

LivaNova

Health innovation that matters



Ethan and Bella,
VNS Therapy Patients

Third Quarter 2022 Earnings Presentation

November 2, 2022

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 reductions, interruptions, or increasing costs related to the supply of raw materials and components and the distribution of finished products; volatility in the global market and worldwide economic conditions, including volatility caused by the invasion of Ukraine, inflation, changes to existing trade agreements and relationships between the US and other countries; non-US operational and economic risks and concerns including the effect of changes in foreign exchange rates on quarterly operating results; failure to retain key personnel, prevent labor shortages and manage labor costs; risks associated with the impairment of goodwill and other assets resulting from acquisitions; risks relating to the effects of interest rate fluctuations on our operating results; COVID-19 and its variants; 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

3Q22 Financial Results

2022 Outlook

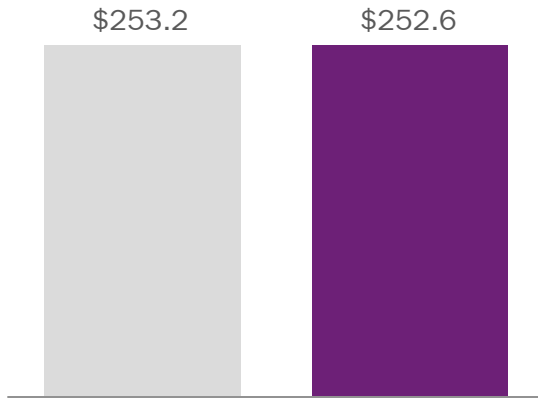
Appendix

Financial Results

3Q22 Financial Summary

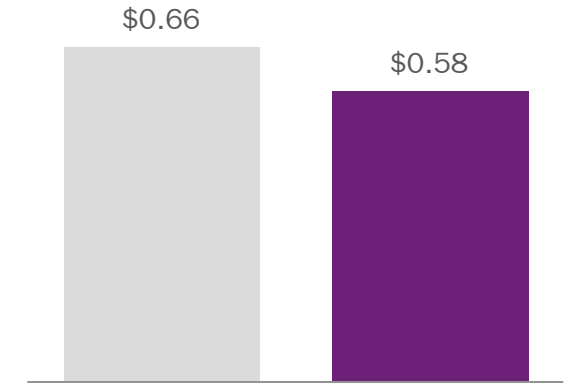
3Q21 3Q22

Net Revenue (\$M)

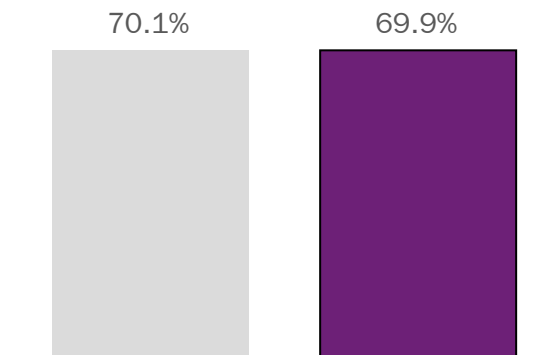


- Net revenue increased 5.2 percent on a constant-currency basis
- Foreign currency had an unfavorable impact on net revenue of ~\$14M, or 5 percent

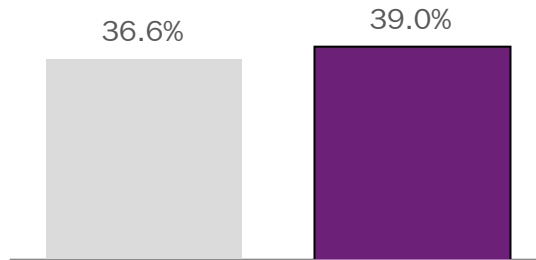
Adjusted Diluted EPS



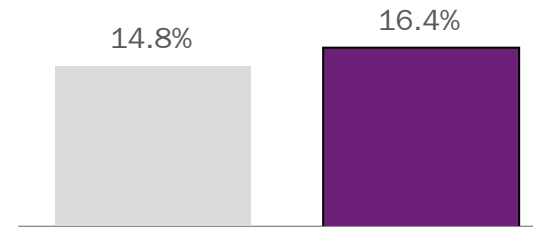
Adjusted Gross Profit %



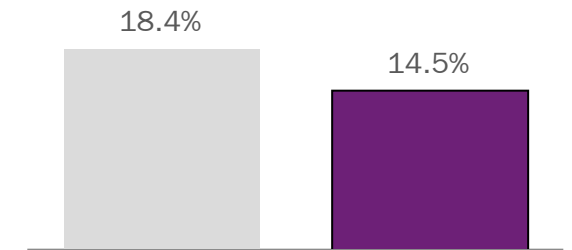
Adjusted SG&A %



Adjusted R&D %



Adjusted Operating Margin %



Note: Net revenue, adjusted diluted EPS and adjusted gross profit, adjusted SG&A, adjusted R&D and adjusted operating margin all as a percentage of net revenue are non-GAAP measures. All percent change performance is shown on a year-over-year constant-currency basis, which is a non-GAAP measure. Constant currency 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 revenue for the three- and nine-month periods ended June 30, 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.

3Q22 Net Revenue

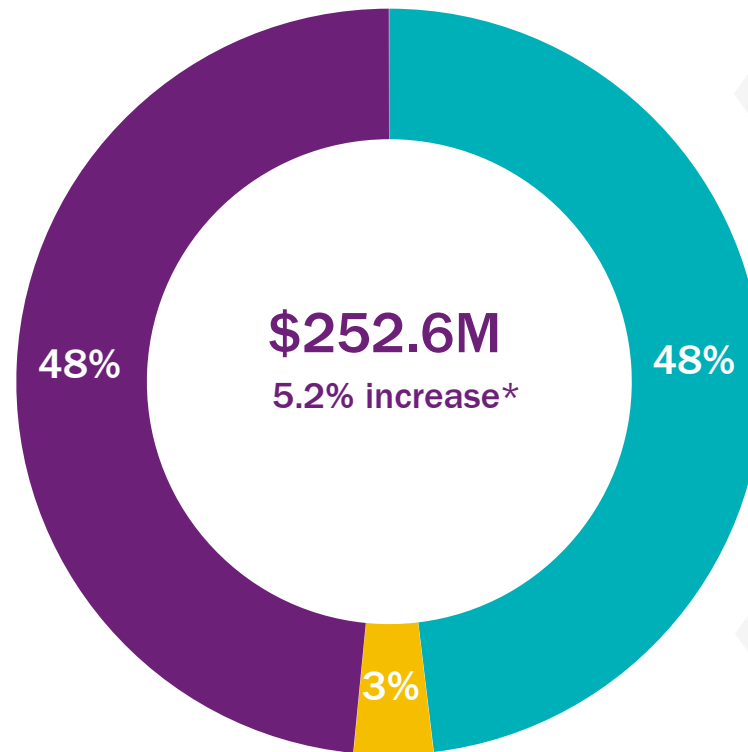
Neuromodulation

Vagus Nerve Stimulation Therapy (VNS Therapy)

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

Hypoglossal Nerve Stimulation Therapy (HGNS Therapy)

- Obstructive Sleep Apnea (OSA)



Cardiopulmonary (CP)

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

Advanced Circulatory Support (ACS)

- Extracorporeal Life Support (ECLS)
- Percutaneous Mechanical Circulatory Support (pMCS)
- Extracorporeal carbon dioxide removal (ECCO₂R)

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

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

Segment Net Revenue Comparisons* by Region

(\$M)	Three Months Ended September 30,		% Change at Actual Currency Rates	% Change at Constant- Currency Rates
	2022	2021		
Cardiopulmonary				
United States	\$38.5	\$40.1	(4.2)%	(4.2)%
Europe ⁽¹⁾	28.8	32.9	(12.5)%	2.8%
Rest of World	53.7	50.2	6.9%	17.7%
Total	121.0	123.2	(1.8)%	6.6%
Neuromodulation				
United States	96.5	88.7	8.8%	8.8%
Europe ⁽¹⁾	11.1	12.5	(11.1)%	4.8%
Rest of World	14.2	12.0	17.9%	28.5%
Total	121.8	113.3	7.5%	10.4%
Advanced Circulatory Support				
United States	8.4	14.9	(43.5)%	(43.5)%
Europe ⁽¹⁾	0.1	0.4	**	**
Rest of World	0.1	0.1	**	**
Total	8.6	15.4	(43.9)%	(43.8)%
Other	1.2	1.3	(9.2)%	5.0%
Total Net Revenue	\$252.6	\$253.2	(0.2)%	5.2%

* 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.

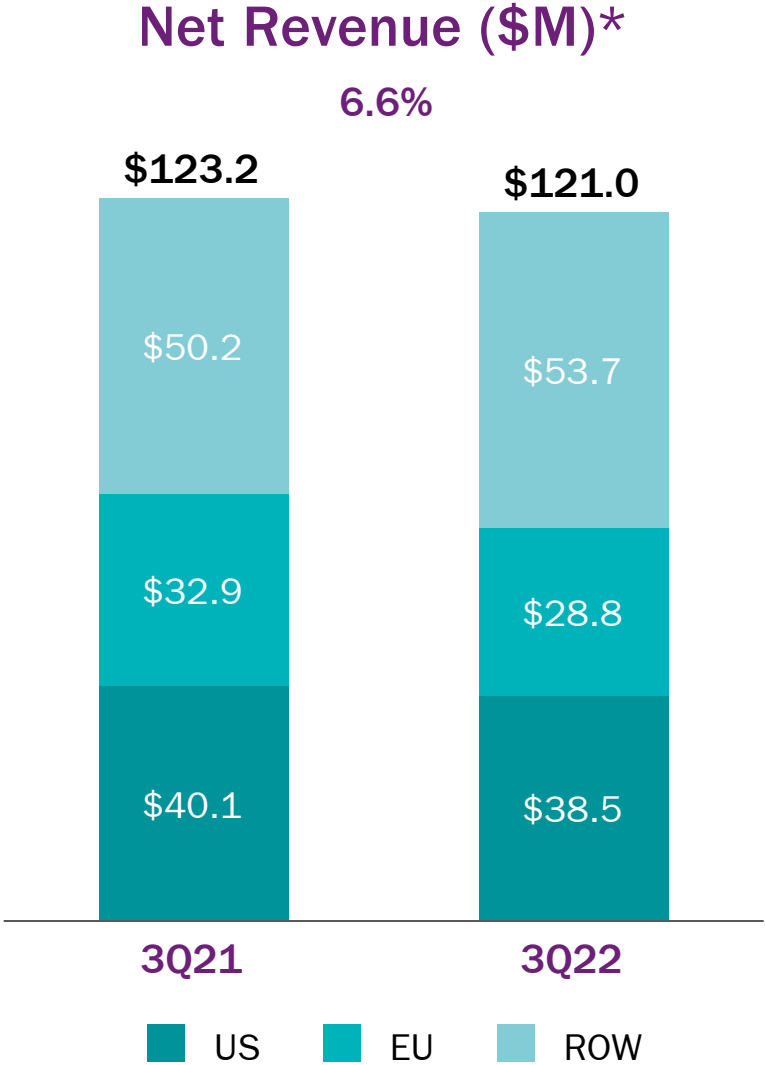
For reconciliations of certain non-GAAP metrics, see the tables in the appendix. Numbers may not add precisely due to rounding. ** Indicates that variance as a percentage is not meaningful.

⁽¹⁾ Europe revenue includes those countries in which we have a direct sales presence, whereas European countries in which we sell through distributors are included in "Rest of World."

3Q22 Cardiopulmonary Revenue

Drivers/Impacts

- Revenue increased 7%, driven by the Rest of World and Europe regions, reflecting an increase in cardiac surgery procedures and capital placements.
- Oxygenator revenue grew in the high-single-digits, driven by procedure volume recovery across all regions.
- HLM revenue grew in the mid-single-digits, led by the Rest of World region.



Numbers may not add precisely due to rounding.

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3Q22 Neuromodulation Revenue

Drivers/Impacts

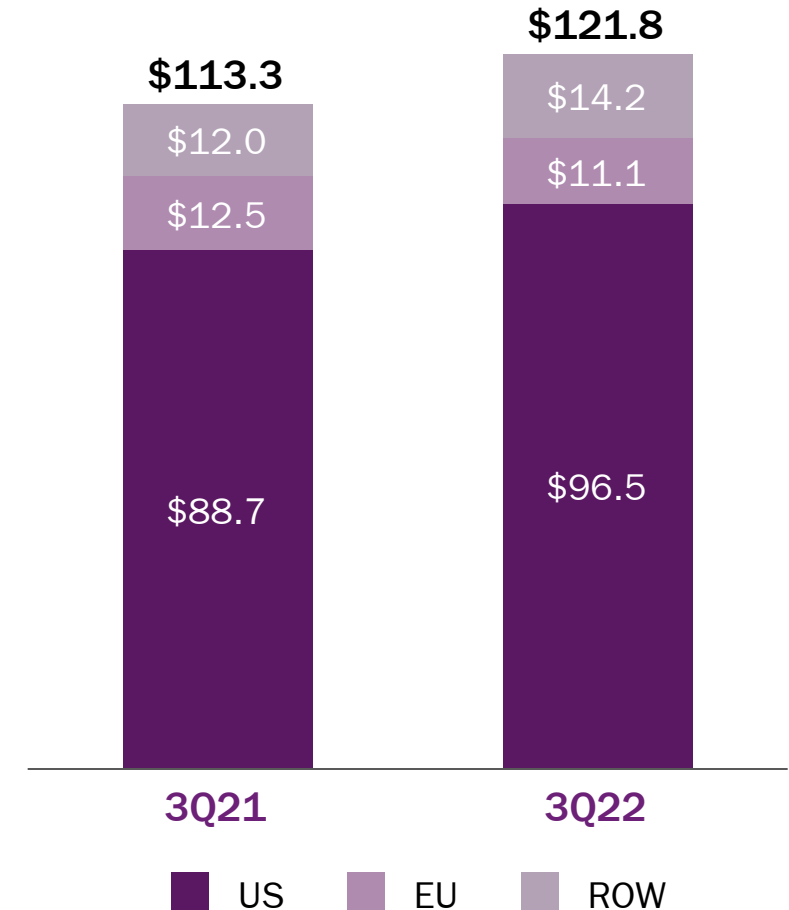
Neuromodulation revenue increased 10%, with growth across all regions reflecting improved market dynamics.

U.S. Epilepsy revenue grew 9% year-over-year. Go-to-market commercial initiatives in comprehensive epilepsy centers (CECs) continue to deliver implant growth above the baseline business.

Europe Epilepsy revenue grew 6%, primarily led by the Nordics, and Rest of World revenue grew 28%, primarily led by Brazil.

Net Revenue (\$M)*

10.4%



Numbers may not add precisely due to rounding. GTM: Go-to-market; CEC: Comprehensive Epilepsy Center

* 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.

3Q22 Advanced Circulatory Support Revenue

Drivers/Impacts

ACS revenue declined 44%, impacted primarily by a reduction in severe COVID cases versus the prior year and product mix.

ACS case volumes related to COVID-19 declined significantly year-over-year as fewer hospitalized patients required ECMO therapy.

ACS non-COVID case volumes increased year-over-year due to account acquisitions, which were partially offset by the impact from hospital-related challenges.

Net Revenue (\$M)*

(43.8)%

\$15.4



\$8.6



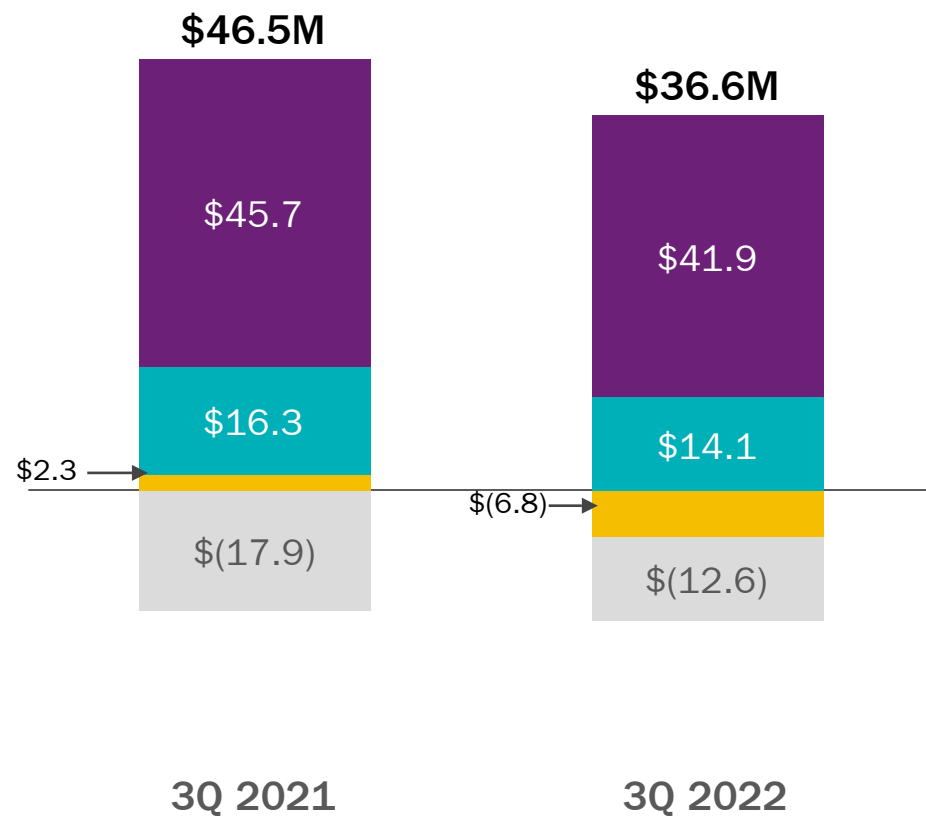
3Q21

3Q22

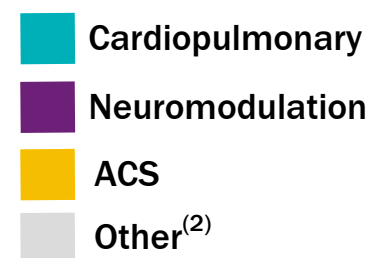
Numbers may not add precisely due to rounding.

* 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.

3Q22 Adjusted Segment Operating Income and Margin⁽¹⁾

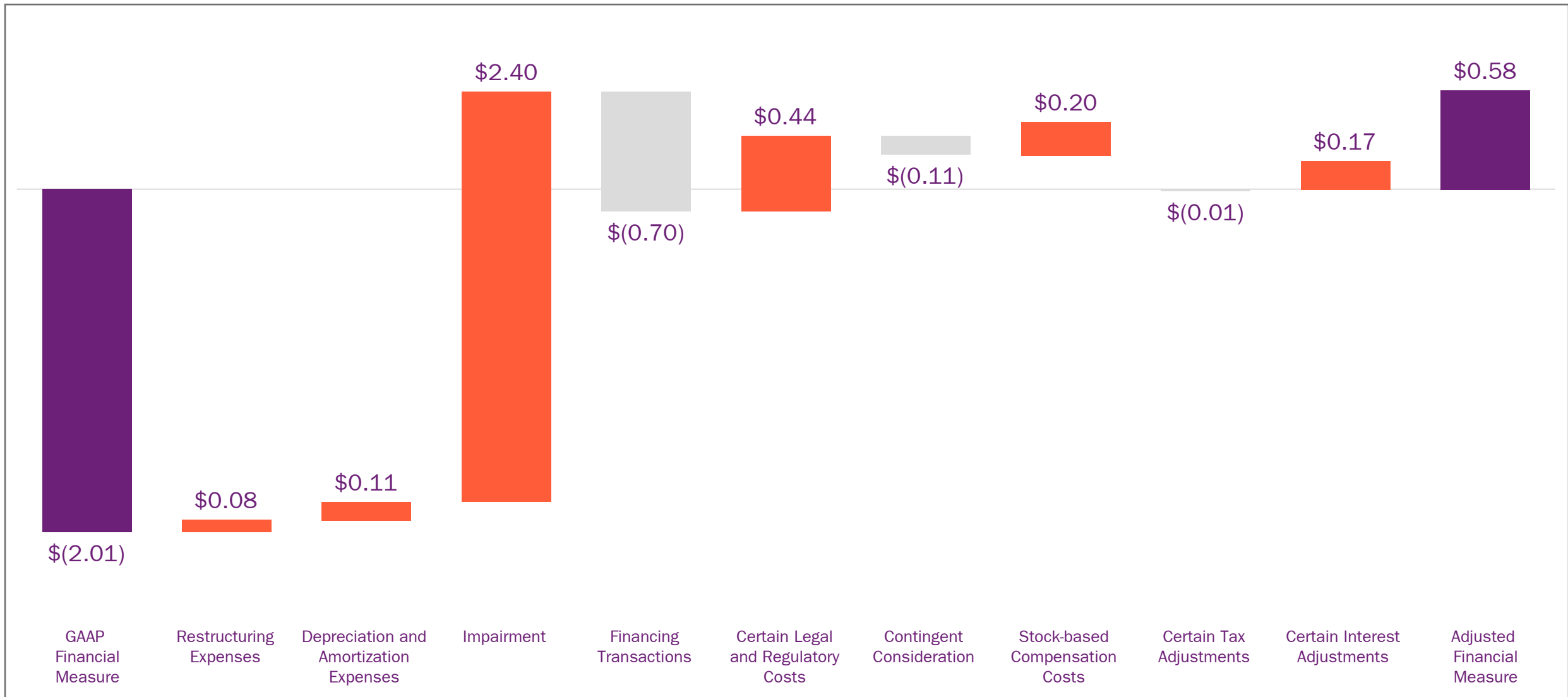


	% to Revenue	
	3Q21	3Q22
Cardiopulmonary	13.2%	11.7%
Neuromodulation	40.4%	34.4%
ACS	15.2%	(79.1)%
Total	18.4%	14.5%



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 third quarter of 2021 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.

3Q22 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 \$60M - \$80M of adjusted free cash flow (FCF) for full-year 2022

Adjusted Free Cash Flow Reconciliation (\$M)	1Q 2022	2Q 2022	3Q 2022	2022 YTD
Net cash provided by operating activities	\$25.8	\$(10.2)	\$35.6	\$51.2
Less: Purchases of plant, property and equipment	(5.2)	(6.1)	(6.0)	(17.4)
Less: Cash received from tax stimulus	(6.7)	—	—	(6.7)
Less: Dividends received from investment	—	—	(0.3)	(0.3)
Add: 3T litigation payments	2.8	—	8.4	11.1
Add: SNIA financing	—	2.6	3.2	5.9
Adjusted free cash flow	\$16.6	\$(13.7)	\$40.9	\$43.8

Last Twelve Months (LTM) Adjusted Free Cash Flow Conversion Ratio	LTM Ended Sept 30, 2022
LTM adjusted free cash flow	\$76.2
LTM adjusted net income	\$116.3
LTM adjusted free cash flow conversion ratio	66%

Adjusted Free Cash Flow (FCF), LTM Adjusted FCF, LTM Adjust Net Income, 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.

3Q 2022 Summary

Financial

- 5.2% revenue growth, with strength in Neuromodulation and Cardiopulmonary
- Adjusted operating margin unfavorably impacted by prior year comparison in SG&A and R&D
- Adjusted free cash flow of \$41M enhanced by working capital management

Core Businesses

- U.S. Epilepsy delivered sequential revenue and implant growth in both new patient implants and replacements
- Strong growth in Cardiopulmonary led by the Rest of World region
- ACS revenue unfavorably impacted by a decline in severe COVID cases, partially offset by higher non-COVID cases

Strategic Portfolio Initiatives

- DTD: RECOVER clinical study completed interim analysis at the 375th UP patient
- HF: ANTHEM-HFrEF pivotal trial continues to progress with second interim analysis anticipated to start in 4Q 2022
- OSA: OSPREY confirmatory clinical trial progresses with all 20 sites recruiting patients

2022 Outlook

2022 Outlook

Reaffirming guidance

	Consolidated Guidance As of February 23, 2022	Consolidated Guidance As of August 3, 2022
Worldwide net revenue growth, excluding Heart Valves ⁽¹⁾⁽²⁾	3 - 5%	4 - 6%
Adjusted diluted EPS ⁽¹⁾⁽³⁾	\$2.50 - 2.80	\$2.25 - 2.45
Adjusted free cash flow ⁽⁴⁾	\$90 - 110M	\$60 - 80M

Worldwide net revenue growth, excluding Heart Valves, Adjusted Diluted EPS and Adjusted FCF are non-GAAP measures.⁽¹⁾ Net revenue is on a constant-currency basis.⁽²⁾ Worldwide net revenue growth when including the Heart Valves business, which was divested effective June 1, 2021, is expected to be between 1 to 3%. Constant-currency growth excludes assumed 5 percent revenue 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 SNIA financing.

Assumptions for 2022

REVENUE	4 - 6%*	<ul style="list-style-type: none"> • Cardiopulmonary revenue now expected to grow 8-10% • Epilepsy revenue now expected to grow 6-8% with new patient implants in the U.S. up sequentially in 4Q • ACS revenue now expected to decline 30%
EPS	\$2.25 - 2.45	<ul style="list-style-type: none"> • Gross margin adversely impacted by inflation, foreign currency headwinds, and product/geographic mix • Incremental supply chain costs anticipated, counter measured by cost improvement initiatives • Investing in core innovation, commercial & indication expansion and SPIs to drive long-term value creation
ADJUSTED FCF	\$60 - 80M	<ul style="list-style-type: none"> • Impacted by inflationary pressures, geographic mix, and inventory builds to protect supply chain continuity • Driving working capital management improvements and enhanced pricing strategies • Targeting an adjusted free cash flow conversion ratio of >80% by 2024
STRATEGIC PORTFOLIO INITIATIVES	Continued Execution	<ul style="list-style-type: none"> • DTD: 375th UP patient interim analysis completed; transition to registry expected in late-2022/early-2023 • HF: Second interim analysis anticipated to start in 4Q22 • OSA: Continuing to ramp patient enrollment in the OSPREY trial

* Worldwide net revenue growth at constant-currency including the Heart Valves business, which was divested effective June 1, 2021, is expected to be between 1 to 3%. Constant-currency growth excludes assumed 5 percent revenue impact from foreign currency exchange rates.

UP: Unipolar

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 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 price and cost discipline
- Drive improvement in cash conversion



Appendix

GAAP to Non-GAAP Reconciliations

The following tables reconcile the most comparable U.S. Generally Accepted Accounting Principles (GAAP) measures to the non-GAAP financial and operating measures presented in LivaNova's third quarter 2022 press release and during the conference call held in conjunction with the announcement of third 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 revenue growth rates in this presentation reflect comparable, constant-currency growth. Management believes that referring to comparable, constant-currency growth is the most useful way to evaluate the revenue performance of LivaNova and to compare the revenue performance of current periods to prior periods on a consistent basis. Constant-currency growth, a non-GAAP financial measure, measures the change in revenue between current and prior-year periods using average exchange rates in effect during the applicable prior-year period.

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

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

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

	Three Months Ended September 30,		% Change	Constant-Currency % Change
	2022	2021		
Cardiopulmonary	\$121.0	\$123.2	(1.8%)	6.6%
Neuromodulation	121.8	113.3	7.5%	10.4%
Advanced Circulatory Support	8.6	15.4	(43.9%)	(43.8%)
Other	1.2	1.3	(9.2%)	5.0%
Total Net Revenue	\$252.6	\$253.2	(0.2%)	5.2%

	Nine Months Ended September 30,		% Change	Constant-Currency % Change
	2022	2021		
Cardiopulmonary	\$363.9	\$349.8	4.0%	11.0%
Neuromodulation	349.9	334.6	4.6%	6.7%
Advanced Circulatory Support	29.7	41.7	(28.8%)	(28.5%)
Other(1)	3.5	39.2	(90.9%)	(89.8%)
Total Net Revenue	\$746.9	\$765.3	(2.4%)	1.8%

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 September 30, 2022	Specified Items											Adjusted Financial Measures
	GAAP Financial Measures	Merger and Integration Expenses (A)	Restructuring Expenses (B)	Depreciation and Amortization Expenses (C)	Impairment (D)	Financing Transactions (E)	Contingent Consideration (F)	Certain Legal & Regulatory Costs (G)	Stock-based Compensation Costs (H)	Certain Tax Adjustments (I)	Certain Interest Adjustments (J)	
Cost of sales	\$81.7	\$ —	\$ —	\$ (3.5)	\$ —	\$ —	\$ (1.9)	\$ —	\$ (0.3)	\$ —	\$ —	\$ 76.0
Gross profit percent	67.7 %	— %	— %	1.4 %	— %	— %	0.7 %	— %	0.1 %	— %	— %	69.9 %
Selling, general and administrative	114.6	—	—	(2.7)	—	—	—	(4.9)	(8.6)	—	—	98.5
Selling, general and administrative as a percent of net revenue	45.4 %	— %	— %	(1.1)%	— %	— %	— %	(1.9)%	(3.4)%	— %	— %	39.0 %
Research and development	35.7	—	—	—	—	—	7.9	(0.3)	(1.8)	—	—	41.5
Research and development as a percent of net revenue	14.1 %	— %	— %	— %	— %	— %	3.1 %	(0.1)%	(0.7)%	— %	— %	16.4 %
Other operating expenses	23.1	(0.2)	(4.1)	—	—	—	—	(18.8)	—	—	—	—
Operating (loss) income	(132.0)	0.2	4.1	6.2	129.4	—	(6.0)	23.9	10.8	—	—	36.6
Operating margin percent	(52.2)%	0.1 %	1.6 %	2.5 %	51.2 %	— %	(2.4)%	9.5 %	4.3 %	— %	— %	14.5 %
Income tax expense	1.3	—	—	0.4	—	—	—	0.2	0.2	0.7	—	2.8
Income tax rate	(1.2)%	— %	1.2 %	6.7 %	— %	— %	— %	0.8 %	1.4 %	N/A	— %	8.3 %
Net (loss) income	(107.3)	0.2	4.1	5.8	129.4	(37.9)	(6.0)	23.8	10.6	(0.7)	9.1	31.0
Net (loss) income as a percent of net revenue	(42.5)%	0.1 %	1.6 %	2.3 %	51.2 %	(15.0)%	(2.4)%	9.4 %	4.2 %	(0.3)%	3.6 %	12.3 %
Diluted EPS	\$ (2.01)	\$ —	\$ 0.08	\$ 0.11	\$ 2.40	\$ (0.70)	\$ (0.11)	\$ 0.44	\$ 0.20	\$ (0.01)	\$ 0.17	\$ 0.58

GAAP results for the three months ended September 30, 2022 include:

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

* Numbers may not add precisely due to rounding.

GAAP to Non-GAAP Reconciliations - Unaudited

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES - UNAUDITED

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

Three Months Ended September 30, 2021	Specified Items										Adjusted Financial Measures
	GAAP Financial Measures	Restructuring Expenses (A)	Depreciation and Amortization Expenses (B)	Heart Valves (C)	Financing Transactions (D)	Contingent Consideration (E)	Certain Legal & Regulatory Costs (F)	Stock-based Compensation Costs (G)	Certain Tax Adjustments (H)	Certain Interest Adjustments (I)	
Cost of sales	\$84.6	\$—	\$(4.0)	\$—	\$—	\$(4.7)	\$—	\$(0.2)	\$—	\$—	\$75.7
Gross profit percent	66.6 %	— %	1.6 %	— %	— %	1.8 %	— %	0.1 %	— %	— %	70.1 %
Selling, general and administrative	109.0	—	(3.0)	—	—	—	(4.4)	(8.9)	—	—	92.6
Selling, general and administrative as a percent of net revenue	43.1 %	— %	(1.2)%	— %	— %	— %	(1.8)%	(3.5)%	— %	— %	36.6 %
Research and development	42.1	—	—	—	—	(2.3)	(0.5)	(2.0)	—	—	37.4
Research and development as a percent of net revenue	16.6 %	— %	— %	— %	— %	(0.9)%	(0.2)%	(0.8)%	— %	— %	14.8 %
Other operating expenses	1.1	(0.1)	—	(0.1)	—	—	0.2	—	—	—	1.0
Operating income	16.4	0.1	7.0	0.1	—	7.0	4.8	11.1	—	—	46.5
Operating margin percent	6.5 %	— %	2.8 %	0.1 %	— %	2.8 %	1.9 %	4.4 %	— %	— %	18.4 %
Income tax expense	1.9	—	0.5	(0.7)	—	—	1.0	0.2	0.8	—	3.8
Income tax rate	(4.5)%	(1.1)%	7.7 %	(494.2)%	— %	— %	23.3 %	1.9 %	N/A	— %	9.9 %
Net (loss) income	(43.4)	0.1	6.4	0.8	46.3	7.0	3.4	10.9	(0.8)	4.1	34.7
Net (loss) income as a percent of net revenue	(17.2)%	— %	2.5 %	0.3 %	18.3 %	2.8 %	1.4 %	4.3 %	(0.3)%	1.6 %	13.7 %
Diluted EPS	\$(0.84)	\$—	\$0.12	\$0.02	\$0.88	\$0.13	\$0.07	\$0.21	\$(0.02)	\$0.08	\$0.66

GAAP results for the three months ended September 30, 2021 include:

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

Nine Months Ended September 30, 2022	Specified Items											Adjusted Financial Measures
	GAAP Financial Measures	Merger and Integration Expenses (A)	Restructuring Expenses (B)	Depreciation and Amortization Expenses (C)	Impairment (D)	Financing Transactions (E)	Contingent Consideration (F)	Certain Legal & Regulatory Costs (G)	Stock-based Compensation Costs (H)	Certain Tax Adjustments (I)	Certain Interest Adjustments (J)	
Cost of sales	\$223.2	\$—	\$—	(\$10.9)	\$—	\$—	\$12.6	\$—	(\$1.2)	\$—	\$—	\$223.7
Gross profit percent	70.1 %	— %	— %	1.5 %	— %	— %	(1.7)%	— %	0.2 %	— %	— %	70.0 %
Selling, general and administrative	349.6	—	—	(8.6)	—	—	—	(15.4)	(24.2)	—	—	301.5
Selling, general and administrative as a percent of net revenue	46.8 %	— %	— %	(1.1)%	— %	— %	— %	(2.1)%	(3.2)%	— %	— %	40.4 %
Research and development	110.9	—	—	0.2	—	—	20.8	(1.4)	(7.1)	—	—	123.3
Research and development as a percent of net revenue	14.8 %	— %	— %	— %	— %	— %	2.8 %	(0.2)%	(1.0)%	— %	— %	16.5 %
Other operating expenses	24.5	(0.5)	(4.6)	—	—	—	—	(19.5)	—	—	—	—
Operating (loss) income	(90.7)	0.5	4.6	19.3	129.4	—	(33.4)	36.2	32.5	—	—	98.4
Operating margin percent	(12.1)%	0.1 %	0.6 %	2.6 %	17.3 %	— %	(4.5)%	4.8 %	4.4 %	— %	— %	13.2 %
Income tax expense	6.3	—	0.1	1.3	—	—	—	1.0	0.4	(2.7)	—	6.3
Income tax rate	(7.8)%	— %	1.5 %	6.7 %	— %	— %	— %	2.6 %	1.1 %	N/A	— %	6.8 %
Net (loss) income	(87.9)	0.5	4.5	18.0	129.4	(40.5)	(33.4)	35.3	32.1	2.7	24.8	85.6
Net (loss) income as a percent of net revenue	(11.8)%	0.1 %	0.6 %	2.4 %	17.3 %	(5.4)%	(4.5)%	4.7 %	4.3 %	0.4 %	3.3 %	11.5 %
Diluted EPS	\$(1.64)	\$0.01	\$0.08	\$0.33	\$2.39	\$(0.75)	\$(0.62)	\$0.65	\$0.59	\$0.05	\$0.46	\$1.58

GAAP results for the nine months ended September 30, 2022 include:

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

* Numbers may not add precisely due to rounding.

GAAP to Non-GAAP Reconciliations - *Unaudited*

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

Nine Months Ended September 30, 2021	Specified Items												Adjusted Financial Measures
	GAAP Financial Measures	Merger and Integration Expenses (A)	Restructuring Expenses (B)	Depreciation and Amortization Expenses (C)	Heart Valves (D)	Product Remediation Expenses (E)	Financing Transactions (F)	Contingent Consideration (G)	Certain Legal & Regulatory Costs, and Investment Gain and Dividend (H)	Stock-based Compensation Costs (I)	Certain Tax Adjustments (J)	Certain Interest Adjustments (K)	
Cost of sales	\$261.0	\$—	\$—	(\$11.9)	\$—	(\$0.4)	\$—	(\$9.5)	(\$0.8)	(\$2.0)	\$—	\$—	\$236.3
Gross profit percent	65.9 %	— %	— %	1.6 %	— %	0.1 %	— %	1.2 %	0.1 %	0.3 %	— %	— %	69.1 %
Selling, general and administrative	347.5	—	—	(9.2)	—	—	—	—	(25.5)	(22.3)	—	—	290.5
Selling, general and administrative as a percent of net revenue	45.4 %	— %	— %	(1.2)%	— %	— %	— %	— %	(3.3)%	(2.9)%	— %	— %	38.0 %
Research and development	139.3	—	—	0.1	—	—	—	(8.3)	(2.0)	(6.3)	—	—	122.8
Research and development as a percent of net revenue	18.2 %	— %	— %	— %	— %	— %	— %	(1.1)%	(0.3)%	(0.8)%	— %	— %	16.1 %
Other operating expenses	43.1	(0.8)	(9.8)	—	0.7	—	—	—	(32.3)	—	—	—	1.0
Operating (loss) income	(25.5)	0.8	9.8	21.0	(0.7)	0.4	—	17.8	60.6	30.6	—	—	114.7
Operating margin percent	(3.3)%	0.1 %	1.3 %	2.7 %	(0.1)%	0.1 %	— %	2.3 %	7.9 %	4.0 %	— %	— %	15.0 %
Income tax expense	8.4	—	0.3	1.6	3.0	0.1	—	—	1.0	0.7	(5.7)	—	9.7
Income tax rate	(6.9)%	0.9 %	3.2 %	7.8 %	(436.4)%	29.8 %	— %	— %	2.0 %	2.4 %	N/A	— %	11.3 %
Net (loss) income	(130.7)	0.8	9.5	19.3	(3.7)	0.3	62.7	17.8	51.5	29.8	5.7	13.2	76.1
Net (loss) income as a percent of net revenue	(17.1)%	0.1 %	1.2 %	2.5 %	(0.5)%	— %	8.2 %	2.3 %	6.7 %	3.9 %	0.7 %	1.7 %	9.9 %
Diluted EPS	\$(2.63)	\$0.01	\$0.19	\$0.38	\$(0.07)	\$0.01	\$1.24	\$0.35	\$1.02	\$0.59	\$0.11	\$0.26	\$1.50

GAAP results for the nine months ended September 30, 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) Gain associated with the sale of Heart Valves
- (E) Costs related to the 3T Heater-Cooler remediation plan
- (F) Costs associated with our June 2020 financing transactions, including loss on debt extinguishment, the mark-to-market adjustment for the exchangeable option feature and capped call derivatives
- (G) Remeasurement of contingent consideration related to acquisitions
- (H) 3T Heater-Cooler litigation provision, legal expenses primarily related to 3T Heater-Cooler defense, costs related to the SNIA matter, other legal matters, MDR costs, gain from remeasurement of an investment and dividend income
- (I) Non-cash expenses associated with stock-based compensation costs
- (J) Discrete tax items and the tax impact of intercompany transactions
- (K) Non-cash interest expense on 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 September 30, 2022
Adjusted free cash flow reconciliation	
Net cash provided by operating activities	\$35.6
Less: Purchases of plant, property and equipment	(6.0)
Less: Cash received from tax stimulus	—
Less: Dividends received from investment	(0.3)
Add: 3T litigation payments	8.4
Add: SNIA financing	3.2
Adjusted free cash flow	<u>\$40.9</u>

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

	Twelve Months Ended September 30, 2022
Adjusted free cash flow reconciliation	
Net cash provided by operating activities	\$84.7
Less: Purchases of plant, property and equipment	(25.0)
Less: Cash received from tax stimulus	(6.7)
Less: Dividends received from investments	(0.3)
Add: 3T litigation payments	17.7
Add: SNIA financing	5.9
Adjusted free cash flow	<u>\$76.2</u>

	Twelve Months Ended September 30, 2022
Adjusted net income reconciliation	
Net loss	\$(93.0)
Merger & integration expenses	0.4
Restructuring expenses	4.6
Depreciation and amortization expenses	24.5
Impairment	133.0
Product remediation expenses	0.3
Financing transactions	(21.5)
Contingent Consideration	(50.6)
Certain Legal & Regulatory Costs, and Investment Gain and Dividend	47.4
Stock-based compensation costs	42.2
Certain tax adjustments	0.6
Certain interest adjustments	28.3
Adjusted net income	<u>\$116.3</u>

Last twelve months adjusted free cash flow conversion ratio

66 %

Segment Non-GAAP Reconciliation - Unaudited

(U.S. dollars in millions)

Three Months Ended September 30, 2022	Specified Items							Adjusted Financial Results	% to Revenue
	GAAP Financial Results	Depreciation and Amortization (A)	Contingent Consideration (B)	Certain Legal & Regulatory Costs (C)	Stock-based Compensation Costs (D)	Impairment (E)			
Cardiopulmonary	\$(10.3)	\$0.2	\$0.0	\$22.5	\$1.8	\$0.0	\$14.1	11.7 %	
Neuromodulation	43.3	—	(3.6)	—	2.2	—	41.9	34.4 %	
Advanced Circulatory Support	(134.9)	—	(2.4)	0.3	0.8	129.4	(6.8)	(79.1)%	
Other ⁽¹⁾	(19.6)	—	—	1.2	5.9	—	(12.6)	**	
Segment income	\$(121.6)	\$0.1	\$(6.0)	\$23.9	\$10.8	\$129.4	\$36.6	14.5 %	

Three Months Ended September 30, 2021	Specified Items							Adjusted Financial Results	% to Revenue
	GAAP Financial Results	Depreciation and Amortization (A)	Contingent Consideration (B)	Certain Legal & Regulatory Costs (C)	Stock-based Compensation Costs (D)	Heart Valves (F)			
Cardiopulmonary	\$12.0	\$0.4	\$0.0	\$2.5	\$1.5	\$0.0	\$16.3	13.2 %	
Neuromodulation	36.2	—	7.0	0.1	2.4	—	45.7	40.4 %	
Advanced Circulatory Support	2.4	—	(0.1)	—	0.1	—	2.3	15.2 %	
Other ⁽¹⁾	(27.3)	—	0.1	2.1	7.2	0.1	(17.9)	**	
Segment income	\$23.2	\$0.3	\$7.0	\$4.7	\$11.1	\$0.1	\$46.5	18.4 %	

GAAP results for the three months ended September 30, 2022 and 2021 include:

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

* Numbers may not add precisely due to rounding.

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

(1) Other includes corporate shared service expenses for finance, legal, human resources, information technology and corporate business development.