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

Form 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: September 30, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-37599

LivaNova PLC

(Exact name of registrant as specified in its charter)

England and Wales	**98-1268150**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

20 Eastbourne Terrace, London, United Kingdom	**W2 6LG**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code: **(44) (0) 203 325-0660**

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
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 ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

Class	Outstanding at October 27, 2020
Ordinary Shares - £1.00 par value per share	48,596,417

LIVANOVA PLC

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In this Quarterly Report on Form 10-Q, "LivaNova," "the Company," "we," "us" and "our" refer to LivaNova PLC and its consolidated subsidiaries.

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

- Trademarks for our VNS therapy 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 105 (AspireHC®), Model 106 (AspireSR®), Model 1000 (SenTiva®) and Model 8103 (Symmetry®).
- Trademarks for our Cardiopulmonary product systems: S5® heart-lung machine, S3® heart-lung machine, Inspire®, Heartlink®, XTRA® Autotransfusion System, 3T Heater-Cooler®, Connect™ and Revolution®.
- Trademarks for our line of surgical tissue and mechanical valve replacements and repair products: Mitroflow®, Crown PRT®, Solo Smart™, Perceval®, Miami Instruments™, Top Hat®, Reduced Series Aortic Valves™, Carbomedics Carbo-Seal®, Carbo-Seal Valsalva®, Carbomedics Standard®, Orbis™ and Optiform®, MEMO 4D®, AnnuloFlo®, AnnuloFlex®, Bicarbon Slimline™, Bicarbon Fitline™ and Bicarbon Overline®.
- Trademarks for our advanced circulatory support systems: TandemLife®, TandemHeart®, TandemLung®, ProtekDuo®, and LifeSPARC™.
- Trademarks for our obstructive sleep apnea system: ImThera® and Aura6000®.

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

NOTE ABOUT FORWARD LOOKING STATEMENTS

Certain statements in this Quarterly Report on Form 10-Q, 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," "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 Quarterly Report on Form 10-Q, and include but are not limited to the risks and uncertainties summarized below:

- changes in our common stock price;
- activist investors causing disruptions to the business;
- changes in our profitability;
- regulatory activities and announcements, including the failure to obtain regulatory approvals for our new products;
- effectiveness of our internal controls over financial reporting;
- fluctuations in future quarterly operating results;
- failure to comply with, or changes in, laws, regulations or administrative practices affecting government regulation of our products, including, but not limited to, U.S. Food and Drug Administration ("FDA") laws and regulations;
- failure to establish, expand or maintain market acceptance of our products for the treatment of our approved indications;
- any legislative or administrative reform to the healthcare system, including the U.S. Medicare or Medicaid systems or international reimbursement systems, that significantly reduces reimbursement for our products or procedures or denies coverage for such products or procedures or enhances coverage for competitive products or procedures, as well as adverse decisions by administrators of such systems on coverage or reimbursement issues relating to our products;
- failure to maintain the current regulatory approvals for our products' approved indications;
- failure to obtain or maintain coverage and reimbursement for our products' approved indications;
- unfavorable results from clinical studies;
- variations in sales and operating expenses relative to estimates;
- our dependence on certain suppliers and manufacturers to provide certain materials, components and contract services necessary for the production of our products;
- product liability, intellectual property, shareholder-related, environmental-related, income tax and other litigation, disputes, losses and costs;
- protection, expiration and validity of our intellectual property;
- changes in technology, including the development of superior or alternative technology or devices by competitors;
- competition from providers of alternative medical therapies, such as pharmaceutical companies and providers of cannabis;
- cyber-attacks or other disruptions to our information technology systems;
- failure to comply with applicable U.S. laws and regulations, including federal and state privacy and security laws and regulations;
- failure to comply with applicable non-U.S. laws and regulations;

- non-U.S. operational and economic risks and concerns;
- failure to attract or retain key personnel;
- failure of new acquisitions to further our strategic objectives or strengthen our existing businesses;
- losses or costs from pending or future lawsuits and governmental investigations;
- changes in accounting rules that adversely affect the characterization of our consolidated financial position, results of operations or cash flows;
- changes in customer spending patterns;
- continued volatility in the global market and worldwide economic conditions, including volatility caused by Brexit and/or changes to existing trade agreements and relationships between the U.S. and other countries;
- risks relating to the outbreak and spread of COVID-19 around the world;
- changes in tax laws, including changes related to Brexit, or exposure to additional income tax liabilities;
- harsh weather or natural disasters that interrupt our business operations or the business operations of our hospital-customers; and
- failure of the market to adopt new therapies or to adopt new therapies quickly.

Other factors that could cause our actual results to differ from our projected results are described in (1) “Part II, Item 1A. Risk Factors” and elsewhere in this and our other Quarterly Reports on Form 10-Q, (2) our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (“2019 Form 10-K”), (3) our reports and registration statements filed and furnished from time to time with the Securities and Exchange Commission (“SEC”) and (4) other announcements we make from time to time.

Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. We undertake no obligation to update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise. You should read the following discussion and analysis in conjunction with our unaudited condensed consolidated financial statements and related notes included elsewhere in this report. Operating results for the three and nine months ended September 30, 2020 are not necessarily indicative of future results, including the full fiscal year. You should also refer to our “Annual Consolidated Financial Statements,” “Notes” thereto, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” contained in our 2019 Form 10-K and in our Quarterly Reports on Form 10-Q.

Financial Information and Currency of Financial Statements

All of the financial information included in this quarterly report has been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S.” and such principles, “U.S. GAAP”). The reporting currency of our condensed consolidated financial statements is U.S. dollars.

PART I. FINANCIAL INFORMATION

Item 1. *Financial Statements*

LIVANOVA PLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(UNAUDITED)
(In thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net sales	$ 240,083	$ 268,610	$ 664,686	$ 796,580
Costs and expenses:				
Cost of sales - exclusive of amortization	86,467	86,128	212,152	245,324
Product remediation	1,133	3,076	6,868	11,136
Selling, general and administrative	99,199	123,015	317,424	375,932
Research and development	47,368	45,904	108,422	124,023
Merger and integration expenses	1,094	6,716	6,616	14,345
Restructuring expenses	(349)	698	2,025	4,563
Impairment of intangible assets	—	—	—	50,295
Amortization of intangibles	9,685	11,146	29,346	29,690
Litigation provision, net	2,994	(33,834)	3,970	(33,834)
Operating (loss) income from continuing operations	(7,508)	25,761	(22,137)	(24,894)
Interest income	47	151	482	624
Interest expense	(14,673)	(4,774)	(25,237)	(10,490)
Foreign exchange and other gains (losses)	3,420	327	507	(795)
(Loss) income from continuing operations before tax	(18,714)	21,465	(46,385)	(35,555)
Income tax (benefit) expense	(3,990)	(10,653)	17,581	(23,431)
Losses from equity method investments	(48)	—	(221)	—
Net (loss) income from continuing operations	(14,772)	32,118	(64,187)	(12,124)
Net (loss) income from discontinued operations, net of tax	—	—	(995)	178
Net (loss) income	$ (14,772)	$ 32,118	$ (65,182)	$ (11,946)
Basic (loss) income per share:				
Continuing operations	$ (0.30)	$ 0.66	$ (1.32)	$ (0.25)
Discontinued operations	—	—	(0.02)	—
	$ (0.30)	$ 0.66	$ (1.34)	$ (0.25)
Diluted (loss) income per share:				
Continuing operations	$ (0.30)	$ 0.66	$ (1.32)	$ (0.25)
Discontinued operations	—	—	(0.02)	—
	$ (0.30)	$ 0.66	$ (1.34)	$ (0.25)
Shares used in computing basic (loss) income per share	48,652	48,395	48,582	48,329
Shares used in computing diluted (loss) income per share	48,652	48,820	48,582	48,329

See accompanying notes to the condensed consolidated financial statements

LIVANOVA PLC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(UNAUDITED)

(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
Net (loss) income	$ (14,772)	$ 32,118	$ (65,182)	$ (11,946)
Other comprehensive income (loss):				
Net change in unrealized gain (loss) on derivatives	1,640	(870)	1,313	(665)
Tax effect	(393)	209	(314)	159
Net of tax	1,247	(661)	999	(506)
Foreign currency translation adjustment	23,457	(27,775)	8,008	(16,628)
Total other comprehensive income (loss)	24,704	(28,436)	9,007	(17,134)
Total comprehensive income (loss)	$ 9,932	$ 3,682	$ (56,175)	$ (29,080)

See accompanying notes to the condensed consolidated financial statements

LIVANOVA PLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(In thousands, except share amounts)

	September 30, 2020	December 31, 2019
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 227,811	$ 61,137
Accounts receivable, net of allowance of $16,241 at September 30, 2020 and $13,105 at December 31, 2019	191,892	257,769
Inventories	178,091	164,154
Prepaid and refundable taxes	43,316	37,779
Prepaid expenses and other current assets	32,026	28,604
Total Current Assets	673,136	549,443
Property, plant and equipment, net	190,509	181,354
Goodwill	918,478	915,794
Intangible assets, net	583,818	607,546
Operating lease assets	52,834	54,372
Investments	30,358	27,256
Deferred tax assets	22,673	68,676
Other assets	49,942	7,356
Total Assets	$ 2,521,748	$ 2,411,797
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current debt obligations	$ 13,953	$ 77,396
Accounts payable	71,596	85,892
Accrued liabilities and other	98,308	120,100
Current litigation provision liability	34,790	146,026
Taxes payable	10,118	12,719
Accrued employee compensation and related benefits	52,994	70,420
Total Current Liabilities	281,759	512,553
Long-term debt obligations	637,109	260,330
Contingent consideration	79,603	114,396
Litigation provision liability	11,510	24,378
Deferred tax liabilities	28,362	32,219
Long-term operating lease liabilities	43,124	46,027
Long-term employee compensation and related benefits	23,109	22,797
Long-term derivative liabilities	59,588	61
Other long-term liabilities	6,792	15,319
Total Liabilities	1,170,956	1,028,080
Commitments and contingencies (Note 10)		
Stockholders' Equity:		
Ordinary Shares, £1.00 par value: unlimited shares authorized; 49,402,628 shares issued and 48,596,417 shares outstanding at September 30, 2020; 49,411,016 shares issued and 48,443,830 shares outstanding at December 31, 2019	76,338	76,257
Additional paid-in capital	1,758,468	1,734,870
Accumulated other comprehensive loss	(10,385)	(19,392)
Accumulated deficit	(472,576)	(406,755)
Treasury stock at cost, 806,211 ordinary shares at September 30, 2020; 967,186 ordinary shares at December 31, 2019	(1,053)	(1,263)
Total Stockholders' Equity	1,350,792	1,383,717
Total Liabilities and Stockholders' Equity	$ 2,521,748	$ 2,411,797

See accompanying notes to the condensed consolidated financial statements

LIVANOVA PLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In thousands)

	Nine Months Ended September 30,	
	2020	**2019**
Operating Activities:		
Net loss	$ (65,182)	$ (11,946)
Non-cash items included in net loss:		
Deferred tax expense (benefit)	41,133	(26,422)
Remeasurement of contingent consideration to fair value	(31,176)	(2,425)
Amortization	29,346	29,690
Stock-based compensation	26,845	24,127
Depreciation	22,206	23,115
Remeasurement of derivative instruments	(17,654)	(2,948)
Amortization of operating lease assets	9,813	8,961
Impairment of intangible assets	—	50,295
Other	5,876	7,638
Changes in operating assets and liabilities:		
Accounts receivable, net	65,401	5,433
Inventories	(12,141)	(18,181)
Other current and non-current assets	(15,360)	9,575
Accounts payable and accrued current and non-current liabilities	(49,547)	(28,964)
Taxes payable	(615)	(14,367)
Litigation provision liability	(124,158)	(140,823)
Restructuring reserve	(1,194)	(6,766)
Net cash used in operating activities	(116,407)	(94,008)
Investing Activities:		
Purchases of property, plant and equipment	(28,445)	(16,801)
Purchase of investments	(3,175)	(287)
Loans to investees	(2,250)	—
Acquisitions, net of cash acquired	—	(10,750)
Purchases of intangible assets	—	(3,186)
Other	533	505
Net cash used in investing activities	(33,337)	(30,519)
Financing Activities:		
Proceeds from long-term debt obligations	886,899	193,490
Repayment of long-term debt obligations	(481,360)	(12,330)
Proceeds from short term borrowings (maturities greater than 90 days)	46,717	—
Repayments of short term borrowings (maturities greater than 90 days)	(44,838)	—
Purchase of capped call	(43,096)	—
Debt issuance costs	(20,412)	(3,795)
Closing adjustment payment for sale of CRM business	(14,891)	—
Payment of contingent consideration	(8,860)	(17,989)
Shares repurchased from employees for minimum tax withholding	(5,277)	(6,183)
Proceeds from share issuances under ESPP	2,063	2,574
Change in short-term borrowing, net	(1,043)	(2,173)
Other	25	147
Net cash provided by financing activities	315,927	153,741
Effect of exchange rate changes on cash and cash equivalents	491	(1,105)
Net increase in cash and cash equivalents	166,674	28,109
Cash and cash equivalents at beginning of period	61,137	47,204
Cash and cash equivalents at end of period	$ 227,811	$ 75,313

See accompanying notes to the condensed consolidated financial statements

Note 1. Unaudited Condensed Consolidated Financial Statements

Basis of Presentation

The accompanying condensed consolidated financial statements of LivaNova as of, and for the three and nine months ended September 30, 2020 and 2019, have been prepared in accordance with U.S. GAAP for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. The accompanying condensed consolidated balance sheet of LivaNova at December 31, 2019 has been derived from audited financial statements contained in our 2019 Form 10-K, but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, the condensed consolidated financial statements reflect all adjustments (consisting of only normal recurring adjustments) considered necessary for a fair statement of the operating results of LivaNova and its subsidiaries, for the three and nine months ended September 30, 2020, and are not necessarily indicative of the results that may be expected for the year ending December 31, 2020. The financial information presented herein should be read in conjunction with the audited consolidated financial statements and notes thereto accompanying our 2019 Form 10-K.

Recent Developments Regarding COVID-19

Due to the COVID-19 pandemic ("COVID-19"), we have experienced and may continue to experience significant and unpredictable reductions in the demand for our products as healthcare customers have diverted medical resources and priorities towards the treatment of COVID-19. In addition, public health bodies have delayed elective procedures during the COVID-19 pandemic, which has negatively impacted the usage of our products, including the number of Neuromodulation procedures. Further, some people are avoiding seeking treatment for non-COVID-19 emergency procedures, which has also negatively impacted the demand for our products.

We are seeing signs of stabilization in certain geographies as elective surgeries resume and expect this trend to continue on a global basis during the fourth quarter of 2020. We expect elective procedure recovery rates to vary by country, and to be impacted by COVID-19 case volumes, hospital occupancy and staffing levels, patient's willingness to re-book previously deferred procedures, travel restrictions, transportation limitations, quarantine restrictions, economic uncertainty and potential COVID-19 resurgence.

Reclassifications

We have reclassified certain prior period amounts for comparative purposes. These reclassifications did not have a material effect on our financial condition, results of operations or cash flows.

Significant Accounting Policies

Our significant accounting policies are detailed in "Note 2. Basis of Presentation, Use of Accounting Estimates and Significant Accounting Policies" and "Note 3. Revenue Recognition" of our 2019 Form 10-K.

Note 2. Business Combinations

Miami Instruments

On June 12, 2019, we acquired the minimally invasive cardiac surgery instruments business from Miami Instruments, LLC ("Miami Instruments") for cash consideration of up to $17.0 million. The related operations have been integrated into our Cardiovascular segment as a part of our Heart Valves business. Cash of $10.8 million was paid at closing with up to $6.0 million in contingent consideration based on achieving certain milestones. The purchase price allocation for the Miami Instruments acquisition was finalized during the second quarter of 2020 and resulted in no measurement period adjustments. In connection with this acquisition, we recognized $14.7 million in developed technology and in-process research and development ("IPR&D") intangible assets and $1.5 million in goodwill.

Note 3. Discontinued Operations

On April 30, 2018, we completed the sale of our Cardiac Rhythm Management ("CRM") business to MicroPort Cardiac Rhythm B.V. and MicroPort Scientific Corporation ("MicroPort") for total cash proceeds of $195.9 million, less cash transferred of $9.2 million, subject to a closing working capital adjustment. In March 2020, we finalized the working capital adjustment and as a result, made a $16.4 million payment to MicroPort during the first quarter of 2020 and incurred an additional $1.0 million loss on sale, net of a $0.1 million tax benefit.

Note 4. Restructuring

We initiate restructuring plans to leverage economies of scale, streamline distribution and logistics, and strengthen operational and administrative effectiveness in order to reduce overall costs. Costs associated with these plans were reported as restructuring expenses in the operating results of our condensed consolidated statements of income (loss).

The following table provides a reconciliation of the beginning and ending balance of the accruals and other reserves recorded in connection with our restructuring plans included within accrued liabilities and other and other long-term liabilities on the condensed consolidated balance sheet (in thousands):

	Employee Severance and Other Termination Costs	Other	Total
Balance at December 31, 2019	$ 4,097	$ 1,400	$ 5,497
Charges	2,025	—	2,025
Cash payments and other	(4,880)	(792)	(5,672)
Balance at September 30, 2020	$ 1,242	$ 608	$ 1,850

The following table presents restructuring expense by reportable segment (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Cardiovascular	$ 9	$ 783	$ 1,265	$ 1,521
Neuromodulation	43	(171)	851	314
Other	(401)	86	(91)	2,728
Total	$ (349)	$ 698	$ 2,025	$ 4,563

Note 5. Product Remediation Liability

On December 29, 2015, we received an FDA Warning Letter (the “Warning Letter”) alleging certain violations of FDA regulations applicable to medical device manufacturing at our Munich, Germany and Arvada, Colorado facilities. On October 13, 2016, the CDC and FDA separately released safety notifications regarding 3T Heater-Cooler devices in response to which we issued a Field Safety Notice Update for U.S. users of our 3T Heater-Cooler devices to proactively and voluntarily contact facilities to facilitate implementation of the CDC and FDA recommendations.

At December 31, 2016, we recognized a liability for a product remediation plan related to our 3T Heater-Cooler device (“3T device”). The remediation plan consists primarily of a modification of the 3T device design to include internal sealing and the addition of a vacuum system to new and existing devices. These changes are intended to address regulatory actions and to reduce further the risk of possible dispersion of aerosols from 3T devices in the operating room. We concluded that it was probable that a liability had been incurred upon management’s approval of the plan and the commitments made by management to various regulatory authorities globally in November and December 2016, and furthermore, the cost associated with the plan was reasonably estimable. The deployment of this solution for commercially distributed devices has been dependent upon final validation and verification of the design changes and approval or clearance by regulatory authorities worldwide. It is reasonably possible that our estimate of the remediation liability could materially change in future periods due to the various significant assumptions involved such as customer behavior, market reaction and the timing of approvals or clearance by regulatory authorities worldwide.

In April 2017, we obtained CE Mark in Europe for the design change, and in May 2017 we completed our first vacuum canister and internal sealing upgrade on a customer-owned device. In October 2018, the FDA concluded that we could commence the vacuum canister and internal sealing upgrade program in the U.S., and on February 25, 2020, LivaNova received clearance for K191402, a 510(k) for the 3T devices that addressed issues contained in the 2015 Warning Letter along with design changes that further mitigate the potential risk of aerosolization. Concurrent with this clearance, (1) 3T devices manufactured in accordance with K191402 will not be subjected to the import alert previously issued by the FDA and (2) LivaNova initiated a correction to distribute the updated Operating Instructions cleared under K191402. We continue to implement the vacuum canister and internal sealing upgrade program in as many countries as possible until all devices are upgraded.

As a second part of the remediation plan, we continue to offer a no-charge deep disinfection service (deep cleaning service) for 3T device users as we receive the required regulatory approvals. The deep disinfection service was rolled out in Europe in the second half of 2015, and in April 2018, the FDA agreed to allow us to move forward with the deep cleaning service in the U.S., thereby adding to the growing list of countries around the world in which we offer this service. Finally, we continue to offer the loaner program for 3T devices, initiated in the fourth quarter of 2016, to provide existing 3T device users with a new loaner 3T device at no charge pending regulatory approval and implementation of the vacuum system addition and deep disinfection service worldwide.

The following table provides a reconciliation of the beginning and ending balance of the product remediation liability included within accrued liabilities and other on the condensed consolidated balance sheet (in thousands):

Balance at December 31, 2019	$	3,251
Adjustments		2,301
Remediation activity		(3,982)
Effect of changes in foreign currency exchange rates		145
Balance at September 30, 2020	$	1,715

We recognized product remediation expenses of $1.1 million and $3.1 million during the three months ended September 30, 2020 and 2019, respectively, and $6.9 million and $11.1 million during the nine months ended September 30, 2020 and 2019, respectively. Product remediation expenses include internal labor costs, costs to remediate certain inspectional observations made by the FDA at our Munich facility and costs associated with the incorporation of the modification of the 3T device design into the next generation 3T device. These costs and related legal costs are expensed as incurred and are not included within the product remediation liability presented above. At September 30, 2020, our balance sheet includes a $46.3 million provision related to litigation involving our 3T device. For further information, please refer to “Note 10. Commitments and Contingencies.”

Note 6. Investments

The following table details the carrying value of our investments in equity securities of non-consolidated affiliates without readily determinable fair values for which we do not exert significant influence over the investee. These equity investments are reported at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer. The below equity investments are included in investments on the condensed consolidated balance sheets (in thousands):

Equity Investments Without Readily Determinable Fair Values	September 30, 2020	December 31, 2019
Respicardia Inc. [1]	$ 17,706	$ 17,706
ALung Technologies, Inc. [2]	3,000	—
Ceribell, Inc.	3,000	3,000
ShiraTronics, Inc.	2,045	2,045
MD Start II	1,169	1,121
Rainbow Medical Ltd.	1,145	1,099
Highlife S.A.S.	1,109	1,064
Other	770	770
	29,944	26,805
Equity method investment	414	451
	$ 30,358	$ 27,256

(1) Respicardia Inc. (“Respicardia”) is a privately funded U.S. company developing an implantable device designed to restore a more natural breathing pattern during sleep in patients with central sleep apnea by transvenously stimulating the phrenic nerve. We have a loan outstanding to Respicardia, with a carrying amount of $0.8 million and $0.6 million as of September 30, 2020 and December 31, 2019, respectively, which is included in prepaid expenses and other current assets on the condensed consolidated balance sheet.

(2) During the first quarter of 2020, we invested in ALung Technologies, Inc. (“ALung”). ALung is a privately held medical device company focused on creating advanced medical devices for treating respiratory failure. ALung’s Hemolung Respiratory Assist System is a dialysis-like alternative or supplement to mechanical ventilation which removes carbon dioxide directly from the blood in patients with acute respiratory failure. During the second quarter of 2020, we provided a convertible loan to ALung for $2.0 million, due July 10, 2021. As of September 30, 2020, the carrying amount of the loan was $2.0 million, which is included in prepaid expenses and other current assets on the condensed consolidated balance sheet.

Note 7. Fair Value Measurements

We review the fair value hierarchy classification on a quarterly basis. Changes in the ability to observe valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy. There were no transfers between Level 1, Level 2, or Level 3 during the nine months ended September 30, 2020 and 2019.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables provide information by level for assets and liabilities that are measured at fair value on a recurring basis (in thousands):

	Fair Value as of September 30, 2020	Fair Value Measurements Using Inputs Considered as:		
		Level 1	Level 2	Level 3
Assets:				
Derivative assets - designated as cash flow hedges (foreign currency exchange rate "FX")	$ 1,787	$ —	$ 1,787	$ —
Derivative assets - freestanding instruments (FX)	4,052	—	4,052	—
Derivative assets - capped call derivatives	38,999	—	—	38,999
Convertible notes receivable	2,301	—	—	2,301
	$ 47,139	$ —	$ 5,839	$ 41,300
Liabilities:				
Derivative liabilities - freestanding instruments (interest rate swaps)	$ 139	$ —	$ 139	$ —
Derivative liabilities - freestanding instruments (FX)	85	—	85	—
Derivative liabilities - embedded exchange feature	59,398	—	—	59,398
Derivative liabilities - other	1,350	—	—	1,350
Contingent consideration arrangements	96,174	—	—	96,174
	$ 157,146	$ —	$ 224	$ 156,922

	Fair Value as of December 31, 2019	Fair Value Measurements Using Inputs Considered as:		
		Level 1	Level 2	Level 3
Assets:				
Derivative assets - designated as cash flow hedges (FX)	$ 535	$ —	$ 535	$ —
Derivative assets - freestanding instruments (FX)	26	—	26	—
	$ 561	$ —	$ 561	$ —
Liabilities:				
Derivative liabilities - designated as cash flow hedges (FX)	$ 169	$ —	$ 169	$ —
Derivative liabilities - designated as cash flow hedges (interest rate swaps)	374	—	374	—
Derivative liabilities - freestanding instruments (FX)	3,137	—	3,137	—
Contingent consideration arrangements	137,349	—	—	137,349
	$ 141,029	$ —	$ 3,680	$ 137,349

The following table provides a reconciliation of the beginning and ending balances of our recurring fair value measurements, using significant unobservable inputs (Level 3) (in thousands):

	Capped Call Derivative Asset	Embedded Exchange Feature Derivative Liability	Other Derivative Liabilities	Contingent Consideration Liability Arrangements	Convertible Notes Receivable
As of December 31, 2019	$ —	$ —	$ —	$ 137,349	$ —
Additions	43,096	74,951	—	—	2,267
Payments [1]	—	—	—	(9,868)	—
Changes in fair value [2] [3] [4]	(4,097)	(15,553)	1,350	(31,176)	34
Effect of changes in foreign currency exchange rates	—	—	—	(131)	—
Total at September 30, 2020	38,999	59,398	1,350	96,174	2,301
Less current portion at September 30, 2020	—	—	1,160	16,571	2,044
Long-term portion at September 30, 2020	$ 38,999	$ 59,398	$ 190	$ 79,603	$ 257

(1) During the nine months ended September 30, 2020, we paid $8.8 million under the contingent consideration arrangement for the acquisition of CardiacAssist, Inc., doing business as TandemLife ("TandemLife"). Additionally, we made final payments under contingent consideration arrangements resulting from the acquisitions of two distributors.

(2) The contingent consideration change in fair value during the nine months ended September 30, 2020 is primarily due to a one-year delay in the projected achievement of a certain regulatory milestone and timing of sales-based earnout payments for ImThera Medical Inc. ("ImThera"), and the impact of an increase in discount rates utilized in the valuation of contingent consideration. Refer to the tables below for further information regarding the fair value measurements of contingent consideration.

(3) During the nine months ended September 30, 2020, the contingent consideration change in fair value resulted in a decrease of $19.2 million and $12.0 million recorded to cost of sales - exclusive of amortization and research and development, respectively.

(4) Changes in the fair value of the embedded exchange feature derivative and capped call derivatives are recognized in foreign exchange and other gains (losses) in the condensed consolidated statements of income (loss).

Embedded Exchange Feature and Capped Call Derivatives

In June 2020, the Company issued $287.5 million in cash exchangeable senior notes and entered into related capped call transactions. The cash exchangeable senior notes include an embedded exchange feature that is bifurcated from the cash exchangeable senior notes. Please refer to "Note 8. Financing Arrangements" for further details. The embedded exchange feature derivative is measured at fair value using a binomial lattice model and discounted cash flows that utilize observable and unobservable market data. The capped call derivative is measured at fair value using the Black-Scholes model utilizing observable and unobservable market data, including stock price, remaining contractual term, expected volatility, risk-free interest rate and expected dividend yield, as applicable.

The embedded exchange feature and capped call derivatives are classified as Level 3 as the Company uses historical volatility and implied volatility from options traded to determine expected stock price volatility which is an unobservable input that is significant to the valuation. In general, an increase in our stock price or stock price volatility would increase the fair value of the embedded exchange feature and capped call derivatives which would result in an increase in expense. As time to the expiration of the derivatives decreases with passage of time, the fair value of the derivatives would decrease. The future impact on net income depends on how significant inputs such as stock price, stock price volatility and time to the expiration of the derivatives change in relation to other inputs.

The stock price volatility as of September 30, 2020 was 37%. As of September 30, 2020, a 10% lower volatility, holding other inputs constant, would result in approximate fair value for the embedded exchange feature derivative of $42.4 million and a 10% higher volatility, holding other inputs constant, would result in approximate fair value of $76.4 million. As of September 30, 2020, a 10% lower volatility, holding other inputs constant would result in approximate fair value for the capped call derivatives of $29.3 million and a 10% higher volatility, holding other inputs constant, would result in approximate fair value of $42.3 million.

Contingent Consideration Arrangements

The following table provides the fair value of our Level 3 contingent consideration arrangements by acquisition (in thousands):

	September 30, 2020	December 31, 2019
ImThera	$ 79,603	$ 113,503
TandemLife	11,672	17,311
Miami Instruments	4,899	5,338
Drilltex	—	294
Other	—	903
	$ 96,174	$ 137,349

The ImThera business combination involved contingent consideration arrangements composed of potential cash payments upon the achievement of a certain regulatory milestone and a sales-based earnout associated with sales of products. The sales-based earnout is valued using projected sales from our internal strategic plan. Both arrangements are Level 3 fair value measurements and include the following significant unobservable inputs as of September 30, 2020:

ImThera Acquisition	Valuation Technique	Unobservable Input	Ranges
Regulatory milestone-based payment	Discounted cash flow	Discount rate	8.3%
		Probability of payment	85%
		Projected payment year	2024
Sales-based earnout	Monte Carlo simulation	Risk-adjusted discount rate	12.2 % - 12.5%
		Credit risk discount rate	8.5 % - 9.2%
		Revenue volatility	32.5%
		Probability of payment	85%
		Projected years of earnout	2025 - 2028

The TandemLife business combination involved a contingent consideration arrangement composed of potential cash payments upon the achievement of certain regulatory milestones. The arrangement is a Level 3 fair value measurement and includes the following significant unobservable inputs as of September 30, 2020:

TandemLife Acquisition	Valuation Technique	Unobservable Input	Ranges
Regulatory milestone-based payment	Discounted cash flow	Discount rate	7.6 % - 7.7%
		Probability of payments	70 % - 100%
		Projected payment years	2020 - 2021

The Miami Instruments business combination involved a contingent consideration arrangement composed of potential cash payments upon the achievement of certain regulatory milestones. The arrangement is a Level 3 fair value measurement and includes the following significant unobservable inputs as of September 30, 2020:

Miami Instruments	Valuation Technique	Unobservable Input	Ranges
Regulatory milestone-based payments	Discounted cash flow	Discount rate	7.6 % - 7.7%
		Probability of payments	80 % - 95%
		Projected payment years	2020 - 2021

Note 8. Financing Arrangements

The carrying amount of our long-term debt as of September 30, 2020 and December 31, 2019 was as follows (in thousands, except interest rates):

	September 30, 2020	December 31, 2019	Maturity	Interest Rate
2020 Senior Secured Term Loan	$ 422,960	$ —	June 2025	LIBOR (1% Floor) + 6.50%
2020 Cash Exchangeable Senior Notes	208,954	—	December 2025	3.00%
Bank of America Merrill Lynch Banco Múltiplo S.A.	6,000	8,422	July 2021	5.61%
Mediocredito Italiano	5,835	6,222	December 2023	0.50 % - 2.77%
Bank of America, U.S.	2,011	2,004	January 2021	2.08%
2019 Debt Facility	—	184,275		
2017 European Investment Bank	—	103,570		
2014 European Investment Bank	—	28,053		
Other	1,041	965		
Total long-term facilities	646,801	333,511		
Less current portion of long-term debt	9,692	73,181		
Total long-term debt	$ 637,109	$ 260,330		

Revolving Credit

The outstanding principal amount of our short-term unsecured revolving credit agreements and other agreements with various banks was $4.3 million and $4.2 million, at September 30, 2020 and December 31, 2019, respectively, with interest rates ranging from 3.21% to 7.20% and loan terms ranging from overnight to 10 months, as of September 30, 2020.

2020 Senior Secured Term Loan

On June 10, 2020, we entered into a $450.0 million five-year senior secured term loan (the “Term Loan”) through our wholly owned subsidiary LivaNova USA Inc., with funds managed by affiliates of Ares Management Corporation, as administrative agent and collateral agent, resulting in cash proceeds of approximately $421.7 million, net of discounts and issuance costs. The obligations under the Term Loan are guaranteed on a senior secured basis by each of LivaNova’s existing and future wholly owned material subsidiaries, and are secured by a perfected first priority security interest in substantially all tangible and intangible assets of LivaNova and certain U.S. and UK subsidiaries of LivaNova, subject in each case to certain exceptions contained in the Term Loan. Borrowings under the Term Loan bear interest at a variable annual rate equal to the three-month LIBOR rate (subject to a 1% floor), plus an applicable margin of 6.5% per annum. The effective interest rate of the Term Loan at September 30, 2020 was 9.0%. The Term Loan will mature on June 30, 2025 and includes certain affirmative, negative and financial covenants. The financial covenants under the Term Loan state (i) the net revenue of LivaNova PLC, LivaNova USA, Inc. and any restricted subsidiaries on a consolidated basis shall not be lower than $700 million for each trailing 12 month period, such threshold to decrease pro rata (not below $550 million) upon prepayments of the Term Loan made by LivaNova USA, Inc. out of the proceeds of certain asset sales, and (ii) the total secured leverage ratio (as defined in the debt agreement) for LivaNova PLC, LivaNova USA, Inc. and any restricted subsidiaries on a consolidated basis shall not be greater than the applicable ratio set forth below:

Test Period	Total Secured Leverage Ratio
4 Quarters ending June 30, 2020 through each fiscal quarter thereafter until (and including) the fiscal quarter ending June 30, 2021	5.625 : 1.00
4 Quarters ending September 30, 2021 and ending each fiscal quarter thereafter	4.5 : 1.00

Debt discounts and issuance costs related to the Term Loan were approximately $28.3 million and included various legal, bank and accounting fees. Amortization of debt discount and issuance costs was $1.1 million and $1.3 million for the three and nine months ended September 30, 2020, respectively, and was included in interest expense on the condensed consolidated statement of income (loss).

2020 Cash Exchangeable Senior Notes

On June 17, 2020, our wholly-owned subsidiary, LivaNova USA, Inc., issued $287.5 million aggregate principal amount of 3.00% cash exchangeable senior notes (the “Notes”) by private placement to qualified institutional buyers pursuant to Rule

144A under the Securities Act of 1933, as amended. The sale of the Notes resulted in approximately $278.0 million in net proceeds to the Company after deducting issuance costs. Interest is payable semiannually in arrears on June 15 and December 15 of each year, beginning on December 15, 2020. The effective interest rate of the Notes at September 30, 2020 was 9.9%. The Notes mature on December 15, 2025 unless earlier exchanged, repurchased, or redeemed.

Debt discounts and issuance costs related to the Notes were approximately $82.0 million and included $75.0 million of discount attributable to the embedded exchange feature, discussed below, and $7.0 million of allocated issuance costs to the Notes related to legal, bank and accounting fees. Amortization of debt discount and issuance costs was $3.0 million and $3.4 million for the three and nine months ended September 30, 2020 and is included in interest expense on the condensed consolidated statement of income (loss).

The Notes are exchangeable at the option of the holders only under certain circumstances and solely into cash in an amount based on the trading prices of LivaNova's ordinary shares during a related observation period. The Notes are not exchangeable into ordinary shares of LivaNova or any other security under any circumstances. The initial exchange rate for the Notes is 16.3980 ordinary shares per $1,000 principal amount of Notes (equivalent to an initial exchange price of approximately $60.98 per share). The exchange rate is subject to adjustment in certain circumstances, as set forth in the indenture governing the Notes.

The Company may redeem the Notes at its option, on or after June 20, 2023, in whole or in part, if the last reported sale price per ordinary share has been at least 130% of the exchange price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which the Company provides notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. Additionally, the Company may redeem the Notes at its option, prior to December 15, 2025, in whole but not in part, in connection with certain tax-related events.

Embedded Exchange Feature

The embedded exchange feature of the Notes requires bifurcation from the Notes and is accounted for as a derivative liability. The fair value of the Notes' embedded exchange feature derivative at the time of issuance was $75.0 million and was recorded as debt discount on the Notes. This discount is amortized as interest expense using the effective interest method over the term of the Notes. The Notes' embedded exchange feature derivative is carried on the condensed consolidated balance sheets at its estimated fair value and is adjusted at the end of each reporting period, with unrealized gain or loss reflected in the consolidated statements of income (loss). The fair value of the embedded exchange feature derivative liability was $59.4 million as of September 30, 2020.

Capped Call Transactions

In connection with the pricing of the Notes, the Company entered into privately negotiated capped call transactions with certain of the initial purchasers of the Notes or their respective affiliates. The capped call transactions cover, subject to anti-dilution adjustments substantially similar to those applicable to the Notes, the number of LivaNova's ordinary shares underlying the Notes and are expected generally to offset any cash payments the Company is required to make upon exchange of the Notes in excess of the principal amount thereof in the event that the market value per ordinary share, as measured under the capped call transactions, is greater than the strike price of the capped call transactions, with such offset being subject to an initial cap price of $100.00 per share. The aggregate cost of the capped calls derivative assets was $43.1 million. The capped call transactions expire on December 15, 2025 and must be settled in cash. The capped calls are carried on the condensed consolidated balance sheets as a derivative asset at their estimated fair value and are adjusted at the end of each reporting period, with unrealized gain or loss reflected in the condensed consolidated statement of income (loss). The fair value of capped call derivative assets was $39.0 million as of September 30, 2020.

The current and non-current classification is evaluated at each balance sheet date and may change depending on whether any exchange conditions are met. As of September 30, 2020, no exchange conditions have been met and the Notes, embedded exchange feature derivative liability, and the capped call derivative assets are classified as non-current. Please refer to "Note 7. Fair Value Measurements" for details on the valuation of the embedded exchange feature derivative liability and capped call derivative assets.

Extinguishment of Debt

The Company used the net proceeds from the Term Loan, together with a portion of the net proceeds of the Notes, after fees, discounts, commissions and other expenses, to repay outstanding indebtedness under the Company's 2017 European Investment Bank loan, 2014 European Investment Bank loan, Banca Nazionale del Lavoro S.p.A loan, and 2019 Debt Facility and related

expenses. The Company repaid approximately $528.0 million in aggregate outstanding principal, accrued interest and associated fees, including breakage fees and legal fees. The Company recognized a loss on debt extinguishment of $1.4 million during the nine months ended September 30, 2020. The loss on debt extinguishment was recognized in foreign exchange and other losses in the condensed consolidated statements of income (loss).

The remainder of the proceeds from the concurrent financing transactions were used to pay the cost of capped call transactions and for general corporate purposes.

Note 9. Derivatives and Risk Management

Due to the global nature of our operations, we are exposed to foreign currency exchange rate fluctuations. We enter into FX derivative contracts to reduce the impact of foreign currency exchange rate fluctuations on earnings and cash flow. We are also exposed to equity price risk in connection with our Notes, including exchange and settlement provisions based on the price of our ordinary shares at exchange or maturity of the Notes. In addition, the capped call transactions associated with the Notes also include settlement provisions that are based on the price of our ordinary shares, subject to a capped price per share.

We measure all outstanding derivatives each period end at fair value and report the fair value as either financial assets or liabilities on the condensed consolidated balance sheets. We do not enter into derivative contracts for speculative purposes. At inception of the contract, the derivative is designated as either a freestanding derivative or a hedge. Derivatives that are not designated as hedging instruments are referred to as freestanding derivatives with changes in fair value included in earnings.

If the derivative qualifies for hedge accounting, changes in the fair value of the derivative will be recorded in accumulated other comprehensive income (“AOCI”) until the hedged item is recognized in earnings upon settlement/termination. FX derivative gains and losses in AOCI are reclassified to our condensed consolidated statements of income (loss) as shown in the tables below. We evaluate hedge effectiveness at inception. Cash flows from derivative contracts are reported as operating activities on our condensed consolidated statements of cash flows.

Freestanding FX Derivative Contracts

The gross notional amount of FX derivative contracts not designated as hedging instruments outstanding at September 30, 2020 and December 31, 2019 was $332.2 million and $338.0 million, respectively. These derivative contracts are designed to offset the FX effects in earnings of various intercompany loans and trade receivables. We recorded net (losses) gains for these freestanding derivatives of $(11.7) million and $3.1 million for the three months ended September 30, 2020 and 2019, respectively, and $(4.8) million and $6.8 million for the nine months ended September 30, 2020 and 2019, respectively. These (losses) and gains are included in foreign exchange and other gains (losses) on our condensed consolidated statement of income (loss).

Counterparty Credit Risk

We are exposed to credit risk in the event of non-performance by the counterparties to our derivatives at maturity.

The two counterparties to the capped call transactions are financial institutions. To limit our credit risk, we selected financial institutions with a minimum long-term investment grade credit rating. Our exposure to the credit risk of the counterparties is not secured by any collateral. If a counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings, with a claim equal to our exposure at that time under the capped call transactions with that counterparty.

To manage credit risk with respect to our other derivatives, the Company selects and periodically reviews counterparties based on credit ratings, limits its exposure with respect to each counterparty, and monitors the market positions. However, if one or more of these counterparties were in a liability position to the Company and were unable to meet their obligations, any transactions with the counterparty could be subject to early termination, which could result in substantial losses for the Company.

Cash Flow Hedges

The gross notional amounts of open derivative contracts designated as cash flow hedges at September 30, 2020 and December 31, 2019 were as follows (in thousands):

Description of Derivative Contract	September 30, 2020	December 31, 2019
FX derivative contracts to be exchanged for British Pounds	$ 7,610	$ 10,128
FX derivative contracts to be exchanged for Japanese Yen	16,023	25,342
FX derivative contracts to be exchanged for Euros	36,553	48,838
Interest rate swap contracts [1]	—	22,442
	$ 60,186	$ 106,750

(1) Interest rate swap contracts were de-designated upon the repayment of the 2014 European Investment Bank loan. Refer to "Note 8. Financing Arrangements."

After-tax net loss associated with derivatives designated as cash flow hedges recorded in the ending balance of AOCI and the amount expected to be reclassified to earnings in the next twelve months are as follows (in thousands):

Description of Derivative Contract	After-Tax Net Gain in AOCI as of September 30, 2020	After-Tax Net Gain in AOCI as of Amount Expected to be Reclassified to Earnings in Next 12 Months
FX derivative contracts	$ 1,512	$ 1,512

Pre-tax gains (losses) for derivative contracts designated as cash flow hedges recognized in other comprehensive income (loss) ("OCI") and the amount reclassified to earnings from AOCI were as follows (in thousands):

		Three Months Ended September 30,			
		2020		2019	
Description of Derivative Contract	Location in Earnings of Reclassified Gain or Loss	Gains Recognized in OCI	(Losses) Gains Reclassified from AOCI to Earnings	Losses Recognized in OCI	Gains (Losses) Reclassified from AOCI to Earnings
FX derivative contracts	Foreign exchange and other gains (losses)	$ 1,482	$ (692)	$ (689)	$ 963
FX derivative contracts	SG&A	—	534	—	(742)
Interest rate swap contracts	Interest expense	—	—	—	(40)
		$ 1,482	$ (158)	$ (689)	$ 181

		Nine Months Ended September 30,			
		2020		2019	
Description of Derivative Contract	Location in Earnings of Reclassified Gain or Loss	Gains Recognized in OCI	(Losses) Gains Reclassified from AOCI to Earnings	Gains Recognized in OCI	Gains (Losses) Reclassified from AOCI to Earnings
FX derivative contracts	Foreign exchange and other gains (losses)	$ 632	$ (777)	$ 933	$ 3,094
FX derivative contracts	SG&A	—	209	—	(1,470)
Interest rate swap contracts	Interest expense	—	(113)	—	(26)
		$ 632	$ (681)	$ 933	$ 1,598

We offset fair value amounts associated with our derivative instruments on our condensed consolidated balance sheets that are executed with the same counterparty under master netting arrangements. Our netting arrangements include a right to set off or net together purchases and sales of similar products in the settlement process.

The following tables present the fair value and the location of derivative contracts reported on the condensed consolidated balance sheets (in thousands):

September 30, 2020	**Asset Derivatives**		**Liability Derivatives**	
Derivatives Designated as Hedging Instruments	**Balance Sheet Location**	**Fair Value [1]**	**Balance Sheet Location**	**Fair Value [1]**
FX derivative contracts	Prepaid expenses and other current assets	$ 1,775		
FX derivative contracts	Accrued liabilities	12		
Total derivatives designated as hedging instruments		1,787		
Derivatives Not Designated as Hedging Instruments				
Interest rate swap contracts			Accrued liabilities	$ 139
FX derivative contracts	Prepaid expenses and other current assets	4,052	Accrued liabilities	51
FX derivative contracts			Prepaid expense and other current assets	34
Capped call derivatives	Other assets	38,999		
Embedded exchange feature			Long-term derivative liability	59,398
Other derivatives			Accrued liabilities	1,160
Other derivatives			Long-term derivative liability	190
Total derivatives not designated as hedging instruments		43,051		60,972
Total derivatives		$ 44,838		$ 60,972

December 31, 2019	**Asset Derivatives**		**Liability Derivatives**	
Derivatives Designated as Hedging Instruments	**Balance Sheet Location**	**Fair Value [1]**	**Balance Sheet Location**	**Fair Value [1]**
Interest rate swap contracts			Accrued liabilities	$ 313
Interest rate swap contracts			Long-term derivative liability	61
FX derivative contracts	Prepaid expenses and other current assets	$ 148	Accrued liabilities	169
FX derivative contracts	Accrued liabilities	387		
Total derivatives designated as hedging instruments		535		543
Derivatives Not Designated as Hedging Instruments				
FX derivative contracts	Accrued liabilities	26	Accrued liabilities	3,104
FX derivative contracts			Prepaid expenses and other current assets	33
Total derivatives not designated as hedging instruments		26		3,137
Total derivatives		$ 561		$ 3,680

(1) For the classification of inputs used to evaluate the fair value of our derivatives, refer to “Note 7. Fair Value Measurements.”

Note 10. Commitments and Contingencies

FDA Warning Letter

On December 29, 2015, the FDA issued a Warning Letter alleging certain violations of FDA regulations applicable to medical device manufacturers at our Munich, Germany and Arvada, Colorado facilities.

The FDA inspected the Munich facility from August 24, 2015 to August 27, 2015 and the Arvada facility from August 24, 2015 to September 1, 2015. On August 27, 2015, the FDA issued a Form 483 identifying two observed non-conformities with certain regulatory requirements at the Munich facility. We did not receive a Form 483 in connection with the FDA's inspection of the Arvada facility. Following the receipt of the Form 483, we provided written responses to the FDA describing corrective and preventive actions that were underway or to be taken to address the FDA's observations at the Munich facility. The Warning Letter responded in part to our responses and identified other alleged violations related to the manufacture of our 3T Heater-Cooler device that were not previously included in the Form 483.

The Warning Letter further stated that our 3T devices and other devices we manufactured at our Munich facility were subject to refusal of admission into the U.S. until resolution of the issues set forth by the FDA in the Warning Letter. The FDA had informed us that the import alert was limited to the 3T devices, but that the agency reserved the right to expand the scope of the import alert if future circumstances warranted such action. The Warning Letter did not request that existing users cease using the 3T device, and manufacturing and shipment of all of our products other than the 3T device were unaffected by the import limitation. To help clarify these issues for current customers, we issued an informational Customer Letter in January 2016 and that same month agreed with the FDA on a process for shipping 3T devices to existing U.S. users pursuant to a certificate of medical necessity program.

Finally, the Warning Letter stated that premarket approval applications for Class III devices to which certain Quality System regulation deviations identified in the Warning Letter were reasonably related would not be approved until the violations had been corrected; however, this restriction applied only to the Munich and Arvada facilities, which do not manufacture or design devices subject to Class III premarket approval.

On February 25, 2020, LivaNova received clearance for K191402, a 510(k) for the 3T devices that addressed issues contained in the 2015 Warning Letter along with design changes that further mitigate the potential risk of aerosolization. Concurrent with this clearance, (1) 3T devices manufactured in accordance with K191402 will not be subjected to the import alert and (2) LivaNova initiated a correction to distribute the updated Operating Instructions cleared under K191402.

We continue to work diligently to remediate the FDA's inspectional observations for the Munich facility, as well as the additional issues identified in the Warning Letter. We take these matters seriously and intend to respond timely and fully to the FDA's requests.

CDC and FDA Safety Communications and Company Field Safety Notice

On October 13, 2016, the CDC and the FDA separately released safety notifications regarding the 3T devices. The CDC's Morbidity and Mortality Weekly Report ("MMWR") and Health Advisory Notice ("HAN") reported that tests conducted by the CDC and its affiliates indicate that there appears to be genetic similarity between both patient and 3T device strains of the non-tuberculous mycobacterium ("NTM") bacteria M. chimaera isolated in hospitals in Iowa and Pennsylvania. Citing the geographic separation between the two hospitals referenced in the investigation, the report asserts that 3T devices manufactured prior to August 18, 2014 could have been contaminated during the manufacturing process. The CDC's HAN and FDA's Safety Communication, issued contemporaneously with the MMWR report, each assess certain risks associated with 3T devices and provide guidance for providers and patients. The CDC notification states that the decision to use the 3T device during a surgical operation is to be taken by the surgeon based on a risk approach and on patient need. Both the CDC's and FDA's communications confirm that 3T devices are critical medical devices and enable doctors to perform life-saving cardiac surgery procedures.

Also on October 13, 2016, concurrent with the CDC's HAN and FDA's Safety Communication, we issued a Field Safety Notice Update for U.S. users of 3T devices to proactively and voluntarily contact facilities to aid in implementation of the CDC and FDA recommendations. In the fourth quarter of 2016, we initiated a program to provide existing 3T device users with a new loaner 3T device at no charge pending regulatory approval and implementation of additional risk mitigation strategies worldwide, including a vacuum canister and internal sealing upgrade program and a deep disinfection service. This loaner program is available on a global basis. We anticipate that this program will continue until we are able to address customer needs through a broader solution that includes implementation of the risk mitigation strategies described above. We are currently implementing the vacuum and sealing upgrade program in as many countries as possible until all devices are upgraded. On October 11, 2018, after review of information provided by us, the FDA concluded that we could commence the vacuum and

sealing upgrade program in the U.S., and on February 25, 2020, LivaNova received clearance for K191402, a 510(k) for the 3T devices that addressed issues contained in the 2015 Warning Letter along with design changes that further mitigate the potential risk of aerosolization. Furthermore, we continue to offer a no-charge deep disinfection service (deep cleaning service) for 3T device users as we receive the required regulatory approvals. The deep disinfection service was rolled out in Europe in the second half of 2015, and on April 12, 2018, the FDA agreed to allow us to move forward with the deep cleaning service in the U.S. thereby adding to the growing list of countries around the world in which we offer this service.

On December 31, 2016, we recognized a liability for our product remediation plan related to our 3T device. We concluded that it was probable that a liability had been incurred upon management's approval of the plan and the commitments made by management to various regulatory authorities globally in November and December 2016, and furthermore, the cost associated with the plan was reasonably estimable. At September 30, 2020, the product remediation liability was $1.7 million. Refer to "Note 5. Product Remediation Liability" for additional information.

Litigation

Product Liability

The Company is currently involved in litigation involving our 3T device. The litigation includes a class action complaint in the U.S. District Court for the Middle District of Pennsylvania, federal multi-district litigation in the U.S. District Court for the Middle District of Pennsylvania, various U.S. state court cases and cases in jurisdictions outside the U.S. The class action, filed in February 2016, consists of all Pennsylvania residents who underwent open heart surgery at WellSpan York Hospital and Penn State Milton S. Hershey Medical Center between 2011 and 2015 and who currently are asymptomatic for NTM infection. Members of the class seek declaratory relief that the 3T devices are defective and unsafe for intended uses, medical monitoring, damages, and attorneys' fees.

On March 29, 2019, we announced a settlement framework that provides for a comprehensive resolution of the personal injury cases pending in the multi-district litigation in U.S. federal court, the related class action pending in federal court, as well as certain cases in state courts across the United States. The agreement, which makes no admission of liability, is subject to certain conditions, including acceptance of the settlement by individual claimants and provides for a total payment of up to $225 million to resolve the claims covered by the settlement. Per the agreed-upon terms, the first payment of $135 million was paid into a qualified settlement fund in July 2019 and the second payment of $90 million was paid in January 2020. Cases covered by the settlement are being dismissed as amounts are disbursed to individual plaintiffs from the qualified settlement fund.

Cases in state courts in the U.S. and in jurisdictions outside the U.S. continue to progress. As of October 29, 2020, including the cases encompassed in the settlement framework described above that have not yet been dismissed, we are aware of approximately 85 filed and unfiled claims worldwide, with the majority of the claims in various federal or state courts throughout the United States. This includes cases that have settled but have not yet been dismissed. The complaints generally seek damages and other relief based on theories of strict liability, negligence, breach of express and implied warranties, failure to warn, design and manufacturing defect, fraudulent and negligent misrepresentation or concealment, unjust enrichment, and violations of various state consumer protection statutes.

At September 30, 2020, the provision for these matters was $46.3 million. While the amount accrued represents our best estimate, the actual liability for resolution of these matters may vary from our estimate.

The changes in the litigation provision liability during the nine months ended September 30, 2020 are as follows (in thousands):

	Litigation Provision Liability
Total litigation provision liability at December 31, 2019	$ 170,404
Payments	(128,128)
Adjustments	3,970
FX and other	54
Total litigation provision liability at September 30, 2020	46,300
Less current portion of litigation liability at September 30, 2020	34,790
Long-term portion of litigation provision liability at September 30, 2020	$ 11,510

Environmental Liability

Our subsidiary, Sorin S.p.A. ("Sorin") was created as a result of a spin-off (the "Sorin spin-off") from SNIA S.p.A. ("SNIA") in January 2004. SNIA subsequently became insolvent and the Italian Ministry of the Environment and the Protection of Land and Sea (the "Italian Ministry of the Environment"), sought compensation from SNIA for remediation costs relating to the environmental damage at chemical sites previously operated by SNIA's other subsidiaries.

In September 2011 and July 2014, the Bankruptcy Court of Udine and the Bankruptcy Court of Milan, respectively, held (in proceedings to which we are not parties) that the Italian Ministry of the Environment and other Italian government agencies (the "Public Administrations") were not creditors of either SNIA or its subsidiaries in connection with their claims in the Italian insolvency proceedings. The Public Administrations appealed and in January 2016, the Court of Udine rejected the appeal. The Public Administrations has appealed that decision to the Supreme Court. Meanwhile, the Bankruptcy Court of Milan's decision has been appealed.

In January 2012, SNIA filed a civil action against Sorin in the Civil Court of Milan asserting joint liability of a parent and a spun-off company. The Public Administrations intervened in the proceeding, with a claim for environmental damages of approximately $4 billion. On April 1, 2016, the Court of Milan dismissed all legal actions of SNIA and of the Public Administrations further requiring the Public Administrations to pay Sorin approximately €292,000 (approximately $342,000 as of September 30, 2020) for legal fees. The Public Administrations appealed the 2016 Decision to the Court of Appeal of Milan, and on March 5, 2019, the Court of Appeal issued a partial decision on the merits declaring Sorin/LivaNova jointly liable with SNIA for SNIA's environmental liabilities in an amount up to the fair value of the net worth received by Sorin because of the Sorin spin-off, an estimated €572.1 million (approximately $669.1 million as of September 30, 2020). Additionally the Court issued a separate order, staying the proceeding until a panel of three experts can assess the environmental damages, the costs of clean-up, and the costs that the Public Administrations has already borne for the clean-up of the sites to allow the Court to decide on the second claim of the Public Administration against LivaNova, (i.e., to refund the Public Administrations for the SNIA environmental liabilities). Both LivaNova and the Public Administrations have appealed the decision to the Italian Supreme Court (Corte di Cassazione).

We have not recognized an expense in connection with this matter because any potential loss is not currently probable or reasonably estimable. In addition, we cannot reasonably estimate a range of potential loss, if any, that may result from this matter.

Patent Litigation

On May 11, 2018, Neuro and Cardiac Technologies LLC ("NCT"), a non-practicing entity, filed a complaint in the United States District Court for the Southern District of Texas asserting that the VNS Therapy System, when used with the SenTiva Model 1000 generator, infringes the claims of U.S. Patent No. 7,076,307 owned by NCT. The complaint requests damages that include a royalty, costs, interest, and attorneys' fees. On September 13, 2018, we petitioned the Patent Trial and Appeal Board of the U.S. Patent and Trademark Office (the "Patent Office") for an *inter partes* review ("IPR") of the validity of the '307 patent, and on May 18, 2020, the Patent Office issued a Final Written Decision determining that all challenged claims are unpatentable. NCT is appealing the Final Written Decision. On March 24, 2020, we were granted our request for an *ex parte* reexamination of the '307 patent, and in August, the Patent Office issued a Non-Final Rejection of all of the '307 claims. The Court has stayed the litigation pending the outcome of the IPR appeal proceeding. We have not recognized an expense in connection with this matter because any potential loss is not currently probable or reasonably estimable. In addition, we cannot reasonably estimate a range of potential loss, if any, that may result from this matter.

Contract Litigation

On November 25, 2019, LivaNova received notice of a lawsuit initiated by former members of Caisson Interventional, LLC ("Caisson"), a subsidiary of the Company acquired in 2017. The lawsuit, Todd J. Mortier, as Member Representative of the former Members of Caisson Interventional, LLC v. LivaNova USA, Inc., is currently pending in the United States District Court for the District of Minnesota. The complaint alleges (i) breach of contract, (ii) breach of the covenant of good faith and fair dealing and (iii) unjust enrichment in connection with the Company's operation of Caisson's Transcatheter Mitral Valve Replacement ("TMVR") program and the Company's November 20, 2019 announcement that it was ending the TMVR program at the end of 2019. The lawsuit seeks damages arising out of the 2017 acquisition agreement, including various regulatory milestone payments. We intend to vigorously defend this claim. The Company has not recognized an expense related to this matter because any potential loss is not currently probable or reasonably estimable. In addition, we cannot reasonably estimate a range of potential loss, if any, that may result from this matter.

Tax Litigation

In a tax audit report received on October 30, 2009, the Regional Internal Revenue Office of Lombardy (the "Internal Revenue Office") informed Sorin Group Italia S.r.l. that, among several issues, it was disallowing in part a tax-deductible write down of the investment in the U.S. company, Cobe Cardiovascular Inc., which Sorin Group Italia S.r.l. recognized in 2002 and deducted in five equal installments, beginning in 2002. In December 2009, the Internal Revenue Office issued notices of assessment for 2004. In December 2010 and October 2011, the Internal Revenue Office issued notices of assessment for 2005 and 2006, respectively. We challenged all three notices of assessment (for 2004, 2005 and 2006) before the relevant Provincial Tax Courts.

The total amount of losses in dispute was €62.6 million (approximately $73.2 million as of September 30, 2020). On May 31, 2019, we filed an application to settle the litigation according to law N. 136/2018 and paid the required settlement balance of €1.9 million. As per law N. 136/2018, the Italian Revenue Agency reviewed the settlement and accepted the application by default on July 31, 2020. We recognized a benefit of €5.4 million, approximately $6.5 million, during the third quarter of 2020 as compared to the previously recognized reserve for an uncertain tax position of €15.5 million. The difference of €10.1 million (approximately $11.8 million as of September 30, 2020) was a fully valued deferred tax asset for net operating losses, the reversal of which does not impact the condensed consolidated statement of income (loss).

Other Matters

Additionally, we are the subject of various pending or threatened legal actions and proceedings that arise in the ordinary course of our business. These matters are subject to many uncertainties and outcomes that are not predictable and that may not be known for extended periods of time. Since the outcome of these matters cannot be predicted with certainty, the costs associated with them could have a material adverse effect on our consolidated net income, financial position or liquidity.

Note 11. Stockholders' Equity

The tables below present the condensed consolidated statement of stockholders' equity as of and for the three and nine months ended September 30, 2020 and 2019 (in thousands):

	Ordinary Shares	Ordinary Shares - Amount	Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
June 30, 2020	49,476	$ 76,338	$ 1,750,798	$ (1,057)	$ (35,089)	$ (457,804)	$ 1,333,186
Stock-based compensation plans	—	—	7,670	4	—	—	7,674
Cancellation of shares	(73)	—	—	—	—	—	—
Net loss	—	—	—	—	—	(14,772)	(14,772)
Other comprehensive income	—	—	—	—	24,704	—	24,704
September 30, 2020	49,403	$ 76,338	$ 1,758,468	$ (1,053)	$ (10,385)	$ (472,576)	$ 1,350,792
June 30, 2019	49,380	$ 76,217	$ 1,717,220	$ (1,292)	$ (13,174)	$ (295,643)	$ 1,483,328
Stock-based compensation plans	1	—	8,262	10	—	—	8,272
Net income	—	—	—	—	—	32,118	32,118
Other comprehensive loss	—	—	—	—	(28,436)	—	(28,436)
September 30, 2019	49,381	$ 76,217	$ 1,725,482	$ (1,282)	$ (41,610)	$ (263,525)	$ 1,495,282

	Ordinary Shares	Ordinary Shares - Amount	Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
December 31, 2019	49,411	$ 76,257	$ 1,734,870	$ (1,263)	$ (19,392)	$ (406,755)	$ 1,383,717
Adoption of ASU No. 2016-13 [1]	—	—	—	—	—	(639)	(639)
Stock-based compensation plans	65	81	23,598	210	—	—	23,889
Cancellation of shares	(73)	—	—	—	—	—	—
Net loss	—	—	—	—	—	(65,182)	(65,182)
Other comprehensive income	—	—	—	—	9,007	—	9,007
September 30, 2020	49,403	$ 76,338	$ 1,758,468	$ (1,053)	$ (10,385)	$ (472,576)	$ 1,350,792
December 31, 2018	49,323	$ 76,144	$ 1,705,111	$ (1,462)	$ (24,476)	$ (251,579)	$ 1,503,738
Stock-based compensation plans	58	73	20,371	180	—	—	20,624
Net loss	—	—	—	—	—	(11,946)	(11,946)
Other comprehensive loss	—	—	—	—	(17,134)	—	(17,134)
September 30, 2019	49,381	$ 76,217	$ 1,725,482	$ (1,282)	$ (41,610)	$ (263,525)	$ 1,495,282

(1) Refer to “Note 17. New Accounting Pronouncements”

The table below presents the change in each component of AOCI, net of tax, and the reclassifications out of AOCI into net income for the nine months ended September 30, 2020 and 2019 (in thousands):

	Change in Unrealized Gain (Loss) on Derivatives	Foreign Currency Translation Adjustments Gain (Loss) [1]	Total
December 31, 2019	$ 513	$ (19,905)	$ (19,392)
Other comprehensive income before reclassifications, before tax	632	8,008	8,640
Tax expense	(152)	—	(152)
Other comprehensive income before reclassifications, net of tax	480	8,008	8,488
Reclassification of loss from accumulated other comprehensive loss, before tax	681	—	681
Reclassification of tax benefit	(162)	—	(162)
Reclassification of loss from accumulated other comprehensive loss, after tax	519	—	519
Net current-period other comprehensive income, net of tax	999	8,008	9,007
September 30, 2020	$ 1,512	$ (11,897)	$ (10,385)
December 31, 2018	$ (944)	$ (23,532)	$ (24,476)
Other comprehensive income (loss) before reclassifications, before tax	933	(16,628)	(15,695)
Tax expense	(224)	—	(224)
Other comprehensive income (loss) before reclassifications, net of tax	709	(16,628)	(15,919)
Reclassification of gain from accumulated other comprehensive loss, before tax	(1,598)	—	(1,598)
Reclassification of tax expense	383	—	383
Reclassification of gain from accumulated other comprehensive loss, after tax	(1,215)	—	(1,215)
Net current-period other comprehensive loss, net of tax	(506)	(16,628)	(17,134)
September 30, 2019	$ (1,450)	$ (40,160)	$ (41,610)

(1) Taxes are not provided for foreign currency translation adjustments as translation adjustments are related to earnings that are intended to be reinvested in the countries where earned.

Note 12. Stock-Based Incentive Plans

Stock-based incentive plans compensation expense is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Service-based restricted stock units (“RSUs”)	$ 4,410	$ 3,583	$ 13,139	$ 10,428
Service-based stock appreciation rights (“SARs”)	3,211	2,896	9,185	7,804
Market performance-based restricted stock units	814	757	2,745	2,146
Operating performance-based restricted stock units	(962)	983	882	2,752
Employee share purchase plan	337	312	894	997
Total stock-based compensation expense	$ 7,810	$ 8,531	$ 26,845	$ 24,127

During the nine months ended September 30, 2020, we issued stock-based compensatory awards with terms approved by the Compensation Committee of our Board of Directors. The awards with service conditions generally vest ratably over four years, subject to forfeiture unless service conditions are met. Market performance-based awards cliff vest after three years subject to the rank of our total shareholder return for the three-year period ending December 31, 2022 relative to the total shareholder returns for a peer group of companies. Operating performance-based awards cliff vest after three years subject to the achievement of certain thresholds of cumulative adjusted free cash flow for the three year period ending December 31, 2022. Compensation expense related to awards granted during 2020 for the three and nine months ended September 30, 2020 was $3.3 million and $6.6 million, respectively.

Stock-based compensation agreements issued during the nine months ended September 30, 2020, representing potential shares and their weighted average grant date fair values by type follows (shares in thousands, fair value in dollars):

	Nine Months Ended September 30, 2020	
	Shares	Weighted Average Grant Date Fair Value
Service-based SARs	1,133	$ 15.73
Service-based RSUs	599	$ 44.42
Market performance-based RSUs	93	$ 39.83
Operating performance-based RSUs	93	$ 43.57

Note 13. Income Taxes

Our effective income tax rate from continuing operations for the three and nine months ended September 30, 2020 was 21.3% and (37.9)% compared with (49.6)% and 65.9% for the three and nine months ended September 30, 2019, respectively. Our effective income tax rate fluctuates based on, among other factors, changes in pretax income in countries with varying statutory tax rates, changes in valuation allowances, changes in tax credits and incentives, and changes in unrecognized tax benefits associated with uncertain tax positions.

We continually assess the realizability of our worldwide deferred tax asset and valuation allowance positions, and when the need arises, we establish or release valuation allowances accordingly.

Compared with the three months ended September 30, 2019, the change in the effective tax rate for the three months ended September 30, 2020 was primarily attributable to a discrete tax benefit due to the release of the uncertain tax position upon the settlement of tax litigation in Italy offset by a valuation allowance for certain jurisdictions outside the U.S., as compared to a U.S. federal tax benefit from a return to provision reconciliation, partially offset by the establishment of a valuation allowance for a portion of the U.S. federal and state net operating losses during the three months ended September 30, 2019. We established valuation allowances as it is more likely than not that we will be unable to realize the related historical deferred tax assets.

Compared with the nine months ended September 30, 2019, the change in the effective tax rate for the nine months ended September 30, 2020 was primarily attributable to a $42.4 million realized discrete tax benefit related to the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) and the discrete tax benefit due to the release of the uncertain tax position upon the settlement of tax litigation in Italy offset by the establishment of a $74.5 million valuation allowance for the U.K. and

other jurisdictions outside the U.S., as compared to a release of uncertain tax positions and a U.S. federal tax benefit from a return to provision reconciliation, partly offset by the establishment of a valuation allowance for a portion of the U.S. federal and state net operating losses and attributes during the nine months ended September 30, 2019.

We operate in multiple jurisdictions throughout the world, and our tax returns are periodically audited or subjected to review by tax authorities. As a result, there is an uncertainty in income taxes recognized in our financial statements. Tax benefits totaling $4.0 million and $12.9 million were unrecognized as of September 30, 2020 and December 31, 2019, respectively. It is reasonably possible that, within the next twelve months, due to the settlement of uncertain tax positions with various tax authorities and the expiration of statutes of limitations, unrecognized tax benefits could decrease by up to approximately $0.7 million.

We monitor income tax developments in countries where we conduct business. On March 27, 2020, the U.S. enacted the CARES Act which provided for a 5-year loss carryback for losses incurred in 2018-2020. We recorded a discrete tax benefit of $42.4 million to account for the effect of the CARES Act during the nine months ended September 30, 2020. Further regulations and notices as well as state legislative changes addressing conformity to the CARES Act are still pending.

Note 14. Earnings Per Share

Reconciliation of the shares used in the basic and diluted earnings per share computations for the three and nine months ended September 30, 2020 and 2019 are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Basic weighted average shares outstanding	48,652	48,395	48,582	48,329
Add effects of share-based compensation instruments [1]	—	425	—	—
Diluted weighted average shares outstanding	48,652	48,820	48,582	48,329

(1) Excluded from the computation of diluted earnings per share were stock options, SARs and restricted share units totaling 4.1 million and 1.4 million for the three months ended September 30, 2020 and 2019, respectively, and 4.2 million and 3.2 million for the nine months ended September 30, 2020 and 2019, respectively, because to include them would have been anti-dilutive under the treasury stock method.

Note 15. Geographic and Segment Information

We identify operating segments based on the way we manage, evaluate and internally report our business activities for purposes of allocating resources, developing and executing our strategy, and assessing performance. We have two reportable segments: Cardiovascular and Neuromodulation.

The Cardiovascular segment generates its revenue from the development, production and sale of cardiopulmonary products, heart valves and related products and advanced circulatory support. Cardiopulmonary products include oxygenators, heart-lung machines, autotransfusion systems, perfusion tubing systems, cannulae and other related accessories. Heart valves include mechanical heart valves, tissue heart valves, related repair products and minimally invasive surgical instruments. Advanced circulatory support includes temporary life support controllers and product kits that can include a combination of pumps, oxygenators, and cannulae.

Our Neuromodulation segment generates its revenue from the design, development and marketing of neuromodulation therapy systems for the treatment of drug-resistant epilepsy, difficult-to-treat depression (“DTD”) and obstructive sleep apnea. Neuromodulation products include the VNS Therapy System, which consists of an implantable pulse generator, a lead that connects the generator to the vagus nerve, and other accessories.

“Other” includes corporate shared service expenses for finance, legal, human resources, information technology and corporate business development.

Net sales of our reportable segments include revenues from the sale of products they each develop and manufacture or distribute. We define segment income as operating income before merger and integration, restructuring and amortization of intangibles.

We operate under three geographic regions: U.S., Europe, and Rest of World. The table below presents net sales by operating segment and geographic region (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Cardiopulmonary				
United States	$ 33,549	$ 39,054	$ 96,223	$ 119,580
Europe	29,947	30,052	87,475	99,933
Rest of World	43,704	50,908	140,925	152,650
	107,200	120,014	324,623	372,163
Heart Valves				
United States	3,129	4,626	8,990	13,660
Europe	7,945	9,572	22,822	30,757
Rest of World	10,062	14,679	32,001	43,484
	21,136	28,877	63,813	87,901
Advanced Circulatory Support				
United States	12,331	6,313	28,075	22,290
Europe	162	186	835	497
Rest of World	49	36	136	310
	12,542	6,535	29,046	23,097
Cardiovascular				
United States	49,009	49,993	133,288	155,530
Europe	38,054	39,810	111,132	131,187
Rest of World	53,815	65,623	173,062	196,444
	140,878	155,426	417,482	483,161
Neuromodulation				
United States	79,854	88,433	197,345	245,870
Europe	10,475	10,425	27,474	34,080
Rest of World	8,079	13,685	20,458	31,511
	98,408	112,543	245,277	311,461
Other	797	641	1,927	1,958
Totals				
United States	128,863	138,426	330,633	401,400
Europe [1]	48,529	50,235	138,606	165,267
Rest of World	62,691	79,949	195,447	229,913
Total [2]	$ 240,083	$ 268,610	$ 664,686	$ 796,580

(1) Europe sales include 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.

(2) No single customer represented over 10% of our consolidated net sales. No country's net sales exceeded 10% of our consolidated sales except for the U.S.

The table below presents a reconciliation of segment income from continuing operations to consolidated (loss) income from continuing operations before tax (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Cardiovascular	$ (7,311)	$ 36,180	$ (8,037)	$ 47,289
Neuromodulation	21,154	30,010	82,294	52,260
Other	(10,921)	(21,869)	(58,407)	(75,845)
Total reportable segment income from continuing operations	2,922	44,321	15,850	23,704
Merger and integration expenses	1,094	6,716	6,616	14,345
Restructuring expenses	(349)	698	2,025	4,563
Amortization of intangibles	9,685	11,146	29,346	29,690
Operating (loss) income from continuing operations	(7,508)	25,761	(22,137)	(24,894)
Interest income	47	151	482	624
Interest expense	(14,673)	(4,774)	(25,237)	(10,490)
Foreign exchange and other gains (losses)	3,420	327	507	(795)
(Loss) income from continuing operations before tax	$ (18,714)	$ 21,465	$ (46,385)	$ (35,555)

Assets by segment are as follows (in thousands):

	September 30, 2020	December 31, 2019
Cardiovascular	$ 1,463,523	$ 1,546,520
Neuromodulation	668,899	749,069
Other	389,326	116,208
Total assets	$ 2,521,748	$ 2,411,797

Capital expenditures by segment are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Cardiovascular	$ 7,040	$ 5,178	$ 17,777	$ 13,564
Neuromodulation	1,210	136	7,285	666
Other	967	691	3,174	2,571
Total	$ 9,217	$ 6,005	$ 28,236	$ 16,801

The changes in the carrying amount of goodwill by segment for the nine months ended September 30, 2020 were as follows (in thousands):

	Neuromodulation	Cardiovascular	Total
December 31, 2019	$ 398,754	$ 517,040	$ 915,794
Foreign currency adjustments	—	2,684	2,684
September 30, 2020	$ 398,754	$ 519,724	$ 918,478

Property, plant and equipment, net by geography are as follows (in thousands):

	September 30, 2020	December 31, 2019
United States	$ 64,620	$ 61,410
Europe	116,746	110,270
Rest of World	9,143	9,674
Total	$ 190,509	$ 181,354

Note 16. Supplemental Financial Information

Inventories consisted of the following (in thousands):

	September 30, 2020	December 31, 2019
Raw materials	$ 48,325	$ 45,225
Work-in-process	18,949	14,581
Finished goods	110,817	104,348
	$ 178,091	$ 164,154

As of September 30, 2020 and December 31, 2019, inventories include adjustments totaling $14.5 million and $12.7 million, respectively, to record balances at lower of cost or net realizable value.

Accrued liabilities and other consisted of the following (in thousands):

	September 30, 2020	December 31, 2019
Contingent consideration [1]	$ 16,571	$ 22,953
Legal and administrative costs	14,034	11,066
Operating lease liabilities	11,941	11,110
Contract liabilities	7,723	6,728
Research and development costs	5,328	5,160
Provisions for agents, returns and other	3,772	3,922
Restructuring related liabilities [2]	1,813	4,315
Product remediation [3]	1,715	3,251
Derivative contract liabilities [4]	1,338	3,173
CRM purchase price adjustment payable to MicroPort Scientific Corporation	—	14,891
Other accrued expenses	34,073	33,531
	$ 98,308	$ 120,100

(1) Refer to “Note 7. Fair Value Measurements”
(2) Refer to “Note 4. Restructuring”
(3) Refer to “Note 5. Product Remediation Liability”
(4) Refer to “ Note 9. Derivatives and Risk Management”

As of September 30, 2020 and December 31, 2019, contract liabilities of $9.5 million and $8.6 million, respectively, are included within accrued liabilities and other long-term liabilities on the condensed consolidated balance sheets.

Note 17. New Accounting Pronouncements

Adoption of New Accounting Pronouncements

The following table provides a description of our adoption of new Accounting Standards Updates ("ASUs") issued by the FASB and the impact of the adoption on our condensed financial statements:

Issue Date & Standard	Description	Date of Adoption	Effect on Financial Statements or Other Significant Matters
June 2016 ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326)	The amendments in this update require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. We adopted the update effective January 1, 2020, applying this standard to our accounts receivable by use of a provision matrix approach. This approach utilizes historical loss rates based on the number of days past due, adjusted to reflect current economic conditions and forecasts of future economic conditions.	January 1, 2020	We recognized the following cumulative-effect adjustments, including to retained earnings, upon adoption at January 1, 2020: Accounts receivable, net decreased $0.6 million and accumulated deficit increased $0.6 million.
January 2017 ASU No. 2017-04, Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment	This update removes step 2 of the goodwill impairment test that compares the implied fair value of goodwill with its carrying amount. Instead, an impairment test is performed by comparing the fair value of a reporting unit with its carrying amount. An impairment charge will be recorded by the amount a reporting unit's carrying amount exceeds its fair value.	January 1, 2020	There was no material impact to our consolidated financial statements as a result of adopting this ASU.
August 2018 ASU No. 2018-13, Fair Value Measurement (Topic 820): Changes to the Disclosure Requirements for Fair Value Measurement	This update removes, modifies and adds certain disclosure requirements related to fair value measurements.	January 1, 2020	There was no material impact to our consolidated financial statements as a result of adopting this ASU.
August 2018 ASU No. 2018-15, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract	This update clarifies and aligns the accounting for implementation costs for hosting arrangements with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software.	January 1, 2020	There was no material impact to our consolidated financial statements as a result of adopting this ASU.

Future Adoption of New Accounting Pronouncements

The following table provides a description of future adoptions of new accounting standards that may have an impact on our financial statements when adopted:

Issue Date & Standard	Description	Projected Date of Adoption	Effect on Financial Statements or Other Significant Matters
August 2018 ASU No. 2018-14, Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): *Changes to the Disclosure Requirements for Defined Benefit Plans*	This update adds and removes certain disclosure requirements related to defined benefit plans. This ASU is to be implemented on a retrospective basis for all periods presented with early adoption permitted.	January 1, 2021	We do not expect the adoption of this update to have a material effect on our condensed consolidated financial statement disclosures.

Item 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

The following discussion and analysis should be read in conjunction with our condensed consolidated financial statements and related notes which appear elsewhere in this document and with our 2019 Form 10-K. Our discussion and analysis may contain forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under "Risk Factors" in Item 1A of our 2019 Form 10-K, as updated and supplemented by our Quarterly Reports on Form 10-Q, including in Part 2, Item 1A and elsewhere in this Quarterly Report on Form 10-Q.

The capitalized terms used below have been defined in the notes to our condensed consolidated financial statements. In the following text, the terms "LivaNova," "the Company," "we," "us" and "our" refer to LivaNova PLC and its consolidated subsidiaries.

COVID-19

Due to the COVID-19 pandemic, we have experienced and may continue to experience significant and unpredictable reductions in the demand for our products as healthcare customers have diverted medical resources and priorities towards the treatment of COVID-19. In addition, public health bodies have delayed elective procedures during the COVID-19 pandemic, which has negatively impacted the usage of our products, including the number of Neuromodulation procedures. Further, some people are avoiding seeking treatment for non-COVID-19 emergency procedures, which has also negatively impacted the demand for our products.

While the ultimate health and economic impact of the COVID-19 pandemic is highly uncertain, our sales and operating results for the third quarter of 2020 were materially adversely impacted. We are seeing signs of stabilization in certain geographies as elective surgeries resume and expect this trend to continue on a global basis during the fourth quarter of 2020. We expect elective procedure recovery rates to vary by country, and to be impacted by COVID-19 case volumes, hospital occupancy and staffing levels, patient's willingness to re-book previously deferred procedures, travel restrictions, transportation limitations, quarantine restrictions, economic uncertainty and potential COVID-19 resurgence. Further cancellations or delays could materially adversely impact our business, results of operations and overall financial performance.

Our business operations have been affected by a range of external factors related to the COVID-19 pandemic that are not within our control. For example, many jurisdictions have imposed a wide range of restrictions on the physical movement of our employees and vendors to limit the spread of COVID-19. If the COVID-19 pandemic has a substantial impact on our employees or vendors attendance or productivity, our operations may suffer, and in turn our results of operations and overall financial performance may be harmed.

During the second quarter of 2020 the majority of our RECOVER clinical study sites and their corresponding surgical centers were completely closed, though we continued to maintain engagement, including activating more sites for enrollment and also, identifying and consenting patients at existing sites. During the third quarter, sites and surgical centers began to open and currently 90% are completely open. We presently expect implants to continue to return during the fourth quarter of 2020 as study sites are able to progress consented patients and will resume more fully in 2021. However, there can be no assurance that there will not be additional closures of such sites in the future.

Additionally, our ANTHEM-HFrEF international pivotal trial was temporarily paused in March due to COVID-19 restrictions after randomizing just over 200 patients. During the second quarter of 2020, we were able to re-initiate enrollment and screening activities in more than half of the sites and continue to progress as we monitor relevant conditions at medical centers participating in the trial.

We have taken numerous steps, and will continue to take further actions, in our approach to addressing the COVID-19 pandemic. We have successfully implemented our business continuity plans, and our management team is responding to changes in our environment quickly and effectively. We have not closed any of our manufacturing plants. Additionally, the supply of raw materials and the distribution of finished products remain operational with no known or foreseen constraints. As a result of the COVID-19 pandemic, we instructed employees at many of our facilities across the globe to work from home on a temporary basis and have implemented travel restrictions. We have incurred additional expenses in connection with our response to the COVID-19 pandemic, including manufacturing inefficiencies and costs related to enabling our employees to support our customers while working remotely.

We believe that implementing cost reduction efforts will help us mitigate the impact that reduced revenues may have on our fiscal 2020 operating income. We are reducing expenses by evaluating whether projects and initiatives are critical to meet the

current needs of the Company, protecting strategic priorities for future growth, reducing discretionary spending and tightening management of personnel costs.

Given the dynamic nature of these circumstances, the full impact of the COVID-19 pandemic on our ongoing business, results of operations and overall financial performance cannot be reasonably estimated at this time.

For further discussion on COVID-19, refer to “Part II, Item 1A. Risk Factors” in this Quarterly Report on Form 10-Q.

Business Overview

We are a public limited company organized under the laws of England and Wales, headquartered in London, England. We are a global medical device company focused on the development and delivery of important therapeutic solutions for the benefit of patients, healthcare professionals and healthcare systems throughout the world. Working closely with medical professionals in the fields of Cardiovascular and Neuromodulation, we design, develop, manufacture and sell innovative therapeutic solutions that are consistent with our mission to improve our patients’ quality of life, increase the skills and capabilities of healthcare professionals and minimize healthcare costs.

LivaNova is comprised of two reportable segments: Cardiovascular and Neuromodulation, corresponding to our primary therapeutic areas. Other corporate activities include corporate shared service expenses for finance, legal, human resources, information technology and corporate business development.

For further information regarding our business segments, historical financial information and our methodology for the presentation of financial results, please refer to the condensed consolidated financial statements and accompanying notes of this Quarterly Report on Form 10-Q.

Cardiovascular

Our Cardiovascular segment is engaged in the development, production and sale of cardiopulmonary products, heart valves and advanced circulatory support products. Cardiopulmonary products include oxygenators, heart-lung machines, autotransfusion systems, perfusion tubing systems, cannulae and other related accessories. Heart valves include mechanical heart valves, tissue heart valves, related repair products and minimally invasive surgical instruments. Advanced circulatory support includes temporary life support controllers and product kits that can include a combination of pumps, oxygenators, and cannulae.

Product Remediation

On December 29, 2015, the FDA issued a Warning Letter alleging certain violations of FDA regulations applicable to medical device manufacturers at our Munich, Germany and Arvada, Colorado facilities and issued inspectional observations on FDA’s Form-483 applicable to our Munich, Germany facility.

The Warning Letter further stated that our 3T devices and other devices we manufactured at our Munich facility are subject to refusal of admission into the U.S. until resolution of the issues set forth by the FDA in the Warning Letter. The FDA informed us that the import alert was limited to the 3T devices, but that the agency reserved the right to expand the scope of the import alert if future circumstances warranted such action. The Warning Letter did not request that existing users cease using the 3T device, and manufacturing and shipment all of our products other than the 3T device were unaffected by the import limitation. To help clarify these issues for current customers, we issued an informational Customer Letter in January 2016 and that same month agreed with the FDA on a process for shipping 3T devices to existing U.S. users pursuant to a certificate of medical necessity program.

Finally, the Warning Letter stated that premarket approval applications for Class III devices to which certain Quality System regulation deviations identified in the Warning Letter were reasonably related would not be approved until the violations had been corrected; however, this restriction applied only to the Munich and Arvada facilities, which do not manufacture or design devices subject to Class III premarket approval.

On February 25, 2020, LivaNova received clearance for K191402, a 510(k) for the 3T devices that addressed issues contained in the 2015 Warning Letter along with design changes that further mitigate the potential risk of aerosolization. Concurrent with this clearance, (1) 3T devices manufactured in accordance with K191402 will not be subjected to the import alert and (2) LivaNova initiated a correction to distribute the updated Operating Instructions cleared under K191402.

We continue to work diligently to remediate the FDA’s inspectional observations for the Munich facility, as well as the additional issues identified in the Warning Letter. We take these matters seriously and intend to respond timely and fully to the

FDA's requests. For further information refer to "Note 10. Commitments and Contingencies" in our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Product Liability

The Company is currently involved in litigation involving our 3T device. The litigation includes a class action complaint in the U.S. District Court for the Middle District of Pennsylvania, federal multi-district litigation in the U.S. District Court for the Middle District of Pennsylvania, various U.S. state court cases and cases in jurisdictions outside the U.S. The class action, filed in February 2016, consists of all Pennsylvania residents who underwent open heart surgery at WellSpan York Hospital and Penn State Milton S. Hershey Medical Center between 2011 and 2015 and who currently are asymptomatic for NTM infection. Members of the class seek declaratory relief that the 3T devices are defective and unsafe for intended uses, medical monitoring, damages, and attorneys' fees.

On March 29, 2019, we announced a settlement framework that provides for a comprehensive resolution of the personal injury cases pending in the multi-district litigation in U.S. federal court, the related class action pending in federal court, as well as certain cases in state courts across the United States. The agreement, which makes no admission of liability, is subject to certain conditions, including acceptance of the settlement by individual claimants and provides for a total payment of up to $225 million to resolve the claims covered by the settlement. Per the agreed-upon terms, the first payment of $135 million was paid into a qualified settlement fund in July 2019 and the second payment of $90 million was paid in January 2020. Cases covered by the settlement are being dismissed as amounts are disbursed to individual plaintiffs from the qualified settlement fund.

Cases in state courts in the U.S. and in jurisdictions outside the U.S. continue to progress. As of October 29, 2020, including the cases encompassed in the settlement framework described above that have not yet been dismissed, we are aware of approximately 85 filed and unfiled claims worldwide, with the majority of the claims in various federal or state courts throughout the United States. This includes cases that have settled but have not yet been dismissed. The complaints generally seek damages and other relief based on theories of strict liability, negligence, breach of express and implied warranties, failure to warn, design and manufacturing defect, fraudulent and negligent misrepresentation or concealment, unjust enrichment, and violations of various state consumer protection statutes.

At September 30, 2020, the provision for these matters was $46.3 million. While the amount accrued represents our best estimate, the actual liability for resolution of these matters may vary from our estimate.

Cardiopulmonary

In April 2020, the U.S. Food and Drug Administration issued temporary guidance that permitted several of our cardiopulmonary products to be used for Extracorporeal Membrane Oxygenation ("ECMO") therapy greater than six hours to temporarily expand the availability of devices to address the COVID-19 pandemic. Product indications for use have been modified accordingly for many products within our Cardiopulmonary and Advanced Circulatory Support portfolios.

Also in April 2020, our Bi-Flow ECMO cannula received CE Mark for ECMO procedures where femoral artery cannulation can be applied. Bi-Flow previously received CE Mark in 2019 for cardiac surgery procedures requiring femoral artery cannulation. Now validated for up to 29 days of use, Bi-Flow ECMO is designed to reduce the risk of limb ischemia for patients receiving ECMO.

Heart Valves

In July 2020, we announced that the advanced Perceval Plus sutureless surgical aortic heart valve is available for commercial release in Europe, having successfully completed a one-year limited launch with initial real-world clinical data gathering. This next-generation valve facilitates minimally invasive cardiac surgery to make sutureless aortic valve replacement available to a wide patient population. Key innovations with Perceval Plus include the anticalcification treatment for valve durability, along with design changes intended to improve patient outcomes.

Neuromodulation

Our Neuromodulation segment designs, develops and markets Neuromodulation therapy for the treatment of drug-resistant epilepsy, DTD and obstructive sleep apnea. We are also developing and conducting clinical testing of the VITARIA System for treating heart failure through vagus nerve stimulation.

Depression

In February 2020, we announced a research collaboration with Verily, an Alphabet company, to capture measures of depression within our RECOVER clinical study. Through this initial research collaboration, LivaNova and Verily aim to gather quantitative data on patient behavior using technology and analytics developed by Verily to further understand depressive episodes and a patient's response to treatment. RECOVER clinical sites will have the ability to offer patients the Verily Study Watch, a wearable device designed to capture physiological and environmental data for clinical research, and a Verily mobile phone application. These complementary approaches are expected to help investigators better understand the impact of depression and its treatment on study participants' lives in a more objective and multi-dimensional manner.

In March 2020, our VNS Therapy System, Symmetry received CE mark approval for DTD, and our first two patients outside the U.S. to receive Symmetry were implanted shortly thereafter.

Significant Accounting Policies and Critical Accounting Estimates

In addition to our critical accounting policies provided in "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2019 Form 10-K, refer to "Significant Accounting Policies" within "Note 1. Unaudited Condensed Consolidated Financial Statements" included in this Quarterly Report on Form 10-Q.

The accompanying unaudited condensed consolidated financial statements of LivaNova and its consolidated subsidiaries have been prepared in accordance with U.S. GAAP on an interim basis.

New accounting pronouncements are disclosed in "Note 17. New Accounting Pronouncements" contained in the condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

Other

Brexit

On January 31, 2020, the UK departed from the EU (in a move commonly referred to as "Brexit"), and the UK entered a transition period that is scheduled to end on December 31, 2020. During the transition period, the UK will cease to be an EU member but the trading relationship will remain the same under the EU's rules. Although the long-term effects of Brexit will depend on any agreements the UK makes to retain access to the EU markets, Brexit has created additional uncertainties that may ultimately result in new regulatory costs and challenges for medical device companies and increased restrictions on imports and exports throughout Europe. This could adversely affect our ability to conduct and expand our operations in Europe and may have an adverse effect on our business, financial condition and results of operations.

Passage of the withdrawal bill does not change the application of existing tax laws and does not establish a clear framework for what the ultimate outcome of the transition period will be. Various tax reliefs and exemptions that apply to transactions between EU Member States under existing tax laws may cease to apply to transactions between the UK and EU Member States when the transition period is over. It is unclear at this stage if or when any new tax treaties between the UK and the EU or individual EU Member States will replace those reliefs and exemptions. It is also unclear at this stage what financial, trade and legal implications will ensue from Brexit and how Brexit may ultimately affect us, our customers, suppliers, vendors, or our industry.

We and several of our wholly owned subsidiaries that are domiciled either in the UK, various EU Member States, or in the U.S., are party to intercompany transactions and agreements under which we receive various tax reliefs and exemptions in accordance with applicable international tax laws, treaties and regulations. If certain treaties applicable to our transactions and agreements change materially, Brexit may have a material adverse impact on our future financial results and results of operations. We continue to monitor and assess the potential impact of this event and explore possible tax-planning strategies that may mitigate or eliminate potential adverse impacts.

We will not account for the impact of Brexit in our income tax provisions until there are material changes in tax laws or treaties between the UK and other countries.

European Union State Aid Challenge

On October 26, 2017, the European Commission ("EC") announced that an investigation would be opened with respect to the UK's controlled foreign company ("CFC") rules for the period January 1, 2013 through December 31, 2018. Under the CFC rules, financing profits of entities controlled by UK parent companies are taxed when the funding originates in the UK, or Significant People Functions relating to the financing are located in the UK. The provisions under investigation provide group finance exemptions related to the profits of entities involved in financing of the non-UK group activities. On April 2, 2019, the

EC concluded that “when financing income from a foreign group company, channeled through an offshore subsidiary, is financed with UK connected capital and there are no UK activities involved in generating the finance profits, the group finance exemption is justified and does not constitute State aid under EU rules.” However, in relation to Significant People Functions, “when financing income from a foreign group company, channeled through an offshore subsidiary, derives from UK activities, the group finance exemption is not justified and constitutes State aid under EU rules.” Her Majesty’s Revenue and Customs (“HMRC”) has stated that they do not consider the timing and form of the UK’s exit from the EU will have a practical impact on the requirement to recover the alleged aid. On June 14, 2019, the UK filed an appeal to the Commission’s decision. On July 5, 2019, HMRC began the first step in the recovery process to identify beneficiaries and sent letters asking for information. Based upon our assessment of the technical arguments as to whether the exemption is State aid, together with no UK activities involved in our financing, no uncertain tax position reserve has been recognized related to this matter. Furthermore, in December 2019, we amended our 2017 tax return filing to avail ourselves of different rules to determine UK taxation, which are not subject to the EU decision. We filed our 2018 tax return similarly, and therefore, we do not believe that the EU state aid decision will result in a material liability.

Results of Operations

The following table summarizes our condensed consolidated results of operations (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net sales	$ 240,083	$ 268,610	$ 664,686	$ 796,580
Costs and expenses:				
Cost of sales - exclusive of amortization	86,467	86,128	212,152	245,324
Product remediation	1,133	3,076	6,868	11,136
Selling, general and administrative	99,199	123,015	317,424	375,932
Research and development	47,368	45,904	108,422	124,023
Merger and integration expenses	1,094	6,716	6,616	14,345
Restructuring expenses	(349)	698	2,025	4,563
Impairment of intangible assets	—	—	—	50,295
Amortization of intangibles	9,685	11,146	29,346	29,690
Litigation provision, net	2,994	(33,834)	3,970	(33,834)
Operating (loss) income from continuing operations	(7,508)	25,761	(22,137)	(24,894)
Interest income	47	151	482	624
Interest expense	(14,673)	(4,774)	(25,237)	(10,490)
Foreign exchange and other gains (losses)	3,420	327	507	(795)
(Loss) income from continuing operations before tax	(18,714)	21,465	(46,385)	(35,555)
Income tax (benefit) expense	(3,990)	(10,653)	17,581	(23,431)
Losses from equity method investments	(48)	—	(221)	—
Net (loss) income from continuing operations	(14,772)	32,118	(64,187)	(12,124)
Net (loss) income from discontinued operations, net of tax	—	—	(995)	178
Net (loss) income	$ (14,772)	$ 32,118	$ (65,182)	$ (11,946)

Net Sales

The table below presents net sales by operating segment and geographic region (in thousands, except for percentages):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	% Change	2020	2019	% Change
Cardiopulmonary						
United States	$ 33,549	$ 39,054	(14.1)%	$ 96,223	$ 119,580	(19.5)%
Europe	29,947	30,052	(0.3)%	87,475	99,933	(12.5)%
Rest of World	43,704	50,908	(14.2)%	140,925	152,650	(7.7)%
	107,200	120,014	(10.7)%	324,623	372,163	(12.8)%
Heart Valves						
United States	3,129	4,626	(32.4)%	8,990	13,660	(34.2)%
Europe	7,945	9,572	(17.0)%	22,822	30,757	(25.8)%
Rest of World	10,062	14,679	(31.5)%	32,001	43,484	(26.4)%
	21,136	28,877	(26.8)%	63,813	87,901	(27.4)%
Advanced Circulatory Support						
United States	12,331	6,313	95.3 %	28,075	22,290	26.0 %
Europe	162	186	(12.9)%	835	497	68.0 %
Rest of World	49	36	36.1 %	136	310	(56.1)%
	12,542	6,535	91.9 %	29,046	23,097	25.8 %
Cardiovascular						
United States	49,009	49,993	(2.0)%	133,288	155,530	(14.3)%
Europe	38,054	39,810	(4.4)%	111,132	131,187	(15.3)%
Rest of World	53,815	65,623	(18.0)%	173,062	196,444	(11.9)%
	140,878	155,426	(9.4)%	417,482	483,161	(13.6)%
Neuromodulation						
United States	79,854	88,433	(9.7)%	197,345	245,870	(19.7)%
Europe	10,475	10,425	0.5 %	27,474	34,080	(19.4)%
Rest of World	8,079	13,685	(41.0)%	20,458	31,511	(35.1)%
	98,408	112,543	(12.6)%	245,277	311,461	(21.2)%
Other	797	641	24.3 %	1,927	1,958	(1.6)%
Totals						
United States	128,863	138,426	(6.9)%	330,633	401,400	(17.6)%
Europe [1]	48,529	50,235	(3.4)%	138,606	165,267	(16.1)%
Rest of World	62,691	79,949	(21.6)%	195,447	229,913	(15.0)%
Total	$ 240,083	$ 268,610	(10.6)%	$ 664,686	$ 796,580	(16.6)%

(1) Europe sales include 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.”

The table below presents segment income from continuing operations (in thousands, except for percentages):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	% Change	2020	2019	% Change
Cardiovascular	$ (7,311)	$ 36,180	(120.2)%	$ (8,037)	$ 47,289	(117.0)%
Neuromodulation	21,154	30,010	(29.5)%	82,294	52,260	57.5 %
Other	(10,921)	(21,869)	(50.1)%	(58,407)	(75,845)	(23.0)%
Total reportable segment income from continuing operations [(1)]	$ 2,922	$ 44,321	(93.4)%	$ 15,850	$ 23,704	(33.1)%

(1) For a reconciliation of segment income from continuing operations to (loss) income from continuing operations before tax refer to “Note 15. Geographic and Segment Information” in the condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

Cardiovascular

Cardiovascular net sales for the three and nine months ended September 30, 2020 compared to the three and nine months ended September 30, 2019 decreased 9.4% and 13.6%, respectively, largely due to the impact of COVID-19. The decline in net sales for the three and nine month periods were due to declines in Cardiopulmonary sales of 10.7% and 12.8%, respectively. Cardiopulmonary sales of $107.2 million and $324.6 million for the three and nine months ended September 30, 2020 were negatively impacted by declines in HLM and oxygenator sales. HLM sales were negatively impacted due to COVID-19 impacts on hospital budgets for capital equipment, while Oxygenator sales were negatively impacted by a decline of non-emergent cardiac surgery procedures globally. Heart Valves sales of $21.1 million and $63.8 million for the three and nine months ended September 30, 2020 declined by $7.7 million and $24.1 million, respectively, primarily due to declines in sales of Perceval and other tissue valves due to a decline in cardiac surgery procedures globally due to COVID-19. Advanced Circulatory Support sales of $12.5 million and $29.0 million for the three and nine months ended September 30, 2020 increased 91.9% and 25.8%, respectively, resulting from the full U.S. commercial release of LifeSPARC during the third quarter of 2020.

Cardiovascular operating income for the three and nine months ended September 30, 2020 compared to the three and nine months ended September 30, 2019 decreased primarily due to the receipt of insurance recovery proceeds related to the litigation involving our 3T device of $33.8 million during the three months ended September 30, 2019 as well as a decline in net sales, as discussed above, partially offset by a decrease in 3T legal expenses.

Neuromodulation

Neuromodulation net sales for the three and nine months ended September 30, 2020 compared to the three and nine months ended September 30, 2019 decreased 12.6% and 21.2%, respectively. The decrease in net sales for the three and nine months ended September 30, 2020 was primarily due to declines in both new patient and end of service implants globally as patients and physicians delayed implant procedures due to COVID-19.

Neuromodulation operating income for the three months ended September 30, 2020 compared to the three months ended September 30, 2019 decreased primarily related to a decline in net sales, as discussed above. Neuromodulation operating income for the nine months ended September 30, 2020 increased compared to the nine months ended September 30, 2019 due to an increase in operating income resulting from the net impact of the change in fair value of contingent consideration arrangements of $28.0 million as well as a $50.3 million impairment of an IPR&D asset during the nine months ended September 30, 2019, partially offset by overall declines in net sales.

Cost of Sales and Expenses

The table below presents our comparative cost of sales and significant expenses as a percentage of sales:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	2020	2019	Change
Cost of sales - exclusive of amortization	36.0 %	32.1 %	3.9 %	31.9 %	30.8 %	1.1 %
Product remediation	0.5 %	1.1 %	(0.6)%	1.0 %	1.4 %	(0.4)%
Selling, general and administrative	41.3 %	45.8 %	(4.5)%	47.8 %	47.2 %	0.6 %
Research and development	19.7 %	17.1 %	2.6 %	16.3 %	15.6 %	0.7 %
Merger and integration expenses	0.5 %	2.5 %	(2.0)%	1.0 %	1.8 %	(0.8)%
Restructuring expenses	(0.1)%	0.3 %	(0.4)%	0.3 %	0.6 %	(0.3)%
Impairment of intangible assets	— %	— %	— %	— %	6.3 %	(6.3)%
Amortization of intangibles	4.0 %	4.1 %	(0.1)%	4.4 %	3.7 %	0.7 %
Litigation provision, net	1.2 %	(12.6)%	13.8 %	0.6 %	(4.2)%	4.8 %

Cost of Sales - Exclusive of Amortization

Cost of sales consisted primarily of direct labor, allocated manufacturing overhead and the acquisition cost of raw materials and components. Cost of sales as a percentage of net sales for the three and nine months ended September 30, 2020 compared to the three and nine months ended September 30, 2019 increased primarily due to product mix and unfavorable manufacturing variances of $7.0 million and $13.0 million for the three and nine months ended September 30, 2020, respectively, due to the decline in demand resulting from COVID-19 with these increases for the nine months ended September 30,2020 compared to the nine months ending September 30, 2019 partially offset by a decrease in cost of sales resulting from the net impact of the change in fair value of sales-based contingent consideration arrangements of $18.3 million.

Selling, General and Administrative

SG&A expenses consisted of sales, marketing, general and administrative activities. SG&A expenses as a percentage of net sales for the three months ended September 30, 2020 compared to the three months ended September 30, 2019 decreased primarily due to sales and marketing cost reductions resulting from COVID-19 as well as a decrease in 3T legal expenses, the settlement of tax litigation that resulted in the reversal of a tax penalty of $4.3 million in the third quarter of 2020 and cost containment actions.

Merger and Integration (“M&I”) Expenses

M&I expenses consist primarily of costs associated with computer systems integration efforts, organizational structure integration, synergy and tax planning. M&I expenses as a percentage of net sales for the three months ended September 30, 2020 compared to the three months ended September 30, 2019 decreased primarily due to the completion of certain integration activities associated with our merger and acquisitions.

Research and Development (“R&D”) Expenses

R&D expenses consist of product design and development efforts, clinical study programs and regulatory activities, which are essential to our strategic portfolio initiatives, including DTD, obstructive sleep apnea and heart failure. R&D expenses as a percentage of net sales for the three months ended September 30, 2020 compared to the three months ended September 30, 2019 increased primarily due to a decline in net sales as well as an increase in R&D expense resulting from the net impact of changes in fair value of milestone-based contingent consideration arrangements of $6.3 million, partially offset by $2.8 million in R&D expenses incurred in the prior year period associated with the Company’s former TMVR program, the impact of COVID-19 on our clinical studies, as well as a decrease in certain 2019 costs for increased investment in Epilepsy.

Impairment of Intangible Assets

During the second quarter of 2019, we determined that LivaNova would experience a delay in the estimated commercialization date of the Company’s obstructive sleep apnea product currently under development. This delay constituted a triggering event that required an impairment evaluation of the IPR&D asset arising from the ImThera acquisition. Based on the assessment performed, we determined that the IPR&D asset was impaired and as a result, recorded an impairment of $50.3 million, which is included in our Neuromodulation segment.

Litigation Provision, Net

In July 2019, we entered into agreements with our insurance carriers to recover $33.8 million under our product liability insurance policies related to the litigation involving our 3T device. The insurance recovery was received and recognized during the third quarter of 2019.

Income Taxes

LivaNova PLC is domiciled and resident in the UK. Our subsidiaries conduct operations and earn income in numerous countries and are subject to the laws of taxing jurisdictions within those countries, and the income tax rates imposed in the tax jurisdictions in which our subsidiaries conduct operations vary. As a result of the changes in the overall level of our income, the earnings mix in various jurisdictions and the changes in tax laws, our consolidated effective income tax rate may vary substantially from one reporting period to another.

Our effective income tax rate from continuing operations for the three and nine months ended September 30, 2020 was 21.3% and (37.9)% compared with (49.6)% and 65.9% for the three and nine months ended September 30, 2019, respectively. Our effective income tax rate fluctuates based on, among other factors, changes in pretax income in countries with varying statutory tax rates, changes in valuation allowances, changes in tax credits and incentives, and changes in unrecognized tax benefits associated with uncertain tax positions.

We continually assess the realizability of our worldwide deferred tax asset and valuation allowance positions, and when the need arises, we establish or release valuation allowances accordingly.

Compared with the three months ended September 30, 2019, the change in the effective tax rate for the three months ended September 30, 2020 was primarily attributable to a discrete tax benefit due to the release of the uncertain tax position upon the settlement of tax litigation in Italy offset by a valuation allowance for certain jurisdictions outside the U.S., as compared to a U.S. federal tax benefit from a return to provision reconciliation, partially offset by the establishment of a valuation allowance for a portion of the U.S. federal and state net operating losses during the three months ended September 30, 2019. We established valuation allowances as is more likely than not that we will be unable to realize the related historical deferred tax assets.

Compared with the nine months ended September 30, 2019, the change in the effective tax rate for the nine months ended September 30, 2020 was primarily attributable to a $42.4 million realized discrete tax benefit related to the CARES Act and the discrete tax benefit due to the release of the uncertain tax position upon the settlement of tax litigation in Italy offset by the establishment of a $74.5 million valuation allowance for the U.K. and other jurisdictions outside the U.S., as compared to a release of uncertain tax positions and a U.S. federal tax benefit from a return to provision reconciliation, partly offset by the establishment of a valuation allowance for a portion of the U.S. federal and state net operating losses and attributes during the nine months ended September 30, 2019.

Liquidity and Capital Resources

In June 2020, we raised combined net proceeds of $699.7 million from our Term Loan and Notes borrowings. Additionally, we utilized the combined net proceeds to repay $525.4 million of aggregate outstanding principal. Refer to “Note 8. Financing Arrangements” in the condensed consolidated financial statements in this Quarterly Report on Form 10-Q for additional information regarding our debt and debt transactions. As of September 30, 2020, our cash and cash equivalents was $227.8 million.

Based on our current business plan, we believe that our existing cash and cash equivalents, future cash generated from operations and borrowing under our current debt facilities will be sufficient to fund our expected operating needs, working capital requirements, R&D opportunities, capital expenditures, and debt service requirements over the twelve-month period beginning from the issuance date of these condensed consolidated financial statements. Our liquidity could be adversely impacted by the factors affecting future operating results, including those referred to in “Part II, Item 1A. Risk Factors” in the 2019 Form 10-K as supplemented by the factors referred to in “Part II, Item 1A, Risk Factors” in our Quarterly Reports on Form 10-Q.

No provision has been made for income taxes on unremitted earnings of our foreign controlled subsidiaries (non-UK subsidiaries) as of September 30, 2020. In the event of the distribution of those earnings in the form of dividends, a sale of the subsidiaries or certain other transactions, we may be liable for income taxes. However, the tax liability on future distributions should not be significant as most jurisdictions with unremitted earnings have various participation exemptions or no withholding tax.

Cash Flows

Net cash and cash equivalents provided by (used in) operating, investing and financing activities and the net increase in the balance of cash and cash equivalents were as follows (in thousands):

	Nine Months Ended September 30,	
	2020	2019
Operating activities	$ (116,407)	$ (94,008)
Investing activities	(33,337)	(30,519)
Financing activities	315,927	153,741
Effect of exchange rate changes on cash and cash equivalents	491	(1,105)
Net increase in cash and cash equivalents	$ 166,674	$ 28,109

Operating Activities

Cash used in operating activities during the nine months ended September 30, 2020 increased by $22.4 million as compared to the same prior-year period. The increase is primarily due to a decrease in net income adjusted for non-cash items, partially offset by improved working capital management.

Investing Activities

Cash used in investing activities during the nine months ended September 30, 2020 increased $2.8 million as compared to the same prior-year period. The increase is primarily due to an increase in purchases of property, plant and equipment of $11.6 million and the purchase of an investment and loans to investees totaling $5.1 million, partially offset by $10.8 million in cash paid for acquisitions and $3.2 million for purchases of intangible assets in 2019.

Financing Activities

Cash provided by financing activities during the nine months ended September 30, 2020 increased $162.2 million as compared to the same prior-year period. The increase is primarily due to an increase in net borrowings and associated costs of $210.8 million and a decrease in payments of contingent consideration of $9.1 million, partially offset by the purchase of a capped call associated with our Notes of $43.1 million and a closing adjustment payment for the sale of our former CRM business of $14.9 million.

Off-Balance Sheet Arrangements

As of September 30, 2020, we did not have any off-balance sheet arrangements.

Contractual Obligations

Except for the financing transactions discussed in “Note 8. Financing Arrangements,” we had no material changes in our contractual commitments and obligations from amounts listed under “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources” in our 2019 Form 10-K.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

We are exposed to certain market risks as part of our ongoing business operations, including risks from foreign currency exchange rates, equity price risk, interest rate risks and concentration of procurement suppliers that could adversely affect our consolidated financial position, results of operations or cash flows. We manage these risks through regular operating and financing activities and, at certain times, derivative financial instruments. Quantitative and qualitative disclosures about these risks are included in this Quarterly Report on Form 10-Q in “Part I, Note 9. Derivatives and Risk Management,” “Part I, Item 2. Management’s Discussion and Analysis of Financial Conditions and Results of Operations” and “Part II, Item 1A. Risk Factors,” and in our 2019 Form 10-K in “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Part I, Item 1A. Risk Factors.”

Item 4. *Controls and Procedures*

Disclosure Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

We maintain a system of disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act, that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. This information is also accumulated and communicated to management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure. Our management, under the supervision and with the participation of our CEO and CFO, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the most recent fiscal quarter reported herein. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of September 30, 2020.

(b) Changes in Internal Control Over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-5(f) under the Exchange Act) occurred during the quarter ended September 30, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings*

For a description of our material pending legal and regulatory proceedings and settlements, refer to “Note 10. Commitments and Contingencies” in our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Item 1A. *Risk Factors*

There have been no material changes in our risk factors from those disclosed in Part I, Item 1A to our 2019 Annual Report on Form 10-K or in Part II Item 1A in our Quarterly Report on Form 10-Q for the period ended March 31, 2020 and June 30, 2020, except as noted below. Those risk factors disclosed in addition to the other information set forth in this report, could materially affect our business, financial condition, or results of operations.

Risks Related to our Business

Shareholder activists could cause a disruption to our business.

In mid-October 2020, an activist investor indicated its concerns with, among other things, our capital allocation, reporting transparency on sub segment operating margins, corporate governance and leadership. In the future, our business, operating results or financial condition could be adversely affected because activist proposals can be a significant distraction for our management and employees and may require us to expend significant time and resources. Shareholder activists may create uncertainty for our employees, investors and customers, additional risk and uncertainties with respect to our financial position, operations, strategies and management, and may adversely affect our ability to attract and retain key employees. Any perceived uncertainties as to our future direction also may affect the market price and volatility of our securities.

Risks Related to COVID-19

COVID-19 has had, and we expect will continue to have, an adverse effect on our business, results of operations, financial condition and cash flows, the nature and extent of which are uncertain and unpredictable.

The continuing global spread of COVID-19, including corresponding preventative and precautionary measures that we and other businesses, communities and governments are taking to mitigate the spread of the disease, has led to unprecedented restrictions on, disruptions in, and other related impacts on business. In addition to travel restrictions put in place in early 2020, countries, states and governments may continue to close borders, impose prolonged quarantines or other restrictions and requirements on travel, and further limit our ability to conduct business in-person as we did prior to COVID-19.

Per “Recent Developments Regarding COVID-19” within “Note 1. Unaudited Condensed Consolidated Financial Statements” and “COVID-19” under “Item 2. Management’s Discussion and Analysis of Financial Conditions and Results of Operations,” our sales and operating results for the third quarter of 2020 were materially adversely impacted. While we are seeing signs of stabilization in certain geographies as elective surgeries resume and expect this trend to continue on a global basis during the fourth quarter of 2020, recovery rates may vary and the ultimate health and economic impact of COVID-19 is uncertain. In certain geographies, hospital systems continue to prioritize treatment of COVID-19 patients and otherwise comply with government guidelines, thereby resulting in the suspension or cancellation of elective medical procedures, which has caused a reduction in sales of these products. To the extent individuals and hospital systems continue to de-prioritize, delay or cancel these procedures, or if unemployment or loss of insurance coverage adversely impacts an individual’s ability to pay for our products and services, our business, cash flows, financial condition and results of operations will continue to be negatively affected. Further, the COVID-19 pandemic is straining hospital systems around the world, resulting in adverse financial impacts to those systems that could result in reduced future expenditures for our products. Clinical trials generally have paused or slowed enrollment due to facility closures and governmental restrictions, which will delay enrollment and timelines, and although many facilities have begun to reopen, there can be no assurance that there will not be additional closures in the future.

As we noted in “COVID-19” under “Item 2. Management’s Discussion and Analysis of Financial Conditions and Results of Operations,” we have not closed any of our manufacturing plants. The supply of raw materials and the distribution of finished products remain operational with no known or foreseen constraints. Regardless, there can be no assurance that any of our facilities will not need to shut down in the future, or that the supply of components, raw materials, and services may be interrupted or insufficient as a direct result of the COVID-19 outbreak. Any disruption of our operations or those of our suppliers could impact our sales and operating results.

In addition, COVID-19 has impacted and may further impact the global economy and capital markets, including by negatively impacting demand for our products, foreign currency exchange rates, and interest rates, each of which may adversely impact our business. We could experience loss of sales and profits due to delayed payments or insolvency of healthcare professionals, hospitals and other customers, suppliers and vendors facing liquidity issues. As a result, we may be compelled to take additional measures to preserve our cash flow.

Finally, COVID-19 could adversely impact our ability to retain key employees and the continued service and availability of skilled personnel necessary to run our productions and operations, including our executive officers and other members of our management team, as well as the ability of our third-party suppliers, manufacturers, distributors and vendors to retain their key employees. To the extent our management or other personnel are impacted in significant numbers by COVID-19 and are not available to perform their job duties, we could experience delays in, or the suspension of, our manufacturing operations, research and product development activities, regulatory work streams, clinical development programs and other important commercial functions.

While the impact of COVID-19 has had, and we expect it to continue to have, an adverse effect on our business, results of operations, financial condition and cash flows, the nature and extent of such impact is uncertain and unpredictable. For more information on the impact of COVID-19 on the Company and LivaNova's mitigation measures, please refer to "Recent Developments Regarding COVID-19" within "Note 1. Unaudited Condensed Consolidated Financial Statements," "COVID-19" under "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations," Part I, Item 1A to our 2019 Annual Report on Form 10-K, and Part II, Item 1A in our Quarterly Reports on Form 10-Q.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

None.

Item 3. *Defaults Upon Senior Securities*

None.

Item 4. *Mine Safety Disclosures*

Not applicable.

Item 5. *Other Information*

Disclosure Pursuant to Section 13(r) of the Exchange Act of 1934

Section 13(r) of the Exchange Act requires issuers to disclose in their quarterly reports certain types of dealings with Iran, including transactions or dealing with government-owned entities, even when those activities are lawful and do not involve U.S. persons. One of our non-U.S. subsidiaries currently sells medical devices, including cardiac surgery and cardiopulmonary products, to privately held distributors in Iran.

We have limited visibility into the identity of these distributors' customers in Iran. It is possible that their customers include entities, such as government-owned hospitals or sub-distributors, that are owned or controlled directly or indirectly by the Iranian government. To the best of our knowledge at this time, we do not have any contracts or commercial arrangements with the Iranian government.

Our gross revenues and net profits attributable to the above-mentioned Iranian activities were $2.3 million and $0.8 million for the three months ended September 30, 2020, respectively, and $6.3 million and $2.3 million for the nine months ended September 30, 2020, respectively.

We believe our activities are consistent with applicable law, including U.S., EU, and other applicable sanctions laws, though such laws are complex and continue to evolve rapidly. We intend to continue our business in Iran.

Item 6. *Exhibits*

The exhibits marked with the asterisk symbol (*) are filed or furnished (in the case of Exhibit 32.1) with this Quarterly Report on Form 10-Q. The exhibits marked with the cross symbol (†) are management contracts or compensatory plans or arrangements filed pursuant to Item 601(b)(10)(iii) of Regulation S-K.

Exhibit Number	Document Description
10.1*†	Form of Long Term Incentive Plan Restricted Stock Unit Award Agreement
10.2*†	Form of Long Term Incentive Plan Performance Stock Unit Award Agreement
10.3*†	Form of Long Term Incentive Plan Stock Appreciation Right Award Agreement
31.1*	Certification of the Chief Executive Officer of LivaNova PLC pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of the Chief Financial Officer of LivaNova PLC pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of the Chief Executive Officer and Chief Financial Officer of LivaNova PLC pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	Interactive Data Files Pursuant to Rule 405 of Regulation S-T formatted in Inline XBRL: (i) the Condensed Consolidated Statements of Income (Loss) for the three and nine months ended September 30, 2020 and September 30, 2019, (ii) the Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended September 30, 2020 and September 30, 2019, (iii) the Condensed Consolidated Balance Sheet as of September 30, 2020 and December 31, 2019, (iv) the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30 2020 and September 30, 2019, and (vi) the Notes to the Condensed Consolidated Financial Statements
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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 thereunto duly authorized.

LIVANOVA PLC

Date: October 29, 2020 By: /s/ DAMIEN MCDONALD

Damien McDonald
Chief Executive Officer
(Principal Executive Officer)

LIVANOVA PLC

Date: October 29, 2020 By: /s/ THAD HUSTON

Thad Huston
Chief Financial Officer
(Principal Financial Officer)

LIVANOVA PLC
2015 INCENTIVE AWARD SUB-PLAN

RESTRICTED STOCK UNIT AWARD GRANT NOTICE

LivaNova PLC, a public limited company incorporated under the laws of England and Wales (the "Company"), pursuant to its 2015 Incentive Award Plan (including where relevant the Sub-Plan for UK Participants and/or the Sub-Plan for France), as amended from time to time (the "Sub-Plan"), hereby grants to the holder listed below ("Participant") the number of Restricted Stock Units (the "RSUs") set forth below. The RSUs are subject to the terms and conditions set forth in this Restricted Stock Unit Grant Notice (the "Grant Notice") and the Restricted Stock Unit Agreement attached hereto as Exhibit A (the "Agreement"), the Sub-Plan (including or as replaced by any local sub-plan referred to in the Foreign Appendix) and the special provisions for Participant's country of residence, if any, attached here as Exhibit B (the "Foreign Appendix") each of which is incorporated herein by reference. Unless otherwise defined herein, the terms defined in (or by reference in) the Sub-Plan shall have the same defined meanings in the Grant Notice and the Agreement.

Participant: [_____]

Grant Date: [_____]

Number of RSUs: [_____]

Vesting Schedule: Subject to t terms and conditions of this Agreement, the RSUs will vest as follows:
[_____]

By clicking the "ACCEPT" button, the Participant and the Company agree to be bound by the terms and conditions of the Sub-Plan, the Agreement, the Foreign Appendix, if applicable, and this Grant Notice all of which the Participant can access through a link from the Grant Notice. The Participant has reviewed the Sub-Plan, the Agreement, the Foreign Appendix, if applicable, and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to electronically signing the Grant Notice and fully understands all provisions of this Grant Notice, the Agreement, the Foreign Appendix, if applicable, and the Sub-Plan. Shares subject to RSUs that become vested will be distributed in accordance with the Agreement (including, without limitation, Section 2.3 of the Agreement). The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Sub-Plan, this Grant Notice, the Foreign Appendix, if applicable or the Agreement.

By clicking "ACCEPT" you confirm that you understand and agree to be bound by the provisions below. This will apply where the Company elects that any tax liability arising in respect of your RSUs shall be satisfied pursuant to Section 2.5(a)(v).

I understand that by clicking 'Accept,' I am instructing Merrill Lynch to execute my order to sell shares of LivaNova plc common stock at market price to obtain cash for payment of any withholding taxes due as a result of the vesting or payment of my restricted stock unit ("RSU") equity award(s)

("Tax"), including any previously vested RSU awards that are currently pending settlement (1) or outstanding unvested RSU awards (2). This instruction will only be valid for my limited purpose brokerage account at Merrill Lynch and will not be valid for any other broker dealer. Merrill Lynch will sell an amount of shares on the next trading day after the vest or payment date of my RSU equity award(s) based on dividing the sum of the Tax and estimated sales commissions and fees, plus 2% to help ensure that enough shares are sold to cover the Tax (i.e., [Tax + commissions + fees] x 1.02) by the closing share price on the trading day prior to the sale date. If the initial sale does not result in sufficient cash to pay my Tax, Merrill Lynch will sell additional shares at market price based on dividing the sum of the residual unpaid Tax and estimated commissions and fees, plus 6% to ensure that enough shares are sold to cover the Tax (i.e., [residual unpaid Tax + commissions + fees] x 1.06) by the then current market price. **Any residual cash after payment of the Tax, commissions and fees will be deposited into my Merrill Lynch brokerage account.**

Merrill Lynch may execute my order: (a) in a single transaction or multiple transactions during the course of the trading day, or (b) it may aggregate my order with other orders for other sellers of LivaNova plc securities, execute them as a block or in multiple smaller transactions, and allocate an average price to each seller. I understand that this instruction will not be accepted by Merrill Lynch and my order will not be executed until I open my limited purpose brokerage account. I also understand that this order will be executed in my limited purpose account and will be subject to the terms and conditions that I agree to for that account. The current terms and conditions of the limited purpose account can be found on Benefits Online®.

I permit Merrill Lynch to discuss with and disclose to LivaNova plc any information relating to my account for the purposes of this transaction.

You must also check your W-9 or W-8 tax certification(3) ***to confirm it will be in effect on the sale date(s).***

(1) You can view previously vested awards that are currently pending settlement by accessing the Pending Activity page located within the Grant Information Dropdown on Benefits Online®.

(2) You can view outstanding unvested awards by accessing the Grant Detail page which is accessible when viewing additional details of an award from the Grant Summary page on Benefits Online®.

(3) *You can view the current status of your W-9 or W-8 by accessing the Participant/Tax Profile page located within the Individual/Plan Information Dropdown on Benefits Online®.*

Exhibit A

TO RESTRICTED STOCK UNIT AWARD GRANT NOTICE

RESTRICTED STOCK UNIT AWARD AGREEMENT

Pursuant to the Grant Notice to which this Agreement is attached, the Company has granted to Participant the number of RSUs set forth in the Grant Notice.

ARTICLE I.

GENERAL

1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Sub-Plan or the Grant Notice.

1.2 Incorporation of Terms of Sub-Plan and Foreign Appendix. The RSUs and the Shares issued to Participant hereunder are subject to the terms and conditions set forth in this Agreement, the Sub-Plan and the Foreign Appendix, if applicable, each of which is incorporated herein by reference. In the event of any inconsistency between the Sub-Plan and/or this Agreement, the terms of the Sub-Plan shall control. In the event of any inconsistency between the Sub-Plan and/or this Agreement with the Foreign Appendix, the terms of the Foreign Appendix shall control.

ARTICLE II.

AWARD OF RESTRICTED STOCK UNITS AND DIVIDEND EQUIVALENTS

2.1 Award of RSUs and Dividend Equivalents.

(a) In consideration of Participant's past and/or continued employment with the Company or a Subsidiary and for other good and valuable consideration, effective as of the grant date set forth in the Grant Notice (the "Grant Date"), the Company has granted to Participant the number of RSUs set forth in the Grant Notice, upon the terms and conditions set forth in the Grant Notice, the Sub-Plan, this Agreement and the Foreign Appendix, if applicable, subject to adjustment as provided in Section 13 of the Sub-Plan. Each RSU represents the right to receive one Share or, at the option of the Company, an amount of cash as set forth in Section 2.3(b), in either case, at the times and subject to the conditions set forth herein. However, unless and until the RSUs have vested, Participant will have no right to the payment of any Shares subject thereto. Prior to the actual delivery of any Shares, the RSUs will represent an unsecured obligation of the Company, payable only from the general assets of the Company.

(b) The Company hereby grants to Participant an Award of Dividend Equivalents with respect to each RSU granted pursuant to the Grant Notice for all ordinary cash dividends which are paid to all or substantially all holders of the outstanding Shares between the Grant Date and the date when the applicable RSU is distributed or paid to Participant or is forfeited or expires. The Dividend Equivalents for each RSU shall be equal to the amount of cash which is paid as a dividend on one Share. All such Dividend Equivalents shall be credited to Participant and be deemed to be reinvested in additional RSUs as of the date of payment of any such dividend based on the Fair Market Value of a Share on such date. Each additional RSU which results from such deemed reinvestment of Dividend Equivalents granted hereunder shall be subject to the same vesting, distribution or payment, adjustment and other provisions which apply to the underlying RSU to which such additional RSU relates.

2.2 Vesting of RSUs and Dividend Equivalents.

(a) Subject to Participant's continued employment with the Company or a Subsidiary on each applicable vesting date and subject to the terms of this Agreement, the RSUs shall vest in such amounts and at such times as are set forth in the Grant Notice. Each additional RSU which results from deemed reinvestments of Dividend Equivalents pursuant to Section 2.1(b) hereof shall vest whenever the underlying RSU to which such additional RSU relates vests.

(b) In the event Participant incurs a Termination of Service, except as may be otherwise provided by the Administrator or as set forth in a written agreement between Participant and the Company, Participant shall immediately forfeit any and all RSUs and Dividend Equivalents granted under this Agreement which have not vested or do not vest on or prior to the date on which such Termination of Service occurs, and Participant's rights in any such RSUs and Dividend Equivalents which are not so vested shall lapse and expire.

(c) In the event a Participant incurs a Termination of Service due to an Approved Retirement, the Participant's outstanding RSUs will not be forfeited upon such Approved Retirement, but instead outstanding RSUs shall continue to vest on the date(s) set out in the Grant Notice (provided all other terms which apply to the RSUs are met, including the terms regarding restricted activities set forth below).

"Approved Retirement" means a Termination of Service designated by the Committee, in its absolute discretion, as an Approved Retirement.

In exercising its discretion in designating a Termination of Service as an Approved Retirement, the Committee will strongly consider management recommendations based on each specific situation including the Participant's expressed commitment at the time of Termination of Service to cease any form of full-time paid work (including, but not limited to, self-employment; agency work; or employment), Participant's tenure of service, performance records throughout the Participant's employment or engagement by the Company or its Subsidiaries.

In the event the Company determines that a Participant who incurs a Termination of Service designated as an Approved Retirement commits a material breach of any fiduciary, confidentiality, non-disclosure, non-competition, non-solicitation, non-interference, non-disparagement obligations to the Company or its Subsidiaries (including without limitation, the Participant's engagement in any Prohibited Activities), any portion of the RSUs unvested at such time shall be immediately forfeited for no consideration. For the purposes of this Section 2.2.(c), "Prohibited Activities" shall mean the activities that are prohibited pursuant to any confidentiality agreement or covenant not to compete, not to solicit or hire employees, not to solicit or disrupt business relations, not to disparage the Company, its Subsidiaries or any of its or their officers and employees or any similar restrictions set out in any employment, severance or other written agreement then in effect between the Participant and the Company or one of its Subsidiaries.

If no such agreement containing such restrictions is then in effect, the Participant will be deemed to be engaged in "Prohibited Activities" if the Participant, during the term of his or her employment or engagement or in the period during which any RSUs remain unvested following his or her Termination of Service, engages in any employment or business activities for him or herself or on behalf of any enterprise in any capacity or owns any interest in any entity which competes or is competitive with the business of the Company or any Subsidiary in any country in which the Company or its Subsidiaries

operate, in each case with which the Participant has been materially involved or for which the Participant was responsible in the 12 months immediately before his or her Termination of Service.

(d) In the event of a Change in Control that occurs following the Measure Date, the RSUs, to the extent not forfeited or otherwise vested immediately prior to such Change in Control, shall become fully vested immediately prior to, but subject to the consummation of, such Change in Control, subject to the Participant's continuous employment with the Company or a Subsidiary through such Change in Control.

2.3 Distribution or Payment of RSUs.

(a) Participant's RSUs shall be distributed in Shares (either in book-entry form or otherwise) or, at the option of the Company, paid in an amount of cash as set forth in Section 2.3(b), in either case, as soon as administratively practicable following the vesting of the applicable RSU pursuant to Section 2.2 and the Grant Notice, and, in any event, within sixty (60) days following such vesting (for the avoidance of doubt, this deadline is intended to comply with the "short-term deferral" exemption from Section 409A of the Code). Notwithstanding the foregoing, the Company may delay a distribution or payment in settlement of RSUs if it reasonably determines that such payment or distribution will violate Federal securities laws or any other Applicable Law, *provided* that such distribution or payment shall be made at the earliest date at which the Company reasonably determines that the making of such distribution or payment will not cause such violation, as required by Treasury Regulation Section 1.409A-2(b)(7)(ii), and *provided further* that no payment or distribution shall be delayed under this Section 2.3(a) if such delay will result in a violation of Section 409A of the Code.

(b) In the event that the Company determines in its discretion that due to regulatory or administrative needs it will make payment of Participant's RSUs in cash, the amount of cash payable with respect to each RSU shall be equal to the Fair Market Value of a Share on the day immediately preceding the applicable distribution or payment date set forth in Section 2.3(a). All distributions made in Shares shall be made by the Company in the form of whole Shares, and any fractional share shall be distributed in cash in an amount equal to the value of such fractional share determined based on the Fair Market Value as of the date immediately preceding the date of such distribution.

2.4 Conditions to Issuance of Shares. The Company shall not be required to issue or deliver any certificate or certificates for any Shares or to cause any Shares to be held in book-entry form prior to the fulfillment of all of the following conditions: (A) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (B) the completion of any registration or other qualification of the Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable, and (C) the obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable.

2.5 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) The Company and its Subsidiaries have the authority to deduct or withhold, or require Participant to remit to the Company or the applicable Subsidiary, an amount sufficient to satisfy any applicable federal, state, local and foreign taxes (including income tax, employees' (and at the discretion of the Company, employer's) National Insurance contributions, social security contributions and the employee portion of any FICA obligation, or any equivalent taxes in any jurisdiction) required by

law to be withheld, paid or otherwise arising with respect to any taxable event arising pursuant to this Agreement, including the grant or vesting of any RSUs, the settlement of the RSUs on vesting in either Shares or cash and the sale of any of the Shares (any a "Tax Liability"). The Company and its Subsidiaries may withhold or Participant may make such payment in one or more of the forms specified below:

(i) by cash or check made payable to the Company or the Subsidiary with respect to which the withholding obligation arises;

(ii) by the deduction of such amount from other compensation payable to Participant;

(iii) with respect to any withholding taxes arising in connection with the distribution of the RSUs, by the Company withholding a net number of vested Shares otherwise issuable pursuant to the RSUs having a then current Fair Market Value not exceeding the amount necessary to satisfy the Tax Liability based on the minimum applicable statutory rates for such Tax Liability or such other rate as does not result in adverse accounting consequences for the Company;

(iv) with respect to any withholding taxes arising in connection with the distribution of the RSUs, with the consent of the Administrator, by tendering to the Company vested Shares having a then current Fair Market Value not exceeding the amount necessary to satisfy the Tax Liability based on the minimum applicable statutory rates for such Tax Liability or such other rate as does not result in adverse accounting consequences for the Company;

(v) with respect to any withholding taxes arising in connection with the distribution of the RSUs, through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable to Participant pursuant to the RSUs, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company or the Subsidiary with respect to which the Tax Liability arises in satisfaction of such Tax Liability; *provided* that payment of such proceeds is then made to the Company or the applicable Subsidiary at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(vi) in any combination of the foregoing.

(b) The Company shall not be obligated to deliver any certificate representing Shares issuable with respect to the RSUs to, or to cause any such Shares to be held in book-entry form by, Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the vesting or settlement of the RSUs or any other taxable event related to the RSUs, provided that no payment shall be delayed under this Section 2.5(d) if such delay will result in a violation of Section 409A of the Code.

(c) With respect to any Tax Liability arising in connection with the RSUs, in the event Participant fails to provide timely payment of all sums required pursuant to Section 2.5(a), the Company shall have the right and option, but not the obligation, to treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 2.5(a)(ii) or Section 2.5(a)(iii) above, or any combination of the foregoing as the Company may determine to be appropriate.

(d) In the event any Tax Liability arising in connection with the RSUs will be satisfied under Section 2.5(a)(iii), then the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of shares from those Shares then issuable to Participant pursuant to the RSUs as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the Tax Liability and to remit the proceeds of such sale to the Company or the Subsidiary. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 2.5(d), including the transactions described in the previous sentence, as applicable. The Company may refuse to issue any Shares in settlement of the RSUs to Participant until the foregoing Tax Liability is satisfied, *provided* that no payment shall be delayed under this Section 2.5(d) if such delay will result in a violation of Section 409A of the Code.

(e) Participant is ultimately liable and responsible for and indemnifies the Company and each Subsidiary against all Tax Liability arising in connection with the RSUs, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the RSUs. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the RSUs or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the RSUs to reduce or eliminate any Tax Liability.

2.6 Rights as Shareholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a shareholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). Except as otherwise provided herein, after such issuance, recordation and delivery, Participant will have all the rights of a shareholder of the Company with respect to such Shares, including, without limitation, the right to receipt of dividends and distributions on such Shares.

2.7 Compensation Recoupment Policy. The grant of this Award is subject to the terms of the LivaNova Compensation Recoupment Policy, as it may provide from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require the Participant to repay or forfeit cash or equity awards, including this Award, or any ordinary shares or other cash or property received with respect to this and other awards, including any value received from a disposition of the ordinary shares acquired upon payment in respect of the awards.

ARTICLE III.

OTHER PROVISIONS

3.1 Administration. The Administrator shall have the power to interpret the Sub-Plan, the Grant Notice, this Agreement and the Foreign Appendix, if applicable, and to adopt such rules for the administration, interpretation and application of the Sub-Plan, the Grant Notice, this Agreement and the Foreign Appendix, if applicable, as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Sub-Plan, the Grant Notice, this Agreement or the Foreign Appendix, if applicable.

3.2 RSUs Not Transferable. The RSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the RSUs have been issued, and all restrictions applicable to such Shares have lapsed. No RSUs or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence. Notwithstanding the foregoing, with the consent of the Administrator, the RSUs may be transferred to certain persons or entities related to the Participant, including but not limited to members of Participant's family, charitable institutions or trusts or other entities whose beneficiaries or beneficial owners are members of Participant's family or to such other persons or entities as may be expressly approved by the Administrator, pursuant to any such conditions and procedures the Administrator may require.

3.3 Adjustments. The Administrator may accelerate the vesting of all or a portion of the RSUs in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the RSUs and the Shares subject to the RSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Sub-Plan, including Section 13 of the Sub-Plan.

3.4 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 3.4, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

3.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.6 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

3.7 Conformity to Securities Laws. Participant acknowledges that the Sub-Plan, the Grant Notice, this Agreement and the Foreign Appendix, if applicable, are intended to conform to the extent necessary with all Applicable Laws, including, without limitation, the provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission, and state securities laws and regulations and to the extent deemed applicable by the Administrator, the provisions of the Listing Rules of the London Stock Exchange published by the UK Listing Authority. Notwithstanding anything herein to the contrary, the Sub-Plan shall be administered, and the RSUs are granted, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Sub-Plan and this Agreement shall be deemed amended to the extent necessary to conform to Applicable Law.

3.8 Amendment, Suspension and Termination. To the extent permitted by the Sub-Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any

time or from time to time by the Administrator or the Board, *provided however* that, except as may otherwise be provided by the Sub-Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the RSUs in any material way without the prior written consent of Participant.

3.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 3.2 and the Sub-Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

3.10 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Sub-Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Sub-Plan, the RSUs (including RSUs which result from the deemed reinvestment of Dividend Equivalents), the Dividend Equivalents, the Grant Notice, this Agreement and the Foreign Appendix, if applicable, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.11 Not a Contract of Employment. Nothing in this Agreement or in the Sub-Plan shall confer upon Participant any right to continue to serve as an employee of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the employment of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant. Neither the Sub-Plan, the Grant Notice, the Foreign Appendix, if applicable, nor this Agreement afford the Participant any rights to compensation or damages, including for loss of or potential loss that the Participant may suffer as a result of the termination of the Sub-Plan, lapse of the RSUs or the termination of the Participant's employment with the Company. Neither the Sub-Plan, the Grant Notice, this Agreement nor the Foreign Appendix, if applicable, afford the Participant any rights to compensation or damages including for loss or potential loss that the Participant may suffer as a result of the termination of the Sub-Plan, lapse of the RSU or the termination of the Participant's employment.

3.12 RSUs Not Part of Employment Compensation. The RSUs and the Shares subject to the RSUs are extraordinary items that do not constitute part of normal or expected wages or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, holiday pay, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the employer, its parent, or any Subsidiary or affiliate of the Company. In addition, Participant acknowledges that by electronically signing the Grant Notice and this Agreement that the grant of the Award is at the Company's sole discretion based on the Sub-Plan, and does not entitle the Participant to further grant(s) of Awards, nor to claim for further grant(s) of Awards, in respect of the Sub-Plan or any other award(s) under any other plan or program maintained by the Company or any Subsidiary.

3.13 Data Protection. By electronically signing the Grant Notice and this Agreement, the Participant acknowledges and agrees that:

(a) the Company, a Subsidiary or the Participant's employer are permitted to hold and process personal information (including sensitive personal information) ("**Data**") about the Participant as part of their personnel and other business records and may use such information for the purpose of managing and administering the Sub-Plan;

(b) the Company, a Subsidiary or the Participant's employer may disclose the Data (as described in (a) above) to third parties in the event that such disclosure is in the Company's view required for the proper conduct of the Sub-Plan. The Company may also make the Data available to public authorities where required under locally applicable law. These recipients may be located in the United States, the European Economic Area, or elsewhere, which the Participant separately and expressly consents to, accepting that outside the European Economic Area, data protection laws are less protective than within;

(c) they may, at any time, review Data, require any necessary amendments to it or withdraw their consent herein by contacting the Company in writing, however, the Participant withdrawing their consent may affect their ability to participate in the Sub-Plan and receive the benefits intended pursuant to the Grant Notice and this Agreement;

(d) Data will only be held as long as necessary to implement, administer and manage the Participant's participation in the Sub-Plan and any subsequent claims or rights; and

(d) this section applies to any information held, used or disclosed in any medium.

3.14 Entire Agreement. The Sub-Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company, the Subsidiaries and Participant with respect to the subject matter hereof.

3.15 Section 409A. This Award is not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, "Section 409A"). However, notwithstanding any other provision of the Sub-Plan, the Grant Notice, this Agreement or the Foreign Appendix, if applicable, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Sub-Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A. Notwithstanding anything herein to the contrary, no provision of the Sub-Plan shall be interpreted or construed to transfer any liability for failure to comply with the requirements of Section 409A from Participant or any other person to the Company or any of its Subsidiaries, employees or agents. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid an accelerated or additional tax under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following the Participant's separation from service shall instead be paid on the first business day after the date that is six months following the Participant's separation from service (or, if earlier, the Participant's date of death).

3.16 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

3.17 Limitation on Participant's Rights. Participation in the Sub-Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Sub-Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs and Dividend Equivalents, and rights no greater than the right to receive Shares or cash as a general unsecured creditor with respect to the RSUs, as and when settled pursuant to the terms hereof.

3.18 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which shall be deemed an original and all of which together shall constitute one instrument.

3.19 Special Provisions for RSUs Granted to Participants Outside the U.S. If Participant performs services for the Company or any Subsidiary outside of the United States, the RSUs shall be subject to the special provisions, if any, for Participant's country of residence, as set forth in the Foreign Appendix.

(a) If Participant relocates to one of the countries included in the Foreign Appendix during the life of this Award, the special provisions for such country shall apply to Participant, to the extent the Company determines that the application of such provisions is necessary or advisable in order to comply with local law or facilitate the administration of the Sub-Plan.

(b) The Company reserves the right to impose other requirements on this Award and any Shares received upon settlement of the RSUs, to the extent the Company determines it is necessary or advisable in order to comply with local laws or facilitate the administration of the Sub-Plan, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

3.20 Broker-Assisted Sales. In the event of any broker-assisted sale of Shares in connection with the payment of withholding taxes as provided in Section 2.5(a)(iii) or Section 2.5(d): (A) any Shares to be sold through a broker-assisted sale will be sold on the day the tax withholding obligation arises or as soon thereafter as practicable; (B) such Shares may be sold as part of a block trade with other participants in the Sub-Plan in which all participants receive an average price; (C) Participant will be responsible for all broker's fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (D) to the extent the proceeds of such sale exceed the applicable tax withholding obligation, the Company agrees to pay such excess in cash to Participant as soon as reasonably practicable; (E) Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the applicable tax withholding obligation; and (F) in the event the proceeds of such sale are insufficient to satisfy the applicable tax withholding obligation, Participant agrees to pay immediately upon demand to the Company or its Subsidiary with respect to which the withholding obligation arises an amount in cash sufficient to satisfy any remaining portion of the Company's or the applicable Subsidiary's withholding obligation.

* * * * *

EXHIBIT B

TO RESTRICTED STOCK UNIT AWARD GRANT NOTICE
SPECIAL PROVISIONS FOR RESTRICTED STOCK UNITS

GRANTED TO PARTICIPANTS OUTSIDE THE U.S.

This Exhibit B includes special terms and conditions applicable to Participants in the countries below. These terms and conditions are in addition to those set forth in the RSU Agreement (the "Agreement") and the Sub-Plan and to the extent there are any inconsistencies between these terms and conditions and those set forth in the Agreement or the Sub-Plan, these terms and conditions shall prevail. Any capitalized term used in this Exhibit B without definition shall have the meaning ascribed to such term in the Sub-Plan or the Agreement, if applicable.

This Foreign Appendix also includes information relating to exchange control and other issues of which Participant should be aware with respect to his or her participation in the Sub-Plan. The information is based on the exchange control, securities and other laws in effect in the respective countries as at May 2017. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information herein as the only source of information relating to the consequences of participation in the Sub-Plan because the information may be out of date at the time the RSUs are settled or any Shares acquired under the Sub-Plan are sold.

In addition, the information is general in nature and may not apply to the particular situation of Participant, and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant is advised to seek appropriate professional advice as to how the relevant laws in his or her country may apply to his or her situation. Finally, if Participant is a citizen or resident of a country other than the one in which he or she is currently working, the information contained herein may not be applicable to Participant.

AUSTRALIA

A copy of the Sub-Plan is enclosed with this Grant Notice and Agreement.

The Sub-Plan, the Agreement and this Grant Notice do not constitute financial advice

Any advice given by the Company in relation to the Grant Notice, the Agreement, the Sub-Plan, the RSUs or the Shares does not constitute financial advice and does not take into account your objectives, financial situation and needs. In considering the RSUs and the amount of cash and/or Shares that you will receive on vesting of the RSUs, you should consider the risk factors that could affect the performance of the Company and the value of RSUs and Shares, which value can increase or decrease from time to time, and the amount of any Tax Liability.

You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and tax issues). You should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to acquire RSUs or Shares.

How to calculate values in Australian dollars

Your RSUs will vest in accordance with the Grant Notice and the Agreement (which require certain conditions to be met) and are subject to a four year graded vesting schedule. The RSUs may result in Shares or cash being given to you, in accordance with the Grant Notice.

You will not be required to pay any amount for the RSUs or any Shares that will be issued to you upon vesting. However the amount of cash or number of Shares you receive will depend on the market price of Shares at the time and the amount of any Tax Liability in connection with the grant and vesting of the RSUs and the issue of any Shares.

You can ascertain the market price of a Share in the Company in United States Dollars ("USD") from time to time by visiting either:

- the Company's website (http://www.livanova.com/investor-relations/stock-information); or
- the NASDAQ website (http://www.nasdaq.com/symbol/livn).

To determine the market value of a Share in Australian Dollars ("AUD"), you will need to apply the prevailing USD : AUD exchange rate. For example, if the exchange rate is 1 USD : 1.5 AUD, and one share of Common Stock has a value of USD $1 on the NASDAQ, its equivalent value will be AUD $1.50.

CANADA

Unless otherwise determined by the Administrator, Participant's RSUs shall only be distributed in Shares (either in book-entry form or otherwise), and no portion of the Participant's RSUs shall be payable to the Participant in cash.

CHINA

Unless otherwise determined by the Administrator, Participant's RSUs shall only be settled in cash, and no portion of the Participant's RSUs shall be distributed in Shares.

FRANCE

If the Participant is employed by a French subsidiary of the Group, the terms and conditions provided in the French Sub-Plan will apply, in addition to the terms set out below. References in the Agreement to "Sub-Plan" shall be references to the "French Sub-Plan".

Participant's RSUs shall only be distributed in Shares (either in book-entry form or otherwise), and no portion of the Participant's RSUs shall be payable to the Participant in cash. Participant cannot benefit from any Dividend Equivalent provided for under Sections 2.1 and 2.2 of the Agreement.

The following paragraph is inserted at Section 2.7 of the Agreement

2.7. Holding Period:

(a) In accordance with section 6 of the French Sub-Plan, Shares delivered to the Participant prior to the end of the second anniversary of the Grant Date cannot be transferred prior to

the first anniversary of their Delivery Date (i.e., the "Holding Period") (as such terms are defined in the French Sub-Plan).

(b) In the event that the Participant does not comply with section 2.7(a) of the Agreement, the Participant will only be responsible for reimbursing the French Subsidiary for any tax liability which is has or will incur as a result of such non-compliance, excluding for the avoidance of doubt any employer social security contributions. The Participant agrees to indemnify and keep indemnified the French Subsidiary in respect of such a tax liability.

(c) If the Participant wishes to transfer Shares during the Holding Period, the Participant must give written notice of the proposed transfer to [the Company] as soon as reasonably practicable, and in any event at least 3 business days in advance of the proposed transfer.

(d) The Participant acknowledges that if the Participant wishes to sell Shares during the Holding Period, such sale will be undertaken by Merrill Lynch through the Participant's limited purpose brokerage account at Merrill Lynch and will not be valid for any other broker dealer. The Participant acknowledges that such sale will be subject to sales commission and fees, which will be deducted from the sale proceeds and the residual balance will be deposited in the Participant's Merrill Lynch brokerage account.

(e) The Participant acknowledges that Merrill Lynch may execute such order: (a) in a single transaction or multiple transactions during the course of the trading day, or (b) it may aggregate the order with other orders for other sellers of LivaNova plc securities, execute them as a block or in multiple smaller transactions, and allocate an average price to each seller. The Participant further acknowledges that the sale instruction will not be accepted by Merrill Lynch and the order will not be executed until the Participant opens a limited purpose brokerage account. The Participant acknowledges that the order will be executed in their limited purpose account and will be subject to the terms and conditions that they agree to for that account. The current terms and conditions of the limited purpose account can be found on Benefits Online®.

(f) The Participant agrees that Merrill Lynch may discuss with and disclose to LivaNova plc any information relating to their account for the purposes of any sale transaction.

Section 3.13 shall be deleted in its entirety and replaced by the following:

Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal "Data" (as defined below) by the Company for the exclusive purpose of implementing, administering and managing Participant's participation in the Sub-Plan. Participant understands that the Company holds certain personal information about Participant: Participant's name, home address and telephone number, date of birth, employee identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the purpose of implementing, administering and managing the Sub-Plan ("**Data**"). Participant understands that Data will be transferred to such stock plan service providers as may be selected by the Company which are assisting the Company with the implementation,

administration and management of the Sub-Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere (and, if Participant is a resident of a member state of the European Union, may be outside the European Economic Area) and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that he or she may request a list with the names and addresses of all recipients of the Data by contacting his or her local human resources representative. Participant authorizes the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Sub-Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Sub-Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Sub-Plan. The Company may also make the Data available to public authorities where required under locally applicable law. Participant understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Participant's local human resources representative. Participant understands, however, that refusing or withdrawing consent may affect Participant's ability to participate in the Sub-Plan. For more information on the consequences of refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative. This Section applies to information held, used or disclosed in any medium.

GERMANY

Definition of "Tax Liability" in Section 2.5:

For the avoidance of doubt, the definition of "Tax Liability" shall only include the employee portions of the social security contributions.

The following sentence is inserted at Section 3.1 of the Agreement

For the avoidance of doubt, the Administrator's decisions and interpretations shall be subject to reasonable discretion.

The heading of Section 3.12 shall be supplemented and read as follows:

Section 3.12 RSUs Not Part of Employment Compensation, No Legal Claim to Grant(s).

Section 3.13 shall be deleted in its entirety and replaced by the following:

Section 3.13 Consent to Personal Data Processing and Transfer.

By signing these terms and conditions, Participant acknowledges and agrees that:

(a) the Company and the Participant's employer may collect, store, process and use certain personal data of Participant and may further transfer them to Cyberonics, Inc., a wholly-owned subsidiary of LivaNova PLC, located at 100 Cyberonics Blvd, Houston, TX 77058, U.S.A., and Certent, Inc., the Company's equity compensation management vendor, located at 1548 Eureka Rd., Suite 100, Roseville, CA 95661, U.S.A., and Merrill Lynch, Pierce, Fenner & Smith, Incorporated, a wholly-owned subsidiary of Bank of America Corporation, the Company's broker

for equity compensation management and transactions, located at World Financial Center, 220 Vesey Street, New York, NY 10281 for the exclusive purpose of implementing, administering, managing and accounting Participant's participation in the Sub-Plan;

(b) personal data of Participant are: first name/s and last name, birth date, gender, family status, home address, job title, working location, e-mail addresses and phone numbers, social security and tax numbers, tax class, cash compensation and equity award compensation (the "Data");

(c) this section applies to any Data held, used or disclosed in any medium;

(d) the Data will be transferred to the locations listed in subparagraph (a) above, and locations outside of the European Economic Area who provide for a lesser level of data protection than locations within;

(e) Data will only be held as long as necessary to implement, administer, manage and account Participant's participation in the Sub-Plan and any subsequent claims or rights;

(f) the consent to the personal data processing as described in this Section 3.13 is entirely voluntary and can be withdrawn at any time; Participant is advised, however, that missing consent in written form may affect his ability to participate in the Sub-Plan and receive benefits intended pursuant to the Grant Notice, the Agreement and the Foreign Appendix.

Name of Participant: _____

Place/Date: _____

Participant's Signature: _____

UNITED KINGDOM

The following paragraph is inserted as Section 2.5 (f) of the Agreement

Loan. The Participant agrees that if the Participant does not pay his/her employer or the Company does not withhold from the Participant the full amount of any Tax Liability within ninety (90) days after the end of the tax year in which the Tax Liability occurred, or such other period specified in Section 222 (1)(c) of Income Tax (Earnings and Pensions) Act 2003, then the amount that should have been withheld shall constitute a loan owed by the Participant to the employer, effective 90 days after the end of the tax year in which the Tax Liability occurred. The Participant agrees that the loan will bear interest at the official rate of HMRC and will be immediately due and repayable by the Participant, and the Company and/or the employer may recover it at any time thereafter by: (a) withholding the funds from salary, bonus or any other funds due to the Participant by the Company or the employer; (b) withholding the Shares issued upon vesting and settlement of the RSUs or from the cash proceeds from the sale of Shares; or (c) demanding cash or a cheque from the Participant. The Participant also authorizes the Company to delay the issuance of any Shares to the Participant unless and until the loan is repaid in full.

LIVANOVA PLC
2015 INCENTIVE AWARD SUB-PLAN

PERFORMANCE STOCK UNIT AWARD GRANT NOTICE

LivaNova PLC, a public limited company incorporated under the laws of England and Wales (the "Company"), pursuant to its 2015 Incentive Award Plan (including where relevant the Sub-Plan for UK Participants and/or the Sub-Plan for France), as amended from time to time (the "Sub-Plan"), hereby grants to the holder listed below ("Participant") the number of Performance Stock Units (the "PSUs") set forth below. The PSUs are subject to the terms and conditions set forth in this Performance Stock Unit Grant Notice (the "Grant Notice") and the Performance Stock Unit Agreement attached hereto as Exhibit A (the "Agreement"), the Sub-Plan (including or as replaced by any local sub-plan referred to in the Foreign Appendix) and the special provisions for Participant's country of residence, if any, attached here as Exhibit B (the "Foreign Appendix") each of which is incorporated herein by reference. Unless otherwise defined herein, the terms defined in (or by reference in) the Sub-Plan shall have the same defined meanings in the Grant Notice and the Agreement.

Participant: [_____]

Grant Date: [_____]

Number of PSUs: [_____]

Vesting Schedule: [_____]

By clicking the "ACCEPT" button, the Participant and the Company agree to be bound by the terms and conditions of the Sub-Plan, the Agreement, the Foreign Appendix, if applicable, and this Grant Notice all of which the Participant can access through a link from the Grant Notice. The Participant has reviewed the Sub-Plan, the Agreement, the Foreign Appendix, if applicable, and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to electronically signing the Grant Notice and fully understands all provisions of this Grant Notice, the Agreement, the Foreign Appendix, if applicable, and the Sub-Plan. Shares subject to PSUs that become vested will be distributed in accordance with the Agreement (including, without limitation, Section 2.3 of the Agreement). The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Sub-Plan, this Grant Notice, the Foreign Appendix, if applicable or the Agreement.

By clicking "ACCEPT" you confirm that you understand and agree to be bound by the provisions below. This will apply where the Company elects that any tax liability arising in respect of your PSUs shall be satisfied pursuant to Section 2.5(a)(v).

I understand that by clicking 'Accept,' I am instructing Merrill Lynch to execute my order to sell shares of LivaNova plc common stock at market price to obtain cash for payment of any withholding taxes due as a result of the vesting or payment of my performance stock unit ("PSU") equity award(s) ("Tax"), including any previously vested PSU awards that are currently pending settlement (1) or outstanding unvested PSU awards (2). This instruction will only be valid for my limited purpose brokerage account at Merrill Lynch and will not be valid for any other broker dealer. Merrill Lynch will

sell an amount of shares on the next trading day after the vest or payment date of my PSU equity award(s) based on dividing the sum of the Tax and estimated sales commissions and fees, plus 2% to help ensure that enough shares are sold to cover the Tax (i.e., [Tax + commissions + fees] x 1.02) by the closing share price on the trading day prior to the sale date. If the initial sale does not result in sufficient cash to pay my Tax, Merrill Lynch will sell additional shares at market price based on dividing the sum of the residual unpaid Tax and estimated commissions and fees, plus 6% to ensure that enough shares are sold to cover the Tax (i.e., [residual unpaid Tax + commissions + fees] x 1.06) by the then current market price. **Any residual cash after payment of the Tax, commissions and fees will be deposited into my Merrill Lynch brokerage account.**

Merrill Lynch may execute my order: (a) in a single transaction or multiple transactions during the course of the trading day, or (b) it may aggregate my order with other orders for other sellers of LivaNova plc securities, execute them as a block or in multiple smaller transactions, and allocate an average price to each seller. I understand that this instruction will not be accepted by Merrill Lynch and my order will not be executed until I open my limited purpose brokerage account. I also understand that this order will be executed in my limited purpose account and will be subject to the terms and conditions that I agree to for that account. The current terms and conditions of the limited purpose account can be found on Benefits Online®.

I permit Merrill Lynch to discuss with and disclose to LivaNova plc any information relating to my account for the purposes of this transaction.

You must also check your W-9 or W-8 tax certification(3) ***to confirm it will be in effect on the sale date(s).***

(1) You can view previously vested awards that are currently pending settlement by accessing the Pending Activity page located within the Grant Information Dropdown on Benefits Online®.

(2) You can view outstanding unvested awards by accessing the Grant Detail page which is accessible when viewing additional details of an award from the Grant Summary page on Benefits Online®.

(3) *You can view the current status of your W-9 or W-8 by accessing the Participant/Tax Profile page located within the Individual/Plan Information Dropdown on Benefits Online®.*

Exhibit A

TO PERFORMANCE STOCK UNIT AWARD GRANT NOTICE

PERFORMANCE STOCK UNIT AWARD AGREEMENT

Pursuant to the Grant Notice to which this Agreement is attached, the Company has granted to Participant the number of PSUs set forth in the Grant Notice.

ARTICLE I.

GENERAL

1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Sub-Plan or the Grant Notice.

2.1 Incorporation of Terms of Sub-Plan and Foreign Appendix. The PSUs and the Shares issued to Participant hereunder are subject to the terms and conditions set forth in this Agreement, the Sub-Plan and the Foreign Appendix, if applicable, each of which is incorporated herein by reference. In the event of any inconsistency between the Sub-Plan and/or this Agreement, the terms of the Sub-Plan shall control. In the event of any inconsistency between the Sub-Plan and/or this Agreement with the Foreign Appendix, the terms of the Foreign Appendix shall control.

ARTICLE II.

AWARD OF PERFORMANCE STOCK UNITS AND DIVIDEND EQUIVALENTS

2.1 Award of PSUs and Dividend Equivalents.

(a) In consideration of Participant's past and/or continued employment with the Company or a Subsidiary and for other good and valuable consideration, effective as of the grant date set forth in the Grant Notice (the "Grant Date"), the Company has granted to Participant the number of PSUs set forth in the Grant Notice, upon the terms and conditions set forth in the Grant Notice, the Sub-Plan, this Agreement and the Foreign Appendix, if applicable, subject to adjustment as provided in Section 13 of the Sub-Plan. Each PSU represents the right to receive one Share or, at the option of the Company, an amount of cash as set forth in Section 2.3(b), in either case, at the times and subject to the conditions set forth herein. However, unless and until the PSUs have vested, Participant will have no right to the payment of any Shares subject thereto. Prior to the actual delivery of any Shares, the PSUs will represent an unsecured obligation of the Company, payable only from the general assets of the Company.

(b) The Company hereby grants to Participant an Award of Dividend Equivalents with respect to each PSU granted pursuant to the Grant Notice for all ordinary cash dividends which are paid to all or substantially all holders of the outstanding Shares between the Grant Date and the date when the applicable PSU is distributed or paid to Participant or is forfeited or expires. The Dividend Equivalents for each PSU shall be equal to the amount of cash which is paid as a dividend on one Share. All such Dividend Equivalents shall be credited to Participant and be deemed to be reinvested in additional PSUs as of the date of payment of any such dividend based on the Fair Market Value of a Share on such date. Each additional PSU which results from such deemed reinvestment of Dividend Equivalents granted hereunder shall be subject to the same vesting, distribution or payment, adjustment and other provisions which apply to the underlying PSU to which such additional PSU relates.

2.2 Vesting of PSUs and Dividend Equivalents.

(a) Subject to Participant's continued employment with the Company or a Subsidiary on each applicable vesting date and subject to the terms of this Agreement, the PSUs shall vest in such amounts and at such times as are set forth in the Grant Notice. Each additional PSU which results from deemed reinvestments of Dividend Equivalents pursuant to Section 2.1(b) hereof shall vest whenever the underlying PSU to which such additional PSU relates vests.

(b) In the event Participant incurs a Termination of Service, except as may be otherwise provided by Section 2.2(c), the Administrator or as set forth in a written agreement between Participant and the Company, Participant shall immediately forfeit any and all PSUs and Dividend Equivalents granted under this Agreement which have not vested or do not vest on or prior to the date on which such Termination of Service occurs, and Participant's rights in any such PSUs and Dividend Equivalents which are not so vested shall lapse and expire.

(c) In the event a Participant incurs a Termination of Service due to an Approved Retirement, the Participant's outstanding PSUs will not be forfeited upon such Approved Retirement, but instead outstanding PSUs shall continue to vest on the date(s) set out in the Grant Notice (provided all other terms which apply to the PSUs are met, including the terms regarding restricted activities set forth below).

"Approved Retirement" means a Termination of Service designated by the Committee, in its absolute discretion, as an Approved Retirement.

In exercising its discretion in designating a Termination of Service as an Approved Retirement, the Committee will strongly consider management recommendations based on each specific situation including the Participant's expressed commitment at the time of Termination of Service to cease any form of full-time paid work (including, but not limited to, self-employment; agency work; or employment), Participant's tenure of service, performance records throughout the Participant's employment or engagement by the Company or its Subsidiaries.

In the event the Company determines that a Participant who incurs a Termination of Service designated as an Approved Retirement commits a material breach of any fiduciary, confidentiality, non-disclosure, non-competition, non-solicitation, non-interference, non-disparagement obligations to the Company or its Subsidiaries (including without limitation, the Participant's engagement in any Prohibited Activities), any portion of the PSUs unvested at such time shall be immediately forfeited for no consideration. For the purposes of this Section 2.2.c), "Prohibited Activities" shall mean the activities that are prohibited pursuant to any confidentiality agreement or covenant not to compete, not to solicit or hire employees, not to solicit or disrupt business relations, not to disparage the Company, its Subsidiaries or any of its or their officers and employees or any similar restrictions set out in any employment, severance or other written agreement then in effect between the Participant and the Company or one of its Subsidiaries.

If no such agreement containing such restrictions is then in effect, the Participant will be deemed to be engaged in "Prohibited Activities" if the Participant, during the term of his or her employment or engagement or in the period during which any PSUs remain unvested following his or her Termination of Service, engages in any employment or business activities for him or herself or on behalf of any enterprise in any capacity or owns any interest in any entity which competes or is competitive with the business of the Company or any Subsidiary in any country in which the Company or its Subsidiaries

operate, in each case with which the Participant has been materially involved or for which the Participant was responsible in the 12 months immediately before his or her Termination of Service.

(d) In the event of a Change in Control that occurs following the Measure Date, the PSUs, to the extent not forfeited or otherwise vested immediately prior to such Change in Control, shall become fully vested immediately prior to, but subject to the consummation of, such Change in Control, subject to the Participant's continuous employment with the Company or a Subsidiary through such Change in Control.

2.3 Distribution or Payment of PSUs.

(a) Participant's PSUs shall be distributed in Shares (either in book-entry form or otherwise) or, at the option of the Company, paid in an amount of cash as set forth in Section 2.3(b), in either case, as soon as administratively practicable following the vesting of the applicable PSU pursuant to Section 2.2 and the Grant Notice, and, in any event, within sixty (60) days following such vesting (for the avoidance of doubt, this deadline is intended to comply with the "short-term deferral" exemption from Section 409A of the Code). Notwithstanding the foregoing, the Company may delay a distribution or payment in settlement of PSUs if it reasonably determines that such payment or distribution will violate Federal securities laws or any other Applicable Law, *provided* that such distribution or payment shall be made at the earliest date at which the Company reasonably determines that the making of such distribution or payment will not cause such violation, as required by Treasury Regulation Section 1.409A-2(b)(7)(ii), and *provided further* that no payment or distribution shall be delayed under this Section 2.3(a) if such delay will result in a violation of Section 409A of the Code.

(b) In the event that the Company determines in its discretion that due to regulatory or administrative needs it will make payment of Participant's PSUs in cash, the amount of cash payable with respect to each PSU shall be equal to the Fair Market Value of a Share on the day immediately preceding the applicable distribution or payment date set forth in Section 2.3(a). All distributions made in Shares shall be made by the Company in the form of whole Shares, and any fractional share shall be distributed in cash in an amount equal to the value of such fractional share determined based on the Fair Market Value as of the date immediately preceding the date of such distribution.

2.4 Conditions to Issuance of Shares. The Company shall not be required to issue or deliver any certificate or certificates for any Shares or to cause any Shares to be held in book-entry form prior to the fulfillment of all of the following conditions: (A) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (B) the completion of any registration or other qualification of the Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable, and (C) the obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable.

2.5 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) The Company and its Subsidiaries have the authority to deduct or withhold, or require Participant to remit to the Company or the applicable Subsidiary, an amount sufficient to satisfy any applicable federal, state, local and foreign taxes (including income tax, employees' (and at the discretion of the Company, employer's) National Insurance contributions, social security contributions and the employee portion of any FICA obligation, or any equivalent taxes in any jurisdiction) required by

law to be withheld, paid or otherwise arising with respect to any taxable event arising pursuant to this Agreement, including the grant or vesting of any PSUs, the settlement of the PSUs on vesting in either Shares or cash and the sale of any of the Shares (any a "Tax Liability"). The Company and its Subsidiaries may withhold or Participant may make such payment in one or more of the forms specified below:

(i) by cash or check made payable to the Company or the Subsidiary with respect to which the withholding obligation arises;

(ii) by the deduction of such amount from other compensation payable to Participant;

(iii) with respect to any withholding taxes arising in connection with the distribution of the PSUs, by the Company withholding a net number of vested Shares otherwise issuable pursuant to the PSUs having a then current Fair Market Value not exceeding the amount necessary to satisfy the Tax Liability based on the minimum applicable statutory rates for such Tax Liability or such other rate as does not result in adverse accounting consequences for the Company;

(iv) with respect to any withholding taxes arising in connection with the distribution of the PSUs, with the consent of the Administrator, by tendering to the Company vested Shares having a then current Fair Market Value not exceeding the amount necessary to satisfy the Tax Liability based on the minimum applicable statutory rates for such Tax Liability or such other rate as does not result in adverse accounting consequences for the Company;

(v) with respect to any withholding taxes arising in connection with the distribution of the PSUs, through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable to Participant pursuant to the PSUs, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company or the Subsidiary with respect to which the Tax Liability arises in satisfaction of such Tax Liability; *provided* that payment of such proceeds is then made to the Company or the applicable Subsidiary at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(vi) in any combination of the foregoing.

(b) The Company shall not be obligated to deliver any certificate representing Shares issuable with respect to the PSUs to, or to cause any such Shares to be held in book-entry form by, Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the vesting or settlement of the PSUs or any other taxable event related to the PSUs, provided that no payment shall be delayed under this Section 2.5(d) if such delay will result in a violation of Section 409A of the Code.

(c) With respect to any Tax Liability arising in connection with the PSUs, in the event Participant fails to provide timely payment of all sums required pursuant to Section 2.5(a), the Company shall have the right and option, but not the obligation, to treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 2.5(a)(ii) or Section 2.5(a)(iii) above, or any combination of the foregoing as the Company may determine to be appropriate.

(d) In the event any Tax Liability arising in connection with the PSUs will be satisfied under Section 2.5(a)(iii), then the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of shares from those Shares then issuable to Participant pursuant to the PSUs as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the Tax Liability and to remit the proceeds of such sale to the Company or the Subsidiary. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 2.5(d), including the transactions described in the previous sentence, as applicable. The Company may refuse to issue any Shares in settlement of the PSUs to Participant until the foregoing Tax Liability is satisfied, *provided* that no payment shall be delayed under this Section 2.5(d) if such delay will result in a violation of Section 409A of the Code.

(e) Participant is ultimately liable and responsible for and indemnifies the Company and each Subsidiary against all Tax Liability arising in connection with the PSUs, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the PSUs. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the PSUs or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the PSUs to reduce or eliminate any Tax Liability.

2.6 Rights as Shareholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a shareholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). Except as otherwise provided herein, after such issuance, recordation and delivery, Participant will have all the rights of a shareholder of the Company with respect to such Shares, including, without limitation, the right to receipt of dividends and distributions on such Shares.

2.7 Compensation Recoupment Policy. The grant of this Award is subject to the terms of the LivaNova Compensation Recoupment Policy, as it may provide from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require the Participant to repay or forfeit cash or equity awards, including this Award, or any ordinary shares or other cash or property received with respect to this and other awards, including any value received from a disposition of the ordinary shares acquired upon payment in respect of the awards.

ARTICLE III.

OTHER PROVISIONS

3.1 Administration. The Administrator shall have the power to interpret the Sub-Plan, the Grant Notice, this Agreement and the Foreign Appendix, if applicable, and to adopt such rules for the administration, interpretation and application of the Sub-Plan, the Grant Notice, this Agreement and the Foreign Appendix, if applicable, as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Sub-Plan, the Grant Notice, this Agreement or the Foreign Appendix, if applicable.

3.2 PSUs Not Transferable. The PSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the PSUs have been issued, and all restrictions applicable to such Shares have lapsed. No PSUs or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence. Notwithstanding the foregoing, with the consent of the Administrator, the PSUs may be transferred to certain persons or entities related to the Participant, including but not limited to members of Participant's family, charitable institutions or trusts or other entities whose beneficiaries or beneficial owners are members of Participant's family or to such other persons or entities as may be expressly approved by the Administrator, pursuant to any such conditions and procedures the Administrator may require.

3.3 Adjustments. The Administrator may accelerate the vesting of all or a portion of the PSUs in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the PSUs and the Shares subject to the PSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Sub-Plan, including Section 13 of the Sub-Plan.

3.4 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 3.4, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

3.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.6 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

3.7 Conformity to Securities Laws. Participant acknowledges that the Sub-Plan, the Grant Notice, this Agreement and the Foreign Appendix, if applicable, are intended to conform to the extent necessary with all Applicable Laws, including, without limitation, the provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission, and state securities laws and regulations and to the extent deemed applicable by the Administrator, the provisions of the Listing Rules of the London Stock Exchange published by the UK Listing Authority. Notwithstanding anything herein to the contrary, the Sub-Plan shall be administered, and the PSUs are granted, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Sub-Plan and this Agreement shall be deemed amended to the extent necessary to conform to Applicable Law.

3.8 Amendment, Suspension and Termination. To the extent permitted by the Sub-Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any

time or from time to time by the Administrator or the Board, *provided however* that, except as may otherwise be provided by the Sub-Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the PSUs in any material way without the prior written consent of Participant.

3.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 3.2 and the Sub-Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

3.10 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Sub-Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Sub-Plan, the PSUs (including PSUs which result from the deemed reinvestment of Dividend Equivalents), the Dividend Equivalents, the Grant Notice, this Agreement and the Foreign Appendix, if applicable, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.11 Not a Contract of Employment. Nothing in this Agreement or in the Sub-Plan shall confer upon Participant any right to continue to serve as an employee of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the employment of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant. Neither the Sub-Plan, the Grant Notice, the Foreign Appendix, if applicable, nor this Agreement afford the Participant any rights to compensation or damages, including for loss of or potential loss that the Participant may suffer as a result of the termination of the Sub-Plan, lapse of the PSUs or the termination of the Participant's employment with the Company. Neither the Sub-Plan, the Grant Notice, this Agreement nor the Foreign Appendix, if applicable, afford the Participant any rights to compensation or damages including for loss or potential loss that the Participant may suffer as a result of the termination of the Sub-Plan, lapse of the PSU or the termination of the Participant's employment.

3.12 PSUs Not Part of Employment Compensation. The PSUs and the Shares subject to the PSUs are extraordinary items that do not constitute part of normal or expected wages or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, holiday pay, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the employer, its parent, or any Subsidiary or affiliate of the Company. In addition, Participant acknowledges that by electronically signing the Grant Notice and this Agreement that the grant of the Award is at the Company's sole discretion based on the Sub-Plan, and does not entitle the Participant to further grant(s) of Awards, nor to claim for further grant(s) of Awards, in respect of the Sub-Plan or any other award(s) under any other plan or program maintained by the Company or any Subsidiary.

3.13 Data Protection. By electronically signing the Grant Notice and this Agreement, the Participant acknowledges and agrees that:

(a) the Company, a Subsidiary or the Participant's employer are permitted to hold and process personal information (including sensitive personal information) ("**Data**") about the Participant as part of their personnel and other business records and may use such information for the purpose of managing and administering the Sub-Plan;

(b) the Company, a Subsidiary or the Participant's employer may disclose the Data (as described in (a) above) to third parties in the event that such disclosure is in the Company's view required for the proper conduct of the Sub-Plan. The Company may also make the Data available to public authorities where required under locally applicable law. These recipients may be located in the United States, the European Economic Area, or elsewhere, which the Participant separately and expressly consents to, accepting that outside the European Economic Area, data protection laws are less protective than within;

(c) they may, at any time, review Data, require any necessary amendments to it or withdraw their consent herein by contacting the Company in writing, however, the Participant withdrawing their consent may affect their ability to participate in the Sub-Plan and receive the benefits intended pursuant to the Grant Notice and this Agreement;

(d) Data will only be held as long as necessary to implement, administer and manage the Participant's participation in the Sub-Plan and any subsequent claims or rights; and

(e) this section applies to any information held, used or disclosed in any medium.

3.14 Entire Agreement. The Sub-Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company, the Subsidiaries and Participant with respect to the subject matter hereof.

3.15 Section 409A. This Award is not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, "Section 409A"). However, notwithstanding any other provision of the Sub-Plan, the Grant Notice, this Agreement or the Foreign Appendix, if applicable, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Sub-Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A. Notwithstanding anything herein to the contrary, no provision of the Sub-Plan shall be interpreted or construed to transfer any liability for failure to comply with the requirements of Section 409A from Participant or any other person to the Company or any of its Subsidiaries, employees or agents. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid an accelerated or additional tax under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following the Participant's separation from service shall instead be paid on the first business day after the date that is six months following the Participant's separation from service (or, if earlier, the Participant's date of death).

3.16 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

3.17 Limitation on Participant's Rights. Participation in the Sub-Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Sub-Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the PSUs and Dividend Equivalents, and rights no greater than the right to receive Shares or cash as a general unsecured creditor with respect to the PSUs, as and when settled pursuant to the terms hereof.

3.18 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which shall be deemed an original and all of which together shall constitute one instrument.

3.19 Special Provisions for PSUs Granted to Participants Outside the U.S. If Participant performs services for the Company or any Subsidiary outside of the United States, the PSUs shall be subject to the special provisions, if any, for Participant's country of residence, as set forth in the Foreign Appendix.

(a) If Participant relocates to one of the countries included in the Foreign Appendix during the life of this Award, the special provisions for such country shall apply to Participant, to the extent the Company determines that the application of such provisions is necessary or advisable in order to comply with local law or facilitate the administration of the Sub-Plan.

(b) The Company reserves the right to impose other requirements on this Award and any Shares received upon settlement of the PSUs, to the extent the Company determines it is necessary or advisable in order to comply with local laws or facilitate the administration of the Sub-Plan, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

3.20 Broker-Assisted Sales. In the event of any broker-assisted sale of Shares in connection with the payment of withholding taxes as provided in Section 2.5(a)(iii) or Section 2.5(d): (A) any Shares to be sold through a broker-assisted sale will be sold on the day the tax withholding obligation arises or as soon thereafter as practicable; (B) such Shares may be sold as part of a block trade with other participants in the Sub-Plan in which all participants receive an average price; (C) Participant will be responsible for all broker's fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (D) to the extent the proceeds of such sale exceed the applicable tax withholding obligation, the Company agrees to pay such excess in cash to Participant as soon as reasonably practicable; (E) Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the applicable tax withholding obligation; and (F) in the event the proceeds of such sale are insufficient to satisfy the applicable tax withholding obligation, Participant agrees to pay immediately upon demand to the Company or its Subsidiary with respect to which the withholding obligation arises an amount in cash sufficient to satisfy any remaining portion of the Company's or the applicable Subsidiary's withholding obligation.

* * * * *

EXHIBIT B

TO PERFORMANCE STOCK UNIT award GRANT NOTICE
SPECIAL PROVISIONS FOR PERFORMANCE STOCK UNITS

GRANTED TO PARTICIPANTS OUTSIDE THE U.S.

This Exhibit B includes special terms and conditions applicable to Participants in the countries below. These terms and conditions are in addition to those set forth in the PSU Agreement (the "Agreement") and the Sub-Plan and to the extent there are any inconsistencies between these terms and conditions and those set forth in the Agreement or the Sub-Plan, these terms and conditions shall prevail. Any capitalized term used in this Exhibit B without definition shall have the meaning ascribed to such term in the Sub-Plan or the Agreement, if applicable.

This Foreign Appendix also includes information relating to exchange control and other issues of which Participant should be aware with respect to his or her participation in the Sub-Plan. The information is based on the exchange control, securities and other laws in effect in the respective countries as at May 2017. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information herein as the only source of information relating to the consequences of participation in the Sub-Plan because the information may be out of date at the time the PSUs are settled or any Shares acquired under the Sub-Plan are sold.

In addition, the information is general in nature and may not apply to the particular situation of Participant, and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant is advised to seek appropriate professional advice as to how the relevant laws in his or her country may apply to his or her situation. Finally, if Participant is a citizen or resident of a country other than the one in which he or she is currently working, the information contained herein may not be applicable to Participant.

AUSTRALIA

A copy of the Sub-Plan is enclosed with this Grant Notice and Agreement.

The Sub-Plan, the Agreement and this Grant Notice do not constitute financial advice

Any advice given by the Company in relation to the Grant Notice, the Agreement, the Sub-Plan, the PSUs or the Shares does not constitute financial advice and does not take into account your objectives, financial situation and needs. In considering the PSUs and the amount of cash and/or Shares that you will receive on vesting of the PSUs, you should consider the risk factors that could affect the performance of the Company and the value of PSUs and Shares, which value can increase or decrease from time to time, and the amount of any Tax Liability.

You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and tax issues). You should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to acquire PSUs or Shares.

How to calculate values in Australian dollars

Your PSUs will vest in accordance with the Grant Notice and the Agreement (which require certain conditions to be met) and are subject to a four year graded vesting schedule. The PSUs may result in Shares or cash being given to you, in accordance with the Grant Notice.

You will not be required to pay any amount for the PSUs or any Shares that will be issued to you upon vesting. However the amount of cash or number of Shares you receive will depend on the market price of Shares at the time and the amount of any Tax Liability in connection with the grant and vesting of the PSUs and the issue of any Shares.

You can ascertain the market price of a Share in the Company in United States Dollars ("USD") from time to time by visiting either:

- the Company's website (http://www.livanova.com/investor-relations/stock-information); or
- the NASDAQ website (http://www.nasdaq.com/symbol/livn).

To determine the market value of a Share in Australian Dollars ("AUD"), you will need to apply the prevailing USD : AUD exchange rate. For example, if the exchange rate is 1 USD : 1.5 AUD, and one share of Common Stock has a value of USD $1 on the NASDAQ, its equivalent value will be AUD $1.50.

CANADA

Unless otherwise determined by the Administrator, Participant's PSUs shall only be distributed in Shares (either in book-entry form or otherwise), and no portion of the Participant's PSUs shall be payable to the Participant in cash.

CHINA

Unless otherwise determined by the Administrator, Participant's PSUs shall only be settled in cash, and no portion of the Participant's PSUs shall be distributed in Shares.

FRANCE

If the Participant is employed by a French subsidiary of the Group, the terms and conditions provided in the French Sub-Plan will apply, in addition to the terms set out below. References in the Agreement to "Sub-Plan" shall be references to the "French Sub-Plan" and references in the Agreement to Performance Stock Units (PSU) shall be references to Restricted Stock Units (RSU) per the French Sub-Plan

Participant's PSUs shall only be distributed in Shares (either in book-entry form or otherwise), and no portion of the Participant's PSUs shall be payable to the Participant in cash. Participant cannot benefit from any Dividend Equivalent provided for under Sections 2.1 and 2.2 of the Agreement.

The following paragraph is inserted at Section 2.7 of the Agreement

2.7. Holding Period:

(a) In accordance with section 6 of the French Sub-Plan, Shares delivered to the Participant prior to the end of the second anniversary of the Grant Date cannot be transferred prior to the first anniversary of their Delivery Date (i.e., the "Holding Period") (as such terms are defined in the French Sub-Plan).

(b) In the event that the Participant does not comply with section 2.7(a) of the Agreement, the Participant will only be responsible for reimbursing the French Subsidiary for any tax liability which is has or will incur as a result of such non-compliance, excluding for the avoidance of doubt any employer social security contributions. The Participant agrees to indemnify and keep indemnified the French Subsidiary in respect of such a tax liability.

(c) If the Participant wishes to transfer Shares during the Holding Period, the Participant must give written notice of the proposed transfer to the Company as soon as reasonably practicable, and in any event at least 3 business days in advance of the proposed transfer.

(d) The Participant acknowledges that if the Participant wishes to sell Shares during the Holding Period, such sale will be undertaken by Merrill Lynch through the Participant's limited purpose brokerage account at Merrill Lynch and will not be valid for any other broker dealer. The Participant acknowledges that such sale will be subject to sales commission and fees, which will be deducted from the sale proceeds and the residual balance will be deposited in the Participant's Merrill Lynch brokerage account.

(e) The Participant acknowledges that Merrill Lynch may execute such order: (a) in a single transaction or multiple transactions during the course of the trading day, or (b) it may aggregate the order with other orders for other sellers of LivaNova plc securities, execute them as a block or in multiple smaller transactions, and allocate an average price to each seller. The Participant further acknowledges that the sale instruction will not be accepted by Merrill Lynch and the order will not be executed until the Participant opens a limited purpose brokerage account. The Participant acknowledges that the order will be executed in their limited purpose account and will be subject to the terms and conditions that they agree to for that account. The current terms and conditions of the limited purpose account can be found on Benefits Online®.

(f) The Participant agrees that Merrill Lynch may discuss with and disclose to LivaNova plc any information relating to their account for the purposes of any sale transaction.

Section 3.13 shall be deleted in its entirety and replaced by the following:

Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal "Data" (as defined below) by the Company for the exclusive purpose of implementing, administering and managing Participant's participation in the Sub-Plan. Participant understands that the Company holds certain personal information about Participant: Participant's name, home address and telephone number, date of birth, employee identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or

outstanding in Participant's favor, for the purpose of implementing, administering and managing the Sub-Plan ("**Data**"). Participant understands that Data will be transferred to such stock plan service providers as may be selected by the Company which are assisting the Company with the implementation, administration and management of the Sub-Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere (and, if Participant is a resident of a member state of the European Union, may be outside the European Economic Area) and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that he or she may request a list with the names and addresses of all recipients of the Data by contacting his or her local human resources representative. Participant authorizes the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Sub-Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Sub-Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Sub-Plan. The Company may also make the Data available to public authorities where required under locally applicable law. Participant understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Participant's local human resources representative. Participant understands, however, that refusing or withdrawing consent may affect Participant's ability to participate in the Sub-Plan. For more information on the consequences of refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative. This Section applies to information held, used or disclosed in any medium.

GERMANY

Definition of "Tax Liability" in Section 2.5:

For the avoidance of doubt, the definition of "Tax Liability" shall only include the employee portions of the social security contributions.

The following sentence is inserted at Section 3.1 of the Agreement

For the avoidance of doubt, the Administrator's decisions and interpretations shall be subject to reasonable discretion.

The heading of Section 3.12 shall be supplemented and read as follows:

Section 3.12 PSUs Not Part of Employment Compensation, No Legal Claim to Grant(s).

Section 3.13 shall be deleted in its entirety and replaced by the following:

Section 3.13 Consent to Personal Data Processing and Transfer.

By signing these terms and conditions, Participant acknowledges and agrees that:

(a) the Company and the Participant's employer may collect, store, process and use certain personal data of Participant and may further transfer them to Cyberonics, Inc., a wholly-owned subsidiary of LivaNova PLC, located at 100 Cyberonics Blvd, Houston, TX 77058,

U.S.A., and Certent, Inc., the Company's equity compensation management vendor, located at 1548 Eureka Rd., Suite 100, Roseville, CA 95661, U.S.A., and Merrill Lynch, Pierce, Fenner & Smith, Incorporated, a wholly-owned subsidiary of Bank of America Corporation, the Company's broker for equity compensation management and transactions, located at World Financial Center, 220 Vesey Street, New York, NY 10281 for the exclusive purpose of implementing, administering, managing and accounting Participant's participation in the Sub-Plan;

(b) personal data of Participant are: first name/s and last name, birth date, gender, family status, home address, job title, working location, e-mail addresses and phone numbers, social security and tax numbers, tax class, cash compensation and equity award compensation (the "Data");

(c) this section applies to any Data held, used or disclosed in any medium;

(d) the Data will be transferred to the locations listed in subparagraph (a) above, and locations outside of the European Economic Area who provide for a lesser level of data protection than locations within;

(e) Data will only be held as long as necessary to implement, administer, manage and account Participant's participation in the Sub-Plan and any subsequent claims or rights;

(f) the consent to the personal data processing as described in this Section 3.13 is entirely voluntary and can be withdrawn at any time; Participant is advised, however, that missing consent in written form may affect his ability to participate in the Sub-Plan and receive benefits intended pursuant to the Grant Notice, the Agreement and the Foreign Appendix.

Name of Participant: _____

Place/Date: _____

Participant's Signature: _____

UNITED KINGDOM

The following paragraph is inserted as Section 2.5 (f) of the Agreement

Loan. The Participant agrees that if the Participant does not pay his/her employer or the Company does not withhold from the Participant the full amount of any Tax Liability within ninety (90) days after the end of the tax year in which the Tax Liability occurred, or such other period specified in Section 222 (1)(c) of Income Tax (Earnings and Pensions) Act 2003, then the amount that should have been withheld shall constitute a loan owed by the Participant to the employer, effective 90 days after the end of the tax year in which the Tax Liability occurred. The Participant agrees that the loan will bear interest at the official rate of HMRC and will be immediately due and repayable by the Participant, and the Company and/or the employer may recover it at any time thereafter by: (a) withholding the funds from salary, bonus or any other funds due to the Participant by the Company or the employer; (b) withholding the Shares issued upon vesting and settlement of the PSUs or from the cash proceeds from

the sale of Shares; or (c) demanding cash or a cheque from the Participant. The Participant also authorizes the Company to delay the issuance of any Shares to the Participant unless and until the loan is repaid in full.

LIVANOVA PLC
2015 INCENTIVE AWARD SUB-PLAN
STOCK APPRECIATION RIGHT GRANT NOTICE AND
STOCK APPRECIATION RIGHT AGREEMENT

LivaNova PLC, a public limited company incorporated under the laws of England and Wales (the "Company"), pursuant to its 2015 Incentive Award Plan (including where relevant the Sub-Plan for UK Participants), as amended from time to time (the "Sub-Plan"), hereby grants to the holder listed below ("Participant") an award of stock appreciation rights over the number of ordinary shares of the Company ("Shares") set forth below (the "SARs"). Upon exercise, each SAR represents the right to receive an amount equal to the Fair Market Value of one Share on the date of exercise less the Exercise Price per Share set forth below. Payment of such amount shall be in cash, Shares (based on their Fair Market Value as of the date the SAR is exercised) or a combination of both, as determined by the Administrator. The SARs are subject to the terms and conditions set forth in this SAR Grant Notice (this "Grant Notice"), the SAR Agreement attached hereto as Exhibit A (the "Agreement"), the Sub-Plan and the special provisions for Participant's country of residence, if any, attached hereto as Exhibit B (the "Foreign Appendix"), each of which is incorporated herein by reference. Unless otherwise defined herein, the terms defined in (or by reference in) the Sub-Plan shall have the same defined meanings in this Grant Notice and the Agreement.

Participant:	[_____]
Grant Date:	[_____]
Exercise Price Per Share:	$[_____]
Total Number of Shares Subject to SARs:	[_____]
Expiration Date:	[_____]
Vesting Schedule:	Subject to the terms and conditions of the Agreement, the SARs shall vest as follows: [_____]

By clicking the "ACCEPT" button, the Participant and the Company agree to be bound by the terms and conditions of the Sub-Plan, the Agreement, the Foreign Appendix, if applicable, and this Grant Notice all of which the Participant can access through a link from the Grant Notice. The Participant has reviewed the Sub-Plan, the Agreement, the Foreign Appendix, if applicable, and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to electronically signing the Grant Notice and this Agreement and fully understands all provisions of this Grant Notice, the Agreement, the Foreign Appendix, if applicable, and the Sub-Plan. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Sub-Plan, this Grant Notice, the Foreign Appendix, if applicable or the Agreement.

By clicking "ACCEPT" you confirm that you understand and agree to be bound by the provisions below. This will apply where the Company elects that any tax liability arising in respect of your SARs shall be satisfied pursuant to Section 4.5(a)(v) of the Agreement.

I understand that by clicking ‘Accept,’ I am instructing Merrill Lynch to execute my order to sell shares of LivaNova plc common stock at market price to obtain cash for payment of any withholding taxes due as a result of the vesting or payment of my stock appreciation rights ("SARs") equity award(s) (“Tax”), including any previously vested SAR awards that are currently pending settlement (1) or outstanding unvested SAR awards (2). This instruction will only be valid for my limited purpose brokerage account at Merrill Lynch and will not be valid for any other broker dealer. Merrill Lynch will sell an amount of shares on the next trading day after the vest or payment date of my SAR equity award(s) based on dividing the sum of the Tax and estimated sales commissions and fees, plus 2% to help ensure that enough shares are sold to cover the Tax (i.e., [Tax + commissions + fees] x 1.02) by the closing share price on the trading day prior to the sale date. If the initial sale does not result in sufficient cash to pay my Tax, Merrill Lynch will sell additional shares at market price based on dividing the sum of the residual unpaid Tax and estimated commissions and fees, plus 6% to ensure that enough shares are sold to cover the Tax (i.e., [residual unpaid Tax + commissions + fees] x 1.06) by the then current market price. **Any residual cash after payment of the Tax, commissions and fees will be deposited into my Merrill Lynch brokerage account.**
Merrill Lynch may execute my order: (a) in a single transaction or multiple transactions during the course of the trading day, or (b) it may aggregate my order with other orders for other sellers of LivaNova plc securities, execute them as a block or in multiple smaller transactions, and allocate an average price to each seller. I understand that this instruction will not be accepted by Merrill Lynch and my order will not be executed until I open my limited purpose brokerage account. I also understand that this order will be executed in my limited purpose account and will be subject to the terms and conditions that I agree to for that account. The current terms and conditions of the limited purpose account can be found on Benefits Online®.

I permit Merrill Lynch to discuss with and disclose to LivaNova plc any information relating to my account for the purposes of this transaction.

You must also check your W-9 or W-8 tax certification(3) ***to confirm it will be in effect on the sale date(s).***

(1) You can view previously vested awards that are currently pending settlement by accessing the Pending Activity page located within the Grant Information Dropdown on Benefits Online®.

(2) You can view outstanding unvested awards by accessing the Grant Detail page which is accessible when viewing additional details of an award from the Grant Summary page on Benefits Online®.

(3) *You can view the current status of your W-9 or W-8 by accessing the Participant/Tax Profile page located within the Individual/Plan Information Dropdown on Benefits Online®.*

EXHIBIT A

TO STOCK APPRECIATION RIGHT GRANT NOTICE

STOCK APPRECIATION RIGHT AGREEMENT

Pursuant to the Stock Appreciation Right Grant Notice (the "Grant Notice") to which this Stock Appreciation Right Agreement (this "Agreement") is attached, LivaNova PLC, a public limited company incorporated under the laws of England and Wales (the "Company") has granted to Participant Stock Appreciation Rights ("SARs") under the Company's 2015 Incentive Award Plan (including where relevant the Sub-Plan for UK Participants), as amended from time to time (the "Sub-Plan") over the number of Shares set forth in the Grant Notice.

ARTICLE I.

GENERAL

Section 1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Sub-Plan or the Grant Notice. For purposes of this Agreement:

(a) "Disability" shall be defined as in Participant's employment letter or agreement with the Company or a Subsidiary, as amended from time to time, or if Participant is not a party to such a letter or agreement or such letter or agreement does not contain such a definition, shall mean Participant's inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that can be expected to last for a continuous period of not less than 12 months.

Section 1.2 Incorporation of Terms of Sub-Plan and Foreign Appendix. The SARs and the Shares issued to the Participant hereunder are subject to the terms and conditions set forth in the Sub-Plan and the Foreign Appendix, if applicable, each of which is incorporated herein by reference, as well as this Agreement. In the event of any inconsistency between the Sub-Plan and this Agreement, the terms of the Sub-Plan shall control. In the event of any inconsistency between the Sub-Plan and/or this Agreement with the Foreign Appendix, the terms of the Foreign Appendix shall control.

ARTICLE II.

GRANT OF SARS

Section 2.1 Grant of SARs. In consideration of Participant's past and/or continued employment with the Company or a Subsidiary and for other good and valuable consideration, effective as of the grant date set forth in the Grant Notice (the "Grant Date"), the Company has granted to Participant the SARs over the aggregate number of Shares set forth in the Grant Notice, upon the terms and conditions set forth in the Grant Notice, the Sub-Plan, the Foreign Appendix, if applicable, and this Agreement, subject to adjustment as provided in Section 13.2 of the Sub-Plan.

Section 2.2 Exercise Price. The exercise price per share of the Shares covered by the SARs (the "Exercise Price") shall be as set forth in the Grant Notice.

Section 2.3 Consideration to the Company. In consideration of the grant of the SARs by the Company, Participant agrees to render faithful and efficient services to the Company or any Subsidiary. Nothing in the Sub-Plan, the Grant Notice, the Foreign Appendix, if applicable or this Agreement shall confer upon Participant any right to continue in the employ of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and the Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the employment of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

ARTICLE III.

PERIOD OF EXERCISABILITY

Section 3.1 Commencement of Exercisability.

(a) Subject to Participant's continued employment with the Company or a Subsidiary on each applicable vesting date and subject to Sections 3.1(b), (c), (d), 3.2 and 3.3 hereof, the SARs shall become vested and exercisable in such amounts and at such times as are set forth in the Grant Notice.

(b) In the event a Participant incurs a Termination of Service due to an Approved Retirement, the Participant's outstanding SARs will not be forfeited upon such Approved Retirement, but instead outstanding SARs shall continue to vest on the date(s) set out in the Grant Notice (provided all other terms which apply to the SARs are met, including the terms regarding restricted activities set forth below).

"Approved Retirement" means a Termination of Service designated by the Committee, in its absolute discretion, as an Approved Retirement.

In exercising its discretion in designating a Termination of Service as an Approved Retirement, the Committee will strongly consider management recommendations based on each specific situation including the Participant's expressed commitment at the time of Termination of Service to cease any form of full-time paid work (including, but not limited to, self-employment; agency work; or employment), Participant's tenure of service, performance records throughout the Participant's employment or engagement by the Company or its Subsidiaries.

In the event the Company determines that a Participant who incurs a Termination of Service designated as an Approved Retirement commits a material breach of any fiduciary, confidentiality, non-disclosure, non-competition, non-solicitation, non-interference, non-disparagement obligations to the Company or its Subsidiaries (including without limitation, the Participant's engagement in any Prohibited Activities), any portion of the SARs unvested at such time shall be immediately forfeited for no consideration. For the purposes of this Section 3.1(b), "Prohibited Activities" shall mean the activities that are prohibited pursuant to any confidentiality agreement or covenant not to compete, not to solicit or hire employees, not to solicit or disrupt business relations, not to disparage the Company, its Subsidiaries or any of its or their officers and employees or any similar restrictions set out in any employment, severance or other written agreement then in effect between the Participant and the Company or one of its Subsidiaries.

If no such agreement containing such restrictions is then in effect, the Participant will be deemed to be engaged in "Prohibited Activities" if the Participant, during the term of his or her employment or engagement or in the period during which any SARs remain unvested following his or her Termination of Service, engages in any employment or business activities for him or herself or on behalf of any enterprise in any capacity or owns any interest in any entity which competes or is competitive with the business of the Company or any Subsidiary in any country in which the Company or its Subsidiaries operate, in each case with which the Participant has been materially involved or for which the Participant was responsible in the 12 months immediately before his or her Termination of Service..

(c) In the event of a Change in Control that occurs following the Grant Date, the SARs shall become fully vested and exercisable immediately prior to, but subject to the consummation of, such Change in Control, subject to Participant's continuous employment with the Company or a Subsidiary through such Change in Control.

(d) In the event of Participant's Termination of Service due to Participant's death or Disability, the SARs shall become fully vested and exercisable upon such Termination of Service.

(e) Unless otherwise determined by the Administrator or as set forth in a written agreement between Participant and the Company, except as provided in Section 3.1(b), any portion of the SARs that has not become vested and exercisable on or prior to the date of Participant's Termination of Service shall be forfeited on the date of Participant's Termination of Service and shall not thereafter become vested or exercisable.

Section 3.2 Duration of Exercisability. The installments provided for in the vesting schedule set forth in the Grant Notice are cumulative. Each such installment that becomes vested and exercisable pursuant to the vesting schedule set forth in the Grant Notice shall remain vested and exercisable until it becomes unexercisable under Section 3.3 hereof. Once the SARs become unexercisable, they shall be forfeited immediately.

Section 3.3 Expiration of SARs. The SARs may not be exercised to any extent by anyone after the first to occur of the following events:

(a) The expiration date set forth in the Grant Notice;

(b) Except in the case of an Approved Retirement or as the Administrator may otherwise approve, the expiration of three months from the date of Participant's Termination of Service for any reason.

ARTICLE IV.

EXERCISE

Section 4.1 Person Eligible to Exercise. During the lifetime of Participant, only Participant may exercise the SARs. After the death of Participant, any exercisable portion of the SARs may, prior to the time when the SARs become unexercisable under Section 3.3 hereof, be exercised by Participant's personal representative or by any person empowered to do so under the deceased Participant's will or under the then applicable laws of descent and distribution.

Section 4.2 Partial Exercise. Any exercisable portion of the SARs or all of the SARs, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the SARs or

portion thereof becomes unexercisable under Section 3.3 hereof. However, the SARs shall not be exercisable with respect to fractional shares.

Section 4.3 Manner of Exercise. The SARs, or any exercisable portion thereof, may be exercised solely by delivery to the Secretary of the Company (or any third party administrator or other person or entity designated by the Company), during regular business hours, of all of the following prior to the time when the SARs or such portion thereof become unexercisable under Section 3.3 hereof:

(a) An exercise notice in a form specified by the Administrator, stating that the SARs or portion thereof is thereby exercised, such notice complying with all applicable rules established by the Administrator;

(b) The payment of any applicable Tax Liability in accordance with Section 4.5;

(c) Any other written representations or documents as may be required in the Administrator's sole discretion to effect compliance with Applicable Law; and

(d) In the event the SARs or portion thereof shall be exercised pursuant to Section 4.1 hereof by any person or persons other than Participant, appropriate proof of the right of such person or persons to exercise the SARs.

Notwithstanding any of the foregoing, the Administrator shall have the right to specify all conditions of the manner of exercise, which conditions may vary by country and which may be subject to change from time to time.

Section 4.4 Time of Settlement. The Shares or cash payable upon exercise of the SARs or any portion thereof shall be provided to Participant within 60 days following the date of exercise of the SARs or such portion. Any such cash shall be payable in a lump sum.

Section 4.5 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) The Company and its Subsidiaries have the authority to deduct or withhold, or require Participant to remit to the Company or the applicable Subsidiary, an amount sufficient to satisfy any applicable federal, state, local and foreign taxes (including income tax, employees' (and at the discretion of the Company, employer's) National Insurance contributions, social security contributions and the employee portion of any FICA obligation, or any equivalent taxes in any jurisdiction) required by law to be withheld, paid or otherwise arising with respect to any taxable event arising pursuant to this Agreement, including the grant, vesting or exercise of the SARs, the settlement of the SARs on exercise in either Shares or cash and the sale of any of the Shares (any a "Tax Liability"). The Company and its Subsidiaries may withhold or Participant may make such payment in one or more of the forms specified below:

(i) by cash or check made payable to the Company or the Subsidiary with respect to which the withholding obligation arises;

(ii) by the deduction of such amount from other compensation payable to Participant;

(iii) by the Company withholding a net number of Shares issuable upon the exercise of the SARs having a then current Fair Market Value or, if the SARs are settled in cash, an amount of the cash payment made with respect to the SARs, in each case not exceeding the amount necessary to satisfy

the Tax Liability based on the minimum applicable statutory rates for such Tax Liability or such other rate as does not result in adverse accounting consequences for the Company;

(iv) with the consent of the Administrator, by tendering to the Company Shares having a then current Fair Market Value not exceeding the amount necessary to satisfy the Tax Liability based on the minimum applicable statutory rates for such Tax Liability or such other rate as does not result in adverse accounting consequences for the Company;

(v) if the Administrator determines to settle the SARs in Shares, through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to any Shares then issuable to Participant upon exercise of the SARs, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company or the Subsidiary with respect to which the Tax Liability arises in satisfaction of such Tax Liability; *provided* that payment of such proceeds is then made to the Company or the applicable Subsidiary at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(vi) in any combination of the foregoing.

(b) The Company shall not be obligated to deliver any cash or any certificate representing Shares issuable with respect to the exercise of the SARs to, or to cause any such Shares to be held in book-entry form by, Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the exercise of the SARs or any other taxable event related to the SARs; *provided*, *however*, that no payment shall be delayed under this Section 4.5(b) if such delay would result in a violation of Section 409A.

(c) With respect to any Tax Liability arising in connection with the SARs, in the event Participant fails to provide timely payment of all sums required pursuant to Section 4.5(a), the Company shall have the right and option, but not the obligation, to treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 4.5(a)(ii) or Section 4.5(a)(iii) above, or any combination of the foregoing as the Company may determine to be appropriate.

(d) In the event any Tax Liability arising in connection with the SARs will be satisfied under Section 4.5(a)(iii), then the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of shares from those Shares then issuable upon the exercise of the SARs as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the Tax Liability and to remit the proceeds of such sale to the Company or the Subsidiary. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 4.5(d). In the event of any such broker-assisted sale of Shares: (a) any Shares to be sold through a broker-assisted sale will be sold on the day the tax withholding obligation arises, or as soon thereafter as practicable; (b) such Shares may be sold as part of a block trade with other participants in the Sub-Plan in which all participants receive an average price; (c) Participant will be responsible for all broker's fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages or expenses relating to any such sale; (d) to the extent the proceeds of such sale exceed the applicable Tax Liability, the Company agrees to pay such excess in cash to Participant as soon as reasonably practicable; (e) Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not

be sufficient to satisfy the applicable Tax Liability; and (f) in the event the proceeds of such sale are insufficient to satisfy the applicable Tax Liability, Participant agrees to pay immediately upon demand to the Company or the Subsidiary an amount in cash sufficient to satisfy any remaining portion of the Tax Liability.

(e) Participant is ultimately liable and responsible for and indemnifies the Company and each Subsidiary against all Tax Liability arising in connection with the SARs, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the SARs. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any Tax Liability in connection with the awarding, vesting or exercise of the SARs or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the SARs to reduce or eliminate any Tax Liability.

Section 4.6 Conditions to Issuance of Shares. If the Administrator determines to settle any SARs in Shares, the Company shall not be required to issue or deliver any Shares upon the exercise of such SARs prior to fulfillment of all of the following conditions: (a) the admission of such Shares to listing on all stock exchanges on which such Shares are then listed, (b) the completion of any registration or other qualification of such Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body that the Administrator shall, in its absolute discretion, deem necessary or advisable, (c) the obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable and (d) the receipt of full payment of any applicable withholding tax in accordance with Section 4.5 by the Company or its Subsidiary with respect to which the applicable withholding obligation arises.

Section 4.7 Rights as Shareholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a shareholder of the Company, including, without limitation, voting rights and rights to dividends, in respect of any of the Shares subject to the SARs unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars and delivered to Participant (including through electronic delivery to a brokerage account). No adjustment shall be made for a dividend or other right for which the record date is prior to the date of such issuance, recordation and delivery, except as provided in Section 13 of the Sub-Plan. Except as otherwise provided herein, if the Administrator determines to settle the SARs in Shares, after such issuance, recordation and delivery, Participant will have all the rights of a shareholder of the Company with respect to such Shares, including, without limitation, the right to receipt of dividends and distributions on such shares.

Section 4.8 Compensation Recoupment Policy. The grant of this Award is subject to the terms of the LivaNova Compensation Recoupment Policy, as it may provide from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require the Participant to repay or forfeit cash or equity awards, including this Award, or any ordinary shares or other cash or property received with respect to this and other awards, including any value received from a disposition of the ordinary shares acquired upon payment in respect of the awards.

ARTICLE V.

OTHER PROVISIONS

Section 5.1 Administration. The Administrator shall have the power to interpret the Sub-Plan, the Grant Notice, the Foreign Appendix, if applicable, and this Agreement and to adopt such rules for the administration, interpretation and application of the Sub-Plan, the Grant Notice, the Foreign Appendix, if applicable, and this Agreement as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Sub-Plan, the Grant Notice, the Foreign Appendix, if applicable, or this Agreement.

Section 5.2 SARs Not Transferable. Without limiting the generality of any other provision hereof, the SARs shall be subject to the restrictions on transferability set forth in Section 11 of the Sub-Plan.

Section 5.3 Adjustments. The Administrator may accelerate the vesting of all or a portion of the SARs in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the SARs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Sub-Plan, including Section 13 of the Sub-Plan.

Section 5.4 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 5.4, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by reputable overnight courier or by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

Section 5.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

Section 5.6 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

Section 5.7 Conformity to Securities Laws. Participant acknowledges that the Sub-Plan, the Grant Notice, the Foreign Appendix, if applicable, and this Agreement are intended to conform to the extent necessary with all Applicable Laws, including, without limitation, the provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Sub-Plan shall be administered, and the SARs are granted and may be exercised, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Sub-Plan and this Agreement shall be deemed amended to the extent necessary to conform to Applicable Law.

Section 5.8 Amendment, Suspension and Termination. To the extent permitted by the Sub-Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated

at any time or from time to time by the Administrator or the Board, *provided, however,* that, except as may otherwise be provided by the Sub-Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the SARs in any material way without the prior written consent of Participant.

Section 5.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 11 of the Sub-Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

Section 5.10 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Sub-Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Sub-Plan, the SARs, the Grant Notice, the Foreign Appendix, if applicable, and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

Section 5.11 Not a Contract of Employment. Nothing in this Agreement or in the Sub-Plan shall confer upon Participant any right to continue to serve as an Employee of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the employment of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant. Neither the Sub-Plan, the Grant Notice, the Foreign Appendix, if applicable, nor this Agreement afford the Participant any rights to compensation or damages, including for loss of or potential loss that the Participant may suffer by reason of being unable to exercise the SAR as a result of the termination of the Sub-Plan, lapse of the SARs or the termination of the Participant's employment with the Company.

Section 5.12 SARs Not Part of Employment Compensation. The SARs and the Shares subject to the SAR are extraordinary items that do not constitute part of normal or expected wages or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, holiday pay, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the employer, its parent, or any Subsidiary or affiliate of the Company. In addition, Participant acknowledges that by electronically signing the Grant Notice and this Agreement that the grant of the Award is at the Company's sole discretion based on the Sub-Plan, and does not entitle the Participant to further grant(s) of Awards, nor to claim for further grant(s) of Awards, in respect of the Sub-Plan or any other award(s) under any other plan or program maintained by the Company or any Subsidiary.

Section 5.13 Data Protection. By electronically signing the Grant Notice and this Agreement, the Participant acknowledges and agrees that:

(a) the Company, a Subsidiary or the Participant's employer are permitted to hold and process personal information (including sensitive personal information) ("**Data**") about the Participant as part of their personnel and other business records and may use such information for the purpose of managing and administering the Sub-Plan;

(b) the Company, a Subsidiary or the Participant's employer may disclose the Data (as described in (a) above) to third parties in the event that such disclosure is in the Company's view required for the proper conduct of the Sub-Plan. The Company may also make the Data available to public authorities where required under locally applicable law. These recipients may be located in the United States, the European Economic Area, or elsewhere, which the Participant separately and expressly consents to, accepting that outside the European Economic Area, data protection laws are less protective than within;

(c) they may, at any time, review Data, require any necessary amendments to it or withdraw their consent herein by contacting the Company in writing, however, the Participant withdrawing their consent may affect their ability to participate in the Sub-Plan and receive the benefits intended pursuant to the Grant Notice and this Agreement;

(d) Data will only be held as long as necessary to implement, administer and manage the Participant's participation in the Sub-Plan and any subsequent claims or rights; and

(e) this section applies to any information held, used or disclosed in any medium.

Section 5.14 Entire Agreement. The Sub-Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company, the Subsidiaries and Participant with respect to the subject matter hereof.

Section 5.15 Section 409A. This Award is not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, "Section 409A"). However, notwithstanding any other provision of the Sub-Plan, the Grant Notice, the Foreign Appendix, if applicable, or this Agreement, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Sub-Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A. Notwithstanding anything herein to the contrary, no provision of the Sub-Plan shall be interpreted or construed to transfer any liability for failure to comply with the requirements of Section 409A from Participant or any other person to the Company or any of its Subsidiaries, employees or agents. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid an accelerated or additional tax under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following the Participant's separation from service shall instead be paid on the first business day after the date that is six months following the Participant's separation from service (or, if earlier, the Participant's date of death).

Section 5.16 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

Section 5.17 Limitation on Participant's Rights. Participation in the Sub-Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Sub-Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the SARs, and rights no greater than the right to receive Shares or cash as a general unsecured creditor with respect to the SARs, as and when exercised pursuant to the terms hereof.

Section 5.18 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which shall be deemed an original and all of which together shall constitute one instrument.

Section 5.19 Special Provisions for SARs Granted to Participants Outside the U.S. If Participant performs services for the Company outside of the United States, the SARs shall be subject to the special provisions, if any, for Participant's country of residence, as set forth in the Foreign Appendix.

(a) If Participant relocates to one of the countries included in the Foreign Appendix during the life of this Option, the special provisions for such country shall apply to Participant, to the extent the Company determines that the application of such provisions is necessary or advisable in order to comply with local law or facilitate the administration of the Sub-Plan.

(b) The Company reserves the right to impose other requirements on this Award and any Shares received upon exercise of the SARs, to the extent the Company determines it is necessary or advisable in order to comply with local laws or facilitate the administration of the Sub-Plan, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

Section 5.20 Broker-Assisted Sales. In the event of any broker-assisted sale of Shares in connection with the payment of withholding taxes as provided in Section 4.5(a)(iii) or Section 4.5(d): (A) any Shares to be sold through a broker-assisted sale will be sold on the day the tax withholding obligation arises or as soon thereafter as practicable; (B) such Shares may be sold as part of a block trade with other participants in the Sub-Plan in which all participants receive an average price; (C) Participant will be responsible for all broker's fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (D) to the extent the proceeds of such sale exceed the applicable tax withholding obligation, the Company agrees to pay such excess in cash to Participant as soon as reasonably practicable; (E) Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the applicable tax withholding obligation; and (F) in the event the proceeds of such sale are insufficient to satisfy the applicable tax withholding obligation, Participant agrees to pay immediately upon demand to the Company or its Subsidiary with respect to which the withholding obligation arises an amount in cash sufficient to satisfy any remaining portion of the Company's or the applicable Subsidiary's withholding obligation.

*** * * ***

EXHIBIT B

TO STOCK APPRECIATION RIGHT GRANT NOTICE
SPECIAL PROVISIONS FOR SARS

GRANTED TO PARTICIPANTS OUTSIDE THE U.S.

This Exhibit B includes special terms and conditions applicable to Participants in the countries below. These terms and conditions are in addition to those set forth in the SAR Agreement (the "Agreement") and the Sub-Plan and to the extent there are any inconsistencies between these terms and conditions and those set forth in the Agreement or the Sub-Plan, these terms and conditions shall prevail. Any capitalized term used in this Exhibit B without definition shall have the meaning ascribed to such term in the Sub-Plan or the Agreement, as applicable.

This Foreign Appendix also includes information relating to exchange control and other issues of which Participant should be aware with respect to his or her participation in the Sub-Plan. The information is based on the exchange control, securities and other laws in effect in the respective countries as of May 2017. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information herein as the only source of information relating to the consequences of participation in the Sub-Plan because the information may be out of date at the time the SARs are exercised or any Shares acquired under the Sub-Plan are sold.

In addition, the information is general in nature and may not apply to the particular situation of Participant, and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant is advised to seek appropriate professional advice as to how the relevant laws in his or her country may apply to his or her situation. Finally, if Participant is a citizen or resident of a country other than the one in which he or she is currently working, the information contained herein may not be applicable to Participant.

AUSTRALIA

A copy of the Sub-Plan is **enclosed** with this Grant Notice and Agreement.

The Sub-Plan, the Agreement and this Grant Notice do not constitute financial advice

Any advice given by the Company in relation to the Grant Notice, the Agreement, the Sub-Plan, the SARs or the Shares does not constitute financial advice and does not take into account your objectives, financial situation and needs. In considering the SARs and the amount of cash and/or Shares that you will receive on exercise of the SARs, subject to satisfaction of vesting conditions, you should consider the risk factors that could affect the performance of the Company and the value of SARs and Shares, which value can increase or decrease from time to time, and the amount of any Tax Liability.

You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and tax issues). You should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to acquire SARs or Shares.

How to calculate values in Australian dollars

Your SARs will vest in accordance with the Grant Notice and the Agreement (which require certain conditions to be met) and are subject to a four year graded vesting schedule. The SARs may result in Shares or cash being given to you, in accordance with the Grant Notice.

You will not be required to pay any amount for the SARs or any Shares that will be issued to you upon vesting. However the amount of cash or number of Shares you receive will depend on the market price of Shares at the time, the Exercise Price per Share set out in the Grant Notice, and the amount of any Tax Liability in connection with the grant and exercise of the SARs and the issue of any Shares.

You can ascertain the market price of a Share in the Company in United States Dollars ("USD") from time to time by visiting either:

- the Company's website (http://www.livanova.com/investor-relations/stock-information); or
- the NASDAQ website (http://www.nasdaq.com/symbol/livn).

To determine the Exercise Price for a SAR or the market value of a Share in Australian Dollars ("AUD"), you will need to apply the prevailing USD : AUD exchange rate. For example, if the exchange rate is 1 USD : 1.5 AUD, and one share of Common Stock has a value of USD $1 on the NASDAQ, its equivalent value will be AUD $1.50.

CANADA

Unless otherwise determined by the Administrator, Participant's SARs shall only be distributed in Shares (either in book-entry form or otherwise), and no portion of the Participant's SARs shall be payable to the Participant in cash.

CHINA

Unless otherwise determined by the Administrator, Participant's SARs shall only be settled in cash, and no portion of the participant's SARs shall be distributed in Shares.

FRANCE

Section 6.13 shall be deleted in its entirety and replaced by the following:

Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal "Data" (as defined below) by the Company for the exclusive purpose of implementing, administering and managing Participant's participation in the Sub-Plan. Participant understands that the Company holds certain personal information about Participant: Participant's name, home address and telephone number, date of birth, employee identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the purpose of implementing, administering and managing the Sub-Plan ("**Data**"). Participant understands that Data will be transferred to such stock plan service providers as may be selected by the Company which are assisting the Company with the implementation, administration and management of the Sub-Plan. Participant understands that the recipients of the Data

may be located in the United States or elsewhere (and, if Participant is a resident of a member state of the European Union, may be outside the European Economic Area) and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that he or she may request a list with the names and addresses of all recipients of the Data by contacting his or her local human resources representative. Participant authorizes the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Sub-Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Sub-Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Sub-Plan. The Company may also make the Data available to public authorities where required under locally applicable law. Participant understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Participant's local human resources representative. Participant understands, however, that refusing or withdrawing consent may affect Participant's ability to participate in the Sub-Plan. For more information on the consequences of refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative. This Section applies to information held, used or disclosed in any medium.

GERMANY

Definition of "Tax Liability" in Section 4.5:

For the avoidance of doubt, the definition of "Tax Liability" shall only include the employee portions of the social security contributions.

The following sentence is inserted at Section 5.1 of the Agreement

For the avoidance of doubt, the Administrator's decisions and interpretations shall be subject to reasonable discretion.

The heading of Section 5.12 shall be supplemented and reads as follows:

Section 5.12 SARs Not Part of Employment Compensation, No Legal Claim to Grant(s).

Section 5.13 shall be deleted in its entirety and replaced by the following:

Section 5.13 Consent to Personal Data Processing and Transfer.

By signing these terms and conditions, Participant acknowledges and agrees that:

(a) the Company and the Participant's employer may collect, store, process and use certain personal data of Participant and may further transfer them to Cyberonics, Inc., a wholly-owned subsidiary of LivaNova PLC, located at 100 Cyberonics Blvd, Houston, TX 77058, U.S.A., and Certent, Inc., the Company's equity compensation management vendor, located at 1548 Eureka Rd., Suite 100, Roseville, CA 95661, U.S.A., and Merrill Lynch, Pierce, Fenner & Smith, Incorporated, a wholly-owned subsidiary of Bank of America Corporation, the Company's broker

for equity compensation management and transactions, located at World Financial Center, 220 Vesey Street, New York, NY 10281 for the exclusive purpose of implementing, administering, managing and accounting Participant's participation in the Sub-Plan;

(b) personal data of Participant are: first name/s and last name, birth date, gender, family status, home address, job title, working location, e-mail addresses and phone numbers, social security and tax numbers, tax class, cash compensation and equity award compensation (the "Data");

(c) this section applies to any Data held, used or disclosed in any medium;

(d) the Data will be transferred to the locations listed in subparagraph (a) above, and locations outside of the European Economic Area who provide for a lesser level of data protection than locations within;

(e) Data will only be held as long as necessary to implement, administer, manage and account Participant's participation in the Sub-Plan and any subsequent claims or rights;

(f) the consent to the personal data processing as described in this Section 5.13 is entirely voluntary and can be withdrawn at any time; Participant is advised, however, that missing consent in written form may affect his ability to participate in the Sub-Plan and receive benefits intended pursuant to the Grant Notice, the Agreement and the Foreign Appendix.

Name of Participant: _____

Place/Date: _____

Participant's Signature: _____

ITALY

The definition of "Disability" in Section 1.1 (a) of the Agreement shall be deleted in its entirety and replaced with the following:

1. "Disability" shall be defined as in Participant's employment letter or agreement with the Company or a Subsidiary, as amended from time to time, or if Participant is not a party to such a letter or agreement or such letter or agreement does not contain such a definition, shall mean Participant's inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment duly determined pursuant to applicable laws.

UNITED KINGDOM

The definition of "Disability" in Section 1.1 (a) of the Agreement shall be deleted in its entirety and replaced with the following:

2. "Disability" shall be defined as in Participant's employment letter or agreement with the Company or a Subsidiary, as amended from time to time, or if Participant is not a party to such a letter or agreement or such letter or agreement does not contain such a definition, shall mean a condition, that, in the opinion of the Administrator, has a long-term adverse effect on the day-to-day activities of a Participant.

The following paragraph is inserted as Section 4.5 (f) of the Agreement:

Loan. The Participant agrees that if the Participant does not pay his/her employer or the Company does not withhold from the Participant the full amount of any Tax Liability within ninety (90) days after the end of the tax year in which the Tax Liability occurred, or such other period specified in Section 222 (1)(c) of Income Tax (Earnings and Pensions) Act 2003, then the amount that should have been withheld shall constitute a loan owed by the Participant to the employer, effective 90 days after the end of the tax year in which the Tax Liability occurred. The Participant agrees that the loan will bear interest at the official rate of HMRC and will be immediately due and repayable by the Participant, and the Company and/or the employer may recover it at any time thereafter by: (a) withholding the funds from salary, bonus or any other funds due to the Participant by the Company or the employer; (b) withholding the Shares issued upon vesting and exercise of the SARs or from the cash proceeds from the sale of Shares; or (c) demanding cash or a cheque from the Participant. The Participant also authorizes the Company to delay the issuance of any Shares to the Participant unless and until the loan is repaid in full.

EXHIBIT 31.1

CERTIFICATION

I, Damien McDonald, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020 of LivaNova PLC and its consolidated subsidiaries;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2020

/s/ DAMIEN MCDONALD
Damien McDonald
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Thad Huston, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020 of LivaNova PLC and its consolidated subsidiaries;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2020

/s/ THAD HUSTON
Thad Huston
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION OF THE

CHIEF EXECUTIVE OFFICER AND

CHIEF FINANCIAL OFFICER

OF LIVANOVA PLC

PURSUANT TO 18 U.S.C. SECTION 1350

Each of Damien McDonald, Chief Executive Officer of LivaNova PLC (the "Company"), and Thad Huston, Chief Financial Officer of the Company, each hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

(a) the Quarterly Report on Form 10-Q of the Company and its consolidated subsidiaries for the quarter ended September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 29, 2020

/s/ DAMIEN MCDONALD
Damien McDonald
Chief Executive Officer
(Principal Executive Officer)

Date: October 29, 2020

/s/ THAD HUSTON
Thad Huston
Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as a part of this report or on a separate disclosure document.