



LivaNova

First Quarter 2022
Earnings Performance

May 4, 2022

Michael, VNS Therapy Patient, DTD

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 of 1933 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,” “outlook,” “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 such as effects from the Delta and Omicron variant, supply chain disruptions or labor shortages, and 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.

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 products and 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 trade names referred to in this presentation 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 trade names.

Agenda

1Q22 Financial Results

2022 Outlook

Appendix

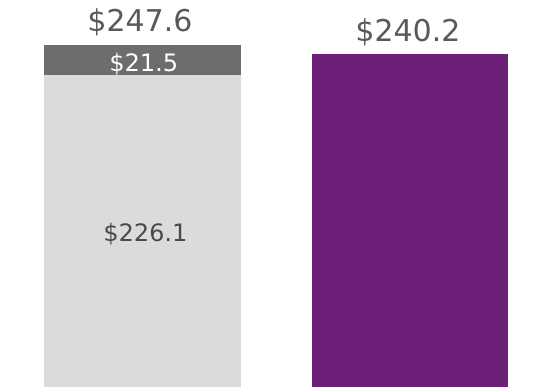
Financial Results

1Q22 Financial Summary

1Q21 1Q22

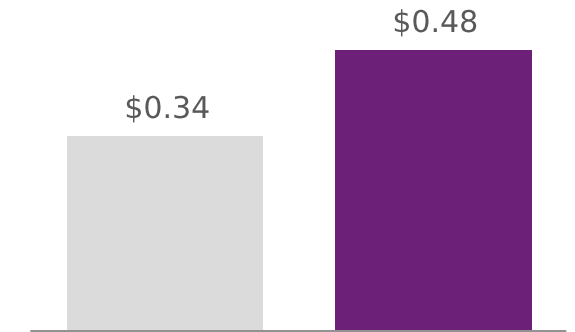
Net Sales (\$M)

■ Heart Valves*

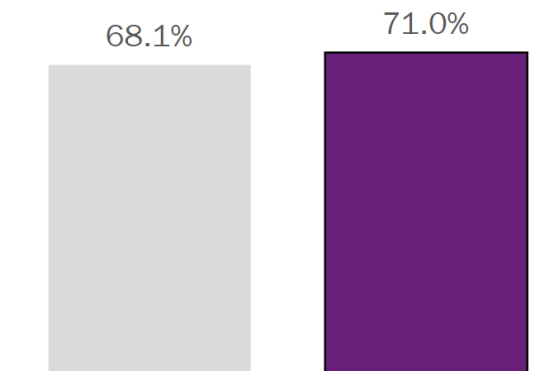


- Net sales decreased 0.3 percent on a constant-currency basis
- Net sales, excluding sales related to the Heart Valves business that was divested effective June 1, 2021, increased 9.1 percent on a constant-currency basis
- Foreign currency had an unfavorable impact on net sales of ~\$7M

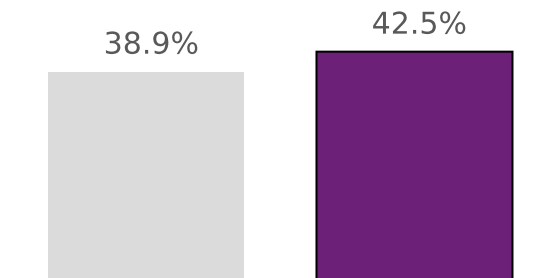
Adjusted Diluted EPS



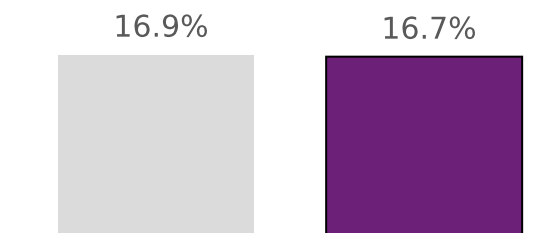
Adjusted Gross Profit %



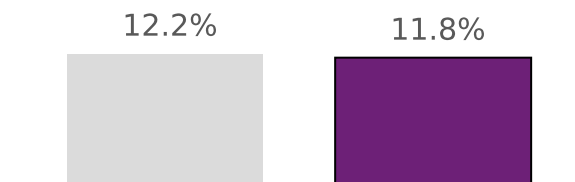
Adjusted SG&A %



Adjusted R&D %



Adjusted Operating Margin %



Note: Net sales excluding sales related to the Heart Valves business, adjusted diluted EPS and adjusted gross profit, adjusted SG&A, adjusted R&D and adjusted operating margin all as a percentage of net sales 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 eliminates 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 sales for the first quarter of 2021 have been revised. See 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. Numbers may not add precisely due to rounding. * The Heart Valves business was divested effective June 1, 2021.

1Q22 Net Sales

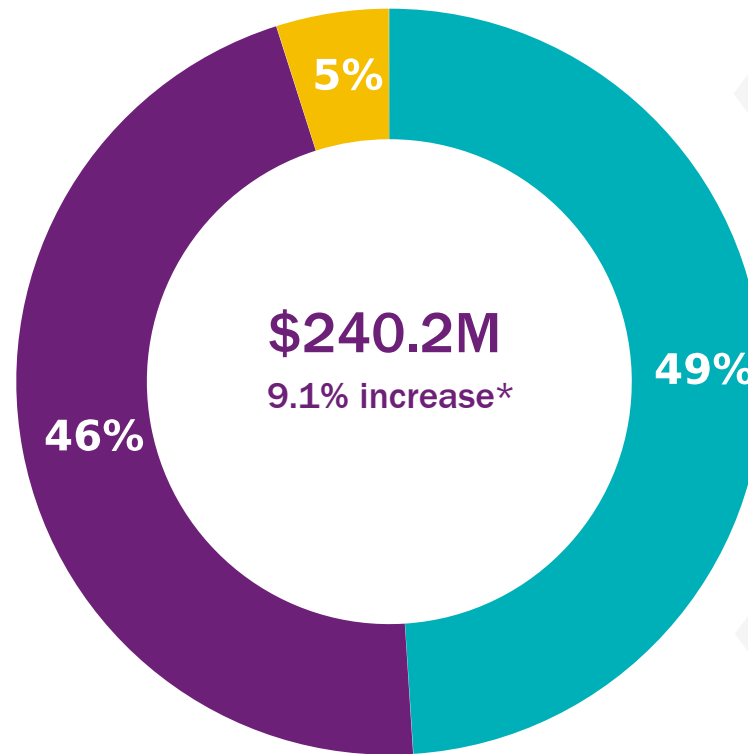
Neuromodulation

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)

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

* 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, see the tables in the appendix.

Segment Net Sales Comparisons* by Region

(\$M)	Three Months Ended March 31,		% Change at Actual Currency Rates	% Change at Constant- Currency Rates
	2022	2021		
Cardiopulmonary				
United States	\$38.1	\$35.8	6.5%	6.5%
Europe	32.1	30.6	4.7%	11.9%
Rest of World	46.9	42.3	10.8%	17.7%
Total	117.1	108.7	7.7%	12.4%
Neuromodulation				
United States	87.2	82.3	6.0%	6.0%
Europe	12.5	11.7	6.7%	13.2%
Rest of World	10.6	9.7	8.7%	14.1%
Total	110.2	103.7	6.3%	7.5%
Advanced Circulatory Support				
United States	11.0	12.6	(12.7)%	(12.7)%
Europe	0.6	0.2	164.5%	**
Rest of World	0.1	0.2	(42.6)%	**
Total	11.7	13.0	(10.1)%	(9.7)%
Other ⁽¹⁾	1.2	22.2	(94.6)%	(94.1)%
Total Net Sales	\$240.2	\$247.6	(3.0)%	(0.3)%
Less: Heart Valves ⁽¹⁾	—	21.5	**	**
Total Net Sales, Excluding Heart Valves	\$240.2	\$226.1	6.2%	9.1%

* 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, see the tables in the appendix. Numbers may not add precisely due to rounding.

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

⁽¹⁾ Three-month period ended March 31, 2021 includes the results of the Heart Valves business, which was divested effective June 1, 2021.

1Q22 Cardiopulmonary Sales

Drivers/Impacts

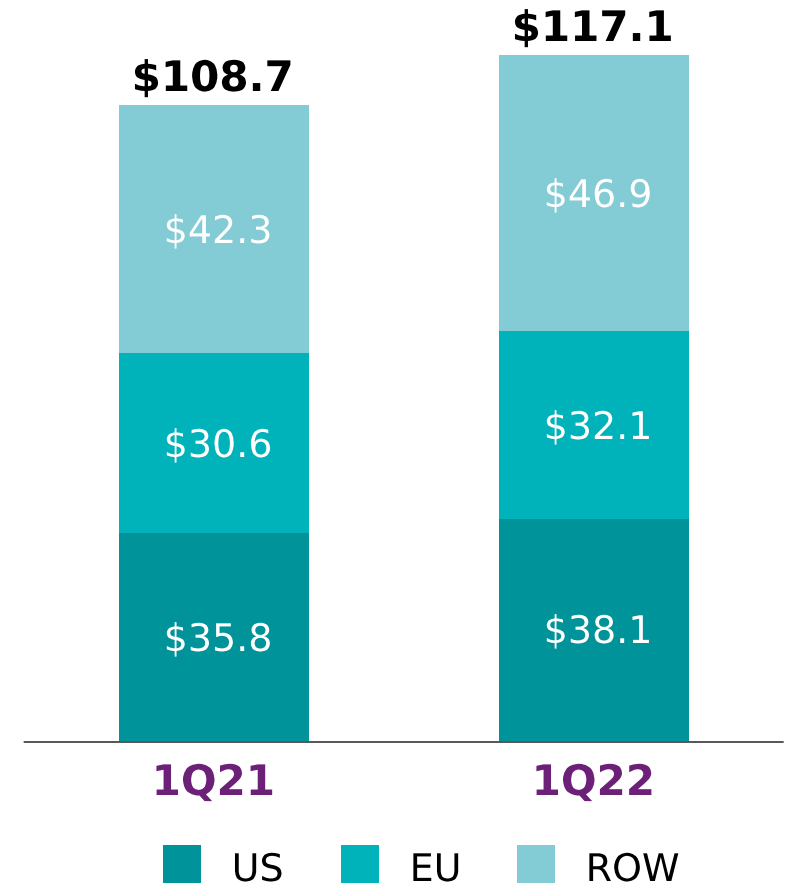
Global sales increased 12% with growth in all regions, reflecting an increase in cardiac surgery procedures.

Oxygenator sales grew over 20% globally, driven by procedure volume recovery across all regions, particularly in Europe and Rest of World.

HLM sales grew in the high single-digits globally, led by the Rest of World region.

Net Sales (\$M)*

12.4%



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, see the tables in the appendix.

1Q22 Neuromodulation Sales

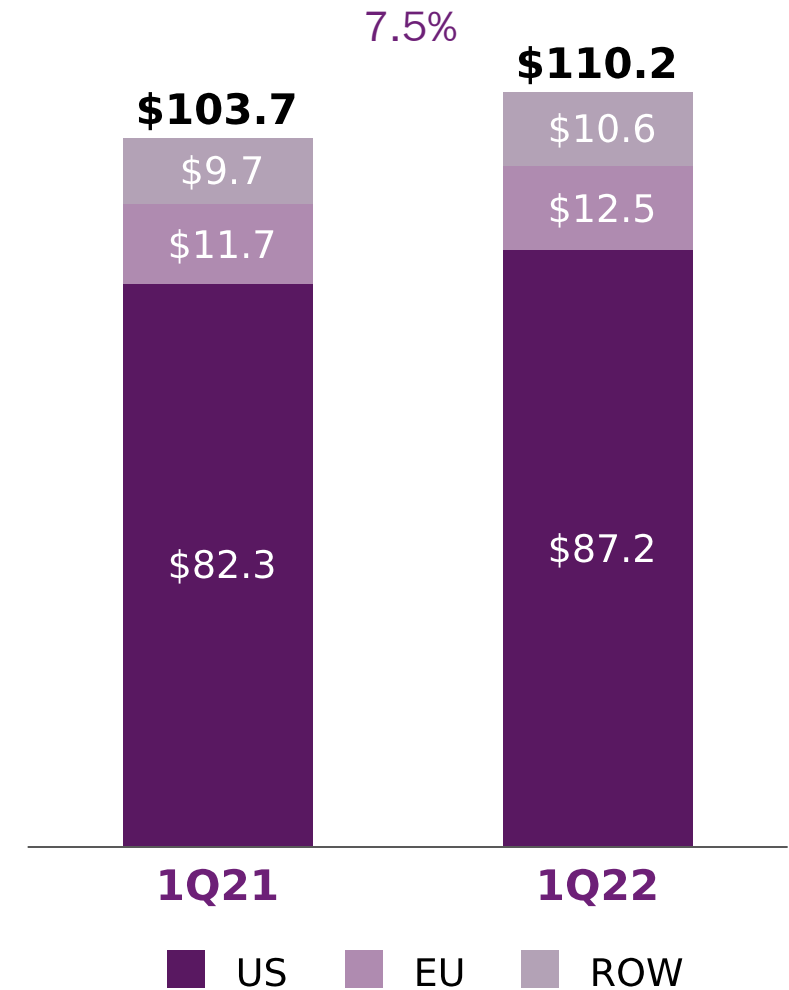
Drivers/Impacts

Global Neuromodulation sales increased 8% with growth across all regions and accelerated after experiencing COVID-related pressures early in the quarter.

U.S. Epilepsy sales increased 6% driven by replacement implants. Go-to-market commercial initiatives in comprehensive epilepsy centers (CECs) continued to deliver growth above the baseline business.

Europe sales grew 14%, primarily led by the U.K., and Rest of World sales grew 14%, primarily led by APAC.

Net Sales (\$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 eliminates the effects of foreign currency fluctuations. For reconciliations of certain non-GAAP metrics, see the tables in the appendix.

1Q22 Advanced Circulatory Support Sales

Drivers/Impacts

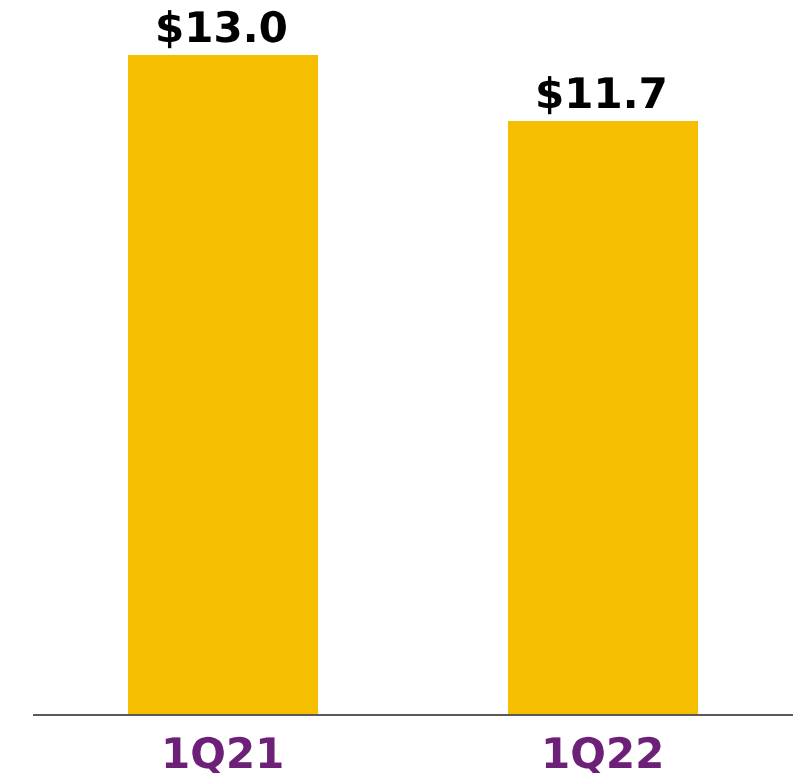
ACS sales declined 10%, impacted by hospital staffing shortages and less severe COVID cases.

Respiratory cases, including COVID cases, declined ~30% year-over-year as fewer hospitalized patients required ECMO therapy.

Non-respiratory cases were flat year-over-year as account acquisitions were offset by impacts from hospital staffing shortages.

Net Sales (\$M)*

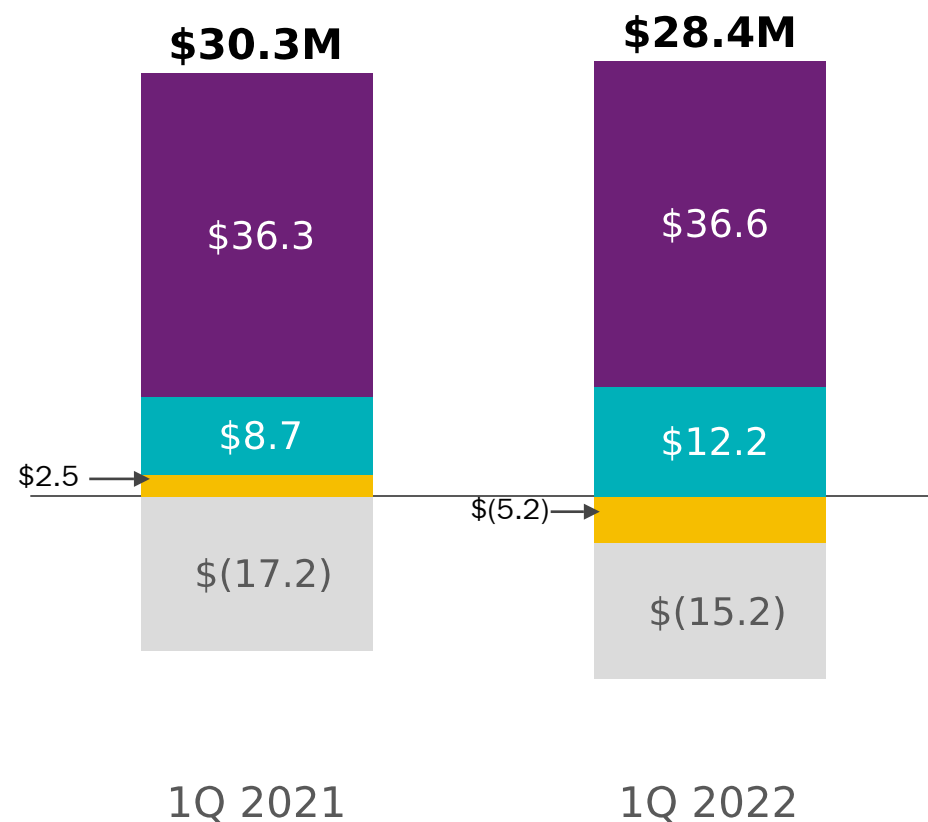
(9.7)%



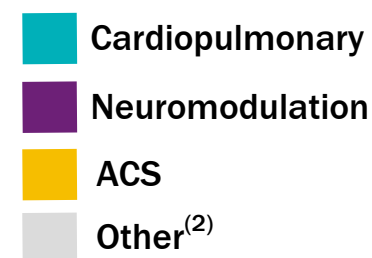
Numbers may not add precisely due to rounding.

* 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, see the tables in the appendix.

1Q22 Adjusted Segment Operating Income and Margin⁽¹⁾

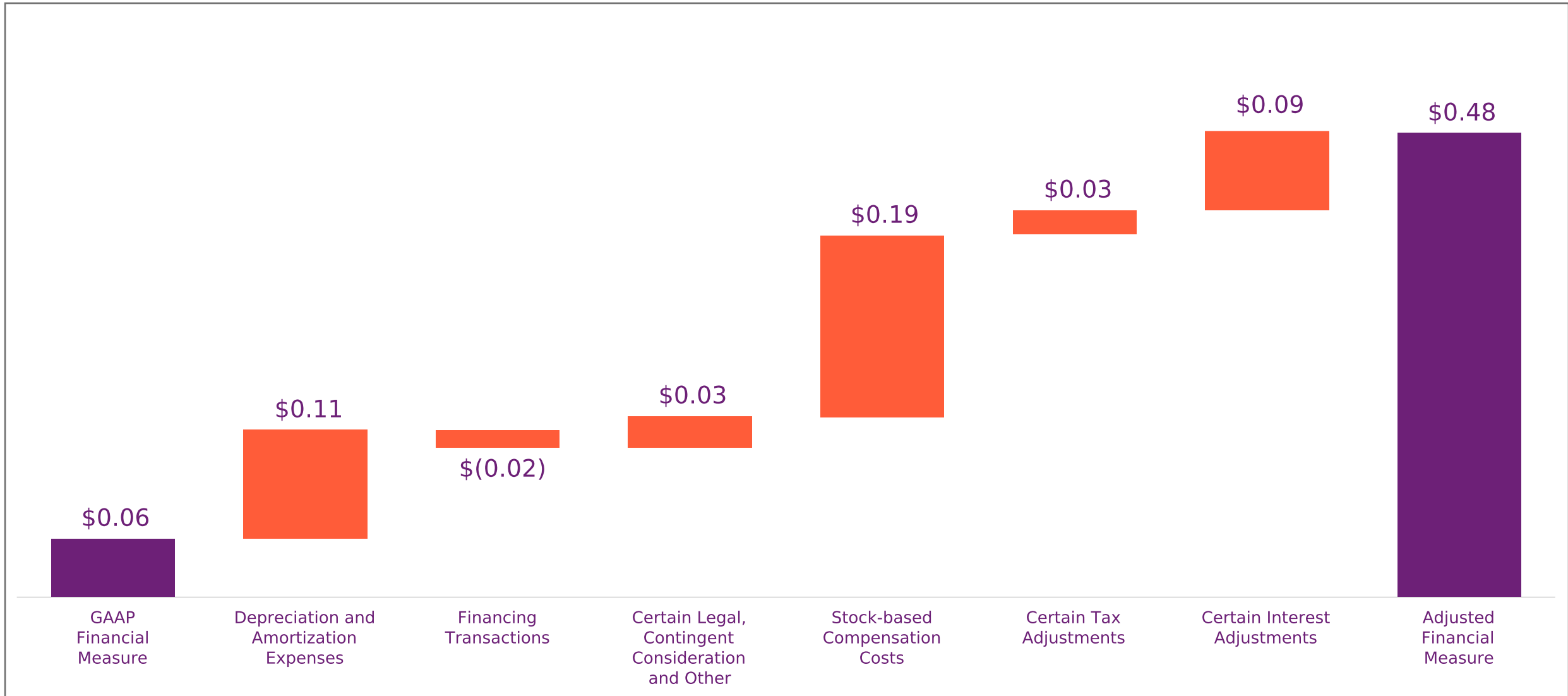


	% to Sales	
	1Q21	1Q22
Cardiopulmonary	8.0%	10.4%
Neuromodulation	35.0%	33.2%
ACS	19.6%	(44.7)%
Total	12.2%	11.8%



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. Adjusted operating margin for the first quarter of 2020 has been revised. See 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. ⁽²⁾ Includes corporate shared service expenses for finance, legal, human resources, information technology and corporate business development. The three month-period ended March 31, 2021 includes adjusted operating income of \$0.7 related to the Heart Valves business that was divested effective June 1, 2021.

1Q22 Adjusted EPS from Continuing Operations*



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

Adjusted Free Cash Flow

Continued focus on optimizing cash generation

- Targeting \$90M - \$110M of adjusted free cash flow (FCF) for full-year 2022

Adjusted Free Cash Flow Reconciliation (\$M)	Three Months Ended March 31,	
	2022	2021
Net cash provided by operating activities	\$25.8	\$19.5
Less: Purchases of plant, property and equipment	(5.2)	(8.2)
Less: Cash received from tax stimulus	(6.7)	(24.5)
Add: 3T litigation payments	2.8	5.1
Adjusted free cash flow	\$16.6	\$(8.1)

Last Twelve Months (LTM) Adjusted Free Cash Flow Conversion Ratio	LTM Ended March 31, 2022
LTM adjusted free cash flow	\$108.7
LTM adjusted net income	\$116.1
LTM adjusted free cash flow conversion ratio	<u>94%</u>

Adjusted Free Cash Flow (FCF) and LTM Adjusted FCF conversion ratio are non-GAAP measures. Our definition and calculation of adjusted FCF may not be comparable to similarly titled measures of other companies.

1Q 2022 Summary

Financial

- 9% sales growth, excluding Heart Valves, with strength across all regions in Cardiopulmonary and Neuromodulation
- Gross margin expansion driven by favorable product mix and the divestiture of Heart Valves
- Adjusted free cash flow of \$17M enhanced by working capital management

Core Businesses

- Delivered above market growth in Cardiopulmonary with continued progress on next-generation HLM
- U.S. Epilepsy go-to-market initiative performed above baseline business
- ACS sales growth unfavorably impacted by a decline in respiratory procedures

Strategic Portfolio Initiatives

- DTD: RECOVER achieved 250th UP patient implanted and interim analyses confirm continuation of study
- HF: ANTHEM-HFrEF pivotal trial first interim analysis confirms continuation of study
- OSA: OSPREY confirmatory clinical trial progresses with the first patient implanted in 1Q22 and continued site activation

2022 Outlook

2022 Outlook

	Consolidated Guidance As of February 23, 2022
Worldwide net sales growth, excluding Heart Valves ⁽¹⁾⁽²⁾	3 - 5%
Adjusted diluted EPS ⁽¹⁾⁽³⁾	\$2.50 - 2.80
Adjusted free cash flow ⁽⁴⁾	\$90 - 110M

⁽¹⁾ Net sales are on a constant-currency basis. All financial measures are adjusted non-GAAP measures. ⁽²⁾ Worldwide net sales growth when including the Heart Valves business, which was divested effective June 1, 2021, is expected to be between 0 to 2%. Constant-currency growth excludes assumed 2 to 3 percent sales impact from foreign currency exchange rates. ⁽³⁾ Adjusted diluted EPS assumes adjusted diluted weighted average shares outstanding of approximately 54 million for the full-year of 2022. ⁽⁴⁾ 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 bridge loan facility.

Assumptions for 2022

REVENUE	3 - 5%*	<ul style="list-style-type: none"> • Epilepsy procedures expected to improve, resulting in 5-7% growth • ACS business now expected to deliver low single-digit growth • Cardiopulmonary sales expected to grow 1-3%; Essenz launch in 2H22
EPS	\$2.50 - 2.80	<ul style="list-style-type: none"> • Gross margin expected to improve led by recovery in Epilepsy and the divestiture of Heart Valves • Incremental supply chain costs anticipated, counter measured by cost improvement initiatives • Invest in core innovation, commercial & indication expansion and SPIs to drive long-term value creation
ADJUSTED FCF	\$90 - 110M	<ul style="list-style-type: none"> • Enhanced by working capital management improvements • Impacted by inventory builds to protect supply chain continuity • Targeting an adjusted free cash flow conversion ratio of >80%
STRATEGIC PORTFOLIO INITIATIVES	Continued Execution	<ul style="list-style-type: none"> • DTD: 250 UP patients implanted during 1Q22 with transition to registry expected in late-2022/early-2023 • HF: First analysis conducted in 1Q22 with ability to reassess after every 100 patients enrolled • OSA: First patient implanted during 1Q22 in the OSPREY trial; continue to ramp patient enrollment

* Worldwide net sales growth at constant-currency including the Heart Valves business, which was divested effective June 1, 2021, is expected to be between 0 to 2%. Constant-currency growth excludes assumed 2 to 3 percent sales impact from foreign currency exchange rates.

UP: Unipolar

FCF: Free cash flow

Our Strategic Priorities

Core Growth

Focus on portfolio optimization to support leadership positions in underserved markets

- Leverage the go-to-market initiative for U.S. Epilepsy
- Continued market development including an expanded effort in respiratory for ACS

Pipeline Execution

Multiple existing and pipeline initiatives to accelerate growth

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

Operational Excellence

Drive margin expansion and cash generation

- Expand operating margin through 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 first quarter 2022 press release and during the conference call held in conjunction with the announcement of first quarter 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 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 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 sales, non-GAAP adjusted tax rate and adjusted diluted earnings per share are net sales, 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 Sales - Comparison of Actual Results to Constant Currency - *Unaudited*

	Three Months Ended March 31,		% Change	Constant-Currency % Change
	2022	2021		
Cardiopulmonary	\$117.1	\$108.7	7.7%	12.4%
Neuromodulation	110.2	103.7	6.3%	7.5%
Advanced Circulatory Support	11.7	13.0	(10.1%)	(9.7%)
Other(1)	1.2	22.2	(94.6%)	(94.1%)
Total Net Sales	\$240.2	\$247.6	(3.0%)	(0.3%)

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

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

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

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 March 31, 2022	Specified Items								Adjusted Financial Measures
	GAAP Financial Measures	Restructuring Expenses (A)	Depreciation and Amortization Expenses (B)	Financing Transactions (C)	Certain Legal, Contingent Consideration and Other (D)	Stock-based Compensation Costs (E)	Certain Tax Adjustments (F)	Certain Interest Adjustments (G)	
Cost of sales	\$71.7	\$—	\$(3.7)	\$—	\$2.0	\$(0.3)	\$—	\$—	\$69.8
Gross profit percent	70.1 %	— %	1.5 %	— %	(0.8)%	0.1 %	— %	— %	71.0 %
Selling, general and administrative	118.5	—	(2.9)	—	(5.7)	(7.9)	—	—	102.0
Selling, general and administrative as a percent of net sales	49.3 %	— %	(1.2)%	— %	(2.4)%	(3.3)%	— %	— %	42.5 %
Research and development	40.9	—	0.1	—	1.2	(2.1)	—	—	40.1
Research and development as a percent of net sales	17.0 %	— %	— %	— %	0.5 %	(0.9)%	— %	— %	16.7 %
Other operating expenses	(0.5)	0.1	—	—	0.4	—	—	—	—
Operating income	9.5	(0.1)	6.5	—	2.2	10.3	—	—	28.4
Operating margin percent	4.0 %	— %	2.7 %	— %	0.9 %	4.3 %	— %	— %	11.8 %
Income tax expense	2.5	—	0.5	—	0.3	0.1	(1.4)	—	2.0
Income tax rate	45.6 %	— %	6.9 %	— %	15.6 %	0.7 %	N/A	— %	7.2 %
Net income	3.0	(0.1)	6.1	(1.1)	1.9	10.2	1.4	4.8	26.0
Net income as a percent of net sales	1.2 %	— %	2.5 %	(0.5)%	0.8 %	4.2 %	0.6 %	2.0 %	10.8 %
Diluted EPS	\$0.06	\$—	\$0.11	\$(0.02)	\$0.03	\$0.19	\$0.03	\$0.09	\$0.48

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

- (A) Restructuring expenses related to organizational changes
- (B) Includes depreciation and amortization associated with purchase price accounting
- (C) Primarily relates to the mark-to-market adjustment for the exchangeable option feature and capped call derivatives
- (D) 3T Heater-Cooler litigation provision, legal expenses primarily related to 3T Heater-Cooler defense, costs related to the SNIA matter, settlements, other matters and remeasurement of contingent consideration related to acquisitions
- (E) Non-cash expenses associated with stock-based compensation costs
- (F) Primarily relates to discrete tax items and the tax impact of intercompany transactions
- (G) Primarily relates to non-cash interest expense on the Cash Exchangeable Senior Notes and interest on the 2022 Bridge Loan

* 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 March 31, 2021	Specified Items											Adjusted Financial Measures
	GAAP Financial Measures	Merger and Integration Expenses (A)	Restructuring Expenses (B)	Depreciation and Amortization Expenses (C)	Impairment (D)	Product Remediation Expenses (E)	Financing Transactions (F)	Certain Legal, Contingent Consideration and Other (G)	Stock-based Compensation Costs (H)	Certain Tax Adjustments (I)	Certain Interest Adjustments (J)	
Cost of sales	\$84.2	\$—	\$—	\$(4.0)	\$—	\$(0.1)	\$—	\$(0.4)	\$(0.6)	\$—	\$—	\$79.1
Gross profit percent	66.0 %	— %	— %	1.6 %	— %	— %	— %	0.2 %	0.3 %	— %	— %	68.1 %
Selling, general and administrative	115.7	—	—	(3.1)	—	—	—	(8.9)	(7.3)	—	—	96.4
Selling, general and administrative as a percent of net sales	46.7 %	— %	— %	(1.3)%	— %	— %	— %	(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 %
Other operating expenses	8.8	(0.6)	(6.1)	—	1.0	—	—	(3.0)	—	—	—	—
Operating (loss) income	(5.7)	0.6	6.1	7.0	(1.0)	0.1	—	13.6	9.5	—	—	30.3
Operating margin percent	(2.3)%	0.3 %	2.5 %	2.8 %	(0.4)%	— %	— %	5.5 %	3.9 %	— %	— %	12.2 %
Income tax expense	2.6	—	0.1	0.6	0.1	—	—	0.6	0.2	(2.5)	—	1.8
Income tax rate	(9.4)%	0.5 %	1.9 %	8.0 %	(12.9)%	27.9 %	— %	6.6 %	2.0 %	N/A	— %	9.7 %
Net (loss) income	(30.8)	0.6	6.0	6.5	(1.1)	—	10.6	8.3	9.3	2.5	4.6	16.6
Net (loss) income from continuing operations as a percent of net sales	(12.4)%	0.3 %	2.4 %	2.6 %	(0.4)%	— %	4.3 %	3.4 %	3.8 %	1.0 %	1.8 %	6.7 %
Diluted EPS	\$(0.63)	\$0.01	\$0.12	\$0.13	\$(0.02)	\$—	\$0.21	\$0.17	\$0.19	\$0.05	\$0.09	\$0.34

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)

	Three Months Ended March 31, 2022
Adjusted free cash flow reconciliation	
Net cash provided by operating activities	\$25.8
Less: Purchases of plant, property and equipment	(5.2)
Less: Cash received from tax stimulus	(6.7)
Add: 3T litigation payments	2.8
Adjusted free cash flow	\$16.6

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

	Twelve Months Ended March 31, 2022
Adjusted free cash flow reconciliation	
Net cash provided by operating activities	\$108.9
Less: Purchases of plant, property and equipment	(22.5)
Less: Cash received from tax stimulus	(6.7)
Less: Dividends received from investments	(3.4)
Add: 3T litigation payments	32.4
Adjusted free cash flow	\$108.7

	Twelve Months Ended March 31, 2022
Adjusted net income reconciliation	
Net loss	\$(102.1)
Merger & integration expenses	0.1
Restructuring expenses	3.4
Depreciation and amortization expenses	25.5
Heart Valves	1.0
Product remediation expenses	0.5
Financing transactions	69.9
Certain legal, contingent, consideration and other	57.8
Stock-based compensation costs	40.7
Certain tax adjustments	2.4
Certain interest adjustments	17.0
Adjusted net income	\$116.1

Last twelve months adjusted free cash flow conversion ratio 94 %

Segment Non-GAAP Reconciliation - Unaudited

(U.S. dollars in thousands)

Three Months Ended March 31, 2022	GAAP Financial Results	Specified Items			Adjusted Financial Results	% to Sales
		Depreciation and Amortization Expenses (A)	Certain Legal, Contingent Consideration and Other (B)	Stock-based Compensation Costs (C)		
Cardiopulmonary	\$6,895	\$108	\$3,434	\$1,795	\$12,232	10.4 %
Neuromodulation	37,478	—	(3,158)	2,271	36,591	33.2 %
Advanced Circulatory Support	(5,438)	—	(284)	504	(5,218)	(44.7)%
Other ⁽¹⁾	(23,082)	(42)	2,208	5,685	(15,231)	**
Segment operating income	<u>\$15,853</u>	<u>\$66</u>	<u>\$2,200</u>	<u>\$10,255</u>	<u>\$28,374</u>	11.8 %

Three Months Ended March 31, 2021	GAAP Financial Results	Specified Items							Adjusted Financial Results	% to Sales
		Depreciation and Amortization Expenses (A)	Certain Legal, Contingent Consideration and Other (B)	Stock-based Compensation (C)	Product Remediation (D)	Heart Valves (E)	Financing Transactions (F)			
Cardiopulmonary	\$1,442	\$380	\$5,540	\$1,230	\$68	\$—	\$—	\$8,660	8.0 %	
Neuromodulation	34,083	1	369	1,833	—	—	—	36,286	35.0 %	
Advanced Circulatory Support	2,393	—	134	19	—	—	—	2,546	19.6 %	
Other	(30,195)	(43)	7,516	6,453	—	(966)	26	(17,209)	(77.5)%	
Segment operating income	<u>\$7,723</u>	<u>\$338</u>	<u>\$13,559</u>	<u>\$9,535</u>	<u>\$68</u>	<u>\$(966)</u>	<u>\$26</u>	<u>\$30,283</u>	12.2 %	

GAAP results for the three months ended March 31, 2022 and 2021 include:

(A) Includes depreciation and amortization associated with purchase price accounting

(B) 3T Heater-Cooler litigation provision, legal expenses primarily related to 3T Heater-Cooler defense, costs related to the SNIA matter, settlements, other matters, remeasurement of contingent consideration related to acquisitions and, for 2021, gain from remeasurement of an investment

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

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

(E) Revaluation associated with the classification of Heart Valves as held for sale

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

* 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 Valves 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.