



**LivaNova**

Health innovation that matters

# Fourth-Quarter & Full-Year 2022 Earnings Presentation

February 22, 2023

Essenz™ Perfusion System  
Catharina Hospital, Netherlands

# Safe Harbor

Certain statements in this presentation, other than statements of historical or current fact, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements include, but are not limited to, LivaNova’s plans, objectives, strategies, financial performance and outlook, trends, prospects or future events and involve known and unknown risks that are difficult to predict. As a result, our actual financial results, performance, achievements or prospects may differ materially from those expressed or implied by these forward-looking statements. Generally, you can identify forward-looking statements by the use of words such as “may,” “could,” “seek,” “guidance,” “predict,” “potential,” “likely,” “believe,” “will,” “should,” “expect,” “anticipate,” “estimate,” “plan,” “intend,” “forecast,” “foresee” or variations of these terms and similar expressions, or the negative of these terms or similar expressions. Such forward-looking statements are necessarily based on estimates and assumptions that, while considered reasonable by LivaNova and its management based on their knowledge and understanding of the business and industry, are inherently uncertain. These statements are not guarantees of future performance, and stockholders should not place undue reliance on forward-looking statements. There are a number of risks, uncertainties and other important factors, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking statements contained in this presentation. Such risks, uncertainties and other important factors include, but are not limited to: risks related to reductions, interruptions or increasing costs related to the supply of raw materials and components and the distribution of finished products, including as a result of inflation and war; volatility in the global market and worldwide economic conditions, including as caused by the invasion of Ukraine, inflation, foreign exchange fluctuations, changes to existing trade agreements and relationships between the U.S. and other countries including the implementation of sanctions; changes in technology, including the development of superior or alternative technology or devices by competitors and/or competition from providers of alternative medical therapies; failure to obtain approvals or reimbursement in relation to our products; failure to establish, expand or maintain market acceptance of our products for the treatment of our approved indications; failure to develop and commercialize new products and the rate and degree of market acceptance of such products; unfavorable results from clinical studies or failure to meet milestones; failure to comply with, or changes in, laws, regulations or administrative practices affecting government regulation of our products; risks relating to recalls, enforcement actions or product liability claims; changes or reductions in reimbursement for our products or failure to comply with rules relating to reimbursement of healthcare goods and services; cyber-attacks or other disruptions to our information technology systems as well as those described in the “Risk Factors” section of Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other documents filed from time to time with the United States Securities and Exchange Commission by LivaNova. All information in this presentation is as of the date of its release. The Company does not undertake or assume any obligation to update publicly any of the forward-looking statements in this presentation to reflect actual results, new information or future events, changes in assumptions or changes in other factors affecting forward-looking statements, except to the extent required by applicable law. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements. We caution you not to place undue reliance on any forward-looking statements, which are made only as of the date of this presentation.

In this presentation, “LivaNova,” “the Company,” “we,” “us” and “our” refer to LivaNova PLC and its consolidated subsidiaries.

# Intellectual Property

This report may contain references to our proprietary intellectual property, including among others:

- Trademarks for our Neuromodulation systems, the VNS Therapy™ System, the VITARIA™ System and our proprietary pulse generator products: Model 102 (Pulse™), Model 102R (Pulse Duo™), Model 103 (Demipulse™), Model 104 (Demipulse Duo™), Model 106 (AspireSR™), Model 1000 (SenTiva™), Model 1000-D (SenTiva™ Duo), Model 7103 (VITARIA™ and TitrationAssist™) and Model 8103 (Symmetry™).
- Trademarks for our Cardiopulmonary product systems: Essenz™, S5™, S3™, S5 Pro™, B-Capta™, Inspire™, Heartlink™, XTRA™, 3T Heater-Cooler™, Connect™ and Revolution™.
- Trademarks for our advanced circulatory support systems: TandemLife™, TandemHeart™, TandemLung™, ProtekDuo™, LifeSPARC™, ALung™, Hemolung™, Respiratory Dialysis™ and ActivMix™.
- Trademarks for our obstructive sleep apnea system: ImThera™ and aura6000™.

These trademarks and trade names are the property of LivaNova or the property of our consolidated subsidiaries and are protected under applicable intellectual property laws. Solely for convenience, our trademarks and tradenames referred to in this Annual Report on Form 10-K may appear without the ™ symbol, but such references are not intended to indicate in any way that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and tradenames.

# Agenda

**4Q and Full-Year 2022 Financial Results**

**2023 Guidance**

**Appendix**

# Financial Results

# 4Q22 Financial Summary

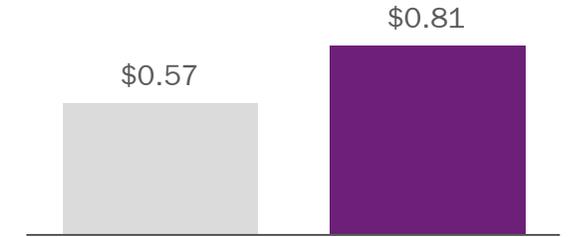
4Q21 4Q22

Net Revenue (\$M)

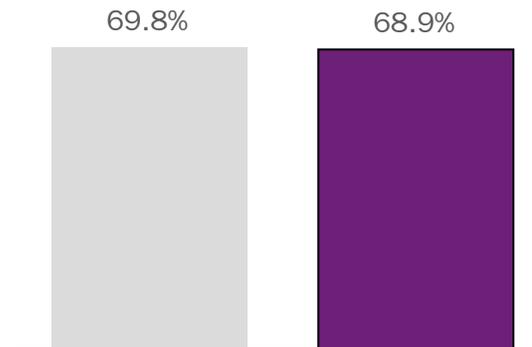


- Net revenue increased 6.2 percent on a constant-currency basis
- Foreign currency had an unfavorable impact on net revenue of ~\$12M, or 4 percent

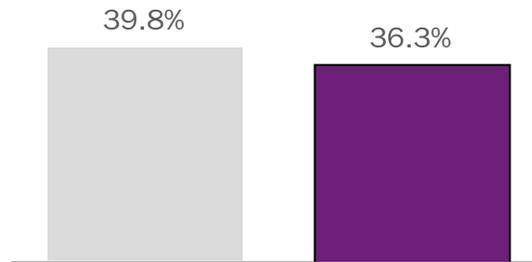
Adjusted Diluted EPS



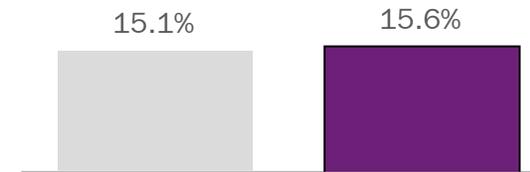
Adjusted Gross Profit %



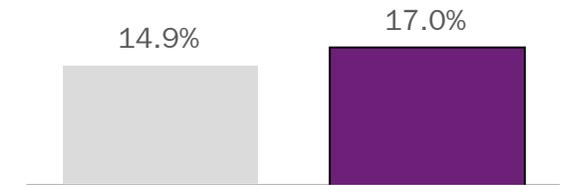
Adjusted SG&A %



Adjusted R&D %



Adjusted Operating Margin %

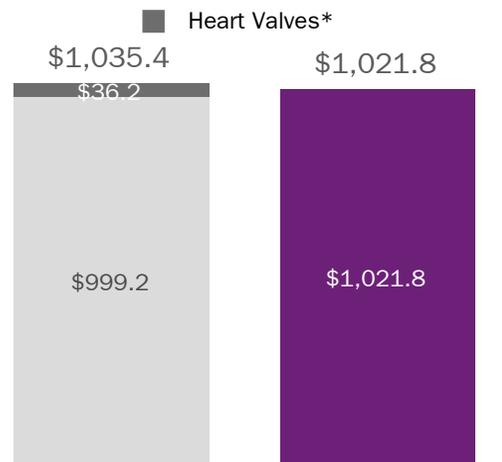


Note: Net revenue, adjusted diluted EPS and adjusted gross profit, adjusted SG&A, adjusted R&D and adjusted operating margin all as a percentage of net revenue are non-GAAP measures. All percent change performance is shown on a year-over-year constant-currency basis, which is a non-GAAP measure. Constant currency excludes the effects of foreign currency fluctuations. For reconciliations of certain non-GAAP metrics, see the tables in the appendix. Adjusted diluted EPS and adjusted gross profit and adjusted operating margin as a percentage of net revenue for the three- and twelve-month periods ended December 30, 2021 have been revised. See the the section entitled "Supplemental Unaudited Revised Financial Information and Non-GAAP Measures" in the 8-K furnished with the SEC on February 22, 2023 for additional details. Numbers may not add precisely due to rounding.

# 2022 Financial Summary

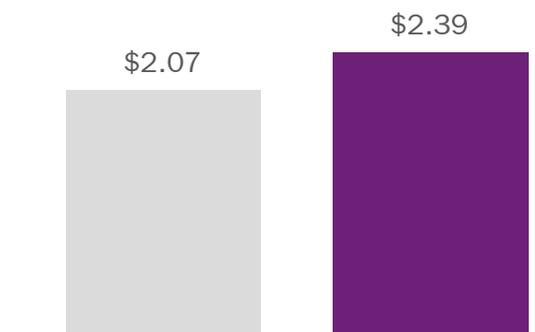
2021 2022

## Net Revenue (\$M)

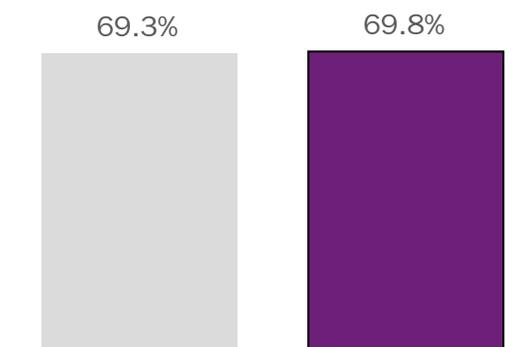


- Net revenue increased 2.9 percent on a constant-currency basis
- Foreign currency had an unfavorable impact on net revenue of ~\$44M, or 4 percent
- Net revenue, excluding revenue related to the Heart Valve business which was divested effective June 1, 2021, increased 6.7 percent on a constant-currency basis

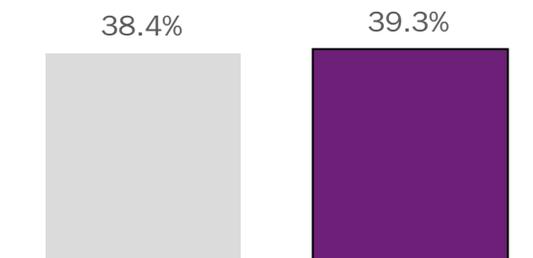
## Adjusted Diluted EPS



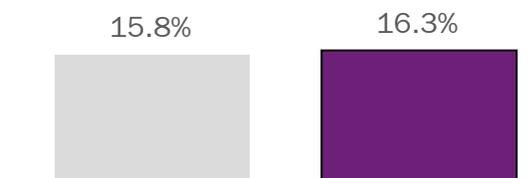
## Adjusted Gross Profit %



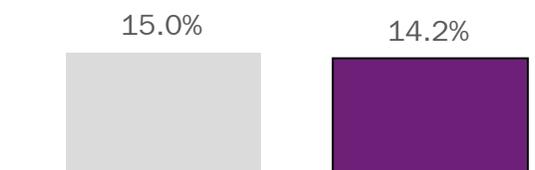
## Adjusted SG&A %



## Adjusted R&D %



## Adjusted Operating Margin %



Note: Net revenue, adjusted diluted EPS and adjusted gross profit, adjusted SG&A, adjusted R&D and adjusted operating margin all as a percentage of net revenue are non-GAAP measures. All percent change performance is shown on a year-over-year constant-currency basis, which is a non-GAAP measure. Constant currency excludes the effects of foreign currency fluctuations. For reconciliations of certain non-GAAP metrics, see the tables in the appendix. Adjusted diluted EPS and adjusted gross profit and adjusted operating margin as a percentage of net revenue for the three- and twelve-month periods ended December 30, 2021 have been revised. See the the section entitled "Supplemental Unaudited Revised Financial Information and Non-GAAP Measures" in the 8-K furnished with the SEC on February 22, 2023 for additional details. Numbers may not add precisely due to rounding. \* The Heart Valve business was divested effective June 1, 2021.

# 4Q22 Net Revenue

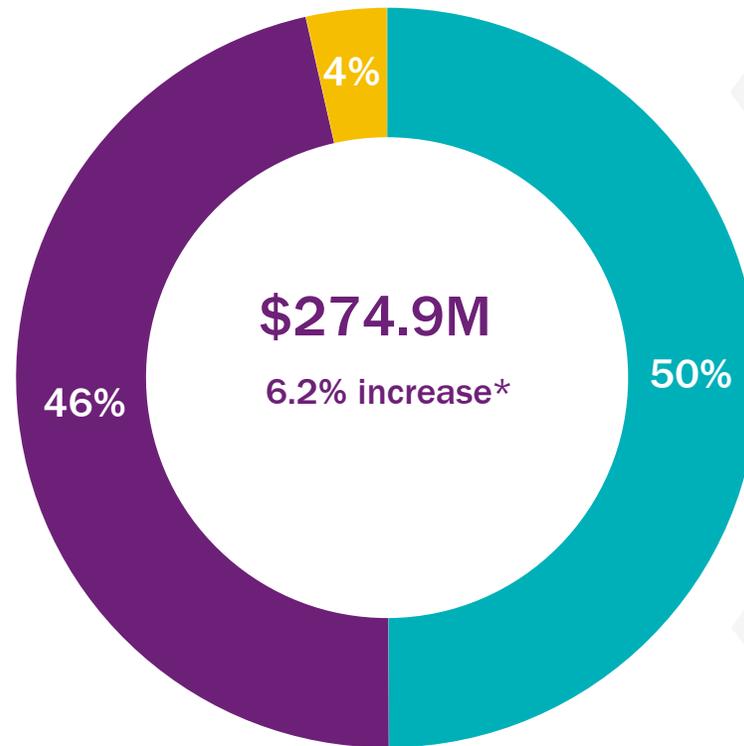
## Neuromodulation

### Vagus Nerve Stimulation Therapy (VNS Therapy)

- Drug-Resistant Epilepsy (DRE)
- Difficult-to-Treat Depression (DTD)
- Heart Failure (HF)

### Hypoglossal Nerve Stimulation Therapy (HGNS Therapy)

- Obstructive Sleep Apnea (OSA)



## Cardiopulmonary (CP)

- Heart-lung machines (HLM)
- Oxygenators
- Autotransfusion systems (ATS)
- Cannulae

## Advanced Circulatory Support (ACS)

- Extracorporeal Life Support (ECLS)
- Percutaneous Mechanical Circulatory Support (pMCS)
- Extracorporeal carbon dioxide removal (ECCO<sub>2</sub>R)

Numbers may not add precisely due to rounding. Percentages by segment exclude "Other" revenue.

\* All percent change performance is shown on a year-over-year constant-currency basis, which is a non-GAAP measure. Constant currency excludes the effects of foreign currency fluctuations. For reconciliations of certain non-GAAP metrics, see the tables in the appendix.

# 2022 Net Revenue

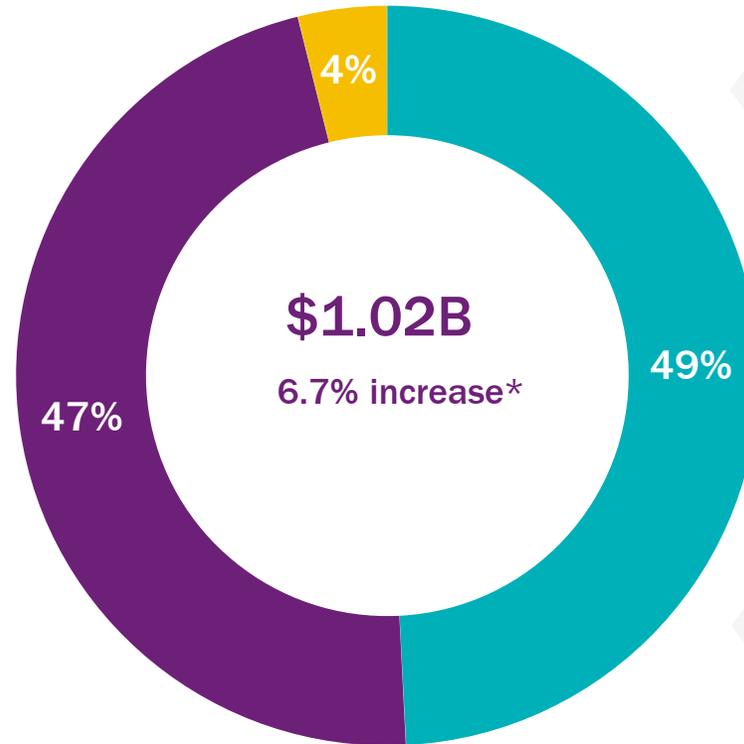
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## Advanced Circulatory Support (ACS)

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# Net Revenue Comparisons\* by Region

Cardiopulmonary & Neuromodulation Net Revenue by Region - Three Months and Year Ended 2022 versus 2021

(\$M)	Three Months Ended December 31,				Year Ended December 31,			
	2022	2021	% Change at Actual Currency Rates	% Change at Constant-Currency Rates	2022	2021	% Change at Actual Currency Rates	% Change at Constant-Currency Rates
Cardiopulmonary								
United States	\$45.1	\$40.8	10.5%	10.5%	\$159.5	\$154.1	3.5%	3.5%
Europe	33.1	36.0	(8.0)%	3.3%	127.1	134.6	(5.6)%	6.1%
Rest of World	58.3	56.4	3.4%	12.2%	213.8	194.3	10.0%	19.2%
Total	136.5	133.1	2.5%	9.3%	500.3	483.0	3.6%	10.5%
Neuromodulation								
United States	99.4	95.7	3.9%	3.9%	374.5	358.5	4.5%	4.5%
Europe	13.0	12.6	2.8%	16.0%	50.3	51.4	(2.2)%	9.9%
Rest of World	14.7	13.2	11.4%	18.2%	52.2	46.3	12.8%	20.2%
Total	127.1	121.6	4.6%	6.7%	477.0	456.2	4.6%	6.7%
Advanced Circulatory Support	9.6	13.8	(30.2)%	(30.0)%	39.3	55.5	(29.1)%	(28.8)%
Other	1.6	1.6	4.8%	15.8%	5.2	40.8	(87.2)%	(85.7)%
<b>Total Net Revenue</b>	<b>\$274.9</b>	<b>\$270.1</b>	<b>1.8%</b>	<b>6.2%</b>	<b>\$1,021.8</b>	<b>\$1,035.4</b>	<b>(1.3)%</b>	<b>2.9%</b>
Less: Heart Valves <sup>(1)</sup>	—	—	**	**	—	36.2	**	**
<b>Total Net Revenue, Excl. Heart Valves</b>	<b>\$274.9</b>	<b>\$270.1</b>	<b>1.8%</b>	<b>6.2%</b>	<b>\$1,021.8</b>	<b>\$999.2</b>	<b>2.3%</b>	<b>6.7%</b>

\* All percent change performance is shown on a year-over-year constant-currency basis, which is a non-GAAP measure. Constant currency excludes the effects of foreign currency fluctuations.

For reconciliations of certain non-GAAP metrics, please see the tables in the appendix. Numbers may not add precisely due to rounding.

\*\* Indicates that variance as a percentage is not meaningful.

<sup>(1)</sup> The Heart Valve business was divested effective June 1, 2021.

# 4Q22 Cardiopulmonary Revenue

## Drivers/Impacts

- Revenue increased 9%, with growth across all regions, reflecting an increase in cardiac surgery procedures and capital placements, particularly in the Rest of World region.
- Oxygenator revenue grew in the low-double-digits, driven by procedure volume recovery across all regions.
- HLM revenue grew in the mid-single-digits, led by the Rest of World region.

## Net Revenue (\$M)\*



Numbers may not add precisely due to rounding.

\* All percent change performance is shown on a year-over-year constant-currency basis, which is a non-GAAP measure. Constant currency excludes the effects of foreign currency fluctuations. For reconciliations of certain non-GAAP metrics, see the tables in the appendix.

# 4Q22 Neuromodulation Revenue

## Drivers/Impacts

Neuromodulation revenue increased 7% with growth across all regions driven by replacement implants in the U.S. and double-digit growth in new and replacement implants outside the U.S.

U.S. Epilepsy revenue grew 4% year over year driven by replacement implants and price.

Europe Epilepsy revenue increased 18% led by the U.K. and Nordics, and Rest of World revenue grew 18% led by Brazil.

## Net Revenue (\$M)\*

6.7%



Numbers may not add precisely due to rounding.

\* All percent change performance is shown on a year-over-year constant-currency basis, which is a non-GAAP measure. Constant currency excludes the effects of foreign currency fluctuations. For reconciliations of certain non-GAAP metrics, please see the tables in the appendix.

# 4Q22 Advanced Circulatory Support Revenue

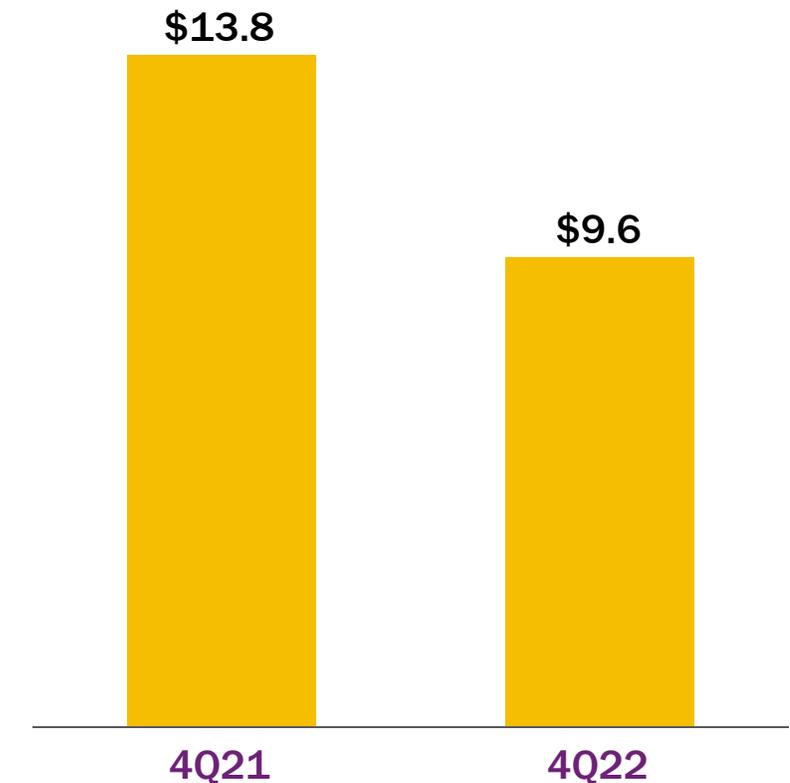
## Drivers/Impacts

ACS revenue declined 30%, impacted primarily by a reduction in severe COVID cases versus the prior year and in part, product mix.

ACS case volumes related to COVID declined significantly year-over-year as fewer hospitalized patients required ECMO therapy.

ACS non-COVID case volumes increased year-over-year driven by the easing of hospital capacity constraints.

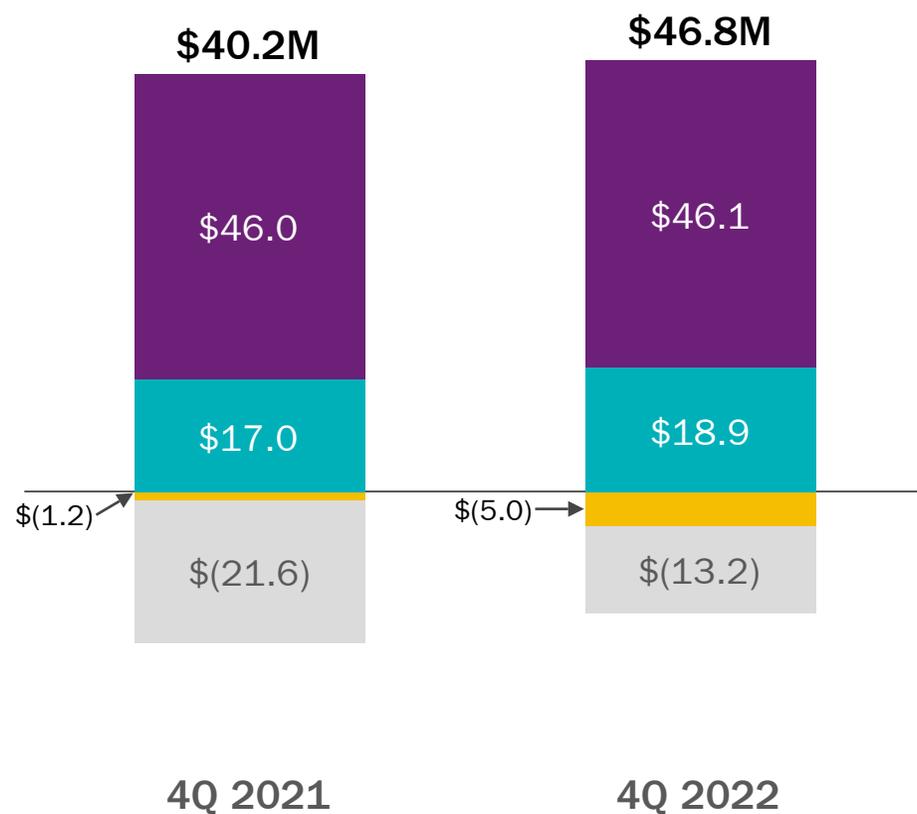
Net Revenue (\$M)\*  
(30.0)%



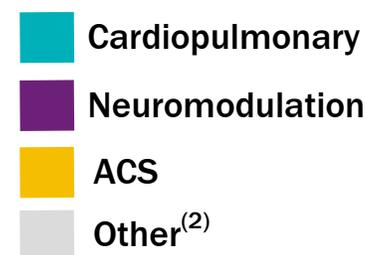
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# 4Q22 Adjusted Segment Operating Income and Margin<sup>(1)</sup>

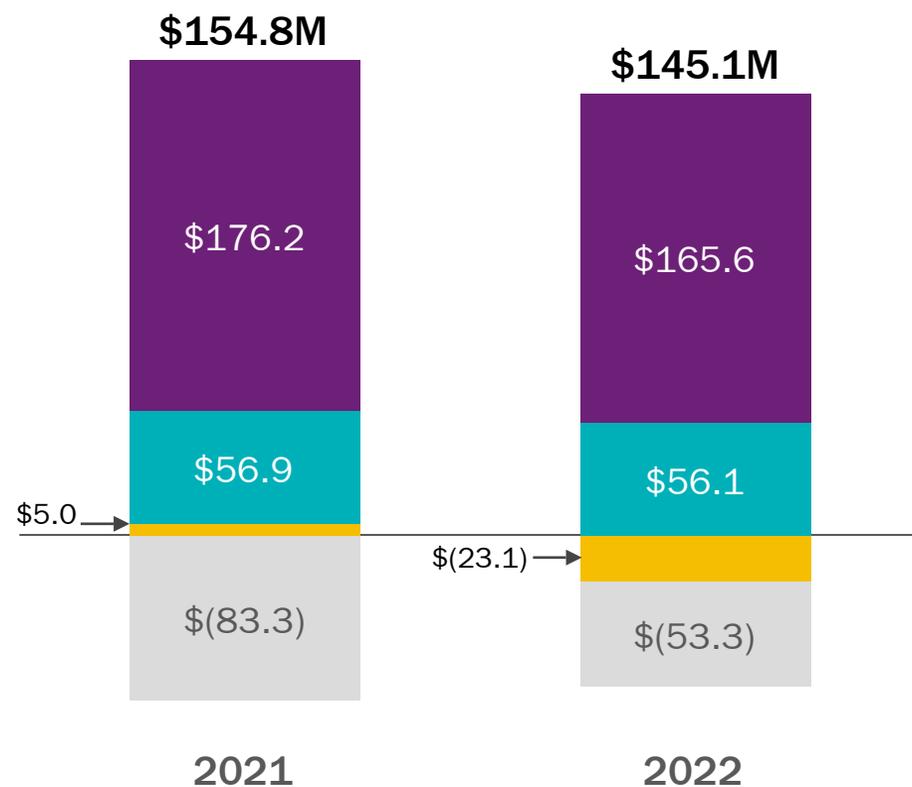


	% to Revenue	
	4Q21	4Q22
Cardiopulmonary	12.8%	13.9%
Neuromodulation	37.8%	36.2%
ACS	(8.6)%	(52.1)%
<b>Total</b>	<b>14.9%</b>	<b>17.0%</b>

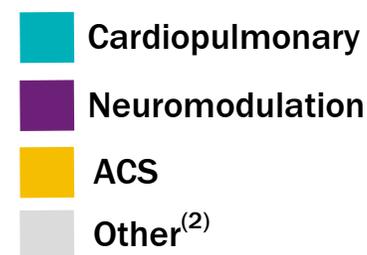


Numbers may not add precisely due to rounding. <sup>(1)</sup> Adjusted segment operating income and margin are non-GAAP measures. These non-GAAP measures are reconciled to the most directly comparable GAAP measures in the appendix. See the the section entitled "Supplemental Unaudited Revised Financial Information and Non-GAAP Measures" in the 8-K furnished with the SEC on February 23, 2022 for additional details. <sup>(2)</sup> Includes corporate shared service expenses for finance, legal, human resources, information technology and corporate business development.

# 2022 Adjusted Segment Operating Income and Margin<sup>(1)</sup>

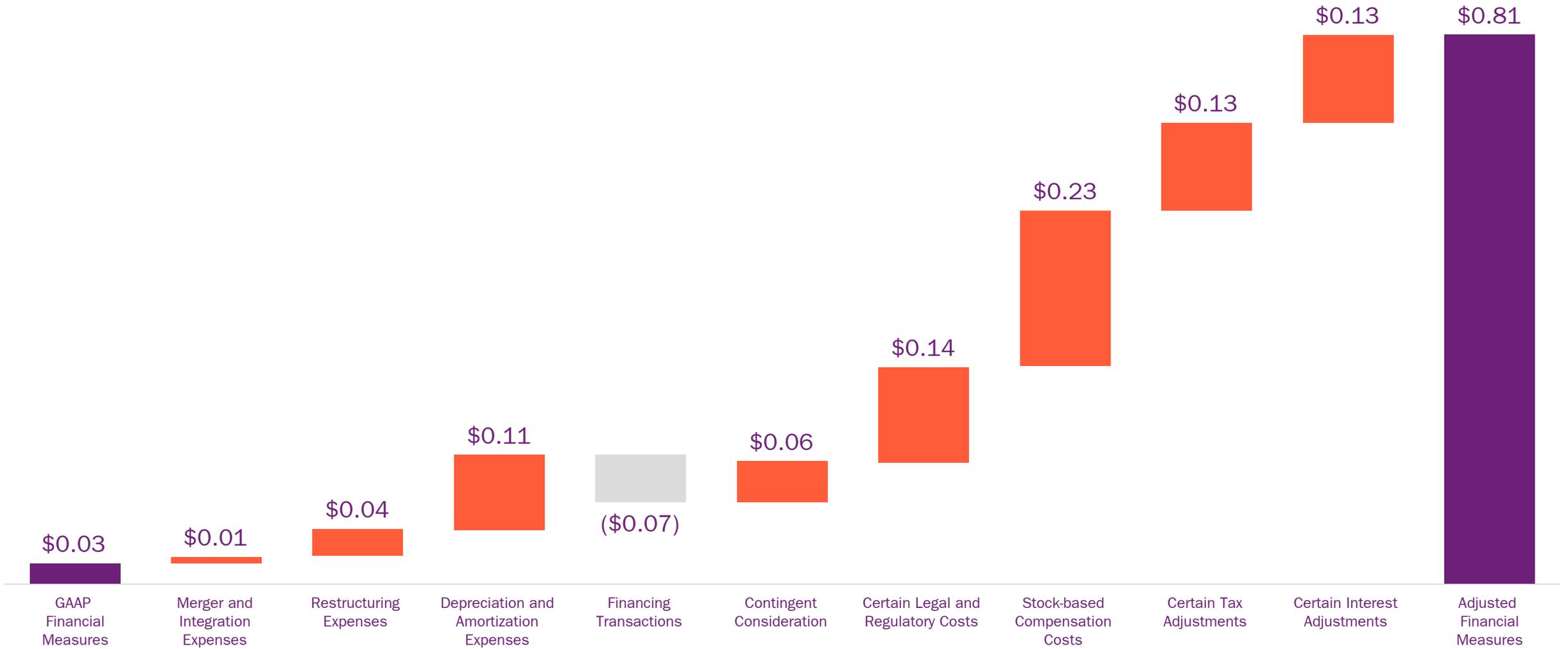


	% to Revenue	
	2021	2022
Cardiopulmonary	11.8%	11.2%
Neuromodulation	38.6%	34.7%
ACS	9.1%	(58.9)%
<b>Total</b>	<b>15.0%</b>	<b>14.2%</b>



Numbers may not add precisely due to rounding. <sup>(1)</sup> Adjusted segment operating income and margin are non-GAAP measures. These non-GAAP measures are reconciled to the most directly comparable GAAP measures in the appendix. See the the section entitled "Supplemental Unaudited Revised Financial Information and Non-GAAP Measures" in the 8-K furnished with the SEC on February 23, 2022 for additional details. <sup>(2)</sup> Includes corporate shared service expenses for finance, legal, human resources, information technology and corporate business development. The year ending December 31, 2021 include losses of \$2.0M related to the Heart Valve business that was divested effective June 1, 2021.

# 4Q22 Adjusted Diluted EPS\*



\* Adjusted diluted EPS is a non-GAAP measure. This non-GAAP measure is reconciled to its GAAP measure in the appendix.

# 2022 Adjusted Diluted EPS\*



\* Adjusted diluted EPS is a non-GAAP measure. This non-GAAP measure is reconciled to its GAAP measure in the appendix.

# 2022 Adjusted Free Cash Flow

*Continued focus on optimizing of cash generation*

Adjusted Free Cash Flow Reconciliation (\$M)	1Q 2022	2Q 2022	3Q 2022	4Q 2022	2022
Net cash provided by operating activities	\$25.8	\$(10.2)	\$35.6	\$18.7	\$69.9
Less: Purchases of plant, property and equipment	(5.2)	(6.1)	(6.0)	(9.1)	(26.5)
Less: Cash received from tax stimulus	(6.7)	—	—	—	(6.7)
Less: Dividends received from investment	—	—	(0.3)	—	(0.3)
Add: 3T litigation payments	2.8	—	8.4	17.7	28.9
Add: SNIA financing and other costs	—	2.6	3.2	3.5	9.4
<b>Adjusted free cash flow</b>	<b>\$16.6</b>	<b>\$(13.7)</b>	<b>\$40.9</b>	<b>\$30.8</b>	<b>\$74.6</b>

Last Twelve Months (LTM) Adjusted Free Cash Flow Conversion Ratio	LTM Ended Dec. 31, 2022
LTM adjusted free cash flow	\$74.6
LTM adjusted net income	\$129.2
LTM adjusted free cash flow conversion ratio	58%

Adjusted Free Cash Flow (FCF) is a non-GAAP measure. Our definition and calculation of adjusted FCF may not be comparable to similarly titled measures of other companies.

# 2022 Summary

## Financial

- 7% full-year revenue growth, excluding Heart Valves, due to strength in Cardiopulmonary and Neuromodulation
- Adjusted operating margin unfavorably impacted by foreign currency headwinds, inflation and product/geographic mix
- Adjusted free cash flow of \$75M pressured by inflation and inventory build to mitigate supply chain challenges

## Core Businesses

- Strong growth in Cardiopulmonary led by the Rest of World region; completed first clinical cases using Essenz
- Growth in Epilepsy driven by replacements in U.S. and improving market dynamics in Europe and Rest of World
- ACS revenue unfavorably impacted by a decline in severe COVID cases, partially offset by growth in non-COVID cases

## Strategic Portfolio Initiatives

- DTD: Initiated interim analysis at the 425<sup>th</sup> unipolar patient in RECOVER clinical study
- OSA: OSPREY confirmatory clinical trial progresses with all 20 sites recruiting patients
- HF: Initiated second interim analysis at 500<sup>th</sup> patient in ANTHEM-HFrEF pivotal trial

# 2023 Guidance

# 2023 Guidance

<b>Consolidated Guidance</b> As of February 22, 2023	
<b>Worldwide net revenue growth<sup>(1)</sup></b>	3 - 5%
<b>Adjusted diluted EPS<sup>(1)(2)</sup></b>	\$2.45 - 2.65
<b>Adjusted free cash flow<sup>(3)</sup></b>	\$80 - 100M

Worldwide net revenue growth, Adjusted Diluted EPS and Adjusted FCF are non-GAAP measures.<sup>(1)</sup> Net revenue is on a constant-currency basis. Constant-currency growth excludes approximately 1 percent revenue tailwind from foreign currency exchange rates.<sup>(2)</sup> Adjusted diluted EPS assumes adjusted diluted weighted average shares outstanding of approximately 54 million for the full-year of 2023. <sup>(3)</sup> Adjusted free cash flow is defined as net cash provided by operating activities less cash used for the purchase of property, plant and equipment excluding the impact of 3T litigation payments, tax stimulus benefits, dividends received from investments and cash interest associated with the SNIA financing.

# Assumptions for 2023

<p><b>Revenue</b></p>	<p>3 - 5%</p>	<ul style="list-style-type: none"> <li>• Cardiopulmonary revenue growth of 3-5% including Essenz EU launch in 1H23 and US in 2H23</li> <li>• Epilepsy revenue growth of 3-5%</li> <li>• ACS revenue growth of 4-6%</li> </ul>
<p><b>EPS</b></p>	<p>\$2.45 - 2.65</p>	<ul style="list-style-type: none"> <li>• Gross margin flat due to ongoing inflationary pressures, offset by productivity and price</li> <li>• Targeting operating efficiencies for margin improvement</li> <li>• Investing in core innovation, DTD and OSA to drive long-term value creation</li> </ul>
<p><b>Cash Generation</b></p>	<p>\$80 - 100M</p>	<ul style="list-style-type: none"> <li>• Impacted by inflationary pressures, geographic mix and inventory builds to protect supply chain continuity</li> <li>• Driving operating margin improvements through disciplined capital deployment</li> <li>• Targeting an increase in adjusted free cash flow conversion ratio versus 2022</li> </ul>
<p><b>Strategic Portfolio Initiatives</b></p>	<p>Pipeline Execution</p>	<ul style="list-style-type: none"> <li>• DTD: 450<sup>th</sup> unipolar patient interim analysis completed; potential transition to registry in early 2023</li> <li>• OSA: Continue to ramp patient enrollment in the OSPREY trial and open 5 additional study sites</li> <li>• HF: Close study and wind down heart failure program</li> </ul>

DTD: Difficult to treat depression  
 OSA: Obstructive sleep apnea

# 2023 Strategic Priorities

## Core Growth

*Focus on commercial execution in under penetrated markets*

- Optimize the go-to-market initiative for U.S. Epilepsy
- Continued market development for ACS

## Pipeline Execution

*Multiple existing and pipeline initiatives to accelerate growth*

- Achieve key study milestones in RECOVER and OSPREY
- Commercialize next-generation heart-lung machine, Essenz

## Operational Excellence

*Drive margin expansion and cash generation*

- Expand operating margin through price and cost discipline
- Drive improvement in cash conversion



# Appendix

# GAAP to Non-GAAP Reconciliations

The following tables reconcile the most comparable U.S. Generally Accepted Accounting Principles (GAAP) measures to the non-GAAP financial and operating measures presented in LivaNova's fourth-quarter and full-year 2022 press release and during the conference call held in conjunction with the announcement of fourth-quarter and full-year 2022 results.

In this presentation, management has disclosed financial measurements that present financial information not in accordance with GAAP. Company management uses these measurements as aids in monitoring the Company's ongoing financial performance from quarter to quarter and year to year on a regular basis and for benchmarking against other medical technology companies. Non-GAAP financial measures used by the Company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. These non-GAAP financial measures should be considered along with, but not as alternatives to, the operating performance measure as prescribed by GAAP.

Unless otherwise noted, all revenue growth rates in this presentation reflect comparable, constant-currency growth. Management believes that referring to comparable, constant-currency growth is the most useful way to evaluate the revenue performance of LivaNova and to compare the revenue performance of current periods to prior periods on a consistent basis. Constant-currency growth, a non-GAAP financial measure, measures the change in revenue between current and prior-year periods using average exchange rates in effect during the applicable prior-year period.

LivaNova calculates forward-looking non-GAAP financial measures based on internal forecasts that omit certain amounts that would be included in GAAP financial measures. For example, forward-looking net revenue growth projections are estimated on a constant-currency basis and exclude the impact of foreign currency fluctuations. Forward-looking non-GAAP adjusted diluted earnings per share guidance exclude other items such as, but not limited to, changes in fair value of derivatives and contingent consideration arrangements and asset impairment charges that would be included in comparable GAAP financial measures. The most directly comparable GAAP measure for constant-currency net revenue, non-GAAP adjusted tax rate and adjusted diluted earnings per share are net revenue, the effective tax rate and earnings per share, respectively. The most directly comparable GAAP measure for adjusted free cash flow is net cash provided by operating activities. However, non-GAAP financial adjustments on a forward-looking basis are subject to uncertainty and variability as they are dependent on many factors, including but not limited to, the effect of foreign currency exchange fluctuations, impacts from potential acquisitions or divestitures, the ultimate outcome of legal proceedings, gains or losses on the potential sale of businesses or other assets, restructuring costs, merger and integration activities, changes in fair value of derivatives and contingent consideration arrangements, asset impairment charges and the tax impact of the aforementioned items, tax law changes or other tax matters. Accordingly, forward-looking GAAP financial measures and reconciliations to the most directly comparable forward-looking GAAP financial measures are not available without unreasonable effort.

The Company also believes adjusted financial measures such as adjusted gross profit percentage, adjusted selling, general and administrative expense, adjusted research and development expense, adjusted other operating expenses, adjusted operating income, adjusted segment operating income, adjusted income tax expense, adjusted net income and adjusted diluted earnings per share are measures by which LivaNova generally uses to facilitate management review of the operational performance of the company, to serve as a basis for strategic planning and to assist in the design of compensation incentive plans. Additionally, the Company also uses the non-GAAP liquidity measure adjusted free cash flow. Furthermore, adjusted financial measures allow investors to evaluate the Company's core performance for different periods on a more comparable and consistent basis, and with other entities in the medical technology industry by adjusting for items that are not related to the ongoing operations of the Company or incurred in the ordinary course of business.

# Net Revenue - Comparison of Actual Results to Constant Currency - *Unaudited*

	Three Months Ended December 31,		% Change	Constant-Currency % Change
	2022	2021		
Cardiopulmonary	\$136.5	\$133.1	2.5%	9.3%
Neuromodulation	127.1	121.6	4.6%	6.7%
Advanced Circulatory Support	9.6	13.8	(30.2%)	(30.0%)
Other	1.6	1.6	4.8%	15.8%
Total Net Revenue	\$274.9	\$270.1	1.8%	6.2%

	Year Ended December 31,		% Change	Constant-Currency % Change
	2022	2021		
Cardiopulmonary	\$500.3	\$483.0	3.6%	10.5%
Neuromodulation	477.0	456.2	4.6%	6.7%
Advanced Circulatory Support	39.3	55.5	(29.1%)	(28.8%)
Other(1)	5.2	40.8	(87.2%)	(85.7%)
Total Net Revenue	\$1,021.8	\$1,035.4	(1.3%)	2.9%

Note: Numbers may not add precisely due to rounding. All percent change performance is shown on a year-over-year constant-currency basis, which is a non-GAAP measure. Constant currency excludes the effects of foreign currency fluctuations.

(1) Includes the Heart Valve business, which was divested effective June 1, 2021.

# GAAP to Non-GAAP Reconciliations - Unaudited

## RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES - UNAUDITED

(U.S. dollars in millions, except per share amounts)

Three Months Ended December 31, 2022	Specified Items										Adjusted Financial Measures
	GAAP Financial Measures	Merger and Integration Expenses (A)	Restructuring Expenses (B)	Depreciation and Amortization Expenses (C)	Financing Transactions (D)	Contingent Consideration (E)	Certain Legal & Regulatory Costs (F)	Stock-based Compensation Costs (G)	Certain Tax Adjustments (H)	Certain Interest Adjustments (I)	
Cost of sales	\$91.4	\$—	\$—	(\$3.6)	\$—	(\$2.1)	\$—	(\$0.3)	\$—	\$—	\$85.4
Gross profit percent	66.8 %	— %	— %	1.3 %	— %	0.8 %	— %	0.1 %	— %	— %	68.9 %
Selling, general and administrative	119.6	—	—	(2.8)	—	—	(5.6)	(11.4)	—	—	99.8
Selling, general and administrative as a percent of net revenue	43.5 %	— %	— %	(1.0)%	— %	— %	(2.0)%	(4.2)%	— %	— %	36.3 %
Research and development	44.9	—	—	0.1	—	(1.4)	(0.1)	(0.6)	—	—	42.9
Research and development as a percent of net revenue	16.3 %	— %	— %	— %	— %	(0.5)%	— %	(0.2)%	— %	— %	15.6 %
Other operating expenses	5.0	(0.7)	(2.0)	—	—	—	(2.3)	—	—	—	—
Operating income from continuing operations	14.0	0.7	2.0	6.3	—	3.5	8.0	12.3	—	—	46.8
Operating margin percent	5.1 %	0.2 %	0.7 %	2.3 %	— %	1.3 %	2.9 %	4.5 %	— %	— %	17.0 %
Income tax expense	4.7	—	—	0.5	—	—	0.3	0.1	(6.8)	—	(1.2)
Income tax rate	73.6 %	— %	— %	7.9 %	— %	— %	4.3 %	0.9 %	N/A	— %	(2.7)%
Net income from continuing operations	1.7	0.7	2.0	5.8	(3.6)	3.5	7.6	12.2	6.8	6.9	43.6
Net income as a percent of net revenue	0.6 %	0.2 %	0.7 %	2.1 %	(1.3)%	1.3 %	2.8 %	4.4 %	2.5 %	2.5 %	15.9 %
Diluted EPS - Continuing Operations	\$0.03	\$0.01	\$0.04	\$0.11	(\$0.07)	\$0.06	\$0.14	\$0.23	\$0.13	\$0.13	\$0.81

GAAP results for the three months ended December 31, 2022, include:

- (A) Merger and integration expenses related to the acquisition of ALung Technologies, Inc.
- (B) Restructuring expenses related to organizational changes
- (C) Includes depreciation and amortization associated with purchase price accounting
- (D) Mark-to-market adjustments for the exchangeable option feature and capped call derivatives
- (E) Remeasurement of contingent consideration related to acquisitions
- (F) 3T Heater-Cooler litigation provision, legal expenses primarily related to 3T Heater-Cooler defense, costs related to the SNIA matter and Medical Device Regulation ("MDR") costs
- (G) Non-cash expenses associated with stock-based compensation costs
- (H) Discrete tax items and the tax impact of intercompany transactions
- (I) Non-cash interest expense on the Cash Exchangeable Senior Notes and 2021 Revolving Credit Facility, interest expense on the Term Facilities

\* Numbers may not add precisely due to rounding.

# GAAP to Non-GAAP Reconciliations - Unaudited

## RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES - UNAUDITED

(U.S. dollars in millions, except per share amounts)

Three Months Ended December 31, 2021	Specified Items											Adjusted Financial Measures
	GAAP Financial Measures	Restructuring Expenses (A)	Depreciation and Amortization Expenses (B)	Heart Valves (C)	Product Remediation Expenses (D)	Financing Transactions (E)	Contingent Consideration (F)	Certain Legal & Regulatory Costs (G)	Stock-based Compensation Costs (H)	Certain Tax Adjustments (I)	Certain Interest Adjustments (J)	
Cost of sales	\$68.4	\$—	(\$3.9)	\$—	(\$0.4)	\$—	\$18.0	\$—	(\$0.4)	\$—	\$—	\$81.7
Gross profit percent	74.7 %	— %	1.4 %	— %	0.2 %	— %	(6.7)%	— %	0.2 %	— %	— %	69.8 %
Selling, general and administrative	124.4	—	(3.0)	—	—	—	—	(6.9)	(7.2)	—	—	107.4
Selling, general and administrative as a percent of net revenue	46.1 %	— %	(1.1)%	— %	— %	— %	— %	(2.6)%	(2.7)%	— %	— %	39.8 %
Research and development	44.1	—	—	—	—	—	(0.8)	(0.1)	(2.4)	—	—	40.8
Research and development as a percent of net revenue	16.3 %	— %	— %	— %	— %	— %	(0.3)%	(0.1)%	(0.9)%	— %	— %	15.1 %
Other operating expenses	8.4	0.1	—	(2.6)	—	—	—	(5.8)	—	—	—	—
Operating income from continuing operations	24.8	(0.1)	6.8	2.6	0.4	—	(17.2)	12.8	10.0	—	—	40.2
Operating margin percent	9.2 %	— %	2.5 %	1.0 %	0.2 %	— %	(6.4)%	4.8 %	3.7 %	— %	— %	14.9 %
Income tax expense	2.8	(0.1)	0.3	(1.0)	0.1	—	—	0.7	—	2.2	—	5.0
Income tax rate	(121.2)%	180.9 %	4.2 %	(37.2)%	33.0 %	— %	— %	5.5 %	(0.4)%	N/A	— %	13.9 %
Net (loss) income from continuing operations	(5.1)	0.1	6.5	3.6	0.3	19.0	(17.2)	12.1	10.0	(2.2)	3.6	30.7
Net (loss) income as a percent of net revenue	(1.9)%	— %	2.4 %	1.3 %	0.1 %	7.0 %	(6.4)%	4.5 %	3.7 %	(0.8)%	1.3 %	11.4 %
Diluted EPS - Continuing Operations	(\$0.10)	\$—	\$0.12	\$0.07	\$0.01	\$0.35	(\$0.32)	\$0.22	\$0.19	(\$0.04)	\$0.07	\$0.57

GAAP results for the three months ended December 31, 2021 include:

- (A) Restructuring expenses related to organizational changes
- (B) Includes depreciation and amortization associated with purchase price accounting
- (C) Loss associated with the sale of Heart Valves
- (D) Costs related to the 3T Heater-Cooler remediation plan
- (E) Costs associated with our June 2020 financing transactions, including the mark-to-market adjustment for the exchangeable option feature and capped call derivatives
- (F) Remeasurement of contingent consideration related to acquisitions
- (G) 3T Heater-Cooler litigation provision, legal expenses primarily related to 3T Heater-Cooler defense, costs related to the SNIA matter and MDR costs
- (H) Non-cash expenses associated with stock-based compensation costs
- (I) Discrete tax items and the tax impact of intercompany transactions
- (J) Non-cash interest expense on the Senior Secured Term Loan and Cash Exchangeable Senior Notes

\* Numbers may not add precisely due to rounding.

# GAAP to Non-GAAP Reconciliations - *Unaudited*

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES - UNAUDITED  
(U.S. dollars in millions, except per share amounts)

Year Ended December 31, 2022	Specified Items											Adjusted Financial Measures
	GAAP Financial Measures	Merger and Integration Expenses (A)	Restructuring Expenses (B)	Depreciation and Amortization Expenses (C)	Impairment (D)	Financing Transactions (E)	Contingent Consideration (F)	Certain Legal & Regulatory Costs (G)	Stock-based Compensation Costs (H)	Certain Tax Adjustments (I)	Certain Interest Adjustments (J)	
Cost of sales	\$314.6	\$—	\$—	(\$14.5)	\$—	\$—	\$10.5	\$—	(\$1.5)	\$—	\$—	\$309.1
Gross profit percent	69.2 %	— %	— %	1.4 %	— %	— %	(1.0)%	— %	0.1 %	— %	— %	69.8 %
Selling, general and administrative	469.2	—	—	(11.3)	—	—	—	(20.9)	(35.6)	—	—	401.4
Selling, general and administrative as a percent of net revenue	45.9 %	— %	— %	(1.1)%	— %	— %	— %	(2.0)%	(3.5)%	— %	— %	39.3 %
Research and development	155.8	—	—	0.2	—	—	19.4	(1.5)	(7.7)	—	—	166.2
Research and development as a percent of net revenue	15.2 %	— %	— %	— %	— %	— %	1.9 %	(0.1)%	(0.8)%	— %	— %	16.3 %
Other operating expenses	29.5	(1.1)	(6.6)	—	—	—	—	(21.8)	—	—	—	—
Operating (loss) income from continuing operations	(76.8)	1.1	6.6	25.6	129.4	—	(29.9)	44.2	44.8	—	—	145.1
Operating margin percent	(7.5)%	0.1 %	0.6 %	2.5 %	12.7 %	— %	(2.9)%	4.3 %	4.4 %	— %	— %	14.2 %
Income tax expense	11.1	—	0.1	1.8	—	—	—	1.3	0.5	(9.6)	—	5.1
Income tax rate	(14.7)%	— %	1.0 %	7.0 %	— %	— %	— %	3.0 %	1.0 %	N/A	— %	3.8 %
Net (loss) income from continuing operations	(86.2)	1.1	6.5	23.8	129.4	(44.1)	(29.9)	42.9	44.3	9.6	31.7	129.2
Net (loss) income as a percent of net revenue	(8.4)%	0.1 %	0.6 %	2.3 %	12.7 %	(4.3)%	(2.9)%	4.2 %	4.3 %	0.9 %	3.1 %	12.6 %
Diluted EPS - Continuing Operations	(\$1.61)	\$0.02	\$0.12	\$0.44	\$2.40	(\$0.82)	(\$0.55)	\$0.79	\$0.82	\$0.18	\$0.59	\$2.39

GAAP results for the year ended December 31, 2022 include:

- (A) Merger and integration expenses related to the acquisition of ALung Technologies, Inc.
- (B) Restructuring expenses related to organizational changes
- (C) Includes depreciation and amortization associated with purchase price accounting
- (D) Goodwill impairment associated with the Company's ACS business
- (E) Mark-to-market adjustments for the exchangeable option feature and capped call derivatives
- (F) Remeasurement of contingent consideration related to acquisitions
- (G) 3T Heater-Cooler litigation provision, legal expenses primarily related to 3T Heater-Cooler defense, costs related to the SNIA matter and MDR costs
- (H) Non-cash expenses associated with stock-based compensation costs
- (I) Discrete tax items, R&D tax credits and the tax impact of intercompany transactions
- (J) Non-cash interest expense on the Cash Exchangeable Senior Notes and 2021 Revolving Credit Facility, interest expense on the 2022 Bridge Loan and Term Facilities

\* Numbers may not add precisely due to rounding.

# GAAP to Non-GAAP Reconciliations - Unaudited

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES - UNAUDITED  
(U.S. dollars in millions, except per share amounts)

Year Ended December 31, 2021	Specified Items												Adjusted Financial Measures
	GAAP Financial Measures	Merger and Integration Expenses (A)	Restructuring Expenses (B)	Depreciation and Amortization Expenses (C)	Heart Valves (D)	Product Remediation Expenses (E)	Financing Transactions (F)	Contingent Consideration (G)	Certain Legal & Regulatory Costs, and Investment Gain and Dividend (H)	Stock-based Compensatio n Costs (I)	Certain Tax Adjustments (J)	Certain Interest Adjustments (K)	
Cost of sales	\$329.4	\$—	\$—	(\$15.7)	\$—	(\$0.8)	\$—	\$8.5	(\$0.8)	(\$2.5)	\$—	\$—	\$318.0
Gross profit percent	68.2 %	— %	— %	1.5 %	— %	0.1 %	— %	(0.8)%	0.1 %	0.2 %	— %	— %	69.3 %
Selling, general and administrative revenue	471.9	—	—	(12.2)	—	—	—	—	(32.4)	(29.4)	—	—	397.8
	45.6 %	— %	— %	(1.2)%	— %	— %	— %	— %	(3.1)%	(2.8)%	— %	— %	38.4 %
Research and development	183.4	—	—	0.2	—	—	—	(9.1)	(2.2)	(8.7)	—	—	163.7
Research and development as a percent of net revenue	17.7 %	— %	— %	— %	— %	— %	— %	(0.9)%	(0.2)%	(0.8)%	— %	— %	15.8 %
Other operating expenses	51.5	(0.7)	(9.7)	—	(1.9)	—	—	—	(38.1)	—	—	—	1.0
Operating (loss) income from continuing operations	(0.8)	0.7	9.7	27.8	1.9	0.8	—	0.6	73.5	40.6	—	—	154.8
Operating margin percent	(0.1)%	0.1 %	0.9 %	2.7 %	0.2 %	0.1 %	— %	0.1 %	7.1 %	3.9 %	— %	— %	15.0 %
Income tax expense	11.2	—	0.2	1.9	2.1	0.3	—	—	1.7	0.7	(3.5)	—	14.6
Income tax rate	(9.0)%	0.9 %	2.0 %	6.9 %	106.3 %	31.4 %	— %	— %	2.7 %	1.7 %	N/A	— %	12.0 %
Net (loss) income from continuing operations	(135.8)	0.7	9.5	25.8	(0.1)	0.6	81.7	0.6	63.7	39.9	3.5	16.8	106.7
Net (loss) income as a percent of net revenue	(13.1)%	0.1 %	0.9 %	2.5 %	— %	0.1 %	7.9 %	0.1 %	6.2 %	3.9 %	0.3 %	1.6 %	10.3 %
Diluted EPS - Continuing Operations	(\$2.68)	\$0.01	\$0.18	\$0.50	\$—	\$0.01	\$1.59	\$0.01	\$1.24	\$0.77	\$0.07	\$0.33	\$2.07

GAAP results for the year ended December 31, 2021 include:

- (A) Merger and integration expenses related to our legacy companies and recent acquisitions
- (B) Restructuring expenses related to organizational changes
- (C) Includes depreciation and amortization associated with purchase price accounting
- (D) Loss associated with the sale of Heart Valves
- (E) Costs related to the 3T Heater-Cooler remediation plan
- (F) Costs associated with the June 2020 financing transactions, including loss on debt extinguishment, the mark-to-market adjustment for the exchangeable option feature and capped call derivatives
- (G) Remeasurement of contingent consideration related to acquisitions
- (H) 3T Heater-Cooler litigation provision, legal expenses primarily related to 3T Heater-Cooler defense, costs related to the SNIA matter, MDR costs, gain from remeasurement of an investment and dividend income
- (I) Non-cash expenses associated with stock-based compensation costs
- (J) Discrete tax items and the tax impact of intercompany transactions
- (K) Non-cash interest expense on the Senior Secured Term Loan and Cash Exchangeable Senior Notes

\* Numbers may not add precisely due to rounding.

# GAAP to Non-GAAP Reconciliations - Unaudited

## RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES - UNAUDITED (U.S. dollars in millions)

	Three Months Ended December 31, 2022
Adjusted free cash flow reconciliation	
Net cash provided by operating activities	\$18.7
Less: Purchases of plant, property and equipment	(9.1)
Add: 3T litigation payments	17.7
Add: SNIA financing and other costs	3.5
Adjusted free cash flow	<u>\$30.8</u>

## RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES - UNAUDITED (U.S. dollars in millions)

	As of December 31, 2022
Net debt reconciliation	
Total long-term debt	\$539.0
Add: Short-term debt	2.5
Total debt	541.5
Less: Carrying value of Exchangeable Notes	(239.6)
Add: Nominal value of Exchangeable Notes	287.5
Less: Carrying value of Term Loan A	(289.3)
Add: Nominal value of Term Loan A	300.0
Less: Cash and cash equivalents	(214.2)
Net debt	385.9
Less: Restricted cash	(301.4)
Net debt, including restricted cash	<u>\$84.5</u>

## RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES - UNAUDITED (U.S. dollars in millions)

	Twelve Months Ended December 31, 2022
Adjusted free cash flow reconciliation	
Net cash provided by operating activities	\$69.9
Less: Purchases of plant, property and equipment	(26.5)
Less: Cash received from tax stimulus	(6.7)
Less: Dividends received from investment	(0.3)
Add: 3T litigation payments	28.9
Add: SNIA financing and other costs	9.4
Adjusted free cash flow	<u>\$74.6</u>

## RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES - UNAUDITED (U.S. dollars in millions)

	Twelve Months Ended December 31, 2022
Adjusted net income reconciliation	
Net income (loss)	\$(86.2)
Merger & integration expenses	1.1
Restructuring expenses	6.5
Depreciation and amortization expenses	23.8
Impairment	129.4
Financing transactions	(44.1)
Contingent Consideration	(29.9)
Certain legal and regulatory costs	42.9
Stock-based compensation costs	44.3
Certain tax adjustments	9.6
Certain interest adjustments	31.7
Adjusted net income	<u>\$129.2</u>

Last twelve months adjusted free cash flow conversion ratio 58 %

# Segment Non-GAAP Reconciliation - Unaudited

(U.S. dollars in millions)

Three Months Ended December 31, 2022	Specified Items						Adjusted Financial Results	% to Sales
	GAAP Financial Results	Depreciation & Amortization (A)	Impairment (B)	Contingent Consideration (C)	Certain Legal and Regulatory Costs (D)	Stock-based Compensation (E)		
Cardiopulmonary	\$11.0	\$0.1	\$—	\$—	\$6.3	\$1.4	\$18.9	13.9 %
Neuromodulation	40.7	—	—	2.7	0.1	2.6	46.1	36.2 %
Advanced Circulatory Support	(5.7)	—	—	0.8	—	(0.1)	(5.0)	(52.1)%
Other	(23.1)	—	—	—	1.5	8.4	(13.2)	**
Segment operating income	\$22.9	\$0.1	\$—	\$3.5	\$8.0	\$12.3	\$46.8	17.0 %

Twelve Months Ended December 31, 2022	Specified Items						Adjusted Financial Results	% to Sales
	GAAP Financial Results	Depreciation & Amortization (A)	Impairment (B)	Contingent Consideration (C)	Certain Legal and Regulatory Costs (D)	Stock-based Compensation (E)		
Cardiopulmonary	\$11.2	\$0.6	\$—	\$—	\$37.1	\$7.1	\$56.1	11.2 %
Neuromodulation	172.8	—	—	(17.4)	0.6	9.6	165.6	34.7 %
Advanced Circulatory Support	(142.6)	—	129.4	(12.4)	0.3	2.2	(23.1)	(58.9)%
Other <sup>(1)</sup>	(85.2)	(0.1)	—	—	6.2	25.8	(53.3)	**
Segment operating (loss) income	\$(43.8)	\$0.4	\$129.4	\$(29.9)	\$44.2	\$44.8	\$145.1	14.2 %

GAAP results for the three and twelve months ended December 31, 2022 include:

- (A) Includes depreciation and amortization associated with purchase price accounting
- (B) Goodwill impairment associated with the Company's ACS business
- (C) Remeasurement of contingent consideration related to acquisitions
- (D) 3T Heater-Cooler litigation provision, legal expenses primarily related to 3T Heater-Cooler defense, costs related to the SNIA matter and MDR costs
- (E) Non-cash expenses associated with stock-based compensation costs

\* Numbers may not add precisely due to rounding.

\*\* Indicates that variance as a percentage is not meaningful.

- (1) Other includes the results of the Company's Heart Valve business, which was disposed of on June 1, 2021, and corporate shared service expenses for finance, legal, human resources, information technology and corporate business development.