

# First Quarter 2021

## Earnings Performance

April 28, 2021

**LivaNova**  
Health innovation that matters



Rosario, a VNS  
Therapy Patient

# Safe Harbor

Certain statements in this presentation, other than purely historical information, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of 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, the amount and timing of future cash distributions, 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. In some cases, 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, including the risks relating to the COVID-19 pandemic or litigation, 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.

# Intellectual Property

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

Trademarks for our Neuromodulation systems the VNS Therapy<sup>®</sup> System, the VITARIA<sup>®</sup> System and our proprietary pulse generator products: Model 102 (Pulse<sup>®</sup>), Model 102R (Pulse Duo<sup>®</sup>), Model 103 (Demipulse<sup>®</sup>), Model 104 (Demipulse Duo<sup>®</sup>), Model 106 (AspireSR<sup>®</sup>), Model 1000 (SenTiva<sup>®</sup>), Model 1000-D (SenTiva<sup>®</sup> Duo), Model 7103 (VITARIA<sup>®</sup> and VITARIA TitrationAssist<sup>™</sup>) and Model 8103 (Symmetry<sup>®</sup>).

Trademarks for our Cardiopulmonary products and systems: S5<sup>®</sup> heart-lung machine, S3<sup>®</sup> heart-lung machine, S5 PRO<sup>™</sup>, B-Capta<sup>®</sup>, Inspire<sup>®</sup>, Heartlink<sup>®</sup>, XTRA<sup>®</sup> Autotransfusion System, 3T Heater-Cooler<sup>®</sup>, Connect<sup>™</sup> and Revolution<sup>®</sup>.

Trademarks for our line of surgical tissue and mechanical heart valve replacements and repair products: Mitroflow<sup>®</sup>, Crown PRT<sup>®</sup>, Solo Smart<sup>™</sup>, Perceval<sup>®</sup>, Perceval<sup>®</sup> Plus, Miami Instruments<sup>™</sup>, Top Hat<sup>®</sup>, Reduced Series Aortic Valves<sup>™</sup>, Carbomedics Carbo-Seal<sup>®</sup>, Carbo-Seal Valsalva<sup>®</sup>, Carbomedics Standard<sup>®</sup>, Orbis<sup>™</sup> and Optiform<sup>®</sup>, and Mitral valve repair products: Memo 3D<sup>®</sup>, Memo 3D ReChord<sup>™</sup>, Memo 4D<sup>®</sup>, AnnuloFlo<sup>®</sup>, AnnuloFlex<sup>®</sup>, Bicarbon Slimline<sup>™</sup>, Bicarbon Fitline<sup>™</sup> and Bicarbon Overline<sup>™</sup>.

Trademarks for our extracorporeal life support systems: TandemLife<sup>®</sup>, TandemHeart<sup>®</sup>, TandemLung<sup>®</sup>, ProtekDuo<sup>®</sup>, and LifeSPARC<sup>™</sup>.

Trademarks for our obstructive sleep apnea system: ImThera<sup>®</sup> and Aura6000<sup>®</sup>.

These trademarks and tradenames 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 presentation may appear without the <sup>®</sup> or <sup>™</sup> symbols, 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

1Q 2021 Highlights

Financial Results

Guidance

Summary

# 1Q 2021 Highlights

# 1Q 2021 Highlights

*Meaningful execution and innovation strengthening our future*

## Heart Failure

- We achieved a key clinical milestone in our Heart Failure program with more than 300 patients enrolled in our ANTHEM-HFrEF pivotal trial. Once we follow these patients for nine months and randomize a total of 400 patients, the resulting data will be reviewed in anticipation of filing with the FDA. If approved for use by the FDA, this will become the first VNS-based therapy for the adjunctive treatment of chronic heart failure in the US.

## Difficult-to-Treat Depression (DTD)

- UNCOVER, a collaboration with Verily and a subset of the RECOVER study, enrolled its first patient. Data obtained from Verily-developed digital tools, will complement the clinical outcomes collected in RECOVER, providing clinicians a more comprehensive view of depression patient biomarkers.

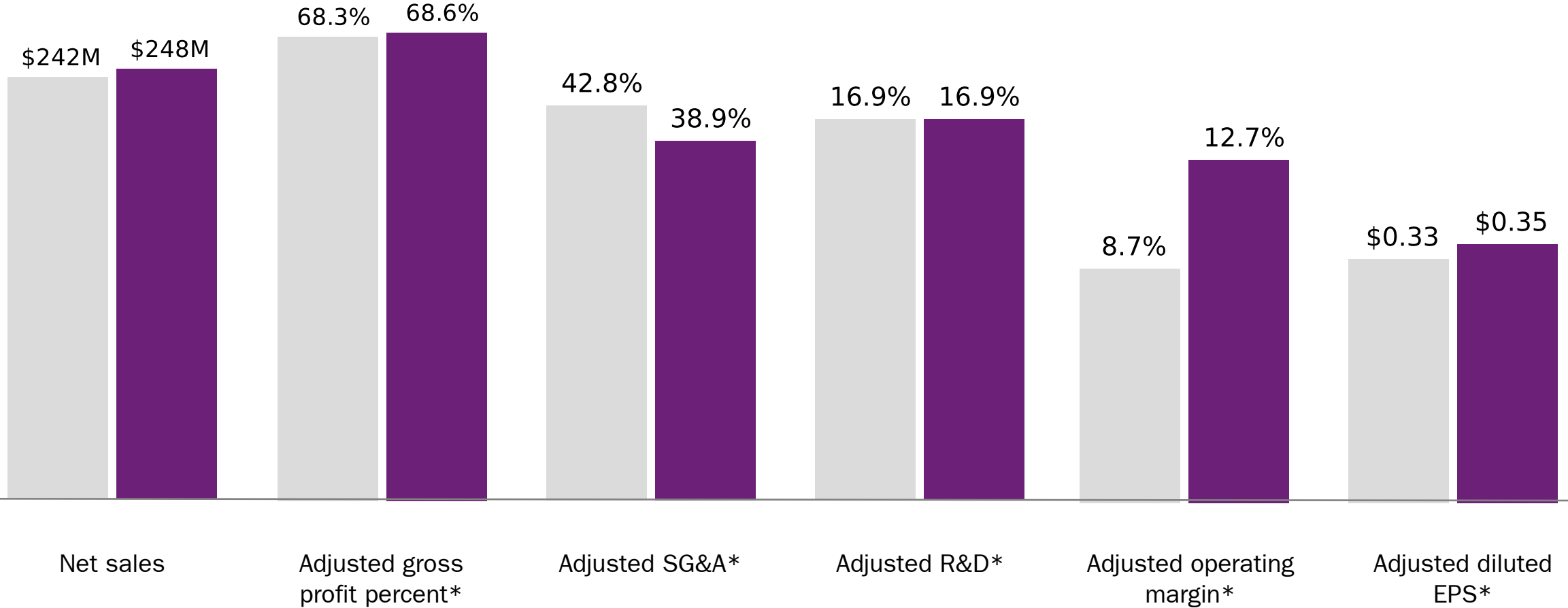
## Cardiopulmonary: Heart-Lung Machine (HLM) Innovation

- B-Capta® received FDA 510(k) clearance, the new in-line, blood-gas monitoring system, which is integrated into our market-leading HLM. The system is designed to easily and accurately monitor blood gas parameters during pediatric and adult cardiopulmonary bypass procedures, allowing a perfusionist to quickly react to parameter changes.
- S5 PRO™ HLM received 510(k) clearance. The product features B-Capta as a primary component, along with new sensor technology and improved software. These product enhancements build upon our 45+ years of safety and reliability.

# Financial Results

# 1Q 2021 Financial Summary

1Q20 1Q21



\* Adjusted gross profit percent, adjusted SG&A, adjusted R&D, adjusted operating margin and adjusted diluted EPS are non-GAAP measures. For reconciliations of these non-GAAP metrics, please see the tables in the appendix.



# 1Q 2021 Net Sales

**\$247.6M**

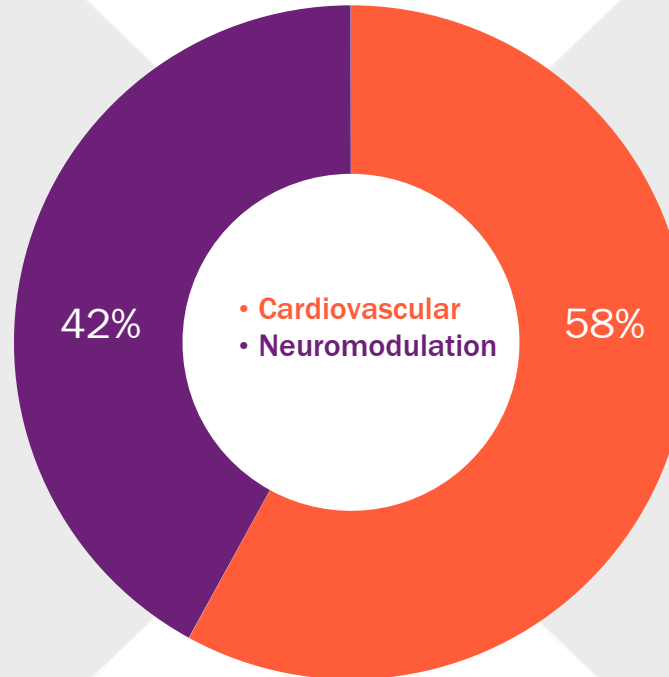
(0.4)% decrease\*

## 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)



76%

## Cardiopulmonary (CP)

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

9%

## Advanced Circulatory Support (ACS)

- Extracorporeal Life Support (ECLS)
- percutaneous Mechanical Circulatory Support (pMCS)

15%

## Heart Valves (HV)

- Sutureless tissue valves
- Mechanical valves
- Traditional tissue valves
- Annuloplasty rings

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 eliminates the effects of foreign currency fluctuations. For reconciliations of certain non-GAAP metrics, please see the tables in the appendix.

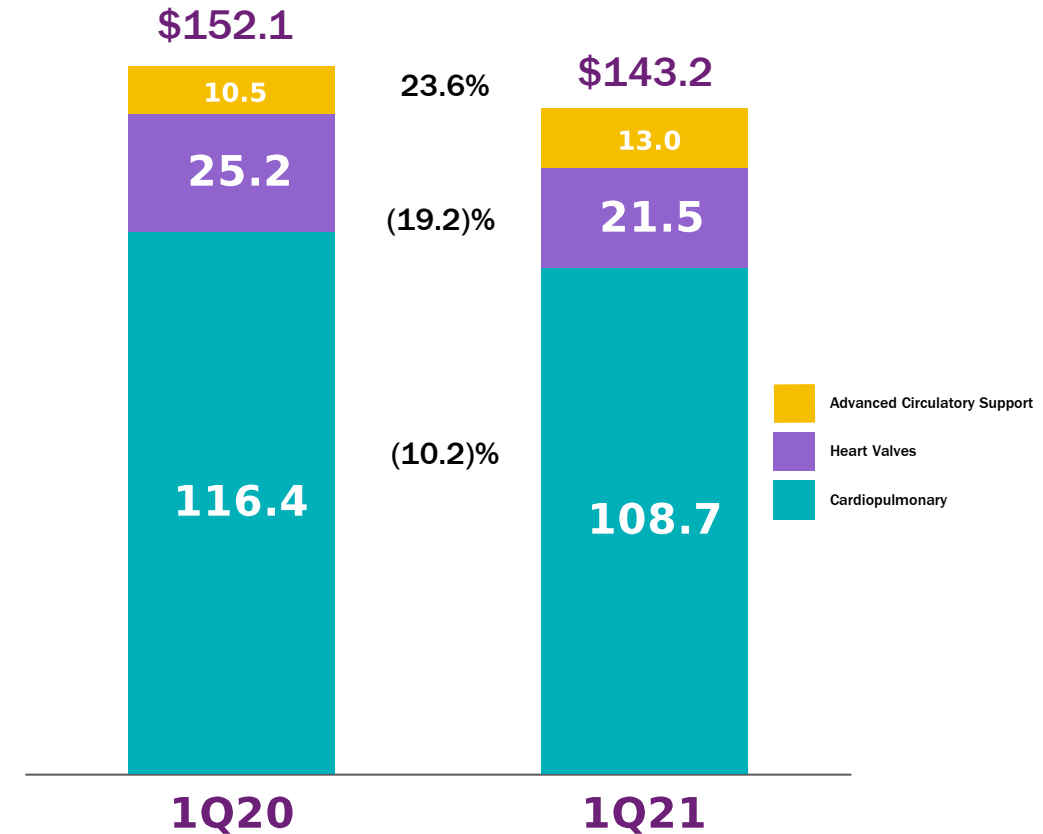
# 1Q 2021 Cardiovascular Sales

## Drivers/Impacts

- +** Greater than 20% growth in ACS driven by the continued adoption of LifeSPARC and an increase in procedure volumes
- +** HLM sales grew mid-single digits and were favorably impacted by better than expected S5 sales in the Rest of World and U.S. regions
- Oxygenator sales declined in the mid-teens globally, with the U.S. and Asia Pacific performing better than Europe and LATAM
- Heart Valves declined by 19% in part related to the impact of non-emergent cardiac procedures in Europe and the Rest of World regions

## Net Sales (\$M)\*

(9.4)%



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 eliminates the effects of foreign currency fluctuations. For reconciliations of certain non-GAAP metrics, please see the tables in the appendix.

# 1Q 2021 Neuromodulation Sales

## Drivers/Impacts

+

Global sales increased 15% as market dynamics have improved, especially in the U.S.

+

U.S. sales increased 12% driven mainly by replacements. Continued progress in the U.S. with results from our commercial initiatives trending above baseline business.

+

The Rest of World region grew 69%, led by the Middle East and Asia Pacific as non-emergent procedures continue to recover

+

Europe grew 1% led by France, Italy and Germany, offset by results in the U.K.

## Net Sales (\$M)\*

14.7%

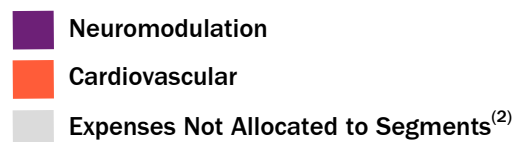
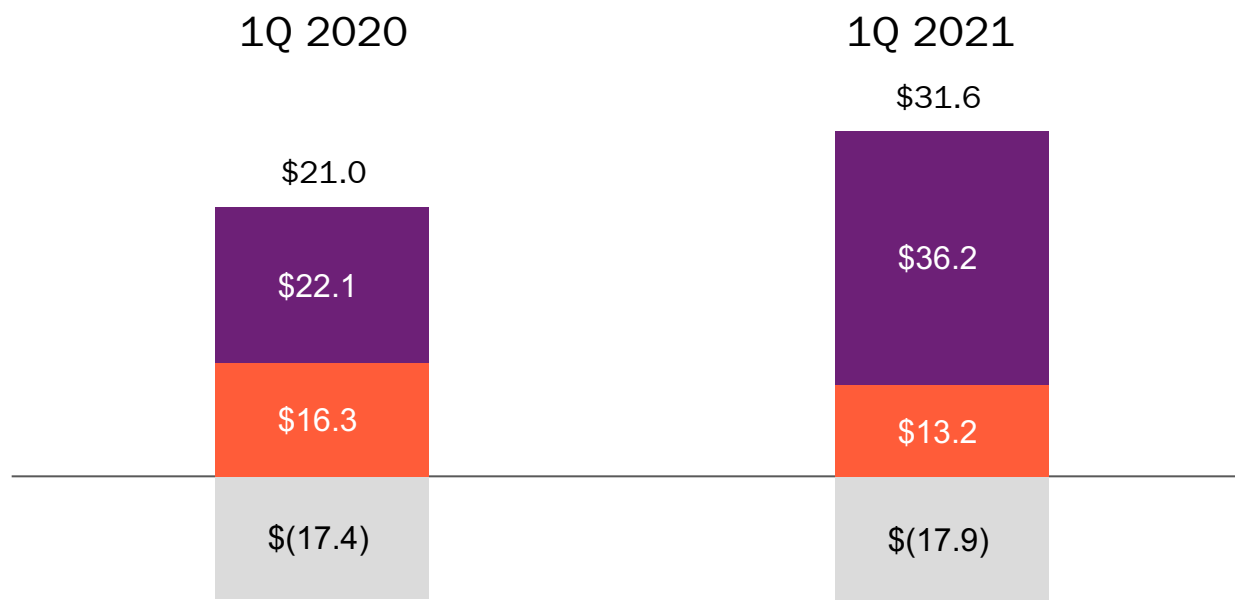


Numbers may not add precisely due to rounding.

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

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

(\$M)



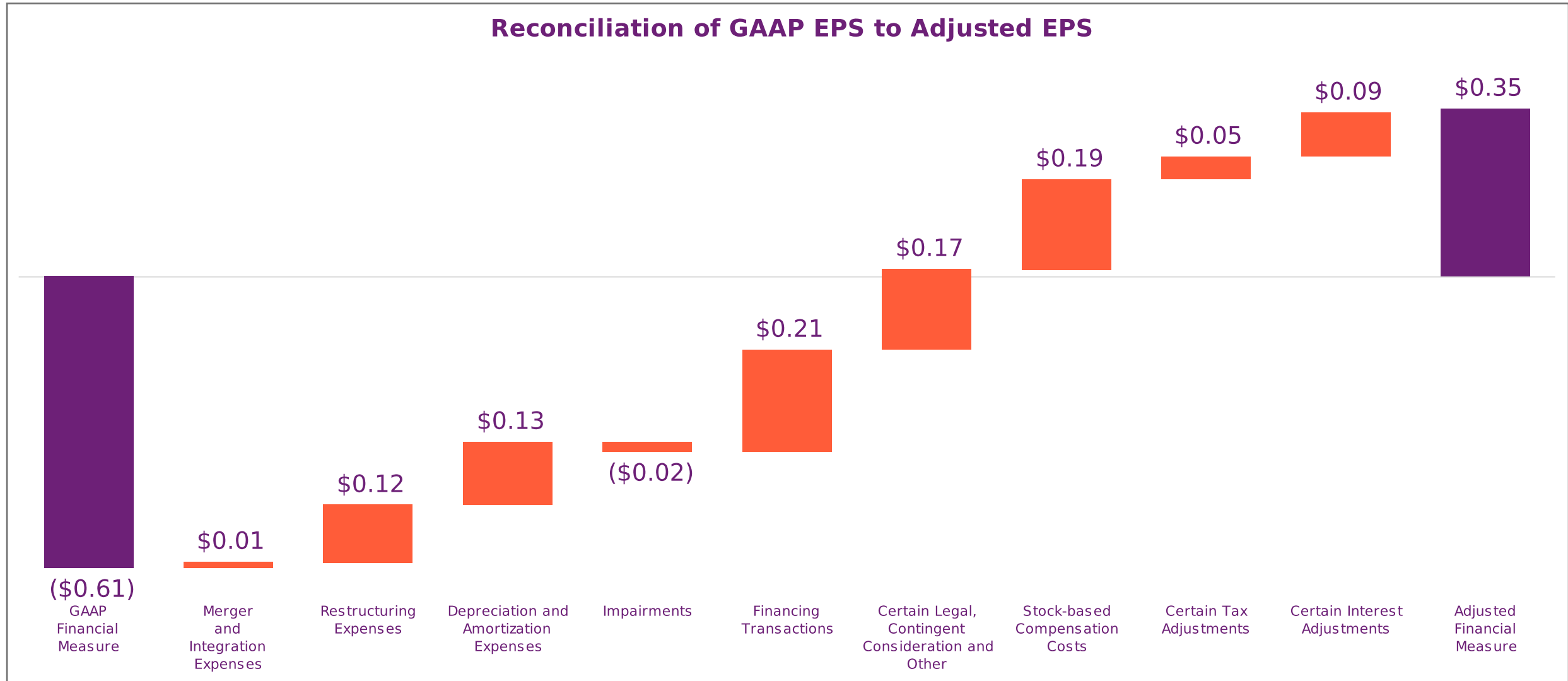
|                 | % to Sales  |              |
|-----------------|-------------|--------------|
|                 | 1Q 2020     | 1Q 2021      |
| Cardiovascular  | 10.7%       | 9.2%         |
| Neuromodulation | 24.7%       | 34.9%        |
| <b>Total</b>    | <b>8.7%</b> | <b>12.7%</b> |

Numbers may not add precisely due to rounding.

(1) 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.

(2) Includes corporate shared service expenses for finance, legal, human resources, information technology and corporate business development.

# 1Q 2021 Adjusted EPS from Continuing Operations\*



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

# 2021 Guidance

# 2021 Guidance is Unchanged

*Continued COVID-related uncertainty with more normalized sales levels returning in the second half of 2021*

|   | Guidance as of<br>April 28, 2021 |
|---|----------------------------------|
| Worldwide net sales growth <sup>(1)</sup>                 | 8% - 13%                         |
| Diluted EPS <sup>(1) (2)</sup>                            | \$1.40 - \$1.90                  |
| Free Cash Flow (excl. extraordinary items) <sup>(3)</sup> | \$30M - \$50M                    |

<sup>1</sup> Net sales are on a constant-currency basis. All financial measures are adjusted non-GAAP measures. <sup>2</sup> Diluted EPS assumes a share count of approximately 49 million shares. <sup>3</sup> Free Cash Flow is an additional metric, which is net cash used in operating activities less investing activities and in this case, excludes the following one-time extraordinary adjustments: 3T litigation payments and a tax stimulus benefit.

# 1Q 2021 Summary

*Despite the uncertainty, we remain cautiously optimistic in the full-year outlook*

## Financial

- Solid 1Q sales results despite continued effect of COVID-19 in parts of the Europe and Rest of World regions
- Gross margin improvement driven by sales mix offset by unfavorable manufacturing variances related to COVID-19
- Continued cost containment measures resulting in lower SG&A, partially offset by increased R&D on pipeline initiatives

## Strategic

- Greater than 20% ACS growth driven primarily by the continued adoption of LifeSPARC
- U.S. Epilepsy go-to-market continues to make progress; positive trends reflected in all eight dedicated teams
- Continued progress in next-generation HLM and Epilepsy product development programs with staged roll-outs in 2022

## Pipeline

- RECOVER depression study continues to make progress with more than 70% of sites activated
- ANTHEM-HFrEF pivotal trial continues to maintain strong momentum with more than 300 patients enrolled to date
- OSA IDE submitted to the FDA and pending final approval



# Positioning LivaNova to Realize its Full Value

*Consistently deliver growth, pipeline and profitability*

## Core Growth

*Focus on portfolio optimization to support leadership positions in underserved markets*

- Expand the go-to-market initiative for U.S. Epilepsy
- Forecast at least 20% ACS growth in 2021

## Pipeline Execution

*Multiple existing and pipeline initiatives to accelerate growth*

- Achieve key study milestones in RECOVER and ANTHEM HFrEF
- Continued progress on next-generation heart-lung machine

## Operational Excellence

*Drive margin expansion*

- Expand operating margin through cost discipline
- Drive improvement in free cash flow generation



# Adjusted Free Cash Flow

*Focused on strengthening adjusted FCF; continued recovery expected during the second half of the year*

- Continue to target \$30M - \$50M of adjusted free cash flow for full-year 2021

| Adjusted Free Cash Flow Reconciliation      | 1Q 2021               |
|---|-----------------------|
| (U.S. dollars in millions)                  |                       |
| Net cash provided by operating activities   | \$19.5                |
| Less: Cash received from tax stimulus       | (24.5)                |
| Less: Net cash used in investing activities | (9.9)                 |
| Add: 3T litigation payments                 | 5.1                   |
| Adjusted free cash flow                     | <u><u>(\$9.7)</u></u> |

Adjusted Free Cash Flow ("FCF") is a non-GAAP measure. For reconciliations of certain non-GAAP metrics, please see the tables in the appendix. Our definition and calculation of adjusted FCF may not be comparable to similarly titled measures of other companies.

# Assumptions for 2021

|                                 |                                 |   |
|---------------------------------|---------------------------------|---|
| REVENUE                         | 8% - 13%                        | <ul style="list-style-type: none"><li>• Epilepsy surgeries expected to improve as pandemic subsides, resulting in 15-20% growth</li><li>• LifeSPARC adoption expected to deliver at least 20% ACS growth in 2021</li><li>• Total Cardiovascular expected to grow in the mid-to-high single digits, which includes the impact of lower capital equipment sales</li></ul> |
| EPS                             | \$1.40 - \$1.90                 | <ul style="list-style-type: none"><li>• Gross margin expected to improve in the second half led by recovery in our Epilepsy business</li><li>• Continued focus on operational excellence, including cost optimization</li><li>• Investments in core innovation and pipeline priorities to drive long-term value creation</li></ul>                                      |
| CASH GENERATION                 | Disciplined, Focused Deployment | <ul style="list-style-type: none"><li>• Focused customer collections efforts to further improve days sales outstanding</li><li>• Improve inventory turns through sales and operations planning process</li><li>• Continue to optimize and standardize procure-to-pay process</li></ul>  |
| STRATEGIC PORTFOLIO INITIATIVES | Continued Execution             | <ul style="list-style-type: none"><li>• DTD: 250 unipolar and/or 150 bipolar patients implanted in the RECOVER study arms by year end</li><li>• Heart Failure: Achieved 300 patients enrolled in ANTHEM-HFrEF in April 2021</li><li>• OSA: Anticipate starting confirmatory trial mid-year</li></ul>  |

# Appendix

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

| \$ in millions<br>Business / Product Line: | Three Months Ended March 31, |         | % Change | Constant-Currency<br>% Change |
|--|------------------------------|---------|----------|-------------------------------|
|  | 2021                         | 2020    |          |                               |
| <i>Cardiopulmonary</i>                     | \$108.7                      | \$116.4 | (6.6)%   | (10.2)%                       |
| <i>Heart Valves</i>                        | 21.5                         | 25.2    | (14.9)%  | (19.2)%                       |
| <i>Advanced Circulatory Support</i>        | 13.0                         | 10.5    | 23.8 %   | 23.6 %                        |
| Cardiovascular                             | 143.2                        | 152.1   | (5.9)%   | (9.4)%                        |
| Neuromodulation                            | 103.7                        | 89.7    | 15.7 %   | 14.7 %                        |
| Other                                      | 0.7                          | 0.7     | 10.0 %   | 0.7 %                         |
| Total Net Sales                            | \$247.6                      | \$242.4 | 2.1 %    | (0.4)%                        |

Note: Numbers may not add precisely due to rounding. Constant-currency percent change is considered a non-GAAP metric.

# 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<br>March 31, 2021                          | Specified Items            |  |                                  |   |                   |   |                                  |   |   |                                   |  | Adjusted<br>Financial<br>Measures |
|---|----------------------------|--|----------------------------------|---|-------------------|---|----------------------------------|---|---|-----------------------------------|--|-----------------------------------|
|   | GAAP Financial<br>Measures | Merger and<br>Integration<br>Expenses<br>(A) | Restructuring<br>Expenses<br>(B) | Depreciation and<br>Amortization<br>Expenses<br>(C) | Impairment<br>(D) | Product<br>Remediation<br>Expenses<br>(E) | Financing<br>Transactions<br>(F) | Certain Legal,<br>Contingent<br>Consideration<br>and Other<br>(G) | Stock-based<br>Compensation<br>Costs<br>(H) | Certain Tax<br>Adjustments<br>(I) | Certain Interest<br>Adjustments<br>(J) |                                   |
| Cost of sales - exclusive of amortization                     | \$79.2                     | \$—  | \$—                              | (\$0.3)   | \$—               | \$—                                       | \$—                              | (\$0.4)   | (\$0.6)                                     | \$—                               | \$—                                    | \$77.8                            |
| Product remediation   | 0.1                        | —  | —                                | —   | —                 | (0.1)                                     | —                                | —   | —   | —                                 | —                                      | —                                 |
| Gross profit percent  | 68.0 %                     | — %  | — %                              | 0.1 %   | — %               | — %                                       | — %                              | 0.2 %   | 0.3 %                                       | — %                               | — %                                    | 68.6 %                            |
| Selling, general and administrative                           | 112.6                      | —  | —                                | —   | —                 | —   | —                                | (8.9)   | (7.3)                                       | —                                 | —                                      | 96.4                              |
| Selling, general and administrative as a percent of net sales | 45.5 %                     | — %  | — %                              | — %   | — %               | — %                                       | — %                              | (3.6)%  | (3.0)%                                      | — %                               | — %                                    | 38.9 %                            |
| Research and development                                      | 44.6                       | —  | —                                | —   | —                 | —   | —                                | (1.2)   | (1.6)                                       | —                                 | —                                      | 41.9                              |
| Research and development as a percent of net sales            | 18.0 %                     | — %  | — %                              | — %   | — %               | — %                                       | — %                              | (0.5)%  | (0.6)%                                      | — %                               | — %                                    | 16.9 %                            |
| Litigation provision, net                                     | 3.0                        | —  | —                                | —   | —                 | —   | —                                | (3.0)   | —   | —                                 | —                                      | —                                 |
| Other operating expenses                                      | 12.5                       | (0.6)  | (6.1)                            | (6.7)   | 1.0               | —   | —                                | —   | —   | —                                 | —                                      | —                                 |
| Operating (loss) income from continuing operations            | (4.4)                      | 0.6  | 6.1                              | 7.0   | (1.0)             | 0.1                                       | —                                | 13.6  | 9.5   | —                                 | —                                      | 31.6                              |
| Operating margin percent                                      | (1.8)%                     | 0.3 %  | 2.5 %                            | 2.8 %   | (0.4)%            | — %                                       | — %                              | 5.5 %   | 3.9 %                                       | — %                               | — %                                    | 12.7 %                            |
| Income tax expense  | 2.9                        | —  | 0.1                              | 0.6   | 0.1               | —   | —                                | 0.6   | 0.2   | (2.3)                             | —                                      | 2.1                               |
| Net (loss) income from continuing operations                  | (29.7)                     | 0.6  | 6.0                              | 6.5   | (1.1)             | —   | 10.6                             | 8.3   | 9.3   | 2.3                               | 4.6                                    | 17.5                              |
| Diluted EPS - Continuing Operations                           | (\$0.61)                   | \$0.01                                       | \$0.12                           | \$0.13  | (\$0.02)          | \$—                                       | \$0.21                           | \$0.17  | \$0.19                                      | \$0.05                            | \$0.09                                 | \$0.35                            |

GAAP results for the three months ended March 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) Revaluation associated with the classification of Heart Valves as held for sale

(E) Costs related to the 3T Heater-Cooler remediation plan

(F) Costs associated with our June 2020 financing transactions, including the mark-to-market adjustment for the exchangeable option feature and capped call derivatives

(G) 3T Heater-Cooler litigation provision, legal expenses primarily related to 3T Heater-Cooler defense, settlements, other matters and remeasurement of contingent consideration related to acquisitions and gain from remeasurement of an investment

(H) Non-cash expenses associated with stock-based compensation costs

(I) Primarily relates to discrete tax items and the tax impact of intercompany transactions

(J) Primarily relates to non-cash interest expense on our 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)

| Three Months Ended<br>March 31, 2020                          | Specified Items            |   |                                  |   |  |   |  |                                   |  | Adjusted Financial<br>Measures |
|---|----------------------------|---|----------------------------------|---|--|---|--|-----------------------------------|--|--------------------------------|
|   | GAAP Financial<br>Measures | Merger and<br>Integration Expenses<br>(A) | Restructuring<br>Expenses<br>(B) | Depreciation and<br>Amortization<br>Expenses<br>(C) | Product Remediation<br>Expenses<br>(D) | Certain Legal,<br>Contingent<br>Consideration and<br>Other<br>(E) | Stock-based<br>Compensation Costs<br>(F) | Certain Tax<br>Adjustments<br>(G) | Certain Interest<br>Adjustments<br>(H) |                                |
| Cost of sales - exclusive of amortization                     | \$68.9                     | \$—                                       | \$—                              | (\$0.4)   | \$—                                    | \$8.8   | (\$0.6)                                  | \$—                               | \$—                                    | \$76.7                         |
| Product remediation   | 1.5                        | —   | —                                | —   | (1.5)                                  | —   | —  | —                                 | —                                      | —                              |
| Gross profit percent  | 71.0 %                     | — %                                       | — %                              | 0.2 %   | 0.6 %                                  | (3.6)%  | 0.2 %                                    | — %                               | — %                                    | 68.3 %                         |
| Selling, general and administrative                           | 120.2                      | —   | —                                | —   | —                                      | (9.1)   | (7.3)                                    | —                                 | —                                      | 103.8                          |
| Selling, general and administrative as a percent of net sales | 49.6 %                     | — %                                       | — %                              | — %   | — %                                    | (3.7)%  | (3.0)%                                   | — %                               | — %                                    | 42.8 %                         |
| Research and development                                      | 35.9                       | —   | —                                | —   | —                                      | 6.2   | (1.2)                                    | —                                 | —                                      | 40.9                           |
| Research and development as a percent of net sales            | 14.8 %                     | — %                                       | — %                              | — %   | — %                                    | 2.5 %   | (0.5)%                                   | — %                               | — %                                    | 16.9 %                         |
| Other operating expenses                                      | 15.3                       | (3.5)                                     | (1.6)                            | (10.3)  | —                                      | —   | —  | —                                 | —                                      | —                              |
| Operating income from continuing operations                   | 0.6                        | 3.5                                       | 1.6                              | 10.7  | 1.5                                    | (5.9)   | 9.0                                      | —                                 | —                                      | 21.0                           |
| Operating margin percent                                      | 0.3 %                      | 1.4 %                                     | 0.7 %                            | 4.4 %   | 0.6 %                                  | (2.4)%  | 3.7 %                                    | — %                               | — %                                    | 8.7 %                          |
| Income tax (benefit) expense                                  | (44.7)                     | 0.3                                       | 0.2                              | 1.6   | 0.3                                    | 1.4   | 1.0                                      | 40.9                              | 0.5                                    | 1.4                            |
| Net income from continuing operations                         | 38.6                       | 3.2                                       | 1.4                              | 9.2   | 1.2                                    | (7.3)   | 8.0                                      | (40.9)                            | 2.6                                    | 16.0                           |
| Diluted EPS - Continuing Operations                           | \$0.79                     | \$0.07                                    | \$0.03                           | \$0.19  | \$0.02                                 | (\$0.15)  | \$0.16                                   | (\$0.84)                          | \$0.05                                 | \$0.33                         |

GAAP results for the three months ended March 31, 2020 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) Costs related to the 3T Heater-Cooler remediation plan
- (E) Legal expenses primarily related to 3T Heater-Cooler defense, settlements and other matters and remeasurement of contingent consideration related to acquisitions
- (F) Non-cash expenses associated with stock-based compensation costs
- (G) Primarily relates to discrete tax items and the tax impact of intercompany transactions
- (H) Primarily relates to intellectual property migration, interest related to 3T Heater-Cooler matter and other non-recurring impacts to interest expense

\* Numbers may not add precisely due to rounding.

# Segment Non-GAAP Reconciliation - Unaudited

(U.S. dollars in millions)

| Three Months Ended<br>March 31, 2020 | Specified Items           |   |   |   |   | Adjusted<br>Financial Results | % to Sales |
|--------------------------------------|---------------------------|---|---|---|---|-------------------------------|------------|
|                                      | GAAP Financial<br>Results | Depreciation and<br>Amortization<br>Expenses<br>(A) | Product<br>Remediation<br>Expenses<br>(B) | Certain Legal,<br>Contingent<br>Consideration<br>and Other<br>(C) | Stock-based<br>Compensation<br>Costs<br>(D) |                               |            |
| Cardiovascular                       | \$ 8.7                    | \$ 0.5  | \$ 1.5                                    | \$ 4.3  | \$ 1.3                                      | \$ 16.3                       | 10.7 %     |
| Neuromodulation                      | 33.9                      | —   | —   | (13.3)  | 1.5   | 22.1                          | 24.7 %     |
| Other                                | (26.6)                    | —   | —   | 3.0   | 6.2   | (17.4)                        | **         |
| Segment operating (loss) income      | \$ 15.9                   | \$ 0.5  | \$ 1.5                                    | \$ (5.9)  | \$ 9.0                                      | \$ 21.0                       | 8.7 %      |

| Three Months Ended<br>March 31, 2021 | Specified Items           |   |   |   |   | Impairments<br>(E) | Adjusted<br>Financial Results | % to Sales |
|--------------------------------------|---------------------------|---|---|---|---|--------------------|-------------------------------|------------|
|                                      | GAAP Financial<br>Results | Depreciation and<br>Amortization<br>Expenses<br>(A) | Product<br>Remediation<br>Expenses<br>(B) | Certain Legal,<br>Contingent<br>Consideration<br>and Other<br>(C) | Stock-based<br>Compensation<br>Costs<br>(D) |                    |                               |            |
| Cardiovascular                       | \$ 5.6                    | \$ 0.4  | \$ 0.1                                    | \$ 6.6  | \$ 1.5                                      | \$ (1.0)           | \$ 13.2                       | 9.2 %      |
| Neuromodulation                      | 34.0                      | —   | —   | 0.4   | 1.8   | —                  | 36.2                          | 34.9 %     |
| Other                                | (30.7)                    | —   | —   | 6.6   | 6.2   | —                  | (17.9)                        | **         |
| Segment operating (loss) income      | \$ 9.0                    | \$ 0.3  | \$ 0.1                                    | \$ 13.6   | \$ 9.5                                      | \$ (1.0)           | \$ 31.6                       | 12.7 %     |

GAAP results for the three months ended March 31, 2021 and 2020 include:

- (A) Includes depreciation and amortization associated with purchase price accounting
- (B) Costs related to the 3T Heater-Cooler remediation plan
- (C) 3T Heater-Cooler litigation provision, legal expenses primarily related to 3T Heater-Cooler defense, settlements, other matters and remeasurement of contingent consideration related to acquisitions and 2021 gain from remeasurement of an investment
- (D) Non-cash expenses associated with stock-based compensation costs
- (E) Revaluation associated with the classification of Heart Valves as held for sale

\* Numbers may not add precisely due to rounding.

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



# GAAP to Non-GAAP Reconciliations

The preceding 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 first-quarter 2021 press release and during the conference call held in conjunction with the announcement of first-quarter 2021 results.

Unless otherwise noted, all sales 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 sales performance of LivaNova and to compare the sales performance of current periods to prior periods on a consistent basis. Constant-currency growth, a non-GAAP financial measure, measures the change in sales 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 sales growth projections are estimated on a constant-currency basis and exclude the impact of foreign currency fluctuations. Forward-looking non-GAAP adjusted tax rate and adjusted diluted earnings per share guidance exclude other items such as, but not limited to, changes in fair value of contingent consideration arrangements, asset impairment charges and product remediation costs that would be included in comparable GAAP financial measures. The most directly comparable GAAP measure for constant-currency net sales, non-GAAP adjusted tax rate and adjusted diluted earnings per share are net sales, the effective tax rate and earnings per share, respectively. 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, gains or losses on the potential sale of businesses or other assets, restructuring costs, merger and integration activities, changes in fair value of contingent consideration arrangements, product remediation costs, asset impairment charges and the tax impact of the aforementioned items, tax law changes or other tax matters. Accordingly, 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; adjusted selling, general and administrative expense; adjusted research and development expense; adjusted other operating expenses; adjusted operating income from continued operations; adjusted income tax expense; adjusted net income from continuing operations; 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. 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.