 2023 compared to $845,000 in the Predecessor period twelve months ended December 31, 2022.

The Company sponsors a Deferred Compensation Plus Plan covering certain employees, which provides for elective deferrals and the Company retirement deferrals so that 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. The interest was credited at 0% for active participants in the SERP in 2023 and 2022. The plan continues to be unfunded with individual hypothetical accounts maintained for each participant.

In connection with the Company's emergence from Bankruptcy, the Bankruptcy Court approved the settlement of claims related to SERP in the amount of $4,376,000 which was reported within Liabilities Subject to Compromise in the Company's Predecessor consolidated balance sheet at the Effective Date (Refer to Fresh Start Accounting footnote).

The SERP projected benefit obligation related to this unfunded plan was $449,000 and $4,774,000 at December 31, 2023 and December 31, 2022, respectively, and the accumulated benefit obligation was $449,000 and $4,774,000 at December 31, 2023 and December 31, 2022, 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 4.83% and 5.02% for 2023 and 2022, respectively, based upon the discount rate on high-quality fixed-income investments without adjustment. The retirement age was 67 for 2023 and 2022, respectively. The mortality assumptions used for 2023 and 2022 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 expense was $83,000 related to Predecessor and $18,000 related to Successor for the twelve months ended December 31, 2023, compared to SERP income in the Predecessor period twelve months ended December 31, 2022 of $332,000. The expense was composed of interest expense of $46,000 related to Predecessor and $0 related to Successor for the twelve months ended December 31, 2023 and interest income in the Predecessor period twelve months ended December 31, 2022 of $541,000, with the remaining non-interest expense related to service costs, prior service costs and other gains/losses. Benefit payments were $33,000 related to Predecessor and $0 related to Successor for the twelve months ended December 31, 2023 and $391,000 in the Predecessor period twelve months ended December 31, 2022.

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.

In connection with the Company's emergence from Bankruptcy, the Bankruptcy Court approved the settlement of claims related to DBO in the amount of $1,975,000 which was reported within Liabilities Subject to Compromise in the Company's Predecessor Consolidated Balance Sheet at the Effective Date (Refer to Note "Fresh Start Accounting").

DBO expense was $106,000 related to Predecessor and DBO income of $2,000 related to Successor for the twelve months ended December 31, 2023, driven by a decrease in the discount rate and participant turnover, compared to income in the Predecessor period twelve months ended December 31, 2022 of $1,099,000. The 2023 amounts included service and accrual adjustment expense of $52,000 of which $14,000 of income related to Predecessor and $66,000 of expense related to Successor compared to the Predecessor period twelve months ended December 31, 2022 amount which included service and accrual adjustment

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income of $1,274,000 with the remaining activity related to interest costs. There were no benefit payments in 2023 and 2022. The projected benefit obligations for the plan were calculated using an assumed future salary increase of 3.25% at December 31, 2023 and 2022, 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 the European plan was $0 related to Predecessor and $237,000 related to Successor for the twelve months ended December 31, 2023 compared to income of $633,000 in the Predecessor period twelve months ended December 31, 2022.

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 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 periods presented (in thousands):

	Predecessor		
	Four Months Ended April 30, 2023		
	Products	Service	Total
Europe	$ 137,629	$ 4,221	$ 141,850
N.A.	67,003	558	67,561
All Other	9,185	1,766	10,951
Total	$ 213,817	$ 6,545	$ 220,362
% Split	97%	3%	100%

	Successor		
	Eight Months Ended December 31, 2023		
	Products	Service	Total
Europe	$ 283,698	$ 8,154	$ 291,852
N.A.	126,078	792	126,870
All Other	15,295	3,530	18,825
Total	$ 425,071	$ 12,476	$ 437,547
% Split	97%	3%	100%

	Predecessor		
	Year Ended December 31, 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%

The Company's revenues are principally related to the sale of products, approximately 97%, with the remaining 3% related to services. Refer to the Revenue Recognition section within "Accounting Policies", as well as "Receivables" and "Accrued Expenses" in the Notes to the Consolidated Financial Statements included elsewhere in this report for more detail.

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, 2023 and December 31, 2022, the Company had deferred revenue of $2,160,000 and $2,279,000, respectively, related to outstanding performance obligations.

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The Predecessor Company common shares had a $0.25 stated value. The Predecessor common shares and the Predecessor Class B common shares generally had identical rights, terms and conditions and voted together as a single class on most issues, except that the Class B common shares had ten votes per share and, in general, could only be transferred to family members or for estate planning purposes. Holders of Class B common shares were entitled to convert their shares into common shares at any time on a share-for-share basis. When Class B common shares were transferred out of a familial relationship, they automatically converted to common shares.

Upon emergence from Bankruptcy on May 5, 2023 all Predecessor Company common and Class B common shares (the "Old Common Stock") were canceled, released and extinguished. Furthermore, all of the Predecessor Company equity award agreements under any incentive plan, and the awards granted pursuant thereto, were extinguished, canceled and discharged and have no further force of effect.

The Successor Company common stock has a $0.001 par value.

Equity Compensation Plans

All outstanding awards under the Predecessor Company's equity compensation plans (the "Predecessor Plans") were forfeited upon the Successor Company's emergence from Bankruptcy.

Upon emergence, the Successor Company's Board of Directors (the "Successor Board") had approved and adopted the 2023 Management Incentive Plan (the "2023 Plan"). The 2023 Plan is intended to, among other things, attract and retain key employees of the Company and its affiliates and to advance the interests of the Company and its stockholders. The 2023 Plan permits awards to be made to employees of the Company or its affiliates, or any individual to whom the Company or its affiliate has extended a formal offer of employment (as long as the grant does not become effective until such individual commences employment) (the "Eligible Employees").

Unless the Successor Board otherwise appoints a committee of Successor Board members to administer the terms of the 2023 Plan, the Successor Board will administer the 2023 Plan, and, in coordination with any recommendations of Eligible Employees to be selected for participation in the 2023 Plan as may be provided by the Company's chief executive officer, may select any Eligible Employees as participants in the 2023 Plan ("Participants"). The 2023 Plan generally provides for the following types of awards: Stock Options ("Options") and Restricted Stock Units ("RSUs").

The aggregate number of shares of Common Stock reserved for issuance pursuant to the 2023 Plan is 16,180,905 (the "Total Pool"), representing approximately 10.7% of the outstanding Common Stock of the Company as of the Effective Date, on a fully diluted basis, plus shares that may again become available for delivery with respect to awards under the 2023 Plan pursuant to share recycling in the event any award is forfeited. Of the Total Pool, 65% will be subject to issuance as Options, and 35% will be subject to issuance as RSUs. All Options may be issued as either incentive stock options or nonqualified stock options.

Awards can be made under the 2023 Plan for a period of ten years beginning on the Effective Date, subject to the Successor Board's ability to amend, alter, suspend, discontinue, or terminate the 2023 Plan or any portion thereof at any time. All awards will be subject to the terms of a corresponding Award Agreement outlining the specific terms and conditions applicable to each Participant's award.

The amounts of equity-based compensation expense (income) recognized as part of SG&A expenses within the All Other business segment were as follows (in thousands):

	Successor	Predecessor	
	Eight Months Ended December 31,	Four Months Ended April 30,	Year Ended December 31,
	2023	2023	2022
Non-qualified stock options	$ 151	$ —	$ —
Restricted stock / units	185	(231)	2,924
Performance shares / units	—	(55)	(844)
Total stock-based compensation expense	$ 336	$ (286)	$ 2,080

The Predecessor benefit reflects forfeiture of unvested awards in the amount of $189,689. Acceleration of expense related to unvested awards which were cancelled as part of the Bankruptcy emergence is reflected as a reorganization item. Refer to Note "Reorganization Items, Net".

As of December 31, 2023, there was no unrecognized compensation expense for equity-based compensation arrangements under the Predecessor Plans and unrecognized compensation expense for equity-based arrangements under the Successor Company's 2023 Plan, which is related to non-vested awards, was as follows (in thousands):

	Successor	Predecessor
	December 31, 2023	December 31, 2022
Non-qualified stock options	$ 3,011	$ —
Restricted stock / stock units	2,014	2,146
Performance shares / units	—	75
Total unrecognized stock-based compensation expense	$ 5,025	$ 2,221

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 "Performance Shares and Performance Share Units" below). No tax benefits for stock compensation were realized during 2023 and 2022 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 are classified as a component of financing cash flows.

Stock Options

Generally, non-qualified stock option awards issued under the Predecessor Plans had 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. Non-qualified stock option awards issued under the Successor 2023 Plan expire and terminate on the tenth anniversary of the grant date, with exercise price of the awards determined by the fair market value of the shares on the date of award. The 2023 Plan provides for options to vest on May 5, 2027 or upon a liquidation event. Partial acceleration of vesting can occur upon listing to a major public exchange death, disability or retirement.

The following table summarizes information about stock option activity for the years ended 2023 and 2022:

	2023	Weighted Average Exercise Price
Options outstanding at January 1, 2023 - Predecessor	189,689	$ 13.43
Forfeited	(189,689)	13.43
Options outstanding at April 30, 2023 - Predecessor	—	$ —
Shares available for grant under the 2018 Plan at April 30, 2023*	—	
Options outstanding at May 1, 2023 - Successor	—	—
Granted	10,305,378	2.80
Options outstanding at December 31, 2023 - Successor	10,305,378	2.80
Option exercise price range	$2.11 to $3.18	
Options available for grant under the 2023 Plan at December 31, 2023*	212,211	

* Upon emergence from Bankruptcy, all of the Predecessor Company equity award agreements under any incentive plan, and the awards granted pursuant thereto, were extinguished, canceled and discharged and have no further force of effect. Shares available for grant under the 2023 Plan as of December 31, 2023 are reduced by awards and increased by forfeitures or expirations. At December 31, 2023, an aggregate of 303,527 awards are available for future issuance under the 2023 Plan with a split of 91,316 available for restricted or performance units and 212,211 available for options.

Equity Compensation

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	2022	Weighted Average Exercise Price
Options outstanding at January 1, 2022 - Predecessor	750,159	$ 12.69
Forfeited	(560,470)	12.44
Options outstanding at December 31, 2022 - Predecessor	189,68	$ 13.43
Options exercise price range	$12.15 to $14.49	
Options exercisable at December 31, 2022 - Predecessor	189,689	
Shares available for grant at December 31 under Predecessor Plans	5,285,644	

The following table summarizes information about stock options outstanding at December 31, 2023:

	Successor				
	Options Outstanding			Options Exercisable	
Exercise Prices	Number Outstanding At 12/31/23	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable At 12/31/23	Weighted Average Exercise Price
$2.11 – $3.18	10,305,380	9.84	$ 2.80	—	$ 2.80

Restricted Stock and Restricted Stock Units

The following table summarizes information about restricted stock and restricted stock units (primarily for non-U.S. recipients):

	Successor	
	2023	Weighted Average Fair Value
Stock / Units unvested at January 1 - Predecessor	1,061,867	$ 2.75
Forfeited	(1,061,867)	2.75
Stock / Units unvested at April 30 - Predecessor	—	$ —
Units unvested at May 1 - Successor	—	$
Granted	3,207,509	0.69
Units unvested at December 31 - Successor	3,207,509	$ 0.69

	Predecessor	
	2022	Weighted Average Fair Value
Stock / Units unvested at January 1 - Predecessor	1,160,847	$ 8.17
Granted	1,341,019	1.22
Vested	(803,550)	5.94
Forfeited	(636,449)	4.40
Stock / Units unvested at December 31 - Predecessor	1,061,867	$ 2.75

The restricted awards issued under the Predecessor Plans generally vested ratably over the three years after the award date. Unearned restricted awards compensation, determined as the market value of the shares at the date of grant, was being amortized on a straight-line basis over the vesting period as adjusted for forfeiture estimates. The 2023 Plan provides for restricted awards to vest on May 5, 2027 or upon a liquidation event. The Company recognized $185,000 of expense during the Successor period ending December 31, 2023, related to these restricted awards, Partial acceleration of vesting can occur upon listing to a major public exchange death, disability or retirement. Restricted awards granted to the Board of Directors in 2023 vest on May 5, 2024 unless forfeited prior to that date upon separation from the Board.

Performance Shares and Performance Share Units

The following table summarizes information about performance shares and performance share units (primarily for non-U.S. recipients under Predecessor Plans and only performance share units under Successor 2023 Plan):

	Successor	
	2023	Weighted Average Fair Value
Shares / Units unvested at January 1 - Predecessor	318,071	$ 5.15
Forfeited	(318,071)	5.15
Shares / Units unvested at April 30 - Predecessor	—	$ —
Units unvested at May 1 - Successor	—	$ —
Granted	2,786,000	0.67
Units unvested at December 31 - Successor	2,786,000	$ 0.67

	Predecessor	
	2022	Weighted Average Fair Value
Shares / Units unvested at January 1 - Predecessor	972,288	$ 7.76
Granted	460,187	1.48
Vested	—	—
Forfeited	(1,114,404)	5.92
Shares / Units unvested at December 31 - Predecessor	318,071	$ 5.15

During 2023 and 2022 the performance shares and performance share units (for non-U.S. recipients) were granted. Under the Predecessor Plans performance awards had a three-year performance period with payouts based on achievement of certain performance goals. Under the Successor 2023 Plan, performance share units were granted in 2023. Performance 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 performance period based on achievement of performance criteria. Predecessor performance awards were cancelled, forfeited or extinguished upon emergence from bankruptcy and the related charge of $318,071 was recognized during the Predecessor period ended April 30, 2023 within the Reorganization items, net line. Successor performance award vest based on achievement of performance criteria for January 1, 2023 through December 31 2026, established by the Compensation Committee at the time of grant or upon a liquidation event. Partial acceleration of vesting can occur upon listing to a major public exchange death, disability or retirement. 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 75% and 100% of the target number of shares with the target being 100% of the initial grant.

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 the performance periods. The Company recognized expense related to the awards granted in 2023 based on probability of performance goals for those awards being met. During the Successor period ending December 31, 2023, the Company recognized $0 of expense related to the performance share awards due to the Company's estimation that it is not probable to meet performance goals for the awards. During the Predecessor periods ending April 30, 2023 and December 31, 2022, the Company recognized a benefit of $55,000 and $844,000, respectively, related to performance share awards forfeitures.

Accumulated Other Comprehensive Income (Loss) by Component

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Changes in accumulated other comprehensive income (loss) ("OCI") (in thousands):

Predecessor	Foreign Currency	Long-Term Notes	Defined Benefit Plans	Derivatives	Total
January 1, 2023	$ (23,879)	$ (3,230)	$ 2,386	$ —	$ (24,723)
OCI before reclassifications	17,202	(1,101)	(77)	(93)	15,931
Amount reclassified from accumulated OCI	—	—	107	93	200
Net current-period OCI	17,202	(1,101)	30	—	16,131
Fresh Start Accounting Adjustments - Refer to Fresh Start Accounting Footnote	6,677	4,331	(2,416)	—	8,592
April 30, 2023	$ —	$ —	$ —	$ —	$ —

Successor	Foreign Currency	Long-Term Notes	Defined Benefit Plans	Derivatives	Total
May 1, 2023	$ —	$ —	$ —	$ —	$ —
OCI before reclassifications	1,303	(580)	(938)	—	(215)
Amount reclassified from accumulated OCI	—	—	237	—	237
Net current-period OCI	1,303	(580)	(701)	—	22
December 31, 2023	$ 1,303	$ (580)	$ (701)	$ —	$ 22

Predecessor	Foreign Currency	Long-Term Notes	Defined Benefit Plans	Derivatives	Total
January 1, 2022	$ 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)

Reclassifications out of accumulated OCI were as follows (in thousands):

	Amount reclassified from OCI			
	Successor	Predecessor		
	Eight Months Ended December 31, 2023	Four Months Ended April 30, 2023	Year Ended December 31, 2022	Affected Line Item in the Statement of Comprehensive (Income) Loss
Defined Benefit Plans:				
Service and interest costs	$ 237	$ 107	$ (466)	Selling, general and administrative
Tax	—	—	—	Income taxes
Total after tax	$ 237	$ 107	$ (466)	
Derivatives:				
Foreign currency forward contracts hedging sales	$ —	$ —	$ (137)	Net sales
Foreign currency forward contracts hedging purchases	—	133	(3,610)	Cost of products sold
Total loss (income) before tax	—	133	(3,747)	
Tax	—	(40)	263	Income taxes
Total after tax	$ —	$ 93	$ (3,484)	

Capital Stock

Capital stock activity consist of the following (in thousands of shares):

	Common Stock Shares	Preferred Stock Shares	Class B Common Shares	Treasury Shares
January 1, 2022 Balance - Predecessor	39,416	—	4	(4,397)
Restricted and performance stock awards	424	—	—	(139)
Issuance of common shares	2,700	—	—	—
December 31, 2022 Balance - Predecessor	42,540	—	4	(4,536)
Cancellation of Predecessor equity [1]	(42,540)	—	(4)	4,536
April 30, 2023 Balance - Predecessor	—	—	—	—
Fresh start accounting capitalization of new equity [2]	10,000	6,750	—	—
December 31, 2023 Balance - Successor	10,000	6,750	—	—

[1] Represents the cancellation of Predecessor common stock shares and Class B common shares.
[2] Represents the issuance upon emergence from Bankruptcy of 9,999,980 and 6,750,011 shares of Successor common stock and Successor preferred stock, respectively.

Restricted stock and restricted stock unit awards of 636,449 were forfeited in 2022. Performance shares and performance share unit awards of 1,114,404 were forfeited in 2022.

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.

Upon Emergence, the Company executed a $75,000,000 rights offering of new Convertible Series A Preferred Stock. The Convertible Series A Preferred Stock is junior to all liabilities but have preference in respect to the common stock. As of the Emergence Date, each share of Preferred Stock had a liquidation preference of $25 per share, with an aggregate liquidation preference of $168,750,275 for all shares of Series A Preferred Stock then outstanding. This liquidation preference of the Convertible Series A Preferred Stock increases due to the payment in kind of accrued dividends at the rate of 9% per year compounded quarterly beginning from the date of issuance. No cash dividends may be declared or paid by the Company prior to the later of the date on which the Secured Term Loan is repaid in full and the date on which none of the 2026 Notes remains outstanding. The holder of the Convertible Series A Preferred Stock may convert any time after the earliest of November 6, 2023, dissolution of the Company, or a deemed liquidation event or mandatory redemption event, as defined by the agreement. Following the debt termination dates, the Company has the right at any time to redeem some or all of the shares.

Charges Related to Restructuring Activities

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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 healthcare 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 2023.

For the four months ended April 30, 2023 charges totaled $5,937,000 which were related to North America of $4,052,000, Europe of $1,092,000 and All other of $793,000. Payments for the four months ended April 30, 2023 were $11,174,000 and funded by the Company's cash on hand.

For the eight months ended December 31, 2023 charges totaled $996,000 which were related to North America of $60,000, Europe of $595,000 and All Other of $341,000. Charges were related to severance costs and other restructuring costs (primarily advisory professional fees). Payments for the eight months ended December 31, 2023 were $2,033,000. The cash payments were funded with the Company's cash on hand. The 2023 charges are expected to be paid out within 12 months of December 31, 2023.

As part of the Bankruptcy, $1,030,000 of severance accrued was compromised and written off to Reorganization items, net in the Predecessor period ended April 30, 2023.

Charges for the year ended December 31, 2022 totaled $25,820,000 which were related to North America of $10,646,000, Europe of $13,918,000 and All Other of $1,256,000. Charges were related to severance costs and other restructuring costs (primarily advisory professional fees).

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, other than the amount of severance noted above which was compromised in the Bankruptcy filing. 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.

Charges Related to Restructuring Activities

A progression of the accruals recorded as a result of the restructuring is as follows (in thousands):

	Severance	Contract Terminations	Other	Total
December 31, 2022 Balances - Predecessor				
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
Charges				
North America	$ 57	$ 242	$ 3,753	$ 4,052
Europe	198	654	240	1,092
All Other	793	—	—	793
Total	$ 1,048	$ 896	$ 3,993	$ 5,937
Payments				
North America	$ (654)	$ —	$ (6,691)	$ (7,345)
Europe	(1,248)	(654)	(1,733)	(3,635)
All Other	(194)	—	—	(194)
Total	$ (2,096)	$ —	$ (8,424)	$ (11,174)
Write-offs				
All Other [1]	$ (1,030)	$ —	$ —	$ (1,030)
Total	$ (1,030)	$ —	$ —	$ (1,030)
April 30, 2023 Balances - Predecessor				
North America	$ 370	$ 242	$ 88	$ 700
Europe	264	—	—	264
All Other	760	—	—	760
Total	$ 1,394	$ 242	$ 88	$ 1,724
Charges				
North America	$ (28)	$ —	$ 88	$ 60
Europe	349	196	50	595
All Other	312	—	29	341
Total	$ 633	$ 196	$ 167	$ 996
Payments				
North America	$ (203)	$ (242)	$ (4)	$ (449)
Europe	(519)	(88)	(26)	(633)
All Other	(951)	—	—	(951)
Total	$ (1,673)	$ (330)	$ (30)	$ (2,033)
December 31, 2023 Balances - Successor				
North America	$ 139	$ —	$ 172	$ 311
Europe	94	108	24	226
All Other	121	—	29	150
Total	$ 354	$ 108	$ 225	$ 687

[1] $1,030,000 of severance compromised as part of the Bankruptcy.

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Income Taxes

Earnings (loss) before income taxes consist of the following (in thousands):

	Successor Eight Months Ended December 31, 2023	Predecessor Four Months Ended April 30, 2023	Predecessor Year Ended December 31, 2022
Domestic	$ (54,758)	$ 88,818	$ (95,070)
Foreign	8,121	13,420	(2,931)
	$ (46,637)	$ 102,238	$ (98,001)

The Company has provided for income taxes (benefits) as follows (in thousands):

	Successor Eight Months Ended December 31, 2023	Predecessor Four Months Ended April 30, 2023	Predecessor Year Ended December 31, 2022
Current:			
Federal	$ 471	$ (527)	$ 362
State	(608)	—	(105)
Foreign	2,513	2,087	3,054
	2,376	1,560	3,311
Deferred:			
Federal	—	—	—
State	—	—	—
Foreign	556	(10)	(241)
	556	(10)	(241)
Income Taxes	$ 2,932	$ 1,550	$ 3,070

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. 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 $49,450,000 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:

	Successor	Predecessor	Predecessor
	Eight Months Ended December 31,	Four Months Ended April 30,	Year Ended December 31,
	2023	2023	2022
Statutory federal income tax rate (benefit)	(21.0)%	21.0%	(21.0)%
State and local income taxes, net of federal income tax benefit	(1.0)	—	(0.1)
Expiring foreign tax credits	—	—	0.2
Foreign taxes at other than the federal statutory rate	4.3	—	1.0
Federal and foreign valuation allowances	6.9	(2.0)	21.3
Cancellation of debt	—	(33.3)	—
Reorganization items, net	—	15.7	—
Foreign branch activity	15.2	—	1.0
U.S. goodwill write-off	2.1	—	—
Other, net	(0.3)	0.1	0.7
Effective federal income tax rate	6.2%	1.5%	3.1%

At December 31, 2023, total deferred tax assets were $172,671,000, total deferred tax liabilities were $34,304,000 and the tax valuation allowances total of $157,285,000 for a net deferred income tax liability of $18,918,000 compared to total deferred tax assets of $221,178,000, total deferred tax liabilities of $40,050,000 and a tax valuation allowances total of $198,797,000 for a net deferred income tax liability of $17,669,000 at December 31, 2022. 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, 2023 and 2022 are as follows (in thousands):

	Successor	Predecessor
	December 31, 2023	December 31, 2022
Bad debt	$ 384	$ 483
Warranty	1,267	1,011
Other accrued expenses and reserves	1,581	398
Inventory	2,824	4,625
Goodwill and intangibles	(21,928)	(17,556)
Convertible debt	—	3,327
Fixed assets	(12,056)	(22,494)
Compensation and benefits	3,418	3,432
Loss and credit carryforwards	122,495	149,853
Product liability	(320)	870
State and local taxes	34,260	37,584
Valuation allowances	(157,285)	(198,797)
Lease liability	5,179	17,496
Other, net	1,263	2,099
Net Deferred Income Taxes	$ (18,918)	$ (17,669)

The company made net payments for income taxes of $3,120,000 for the year ended December 31, 2023, of which $874,000 related to the Predecessor period ended April 30, 2023. The Company made net payments for income taxes of $3,999,000 during the year ended December 31, 2022.

The Company has a domestic federal net operating loss carryforward of $323,275,000 of which $129,329,000 expires between 2034 and 2037 and the remaining are non-expiring; domestic interest carryforward of $144,245,000 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.

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At December 31, 2023, the Company also had $619,828,000 of domestic state and local tax loss carryforwards, of which $126,076,000 expire between 2024 and 2027, $327,654,000 expire between 2028 and 2037 and $113,354,000 expire after 2037 and $52,744,000 have an unlimited carryforward.

At December 31, 2023, the Company had foreign federal tax loss carryforwards of approximately $64,017,000 of which $11,827,000 expire between 2024 and 2026, $23,712,000 expire after 2027 and the remaining are non-expiring all of which are offset by valuation allowances. Additionally, the Company had foreign local tax loss carryforwards of $19,858,000 expiring after 2027 subject to full valuation allowance.

As of December 31, 2023 and 2022, the Company had a liability for uncertain tax positions, excluding interest and penalties of $2,050,000 and $2,368,000, respectively. The total liabilities associated with unrecognized tax benefits that, if recognized, would impact the effective tax rates were $2,050,000 and $2,368,000 at December 31, 2023 and 2022, respectively.

The Company recognizes interest and penalties associated with uncertain tax positions in income tax expense. During the Successor period ending December 31, 2023, the Predecessor period ending April 30, 2023, and the Predecessor period ending December 31, 2022 the benefit for interest and penalties was $217,000, $0 and $2,000, respectively. The Company had approximately $306,000 and $523,000 of accrued interest and penalties as of December 31, 2023 and 2022, 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 2020 to 2023 with limited exceptions, and is subject to various U.S. state income tax examinations for 2019 to 2023. With regards to foreign income tax jurisdictions, the Company is generally subject to examinations for the periods 2017 to 2023.

Concentration of Credit Risk

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 $724,000 at December 31, 2023 to DLL for events of default under the contracts, which total $5,125,000 at December 31, 2023. ASC 460, *Guarantees*, 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 credit losses in accordance with ASC 310-10-05-4, *Receivables*.

Substantially all the Company's receivables are due from healthcare, 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 healthcare 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 20.7% of 2023 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 5% of the Company's 2023 net sales. Providers who are part of a buying group generally make individual purchasing decisions and are invoiced directly by the Company.

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ASC 815, *Derivatives & Hedging*, requires companies to recognize all derivative instruments in the Consolidated Balance Sheets 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, historically, used derivative instruments in an attempt to manage its exposure to transactional foreign currency exchange risk. Foreign forward exchange contracts were 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 a twelve month period.

The Company recognized its derivative instruments as assets or liabilities in the consolidated balance sheets measured at fair value. All of the Company's derivative instruments were designated and qualified as cash flow hedges. Accordingly, the effective portion of the gain or loss on the derivative instrument was reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affected 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, was 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 course of a year, the Company utilized foreign currency forward contracts to hedge portions of its forecasted purchases/sales denominated in foreign currencies. The gains and losses were included in cost of products sold and selling, general and administrative expenses on the Consolidated Statements of Comprehensive Income (Loss). If later determined that a hedged forecasted transaction was unlikely to occur, any prospective gains or losses on the forward contracts were recognized in earnings.

The Company historically did not recognize any material amount of ineffectiveness related to forward contract cash flow hedges because the Company generally limited 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 were recurring in nature. Furthermore, most of the hedged transactions were 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 $6,720,000 matured as of April 30, 2023 (Predecessor). No contracts matured during the period from May 1, 2023 through December 31, 2023 (Successor). Forward contracts with a total notional amount in USD of $95,160,000 matured during the twelve months ended December 31, 2022.

As a result of the Debtors filing for Bankruptcy, any outstanding cash flow hedges were required to be settled in the first quarter of 2023 and the Company was not able to enter into such transactions while in Bankruptcy. In addition, the Company has not entered into any cash flow hedges during the Successor period ended as of December 31, 2023.

At December 31, 2023 and December 31, 2022, there were no outstanding foreign currency forward exchange contracts qualifying and designated for hedge accounting treatment.

Derivatives Not Qualifying or Designated for Hedge Accounting Treatment

The Company utilized foreign currency forward contracts not designated as hedges in accordance with ASC 815. These contracts were entered into to eliminate the risk associated with the settlement of short-term intercompany trading receivables and payables between Old Invacare and its foreign subsidiaries. The currency forward contracts were entered into at the same time as the corresponding intercompany receivables or payables were created so that upon settlement, the gain/loss on the settlement was offset by the gain/loss on the foreign currency forward contract. No material net gain or loss was realized by the Company in 2023 or 2022 related to these contracts and the associated short-term intercompany trading receivables and payables.

Derivatives

Foreign currency forward exchange contracts not qualifying or designated for hedge accounting treatment, as well as ineffective hedges, entered into in 2022 and outstanding were as follows (in thousands USD):

	Predecessor	
	December 31, 2022	
	Notional Amount	Gain (Loss)
USD / EUR	$ 60,964	$ 980
	$ 60,964	$ 980

The fair values of the Company's derivative instruments were as follows (in thousands):

	Predecessor	
	December 31, 2022	
	Assets	Liabilities
Derivatives not designated as hedging instruments under ASC 815		
Foreign currency forward exchange contracts	$ 1,117	$ 137
Total derivatives	$ 1,117	$ 137

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 (Loss) ("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)
Eight months ended December 31, 2023 - Successor	$ —	$ —	$ —
One month ended April 30, 2023 - Predecessor	$ —	$ —	$ —
Three months ended March 31, 2023 - Predecessor	$ (93)	$ (93)	$ —
Year ended December 31, 2022 - Predecessor	$ 3,483	$ 3,484	$ —

Derivatives (foreign currency forward exchange contracts) not designated as hedging instruments under ASC 815	Amount of Gain (Loss) Recognized in Income on Derivatives	
Eight months ended December 31, 2023 - Successor	$	—
One month ended April 30, 2023 - Predecessor	$	—
Three months ended March 31, 2023 - Predecessor	$	—
Year ended December 31, 2022 - Predecessor	$	980

The gains or losses recognized as the result of the settlement of cash flow hedge foreign currency forward contracts were recognized in net sales for hedges of revenue and in cost of products sold for hedges of inventory purchases. For the eight months ended December 31, 2023 net pre-tax gain of $0 was realized as there were no outstanding derivative contracts. For the Predecessor period ended April 30, 2023, net sales were decreased by $0 while cost of products sold was increased by $133,000

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for a net pre-tax realized loss of $133,000. 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.

No gain or loss was recognized in selling, general and administrative (SG&A) expenses for the Successor period ended December 31, 2023, and the Predecessor period ended April 30, 2023. A gain of $980,000 in 2022 was 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.

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 were updated quarterly with the offset to the income statement. This debt instrument was compromised as part of the Bankruptcy and the principal and related convertible debt conversion liability were written off to Reorganization items, net in the Predecessor period ended April 2023. 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 the four month Predecessor period ended April 30, 2023 and their effect on the Statement of Comprehensive Income (Loss), for the Predecessor four month period ended April 30, 2023, were as follows (in thousands):

	Predecessor	
	Fair Value	Gain
Secured Convertible 2026 Notes conversion long-term liability	$ —	$ 85

There were no outstanding convertible note derivatives in the Successor eight month period ended December 31, 2023.

Fair Values

Pursuant to *Fair Value Measurements*, ("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 as of December 31, 2022 that are measured on a recurring basis (in thousands):

	Predecessor		
	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)	$ —

The carrying values and fair values of the Company's financial instruments are as follows (in thousands):

	Successor		Predecessor	
	December 31, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	$ 54,160	$ 54,160	$ 58,792	$ 58,792
Forward contracts in Other current assets	—	—	1,117	1,117
Forward contracts in Accrued expenses	—	—	(137)	(137)
Total debt (including current maturities of long-term debt) *	(145,655)	(138,318)	(354,241)	(278,027)
Series I 2024 Notes	—	—	(72,408)	(62,460)
Series II 2024 Notes	—	—	(76,719)	(64,678)
2026 Notes	—	—	(67,665)	(32,276)
2026 Secured Notes	—	—	(37,240)	(34,341)
2026 Term Loan	—	—	(82,808)	(66,871)
Prior asset-based lending facility due in 2026	—	—	(15,220)	(15,220)
2027 Term Loan	(83,110)	(82,987)	—	—
Senior secured convertible notes at 7.5%, due in May 2028	(45,409)	(39,759)	—	—
Asset-based lending facility due in 2026	(14,849)	(14,849)	—	—
Other	(2,287)	(2,287)	(2,181)	(2,181)
Preferred Shares	(164,813)	(93,555)	—	—
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 on the Company's consolidated balance sheets. Accordingly, the fair values included in the long-term debt presented in this table are also shown net of discount and fees. Total debt amounts exclude operating and finance lease obligations.

Fair Values

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The Company, in estimating its fair value disclosures for financial instruments, used the following methods and assumptions:

Cash, Cash Equivalents: The carrying value reported in the balance sheet for cash, cash equivalents equals its fair value. 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 were utilized and accounted for as hedging instruments. The forward contracts were 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 were 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 consolidated balance sheets.

Total Debt: For December 31, 2022, the fair value for the Company's debt instruments is based on quoted market-based estimates as of the end of the period, other than the 2026 Secured Notes and 2026 Term Loan. 2026 Secured Notes and 2026 Term Loan fair values are based on valuation models in which significant inputs are observable in active markets. These fair values are deemed to be categorized as Level 2. For December 31, 2023, the 2027 Term Loan fair value aligns with carrying value as the interest rate has been the same since emergence from Bankruptcy through December 31, 2023. Fair value of borrowings attributable to credit facilities is aligned with their carrying value. The 2028 Convertible Notes fair value is based on valuation models in which certain significant inputs are observable in active markets and certain significant unobservable inputs used in complex valuation techniques. As such, the fair values for the convertible debt are deemed to be categorized as Level 3.

Secured Convertible 2026 Notes 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. Refer to "Fresh Start Accounting," within the Notes to the Consolidated Financial Statements for further details.

Preferred Shares: The fair value for the preferred shares is based on valuation models in which certain significant inputs used in complex valuation techniques are unobservable . The fair values are deemed to be categorized as Level 3. This differs from the liquidation preference of the preferred shares as of December 31, 2023 which is $179,082,000 which continued to grow under the 9% payment-in-kind quarterly dividend through December 31, 2023.

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. The Company self-insures product liability claims in the United States and Canada for the first $10,000,000per claim beyond which the Company has commercial excess liability insurance coverage. All product liability claims and lawsuits outside of the United States and Canada are 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 except for those countries with respect to which, 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. All the product liability lawsuits that were asserted against Invacare Corporation in the United States alleging incidents prior to January 31, 2023, have been compromised under the Plan in the Chapter 11 Cases.

Medical Device Regulatory Matters

As a medical device manufacturer, the Company's business, operations and products are subject to extensive governmental regulation. 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. Most of the Company's facilities are subject to inspection at any time by the FDA, similar medical device regulatory agencies in other jurisdictions, and notified bodies. 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.

The Company is also subject to 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 healthcare suppliers and medical device manufacturers are all subject to government scrutiny. 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.

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. Since the FDA notified the Company on July 24, 2017 that it was in substantial compliance with the Federal Food, Drug and Cosmetic Act (the "FDA Act"), FDA regulations and the terms of the consent decree, the Company has been permitted to conduct full operations at, and make unrestricted sales of products from, the Corporate and Taylor Street facilities. The FDA has the authority to inspect these facilities and any other FDA registered facility, at any time. The Company expects that the FDA will, from time to time, inspect substantially all the Company's domestic and foreign FDA-registered facilities.

Following the close of an FDA inspection of the Company's Corporate and Taylor Street facilities in June 2021, the FDA issued its FDA Form 483 observations, to which the Company timely responded and had taken actions to address. In November 2021, the Company received a consent decree non-compliance letter on November 16, 2021, and a warning letter on November 18, 2021 (the "Warning Letter") from the FDA concerning certain of the Form 483 observations related to complaint and Corrective and Preventative Actions ("CAPA") handling (together, the "FDA Letters"). Following the Company's timely responses to the FDA Letters and completion of actions to address the matters set forth in the FDA Letters, on August 21, 2023, the FDA notified the Company that it had adequately addressed the matters in the Warning Letter.

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. All corrective actions have been implemented and determined to be effective, as result the Company does not plan to provide any further updates to the FDA regarding this inspection.

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In November 2023, the FDA conducted an inspection at the Company's Motion Concepts facility in Concord, Ontario, Canada. At the conclusion of the inspection, three FDA Form 483 observations were issued. The Company timely responded to the FDA and took corrective actions to address the observations.

Although the Company has addressed the FDA's concerns in the FDA Letters there can be no assurance that the FDA Letters will not result in an extension in the duration of the consent decree. There has been no impact on the Company's ability to produce and market its products as a result of the FDA Letters.

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 any inspectional observations, the consent decree non-compliance letter or any other FDA warning letters, 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 North America and, to a certain extent, in the Asia Pacific region since 2012. The limitations led to loss of market share and delays in new product introductions. Although the Company is permitted to conduct full operations at the Corporate and Taylor Street facilities, the negative effect of the consent decree on customer orders and net sales in North America and Asia Pacific 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

In connection with the sale of its respiratory business in January 2023 to a third-party purchaser (the "Purchaser"), the Company entered into an agreement to purchase spare and replacement respiratory parts from the Purchaser to enable the Company to support its continuing service and warranty repair obligations to customers outside of the United States. Due to shortages and delays in the supply of parts from the Purchaser, the Company has received demands and threats of claims from certain customers for warranty support and damages. There can be no assurances that the Company will be able to provide all of the warranty parts needed in a timely manner to satisfy all of its warranty obligations in a timely manner. The Company has accrued a warranty liability related to the warranty support demands. However, in light of the threats of claims for damages, no estimate of a possible loss or range of loss can be made. It is reasonably possible that the potential loss may exceed our accrued warranty liability.

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 field corrections or 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.

Reorganization Items, Net

The table below present the Reorganization items incurred and cash paid for the Reorganization items as a result of the Chapter 11 Cases during the periods presented (in thousands):

	Successor	Predecessor
	For the Eight Months Ended December 31, 2023	For the Four Months Ended April 30, 2023
Professional fees	$ 2,616	$ 25,394
DIP financing costs	—	6,181
Write-off of unamortized debt issuance costs and discount	—	13,218
Cumulative impact of renegotiated leases	—	(4,425)
Gain on settlements of Liabilities Subject to Compromise	—	(164,446)
Other, net	—	(4,727)
Reorganization items, net	$ 2,616	$ (128,805)
Cash payments for Reorganization items, net	$ 1,972	$ 31,275

For the four months ended April 30, 2023, substantially all of the professional fees and DIP financing costs reflected above were paid. The write-off of the unamortized debt issuance costs and related discount is related to debt which was compromised as a result of the Bankruptcy filing.

Successor reorganization items, net primarily relate to professional fees and will be paid in within 12 months of December 31, 2023.

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The Company has evaluated events through November 22, 2024, the date these financial statements were available to be issued.

Asset Based Lending Facility Amendments

In the first and second quarter of 2024, the Company entered into several amendments of the ABL. On February 26, 2024, the Company entered into the First Amendment to the ABL (the "First Amendment") by and among the Company, ABL Borrowers, ABL Guarantors, Invacare International Holdings Corp., each lender party thereto (collectively, the "New Lenders", each of which is a stockholder of the Company), and White Oak Commercial Finance, LLC, as administrative and as collateral agent (the "Agent"). Under the First Amendment, the cash management obligations under the ABL were modified to permit the ABL Borrowers to make expenditures using proceeds deposited in controlled accounts of the ABL Borrowers in favor of the Agent provided that such expenditures are within the budget requirements and permitted variances set forth in the First Amendment without regard to the Borrowing Base (as defined in the Loan and Security Agreement) and related provisions set forth in the Loan and Security Agreement. In addition, the First Amendment, among other things, amended certain provisions of the Loan and Security Agreement.

Second Amendment

On March 13, 2024, the Company entered into the Second Amendment to the ABL (the "Second Amendment") by and among the Company, ABL Borrowers, ABL Guarantors, Invacare International Holdings Corp., the Lenders and the Agent. The Second Amendment amends the ABL dated as of May 5, 2023 and as amended by the First Amendment.

The Second Amendment, among other things, amended certain provisions of the Loan and Security Agreement to: (i) provide for additional borrowings under the Amended Loan and Security Agreement in the aggregate principal amount of $12,000,000 and (ii) waive the covenant requiring the ABL Borrower and ABL Guarantors to maintain not less than $4,000,000 of unrestricted cash in certain controlled accounts in favor of the Agent until June 30, 2024.

Pursuant to the Second Amendment, on March 13, 2024, the Company entered into subscription agreements (each, a "Common Stock Subscription Agreement") with each of the Lenders (or their designated affiliates) (each, a "Subscriber") pursuant to which the Company issued 10,407,745 shares of the common stock of the Company, par value $0.001 per share (the "Shares") in the aggregate.

The issuance of the Shares was conducted in reliance on the exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act") provided by Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder. The Company relied on this exemption from registration for private placements based in part on the representations made by the Subscribers in the Common Stock Subscription Agreements with respect to each Subscriber's status as an accredited investor as such term is defined in Rule 501 promulgated by the Securities and Exchange Commission. The issuance of the Shares was not conducted in connection with a public offering, and no public solicitation or advertisement was made or relied upon by any Subscriber in connection with the issuance. Accordingly, the Shares have not been registered under the Securities Act.

Third Amendment

On April 8, 2024, the Company entered into the Third Amendment to the ABL (the "Third Amendment") by and among the Company, the ABL Borrowers, ABL Guarantors, Invacare International Holdings Corp. ("Intermediate Holdings"), the Lenders and the Agent. The Third Amendment amends the ABL, dated as of May 5, 2023 and as amended by the First and Second Amendments.

The Third Amendment, among other things, amended certain provisions of the Loan and Security Agreement to: (i) provide for additional borrowings under the Amended Loan and Security Agreement in the aggregate principal amount of $14,000,000 and additional delayed draw term loan borrowings in an aggregate principal amount not to exceed $10,000,000, (ii) increase the margin applicable to the loans under the Amended Loan and Security Agreement to eight percent (8.0%), (iii) modify the financial covenants under the Amended Loan and Security Agreement to remove testing of the fixed charge coverage ratio and minimum unrestricted cash balances, (iv) extend the deadline for delivery of certain financial statements, (vi) add certain covenants as set forth therein, and (vii) waive an event of default arising from the Company's failure to deliver financial statements for the fiscal quarter ending September 30, 2023 as and when required by the Amended Loan and Security Agreement. The Third Amendment

may additionally amend, subject to the occurrence of the CF Transition Date (as defined below), certain provisions of the Loan and Security Agreement to: (i) include an annual loan prepayment requirement based on excess cash flow of ABL Borrowers and their subsidiaries, (ii) shorten the maturity date applicable to the loans thereunder and (iii) provide for additional guarantees of the obligations under the Amended Loan and Security Agreement by subsidiaries of the Company that are not guarantors thereunder and the granting of additional collateral in assets of subsidiaries of the Company that do not secure the obligations under the Amended Loan and Security Agreement as of the effective date of the Third Amendment, in each case, upon request by the Lenders.

The descriptions of the First Amendment, Second Amendment, Third Amendment, the Subscription Agreement, the Master Equity Agreement and the Exchange Agreement were filed by the Company in its respective filings on Form 8-K, prior to Deregistration occurring on August 8, 2024.

Forbearance Agreement

On October 29, 2024, the Company entered into the Fourth Amendment to the ABL (the "Fourth Amendment") by and among the Company, the ABL Borrowers, ABL Guarantors, Intermediate Holdings, the Lenders and the Agent and the First Amendment to the Term Loan and Convertible Debt. These amendments grant the Company a Forbearance period due to certain defaults and events that have the occurred the Lenders provided a temporarily forbear from accelerating the related to the Company's debt, including the ABL, Term Loan, and Convertible Debt outstanding as of December 31, 2023. The agreed upon forbearance period will mature by June 30, 2025.

Deregistration of Securities

On August 8, 2024, the Company filed with the SEC a Form 15, deregistering securities, and formally becoming a privately owned corporation. Refer to the Accounting Policies Note to the Consolidated Financial Statements for additional details of the Deregistration.

Finalized Sale of NA Reporting Unit

Effective November 5, 2024, the Company entered into a Stock Purchase Agreement with MIGA Holdings LLC for 100% of the equity interests of the North America reporting unit, including the following components: Medbloc, Inc., Freedom Designs Inc., Adaptive Switch Laboratories, Inc, Invamex Holdings LLC, Carroll Healthcare General Partner., Inc., Invacare Canada General Partner Inc., Carroll Healthcare Inc., Invacare Canada L.P., Invamex S. de R.L. de C.V., Motion Concepts L.P., and Perpetual Motion Enterprises Limited. The total sale amount equated to $1 plus the sum of all company designated cash, reduced by outstanding checks and increased by deposits made in an account, and less any working capital shortfall.