

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 30, 2024



LivaNova PLC

(Exact Name of Registrant as Specified in its Charter)

England and Wales
(State or Other Jurisdiction
of Incorporation)

001-37599
(Commission
File Number)

98-1268150
(IRS Employer
Identification No.)

20 Eastbourne Terrace
London, W2 6LG
United Kingdom
(Address of Principal Executive Offices)

+44 20 33250660
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name on each exchange on which registered
Ordinary Shares - £1.00 par value per share	LIVN	NASDAQ Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On October 30, 2024, LivaNova PLC (the “Company”) issued a press release announcing financial results for the quarter ended September 30, 2024. The Company will host a business update conference call and webcast today, October 30, 2024, at 12 p.m. London time (8 a.m. Eastern Time), during which the Company will discuss the financial results. The conference call will be available through the LivaNova website at www.livanova.com/events.

A copy of the Company’s press release related to the foregoing matters is attached hereto as Exhibit 99.1. The information in Exhibit 99.1 is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and is not to be incorporated by reference into any filing by the Company under the Securities Act of 1933, as amended or the Exchange Act, regardless of any general incorporation language contained in such filing, unless otherwise expressly stated in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

<u>Exhibit</u>	<u>Description</u>
99.1	Press Release of LivaNova PLC dated October 30, 2024
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LivaNova PLC

Date: October 30, 2024

By: /s/ Michael Hutchinson

Name: Michael Hutchinson

Title: SVP, Company Secretary & Chief Legal Officer



Health innovation that matters

NEWS RELEASE

LivaNova Reports Third-Quarter 2024 Results

London, October 30, 2024 – LivaNova PLC (Nasdaq: LIVN), a market-leading medical technology company, today reported results for the quarter ended September 30, 2024 and raised full-year 2024 guidance.

Financial Summary and Highlights⁽¹⁾

- Third-quarter revenue of \$318.1 million increased 11.2% on both a reported and constant-currency basis, as compared to the prior-year period. Excluding the impact of the Advanced Circulatory Support (ACS) segment wind down, revenue increased 12.3% on a constant-currency basis.
- Third-quarter U.S. GAAP diluted earnings per share of \$0.60 and adjusted diluted earnings per share of \$0.90.
- In October 2024, LivaNova announced the appointment of Susan Podlogar to the Board. Podlogar serves on the Compensation and Human Capital Management Committee.

"LivaNova delivered strong revenue and operating income growth in the third quarter," said Vladimir Makatsaria, Chief Executive Officer of LivaNova. "This performance reflects the strength of our team's ongoing execution and steadfast commitment to serving customers and their patients. We look forward to building on this momentum in the fourth quarter and in 2025, driven by our continued focus on performance, innovation, and talent."

⁽¹⁾ Constant-currency percent change, total revenue excluding revenue from the ACS segment wind down, adjusted operating income, adjusted diluted earnings per share and adjusted free cash flow are non-GAAP measures. Constant-currency percent change excludes the impact from fluctuations in the various currencies in which the Company operates as compared to reported percent change. For an explanation of these and other non-GAAP measures used in this news release, see the section entitled "Use of Non-GAAP Financial Measures." For reconciliations of certain non-GAAP measures, see the tables that accompany this news release.

Third-Quarter 2024 Results

The following table summarizes revenue by segment (in millions):

	Three Months Ended September 30,		% Change	Constant- Currency % Change
	2024	2023		
Cardiopulmonary	\$172.2	\$149.0	15.6 %	15.4 %
Neuromodulation	139.9	128.9	8.5 %	8.8 %
Other ⁽¹⁾	6.0	8.3	(27.3)%	(27.5)%
Total Net Revenue	318.1	286.1	11.2 %	11.2 %
Less: ACS ⁽²⁾	4.4	6.8	(35.2)%	N/A
Total Net Revenue, Excluding ACS	\$313.7	\$279.3	12.3 %	12.3 %

⁽¹⁾ Includes revenue from the Company's former ACS reportable segment, as well as rental and site services income not allocated to segments.

⁽²⁾ Includes the results from the wind down portion of the Company's former ACS reportable segment.

- Numbers may not add precisely due to rounding. Segment financial information presented herein reflects LivaNova's change in segments, effective in the first quarter 2024, for all periods presented.

Cardiopulmonary revenue increased 15.6% on a reported basis and 15.4% on a constant-currency basis versus the third quarter of 2023 with growth across all regions, driven by Essenz™ Perfusion System sales and strong consumables demand.

Neuromodulation revenue increased 8.5% on a reported basis and 8.8% on a constant-currency basis versus the third quarter of 2023 with growth in the U.S. and Rest of World regions, partially offset by a decline in Europe.

Earnings Analysis

On a U.S. GAAP basis, third-quarter 2024 operating income was \$35.6 million, as compared to operating income of \$4.5 million for the third quarter of 2023. Adjusted operating income for the third quarter of 2024 was \$63.6 million, as compared to adjusted operating income of \$45.0 million for the third quarter of 2023.

On a U.S. GAAP basis, third-quarter 2024 diluted earnings per share was \$0.60, as compared to diluted loss per share of \$0.14 in the third quarter of 2023. Third-quarter 2024 adjusted diluted earnings per share was \$0.90, as compared to adjusted diluted earnings per share of \$0.73 in the third quarter of 2023.

Full-Year 2024 Guidance

LivaNova now expects revenue for full-year 2024 to grow between 8.5% and 9.5% on a constant-currency basis. When excluding the impact of the ACS segment wind down, the Company now expects revenue for full-year 2024 to grow between 10% and 11% on a constant-currency basis. Foreign currency is now expected to be negligible based on current exchange rates.

Adjusted diluted earnings per share for 2024 is now expected to be in the range of \$3.30 to \$3.40, assuming a share count of approximately 55 million for full-year 2024. For 2024, the Company now estimates that adjusted free cash flow will be in the range of \$110 to \$130 million.

As discussed in the section entitled "Use of Non-GAAP Financial Measures" below, the Company is unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact GAAP measures but would not impact the non-GAAP measures. Accordingly, the Company is unable to reconcile the forward-looking non-GAAP financial measures included in this section to their most directly comparable forward-looking GAAP financial measures without unreasonable efforts.

Webcast and Conference Call Instructions

The Company will host a live audiocast at 12 p.m. London time (8 a.m. Eastern Time) on Wednesday, October 30, 2024 that will be accessible at www.livanova.com/events. Listeners should register in advance and log on approximately 10 minutes early to ensure proper setup. To listen to the conference call by telephone, dial +1 833 470 1428 (if dialing from within the U.S.) or +1 929 526 1599 (if dialing from outside the U.S.). The conference call access code is 881946. Within 24 hours of the audiocast, a replay will be available at www.livanova.com/events, where it will be archived and accessible for approximately 90 days.

About LivaNova

LivaNova PLC is a global medical technology company built on nearly five decades of experience and a relentless commitment to provide hope for patients and their families through medical technologies, delivering life-changing solutions in select neurological and cardiac conditions. Headquartered in London, LivaNova employs approximately 2,900 employees and has a presence in more than 100 countries for the benefit of patients, healthcare professionals, and healthcare systems worldwide. For more information, please visit www.livanova.com.

Use of Non-GAAP Financial Measures

To supplement financial measures presented in accordance with generally accepted accounting principles in the United States (U.S. GAAP or GAAP), management has disclosed certain additional measures not presented in accordance with GAAP known as “non-GAAP financial measures” or “adjusted financial measures.” Company management uses these non-GAAP measures to monitor the Company’s operational performance 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, operational performance measures as prescribed by GAAP.

In this news release, the Company refers to comparable, constant-currency percent change in revenue. Company management believes that referring to comparable, constant-currency percent change 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 percent change, 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 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 adjusted free cash flow is net cash provided by operating activities. 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 settlement payments, CARES Act tax stimulus benefits, SNIA financing costs, and gains related to dividends received from investments and further adjusted as needed for other charges, expenses or gains that may not be indicative of the Company’s operational performance. 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, the

Company does not reconcile non-GAAP financial measures on a forward-looking basis as it is impractical to do so without unreasonable effort.

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

Safe Harbor Statement

Certain statements in this news release, 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, and Section 21E of 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, the Company's actual financial results, performance, achievements or prospects may differ materially from those expressed or implied by these forward-looking statements. Generally, forward-looking statements can be identified 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 the Company's control, that could cause the Company's actual results to differ materially from the forward-looking statements contained in this news release, and include, but are not limited to, the following risks and uncertainties: volatility in the global market and worldwide economic conditions, including as caused by the invasion of Ukraine, the evolving instability in the Middle East, inflation, changing interest rates, foreign exchange fluctuations, changes to existing trade

agreements and relationships between the U.S. and other countries, including the implementation of sanctions; cyber-attacks or other disruptions to the Company's information technology systems or those of third parties with which the Company interacts; costs of complying with privacy and security of personal information requirements and laws; risks relating to supply chain pressures; 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 the Company's products; failure to establish, expand, or maintain market acceptance of the Company's products for the treatment of the Company's 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 the Company's products; the risk of quality issues and the impacts thereof; risks relating to recalls, replacement of inventory, enforcement actions, or product liability claims; changes or reduction in reimbursement for the Company's products or failure to comply with rules relating to reimbursement of healthcare goods and services; failure to comply with anti-bribery laws; losses or costs from pending or future lawsuits and governmental investigations, including in the case of the Company's 3T Heater-Cooler and SNIA environmental litigations; risks associated with environmental laws and regulations as well as environmental liabilities, violations, protest voting, and litigation; product liability, intellectual property, shareholder-related, environmental-related, income tax, and other litigation, disputes, losses, and costs; failure to retain key personnel, prevent labor shortages, or manage labor costs; the failure of the Company's R&D efforts to keep up with the rapid pace of technological development in the medical device industry; the risks relating to the impact of climate change and the risk of environmental, social, and governance pressures from internal and external stakeholders; failure to protect the Company's proprietary intellectual property; failure of new acquisitions to further the Company's strategic objectives or strengthen the Company's existing businesses; the potential for impairments of intangible assets, goodwill, and other long-lived assets; risks relating to the Company's indebtedness; effectiveness of the Company's internal controls over financial reporting; changes in the Company's profitability and/or failure to manage costs and expenses; fluctuations in future quarterly operating results and/or variations in revenue and operating expenses relative to estimates; changes in tax laws and regulations, including exposure to additional income tax liabilities; and other unknown or unpredictable factors that could harm the Company's financial performance.

The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties that affect the Company's business, including those described in the "Risk Factors" section of the Annual Report 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.

Readers are cautioned not to place undue reliance on the Company's forward-looking statements, which speak only as of the date of this news release. The Company undertakes no obligation to update publicly any of the forward-looking statements in this news release 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 LivaNova updates one or more forward-looking statements, no inference should be drawn that the Company will make additional updates with respect to those or other forward-looking statements.

VNS Therapy and Essenz are trademarks of LivaNova USA, Inc.

Briana Gotlin
Director, Investor Relations
Phone: +1 281 895 2382
e-mail: InvestorRelations@livanova.com

LIVANOVA PLC
NET REVENUE - UNAUDITED
(U.S. dollars in millions)

	Three Months Ended September 30,			
	2024	2023	% Change	Constant-Currency % Change
Cardiopulmonary				
U.S.	\$62.5	\$52.3	19.6 %	19.6 %
Europe ⁽¹⁾	40.9	35.5	15.2 %	13.4 %
Rest of World	68.8	61.2	12.5 %	13.0 %
	<u>172.2</u>	<u>149.0</u>	15.6 %	15.4 %
Neuromodulation				
U.S.	112.9	102.5	10.2 %	10.2 %
Europe ⁽¹⁾	11.9	12.7	(5.8)%	(7.7)%
Rest of World	15.0	13.7	9.4 %	13.6 %
	<u>139.9</u>	<u>128.9</u>	8.5 %	8.8 %
Other Revenue ⁽²⁾	<u>6.0</u>	<u>8.3</u>	(27.3)%	(27.5)%
Totals				
U.S.	179.8	161.6	11.3 %	11.3 %
Europe ⁽¹⁾	52.8	48.1	9.7 %	7.9 %
Rest of World	85.5	76.4	11.9 %	13.0 %
	<u>\$318.1</u>	<u>\$286.1</u>	11.2 %	11.2 %

⁽¹⁾ Includes countries in Europe where the Company has a direct sales presence. Countries in Europe where sales are made through distributors are included in "Rest of World."

⁽²⁾ "Other Revenue" includes revenue from the Company's former ACS reportable segment, as well as rental and site services income not allocated to segments.

• Numbers may not add precisely due to rounding. Segment financial information presented herein reflects LivaNova's change in segments, effective in the first quarter 2024, for all periods presented.

LIVANOVA PLC
NET REVENUE - UNAUDITED
(U.S. dollars in millions)

	Nine Months Ended September 30,			
	2024	2023	% Change	Constant-Currency % Change
Cardiopulmonary				
U.S.	\$178.0	\$141.9	25.4 %	25.4 %
Europe ⁽¹⁾	120.4	111.2	8.3 %	7.2 %
Rest of World	203.5	185.7	9.6 %	12.1 %
	<u>501.8</u>	<u>438.8</u>	14.4 %	15.2 %
Neuromodulation				
U.S.	330.5	301.0	9.8 %	9.8 %
Europe ⁽¹⁾	40.9	41.1	(0.4)%	(1.6)%
Rest of World	45.2	40.7	11.0 %	15.3 %
	<u>416.6</u>	<u>382.8</u>	8.8 %	9.2 %
Other Revenue ⁽²⁾	<u>13.2</u>	<u>21.8</u>	(39.7)%	(39.8)%
Totals				
U.S.	520.0	461.8	12.6 %	12.6 %
Europe ⁽¹⁾	158.4	152.2	4.1 %	2.9 %
Rest of World	253.2	229.4	10.4 %	13.2 %
	<u>\$931.6</u>	<u>\$843.4</u>	10.5 %	11.0 %

⁽¹⁾ Includes countries in Europe where the Company has a direct sales presence. Countries in Europe where sales are made through distributors are included in "Rest of World."

⁽²⁾ "Other Revenue" includes revenue from the Company's former ACS reportable segment, as well as rental and site services income not allocated to segments.

• Numbers may not add precisely due to rounding. Segment financial information presented herein reflects LivaNova's change in segments, effective in the first quarter 2024, for all periods presented.

LIVANOVA PLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME - UNAUDITED
(U.S. dollars in millions, except per share amounts)

	Three Months Ended September 30,	
	2024	2023
Net revenue	\$318.1	\$286.1
Cost of sales	92.9	84.3
Gross profit	225.3	201.8
Operating expenses:		
Selling, general, and administrative	131.7	134.8
Research and development	48.8	46.5
Other operating expense	9.2	16.0
Operating income	35.6	4.5
Interest expense	(15.9)	(15.0)
Foreign exchange and other income/(expense)	24.7	8.6
Income (loss) before tax	44.4	(2.0)
Income tax expense	11.5	5.3
Net income (loss)	\$33.0	(\$7.3)
Basic income (loss) per share	\$0.61	(\$0.14)
Diluted income (loss) per share	\$0.60	(\$0.14)
Weighted average common shares outstanding:		
Basic	54.4	54.0
Diluted	54.6	54.0

• Numbers may not add precisely due to rounding.

Adjusted Financial Measures (U.S. dollars in millions, except per share amounts) - Unaudited

	Three Months Ended September 30,	
	2024	2023
Adjusted SG&A	\$116.1	\$114.7
Adjusted R&D	46.8	42.0
Adjusted operating income	63.6	45.0
Adjusted net income	49.3	39.5
Adjusted diluted earnings per share	\$0.90	\$0.73

Statistics (as a % of net revenue, except for income tax rate) - Unaudited

	GAAP Three Months Ended September 30,		Adjusted Three Months Ended September 30,	
	2024	2023	2024	2023
Gross profit	70.8 %	70.5 %	71.2 %	70.5 %
SG&A	41.4 %	47.1 %	36.5 %	40.1 %
R&D	15.3 %	16.3 %	14.7 %	14.7 %
Operating income	11.2 %	1.6 %	20.0 %	15.7 %
Net income (loss)	10.4 %	(2.6)%	15.5 %	13.8 %
Income tax rate	25.9 %	(268.4)%	22.5 %	10.4 %

LIVANOVA PLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME - UNAUDITED
(U.S. dollars in millions, except per share amounts)

	Nine Months Ended September 30,	
	2024	2023
Net revenue	\$931.6	\$843.4
Cost of sales	280.1	262.3
Gross profit	651.5	581.1
Operating expenses:		
Selling, general, and administrative	390.6	384.8
Research and development	139.2	147.7
Other operating expense	29.6	29.1
Operating income	92.0	19.5
Interest expense	(47.3)	(43.2)
Loss on debt extinguishment	(25.5)	—
Foreign exchange and other income/(expense)	12.6	36.8
Income before tax	31.8	13.1
Income tax expense	24.5	11.8
Loss from equity method investments	—	(0.1)
Net income	\$7.3	\$1.2
Basic income per share	\$0.14	\$0.02
Diluted income per share	\$0.13	\$0.02
Weighted average common shares outstanding:		
Basic	54.2	53.8
Diluted	54.5	54.1

• Numbers may not add precisely due to rounding.

Adjusted Financial Measures (U.S. dollars in millions, except per share amounts) - Unaudited

	Nine Months Ended September 30,	
	2024	2023
Adjusted SG&A	\$342.1	\$336.1
Adjusted R&D	130.9	136.1
Adjusted operating income	183.6	121.3
Adjusted net income	140.1	104.7
Adjusted diluted earnings per share	\$2.57	\$1.94

Statistics (as a % of net revenue, except for income tax rate) - Unaudited

	GAAP Nine Months Ended September 30,		Adjusted Nine Months Ended September 30,	
	2024	2023	2024	2023
Gross profit	69.9 %	68.9 %	70.5 %	70.4 %
SG&A	41.9 %	45.6 %	36.7 %	39.8 %
R&D	14.9 %	17.5 %	14.0 %	16.1 %
Operating income	9.9 %	2.3 %	19.7 %	14.4 %
Net income	0.8 %	0.1 %	15.0 %	12.4 %
Income tax rate	76.9 %	90.1 %	21.4 %	9.1 %

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

Three Months Ended September 30, 2024	Specified Items									Adjusted Financial Measures
	GAAP Financial Measures	Restructuring Expenses ⁽¹⁾	Depreciation and Amortization Expenses ⁽²⁾	Financing Transactions ⁽³⁾	Contingent Consideration ⁽⁴⁾	Certain Legal & Regulatory Costs ⁽⁵⁾	Stock-based Compensation Costs ⁽⁶⁾	Certain Tax Adjustments ⁽⁷⁾	Certain Interest Adjustments ⁽⁸⁾	
Cost of sales	\$92.9	\$—	(\$1.8)	\$—	\$0.2	\$0.7	(\$0.4)	\$—	\$—	\$91.7
Gross profit percent	70.8 %	— %	0.6 %	— %	(0.1)%	(0.2)%	0.1 %	— %	— %	71.2 %
Selling, general, and administrative	131.7	—	(2.6)	—	—	(6.3)	(6.6)	—	—	116.1
Selling, general, and administrative as a percent of net revenue	41.4 %	— %	(0.8)%	— %	— %	(2.0)%	(2.1)%	— %	— %	36.5 %
Research and development	48.8	—	—	—	(0.3)	(0.3)	(1.5)	—	—	46.8
Research and development as a percent of net revenue	15.3 %	— %	— %	— %	(0.1)%	(0.1)%	(0.5)%	— %	— %	14.7 %
Other operating expense	9.2	(1.5)	—	—	—	(7.7)	—	—	—	—
Operating income	35.6	1.5	4.4	—	0.1	13.5	8.6	—	—	63.6
Operating margin percent	11.2 %	0.5 %	1.4 %	— %	— %	4.2 %	2.7 %	— %	— %	20.0 %
Net income	33.0	1.5	4.4	(17.1)	0.1	13.5	8.6	(2.7)	8.3	49.3
Net income as a percent of net revenue	10.4 %	0.5 %	1.4 %	(5.4)%	— %	4.2 %	2.7 %	(0.9)%	2.6 %	15.5 %
Diluted EPS	\$0.60	\$0.03	\$0.08	(\$0.31)	\$—	\$0.25	\$0.16	(\$0.05)	\$0.15	\$0.90

GAAP results for the three months ended September 30, 2024 include:

- (1) Restructuring expenses related to organizational changes
- (2) Depreciation and amortization associated with purchase price accounting
- (3) Mark-to-market adjustments for the 2025 and 2029 Notes embedded and capped call derivatives
- (4) Remeasurement of contingent consideration related to the ImThera acquisition
- (5) Legal expenses primarily related to 3T Heater-Cooler defense, cybersecurity incident costs, 3T Heater-Cooler litigation provision, and Medical Device Regulation ("MDR") costs
- (6) Non-cash expenses associated with stock-based compensation costs
- (7) The impact of valuation allowances, discrete tax items, the tax impact of intercompany transactions, and the tax impact on non-GAAP adjustments
- (8) Interest expense on the Term Facilities, non-cash interest expense on the 2025 & 2029 Notes and Revolving Credit Facility, and interest income on the collateral for the SNIA litigation guarantee and delayed draw on Term Facilities

- Numbers may not add precisely due to rounding.

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

Three Months Ended September 30, 2023	GAAP Financial Measures	Specified Items								Adjusted Financial Measures
		Restructuring Expenses ⁽¹⁾	Depreciation and Amortization Expenses ⁽²⁾	Financing Transactions ⁽³⁾	Contingent Consideration ⁽⁴⁾	Certain Legal & Regulatory Costs ⁽⁵⁾	Stock-based Compensation Costs ⁽⁶⁾	Certain Tax Adjustments ⁽⁷⁾	Certain Interest Adjustments ⁽⁸⁾	
Cost of sales	\$84.3	\$—	(\$3.7)	\$—	\$4.2	\$—	(\$0.3)	\$—	\$—	\$84.4
Gross profit percent	70.5 %	— %	1.3 %	— %	(1.5)%	— %	0.1 %	— %	— %	70.5 %
Selling, general, and administrative	134.8	—	(2.9)	—	—	(7.9)	(9.3)	—	—	114.7
Selling, general, and administrative as a percent of net revenue	47.1 %	— %	(1.0)%	— %	— %	(2.8)%	(3.2)%	— %	— %	40.1 %
Research and development	46.5	—	—	—	(1.4)	(1.0)	(2.2)	—	—	42.0
Research and development as a percent of net revenue	16.3 %	— %	— %	— %	(0.5)%	(0.4)%	(0.8)%	— %	— %	14.7 %
Other operating expense	16.0	(0.1)	—	—	—	(15.9)	—	—	—	—
Operating income	4.5	0.1	6.6	—	(2.8)	24.8	11.8	—	—	45.0
Operating margin percent	1.6 %	— %	2.3 %	— %	(1.0)%	8.7 %	4.1 %	— %	— %	15.7 %
Net (loss) income	(7.3)	0.1	6.6	(2.0)	(2.8)	24.8	11.8	0.7	7.6	39.5
Net (loss) income as a percent of net revenue	(2.6)%	— %	2.3 %	(0.7)%	(1.0)%	8.7 %	4.1 %	0.3 %	2.6 %	13.8 %
Diluted EPS	(\$0.14)	\$—	\$0.12	(\$0.04)	(\$0.05)	\$0.46	\$0.22	\$0.01	\$0.14	\$0.73

GAAP results for the three months ended September 30, 2023 include:

- (1) Restructuring expenses related to organizational changes
- (2) Depreciation and amortization associated with purchase price accounting
- (3) Mark-to-market adjustment for the embedded and capped call derivatives associated with the 2025 Notes
- (4) Remeasurement of contingent consideration related to acquisitions
- (5) 3T Heater-Cooler litigation provision, legal expenses primarily related to 3T Heater-Cooler defense, the Saluggia site provision, costs related to the SNIA matter, and MDR costs
- (6) Non-cash expenses associated with stock-based compensation costs
- (7) Discrete tax items, R&D tax credits, the tax impact of intercompany transactions, and the tax impact on non-GAAP adjustments
- (8) Non-cash interest expense on the 2025 Notes and Revolving Credit Facility, interest expense on the Term Facilities, and interest income on the collateral for the SNIA litigation guarantee and delayed draw on Term Facilities

- Numbers may not add precisely due to rounding.

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

Nine Months Ended September 30, 2024	Specified Items										Adjusted Financial Measures
	GAAP Financial Measures	Restructuring Expenses ⁽¹⁾	Depreciation and Amortization Expenses ⁽²⁾	Impairment ⁽³⁾	Financing Transactions ⁽⁴⁾	Contingent Consideration ⁽⁵⁾	Certain Legal & Regulatory Costs ⁽⁶⁾	Stock-based Compensation Costs ⁽⁷⁾	Certain Tax Adjustments ⁽⁸⁾	Certain Interest Adjustments ⁽⁹⁾	
Cost of sales	\$280.1	\$—	(\$5.2)	\$—	\$—	\$0.3	\$0.7	(\$0.9)	\$—	\$—	\$275.1
Gross profit percent	69.9 %	— %	0.6 %	— %	— %	— %	(0.1)%	0.1 %	— %	— %	70.5 %
Selling, general, and administrative	390.6	—	(7.9)	—	—	—	(20.1)	(20.6)	—	—	342.1
Selling, general, and administrative as a percent of net revenue	41.9 %	— %	(0.8)%	— %	— %	— %	(2.2)%	(2.2)%	— %	— %	36.7 %
Research and development	139.2	—	0.1	—	—	(0.7)	(2.3)	(5.5)	—	—	130.9
Research and development as a percent of net revenue	14.9 %	— %	— %	— %	— %	(0.1)%	(0.2)%	(0.6)%	— %	— %	14.0 %
Other operating expense	29.6	(12.8)	—	—	—	—	(16.8)	—	—	—	—
Operating income	92.0	12.8	12.9	—	—	0.3	38.4	27.0	—	—	183.6
Operating margin percent	9.9 %	1.4 %	1.4 %	— %	— %	— %	4.1 %	2.9 %	— %	— %	19.7 %
Net income	7.3	12.8	12.9	5.8	25.7	0.3	38.4	27.0	(13.7)	23.5	140.1
Net income as a percent of net revenue	0.8 %	1.4 %	1.4 %	0.6 %	2.8 %	— %	4.1 %	2.9 %	(1.5)%	2.5 %	15.0 %
Diluted EPS	\$0.13	\$0.24	\$0.24	\$0.11	\$0.47	\$0.01	\$0.70	\$0.49	(\$0.25)	\$0.43	\$2.57

GAAP results for the nine months ended September 30, 2024 include:

- (1) Restructuring expenses related to organizational changes
- (2) Depreciation and amortization associated with purchase price accounting
- (3) Impairment of investment in ShiraTronics, Inc.
- (4) Loss on debt extinguishment, as well as mark-to-market adjustments for the 2025 & 2029 Notes embedded and capped call derivatives
- (5) Remeasurement of contingent consideration related to the ImThera acquisition
- (6) 3T Heater-Cooler litigation provision, legal expenses primarily related to 3T Heater-Cooler defense, cybersecurity incident costs, MDR costs, and costs related to the SNIA matter
- (7) Non-cash expenses associated with stock-based compensation costs
- (8) The impact of valuation allowances, discrete tax items, the tax impact of intercompany transactions, and the tax impact on non-GAAP adjustments
- (9) Interest expense on the Term Facilities, non-cash interest expense on the 2025 & 2029 Notes and Revolving Credit Facility, and interest income on the collateral for the SNIA litigation guarantee and delayed draw on Term Facilities

- Numbers may not add precisely due to rounding.

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

Nine Months Ended September 30, 2023	Specified Items										Adjusted Financial Measures
	GAAP Financial Measures	Merger and Integration Expenses ⁽¹⁾	Restructuring Expenses ⁽²⁾	Depreciation and Amortization Expenses ⁽³⁾	Financing Transactions ⁽⁴⁾	Contingent Consideration ⁽⁵⁾	Certain Legal & Regulatory Costs ⁽⁶⁾	Stock-based Compensation Costs ⁽⁷⁾	Certain Tax Adjustments ⁽⁸⁾	Certain Interest Adjustments ⁽⁹⁾	
Cost of sales	\$262.3	\$—	\$—	(\$11.1)	\$—	(\$0.4)	\$—	(\$0.8)	\$—	\$—	\$250.0
Gross profit percent	68.9 %	— %	— %	1.3 %	— %	0.1 %	— %	0.1 %	— %	— %	70.4 %
Selling, general, and administrative	384.8	—	—	(8.6)	—	—	(17.7)	(22.4)	—	—	336.1
Selling, general, and administrative as a percent of net revenue	45.6 %	— %	— %	(1.0)%	— %	— %	(2.1)%	(2.7)%	— %	— %	39.8 %
Research and development	147.7	—	—	0.1	—	(4.1)	(2.7)	(4.9)	—	—	136.1
Research and development as a percent of net revenue	17.5 %	— %	— %	— %	— %	(0.5)%	(0.3)%	(0.6)%	— %	— %	16.1 %
Other operating expense	29.1	(0.1)	(1.1)	—	—	—	(28.0)	—	—	—	—
Operating income	19.5	0.1	1.1	19.6	—	4.5	48.5	28.1	—	—	121.3
Operating margin percent	2.3 %	— %	0.1 %	2.3 %	— %	0.5 %	5.7 %	3.3 %	— %	— %	14.4 %
Net income	1.2	0.1	1.1	19.6	(21.7)	4.5	48.5	28.1	1.3	22.2	104.7
Net income as a percent of net revenue	0.1 %	— %	0.1 %	2.3 %	(2.6)%	0.5 %	5.7 %	3.3 %	0.1 %	2.6 %	12.4 %
Diluted EPS	\$0.02	\$—	\$0.02	\$0.36	(\$0.40)	\$0.08	\$0.90	\$0.52	\$0.02	\$0.41	\$1.94

GAAP results for the nine months ended September 30, 2023 include:

- (1) Merger and integration expenses related to the acquisition of ALung Technologies, Inc.
- (2) Restructuring expenses related to organizational changes
- (3) Depreciation and amortization associated with purchase price accounting
- (4) Mark-to-market adjustment for the embedded and capped call derivatives associated with the 2025 Notes
- (5) Remeasurement of contingent consideration related to acquisitions
- (6) 3T Heater-Cooler litigation provision, legal expenses primarily related to 3T Heater-Cooler defense, the Saluggia site provision, costs related to the SNIA matter, and MDR costs
- (7) Non-cash expenses associated with stock-based compensation costs
- (8) Discrete tax items, R&D tax credits, the tax impact of intercompany transactions, and the tax impact on non-GAAP adjustments
- (9) Non-cash interest expense on the 2025 Notes and Revolving Credit Facility, interest expense on the Term Facilities, and interest income on the collateral for the SNIA litigation guarantee and delayed draw on Term Facilities

- Numbers may not add precisely due to rounding.

LIVANOVA PLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS - UNAUDITED
(U.S. dollars in millions)

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
ASSETS		
<i>Current Assets:</i>		
Cash and cash equivalents	\$346.4	\$266.5
Restricted cash	320.2	311.4
Accounts receivable, net of allowance	197.2	215.1
Inventories	162.3	147.9
Prepaid and refundable taxes	23.9	20.1
Prepaid expenses and other current assets	43.3	27.2
Total Current Assets	1,093.1	988.2
Property, plant, and equipment, net	169.3	154.2
Goodwill	781.6	782.9
Intangible assets, net	248.5	261.2
Operating lease assets	51.6	50.8
Investments	18.1	22.8
Deferred tax assets	110.0	118.9
Long-term derivative assets	35.4	38.5
Other assets	14.4	12.1
Total Assets	\$2,522.0	\$2,429.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Current Liabilities:</i>		
Current debt obligations	\$22.0	\$18.1
Accounts payable	77.9	80.8
Accrued liabilities and other	104.5	107.3
Current litigation provision liability	16.1	10.8
Taxes payable	26.5	23.3
Accrued employee compensation and related benefits	77.4	94.6
Total Current Liabilities	324.4	335.0
Long-term debt obligations	604.3	568.5
Contingent consideration	81.2	80.9
Deferred tax liabilities	11.8	11.6
Long-term operating lease liabilities	44.1	45.4
Long-term employee compensation and related benefits	14.9	17.3
Long-term derivative liabilities	84.2	45.6
Other long-term liabilities	47.0	47.7
Total Liabilities	1,211.9	1,151.9
Total Stockholders' Equity	1,310.0	1,277.6
Total Liabilities and Stockholders' Equity	\$2,522.0	\$2,429.6

• Numbers may not add precisely due to rounding.

LIVANOVA PLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED
(U.S. dollars in millions)

	Nine Months Ended September 30,	
	2024	2023
Operating Activities:		
Net income	\$7.3	\$1.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	27.0	28.1
Loss on debt extinguishment	25.5	—
Depreciation	18.7	18.6
Amortization of debt issuance costs	15.7	14.2
Amortization of intangible assets	13.0	19.1
Deferred income tax expense	9.1	1.9
Amortization of operating lease assets	6.9	7.3
Impairment of investments	5.8	—
Remeasurement of derivative instruments	0.4	(25.7)
Remeasurement of contingent consideration to fair value	0.3	4.5
Other	1.5	0.6
Changes in operating assets and liabilities:		
Accounts receivable, net	17.4	(8.2)
Inventories	(13.9)	(33.0)
Other current and non-current assets	(14.8)	(3.0)
Accounts payable and accrued current and non-current liabilities	(23.4)	(8.1)
Taxes payable	2.6	6.3
Litigation provision liability	5.3	(2.9)
Net cash provided by operating activities	104.3	21.0
Investing Activities:		
Purchases of property, plant, and equipment	(36.7)	(22.1)
Purchase of investments	(0.8)	(6.6)
Other	0.1	0.4
Net cash used in investing activities	(37.5)	(28.2)
Financing Activities:		
Proceeds from long-term debt obligations	335.5	50.0
Repayment of long-term debt obligations	(243.2)	(16.1)
Payment of debt extinguishment costs	(39.0)	—
Purchase of capped calls	(31.6)	—
Proceeds from unwind of capped calls	22.5	—
Payment of contingent consideration	(13.8)	—
Shares repurchased from employees for minimum tax withholding	(8.1)	(7.0)
Payment of debt issuance costs	(5.9)	—
Proceeds from exercise of stock options	5.0	—
Repayments of short-term borrowings (maturities greater than 90 days)	—	(1.9)
Other	0.4	1.4
Net cash provided by financing activities	22.0	26.5
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(0.2)	(2.2)
Net increase in cash, cash equivalents, and restricted cash	88.7	17.1
Cash, cash equivalents, and restricted cash at beginning of period	577.9	515.6
Cash, cash equivalents, and restricted cash at end of period	\$666.6	\$532.7

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

	Three Months Ended September 30,					
	2024			2023		
	GAAP Financial Measures	Certain Tax Adjustments	Adjusted Financial Measures	GAAP Financial Measures	Certain Tax Adjustments	Adjusted Financial Measures
Income (loss) before tax	\$44.4	\$—	\$63.6	(\$2.0)	\$—	\$44.1
Income tax expense	11.5	2.7	14.3	5.3	(0.7)	4.6
Net income (loss)	\$33.0	(\$2.7)	\$49.3	(\$7.3)	\$0.7	\$39.5
Income tax rate	25.9 %		22.5 %	(268.4)%		10.4 %

	Nine Months Ended September 30,					
	2024			2023		
	GAAP Financial Measures	Certain Tax Adjustments	Adjusted Financial Measures	GAAP Financial Measures	Certain Tax Adjustments	Adjusted Financial Measures
Income before tax	\$31.8	\$—	\$178.3	\$13.1	\$—	\$115.3
Income tax expense	24.5	13.7	38.1	11.8	(1.3)	10.5
Loss from equity method investments	—	—	—	(0.1)	—	(0.1)
Net income	\$7.3	(\$13.7)	\$140.1	\$1.2	\$1.3	\$104.7
Income tax rate	76.9 %		21.4 %	90.1 %		9.1 %

- Numbers may not add precisely due to rounding.

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

	Three Months Ended September 30,		% Change	Constant-Currency % Change
	2024	2023		
GAAP net revenue	\$318.1	\$286.1	11.2 %	11.2 %
Less: ACS ⁽¹⁾	4.4	6.8	(35.2)%	N/A
Net revenue excluding ACS	\$313.7	\$279.3	12.3 %	12.3 %

	Nine Months Ended September 30,		% Change	Constant-Currency % Change
	2024	2023		
GAAP net revenue	\$931.6	\$843.4	10.5 %	11.0 %
Less: ACS ⁽¹⁾	11.5	18.9	(39.1)%	N/A
Net revenue excluding ACS	\$920.1	\$824.5	11.6 %	12.2 %

⁽¹⁾ Includes net revenue from the Company's former ACS reportable segment.

- Numbers may not add precisely due to rounding.

The following table presents the reconciliation of GAAP diluted weighted average shares outstanding, used in the computation of GAAP diluted net loss per common share, to adjusted diluted weighted average shares outstanding, used in the computation of adjusted diluted earnings per common share (in millions of shares):

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES - UNAUDITED
(shares in millions)

	Three Months Ended September 30, 2023
GAAP diluted weighted average shares outstanding	54.0
Add: Effects of stock-based compensation instruments	0.3
Adjusted diluted weighted average shares outstanding	<u>54.3</u>

- Numbers may not add precisely due to rounding.