

Second Quarter 2021 Earnings Performance

July 28, 2021

Starr, VNS Therapy Patient



Safe Harbor

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Intellectual Property

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

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

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

Trademarks for our extracorporeal life support systems: TandemLife[®], TandemHeart[®], TandemLung[®], ProtekDuo[®], and LifeSPARC[®].

Trademarks for our obstructive sleep apnea system: ImThera[®] and Aura6000[®].

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Agenda

Recent Activities & Highlights

Financial Results

Guidance

Summary

Recent Activities & Highlights

Recent Activities & Highlights

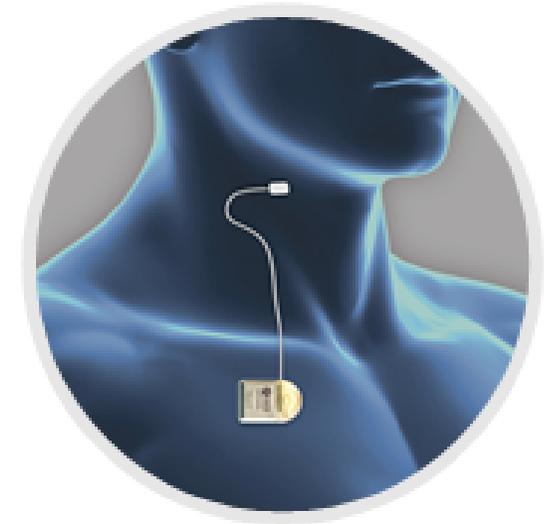
Meaningful execution and innovation strengthening our future

Heart Valves

- We completed the initial closing of our Heart Valve divestiture, including both manufacturing sites. Closings relating to the sales infrastructure in various geographies around the world will follow in the second half of the year.
- Financial results for the Heart Valves business are deconsolidated effective June 1 on a prospective basis.

Obstructive Sleep Apnea (OSA)

- We received investigational device exemption (IDE) FDA approval to proceed with our confirmatory clinical trial (OSPREY).
- The trial will seek to demonstrate the safety and effectiveness of the aura6000[®] System, an implantable hypoglossal neurostimulator intended to treat adult patients with moderate to severe OSA.
- We launched the start-up phase of OSPREY and anticipate enrolling our first patient during 2H21.



Financial Results

Financial Summary

2020 2021

Net Sales (\$M)

■ Heart Valves*



- Net sales increased 41.0 percent on a constant-currency basis
- Net sales, excluding sales related to the Heart Valves business that was divested effective June 1 as part of the initial transaction closing, increased 47.6 percent on a constant-currency basis

Adjusted Diluted EPS

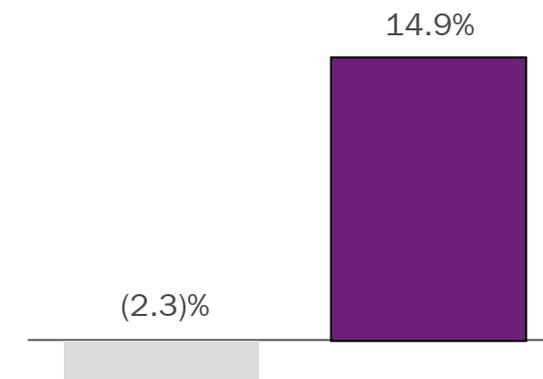
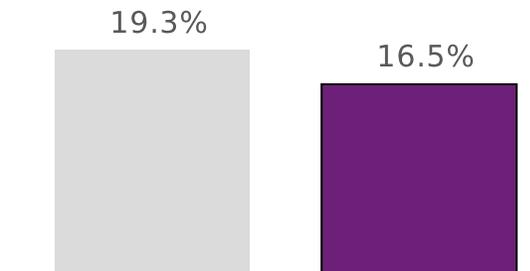
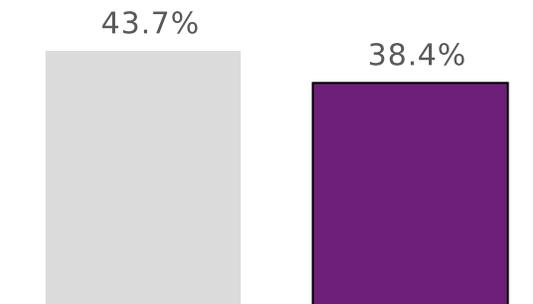
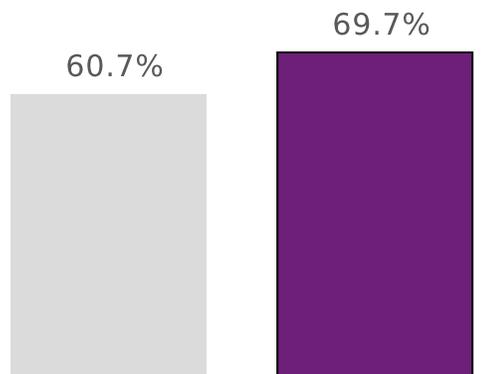


Adjusted Gross Profit %

Adjusted SG&A %

Adjusted R&D %

Adjusted Operating Margin %



Note: Adjusted diluted EPS, adjusted gross profit, adjusted SG&A, adjusted R&D and adjusted operating margin all as a percentage of net sales are non-GAAP measures. All percent change performance is shown on a year-over-year constant-currency basis, which is a non-GAAP measure. Constant currency eliminates the effects of foreign currency fluctuations. For reconciliations of certain non-GAAP metrics, please see the tables in the appendix.

* We completed the initial closing of our Heart Valves business divestiture and deconsolidated related financial results effective June 1.

Net Sales

\$264.5M

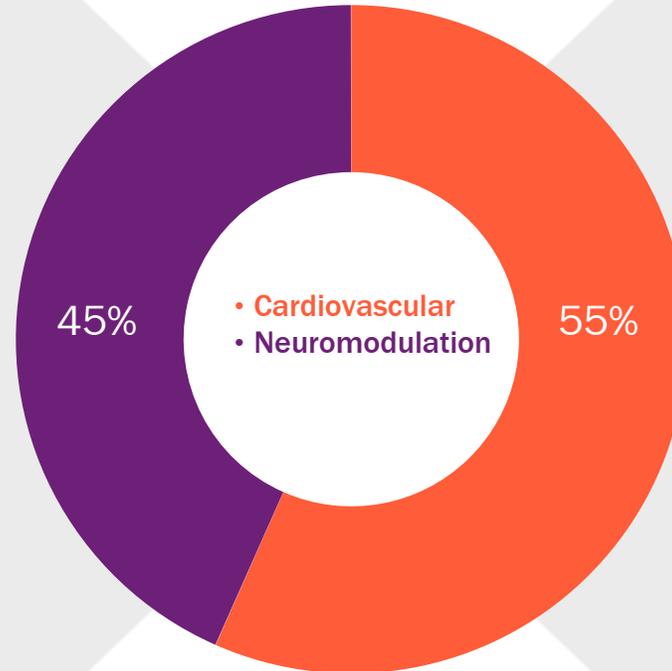
41.0% increase*

Vagus Nerve Stimulation Therapy (VNS Therapy)

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

Hypoglossal Nerve Stimulation Therapy (HGNS Therapy)

- Obstructive Sleep Apnea (OSA)



81%

Cardiopulmonary (CP)

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

9%

Advanced Circulatory Support (ACS)

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

10%

Heart Valves (HV)**

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

Numbers may not add precisely due to rounding.

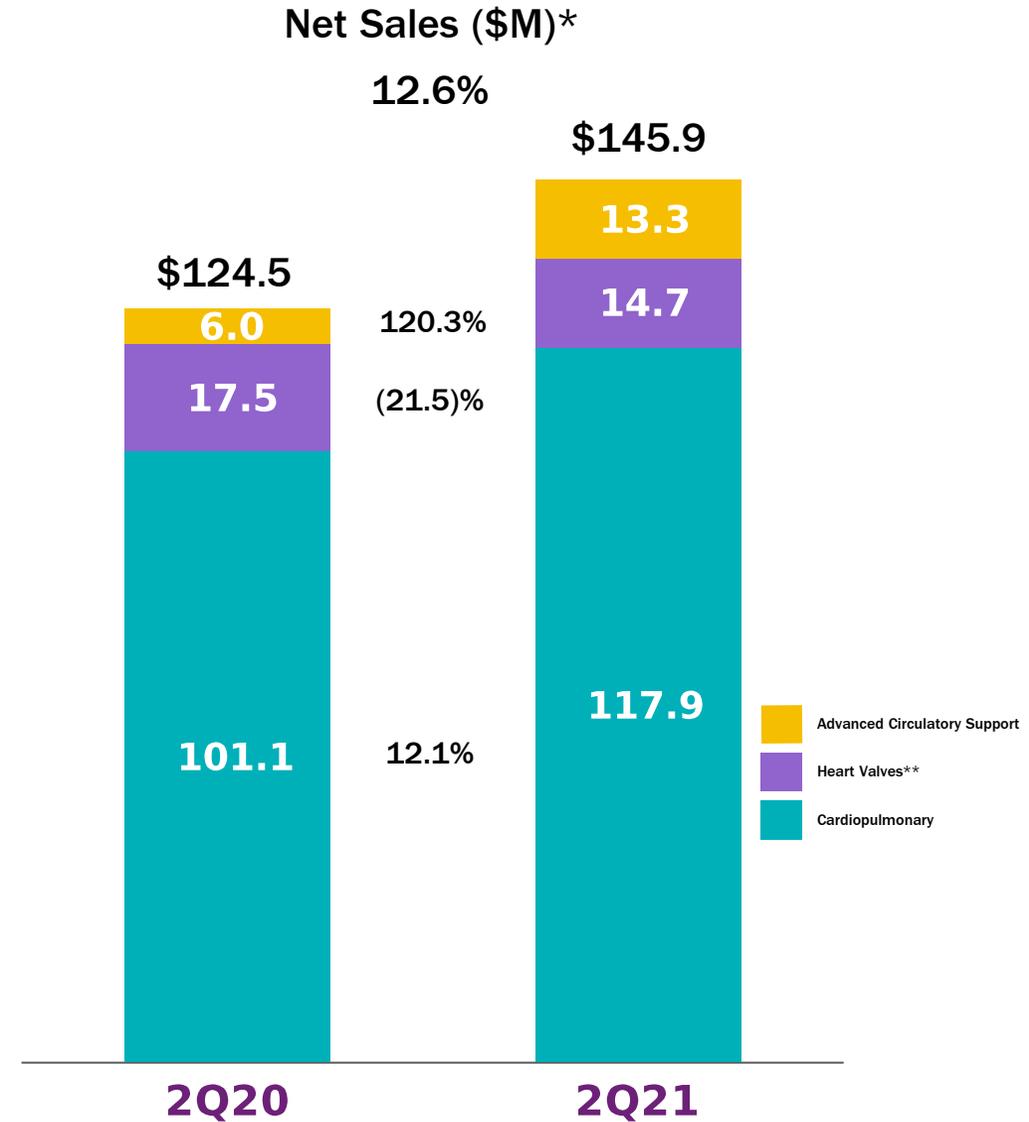
* All percent change performance is shown on a year-over-year constant-currency basis, which is a non-GAAP measure. Constant currency eliminates the effects of foreign currency fluctuations. For reconciliations of certain non-GAAP metrics, please see the tables in the appendix.

** We completed the initial closing of our Heart Valves business divestiture and deconsolidated related financial results effective June 1.

Cardiovascular Sales

Drivers/Impacts

- Strong growth in ACS driven by the continued adoption of LifeSPARC following full commercial launch in 3Q20 and an increase in procedure volumes
- Oxygenator sales grew in the high teens globally, with sequential growth across all regions
- Strong HLM sales in the U.S., offset by lower sales in the Rest of World region, primarily in the Middle East and LATAM
- Heart Valve decline reflects the impact of the business divestiture that was effective June 1 as part of the initial closing



Numbers may not add precisely due to rounding.

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** We completed the initial closing of our Heart Valves business divestiture and deconsolidated related financial results effective June 1.

Neuromodulation Sales

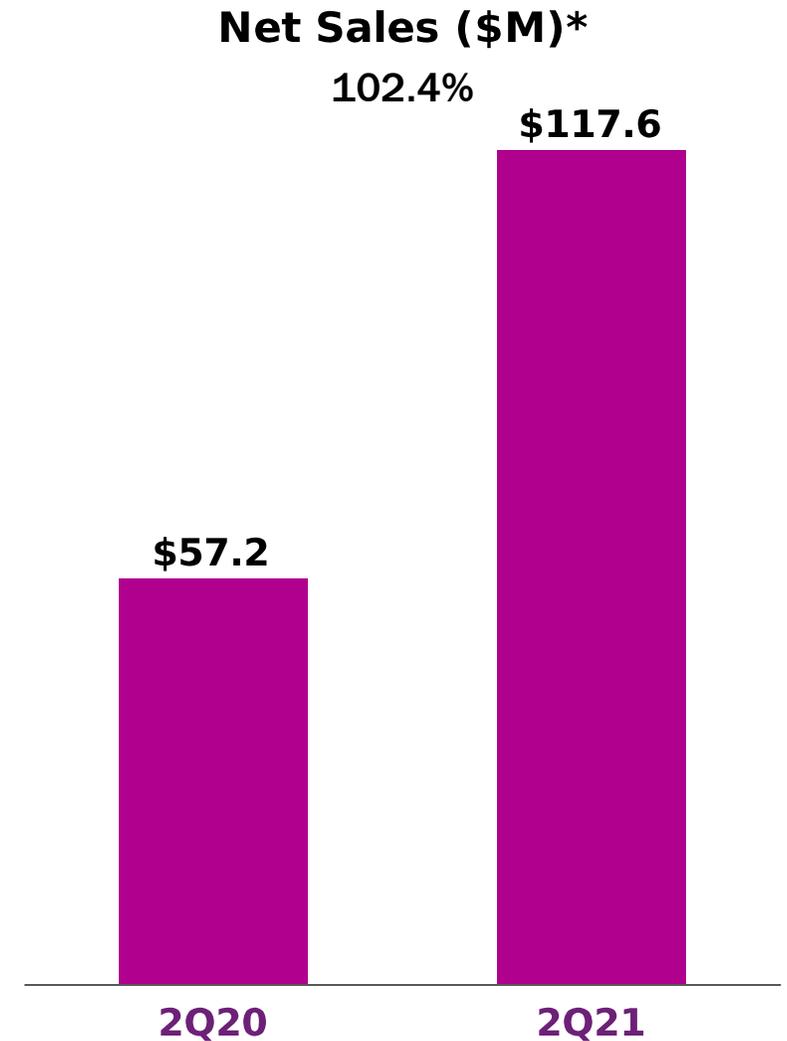
Drivers/Impacts

Global sales increased 102% reflecting the continued improvement in market dynamics across all regions

U.S. sales increased 108% driven mainly by replacements. Go-to-market commercial initiatives in select comprehensive epilepsy centers (CECs) trended above the baseline business.

Europe grew 105%, led by the U.K., Italy and Germany

Rest of World sales grew 65%, led by Asia Pacific, as non-emergent procedures continue to recover



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Adjusted Segment Operating Income and Margin⁽¹⁾

(\$M)



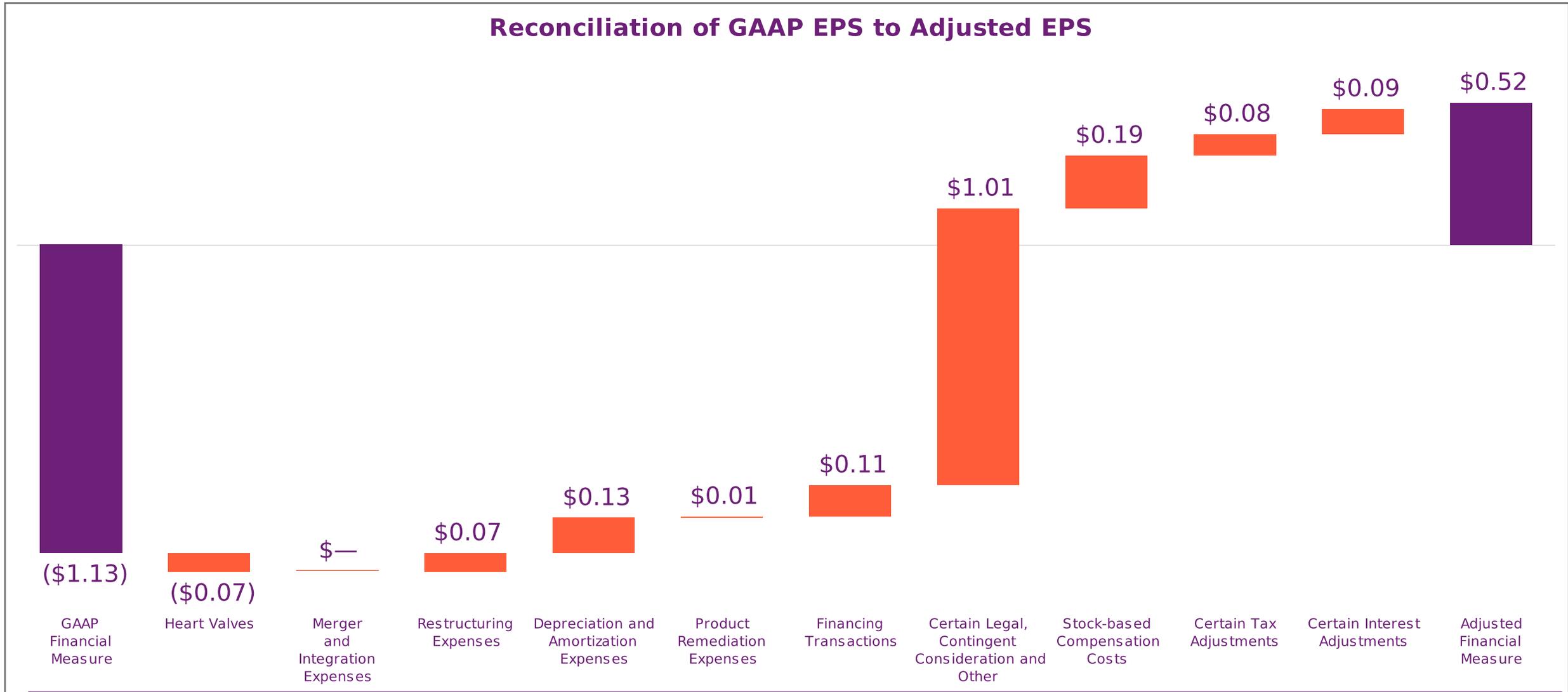
	% to Sales	
	2Q 2020	2Q 2021
Cardiovascular	0.9%	10.4%
Neuromodulation	3.3%	40.9%
Total	(2.3)%	14.9%

Numbers may not add precisely due to rounding.

(1) Adjusted segment operating income and margin are non-GAAP measures. These non-GAAP measures are reconciled to the most directly comparable GAAP measures in the appendix.

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

Adjusted EPS from Continuing Operations*



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

2021 Guidance

2021 Updated Guidance

Increasing full-year guidance as a result of 1H 2021 performance

	Guidance as of Feb. 24, 2021	Guidance as of Jun. 1, 2021	Guidance as of Jul. 28, 2021
Worldwide net sales growth ⁽¹⁾	8 - 13%	0 - 5%	5 - 10%
Worldwide net sales growth, excluding Heart Valves ⁽¹⁾	7 - 12%	7 - 12%	12 - 17%
Diluted EPS ^{(1) (2)}	\$1.40 - 1.90	\$1.31 - 1.81	\$1.60 - 1.90
Adjusted free cash flow ⁽³⁾	\$30 - 50M	\$30 - 50M	\$35 - 55M

(1) Net sales are on a constant-currency basis. All financial measures are adjusted non-GAAP measures.

(2) Diluted EPS assumes a share count of approximately 50 million shares.

(3) Adjusted free cash flow is a non-GAAP metric and is defined as net cash provided by operating activities less cash used for the purchase of property, plant and equipment excluding the impact of 3T litigation payments, a tax stimulus benefit and gains related to dividends received from investments.

2Q 2021 Summary

While COVID-19 is still impacting some markets, we have higher confidence in our 2021 outlook

Financial

- Solid 2Q sales results despite continued variability across markets due to COVID-19
- Gross margin improvement driven by favorable product and geographic mix
- SG&A leverage while investing in R&D pipeline initiatives

Strategic

- Strong ACS growth behind the continued adoption of LifeSPARC, which launched in 3Q20
- U.S. Epilepsy go-to-market initiative made further progress with performance above baseline business
- Continued progress in next-generation HLM and Epilepsy product development programs with staged roll-outs in 2022

Pipeline

- The RECOVER depression study continues to make progress in patient consents and implants
- The ANTHEM-HFrEF pivotal trial continues to maintain strong momentum with more than 300 patients enrolled to date
- We received FDA IDE approval to begin the OSPREY confirmatory clinical trial

Positioning LivaNova to Realize its Full Value

Consistently deliver growth, pipeline and profitability

Core Growth

Focus on portfolio optimization to support leadership positions in underserved markets

- Expand the go-to-market initiative for U.S. Epilepsy
- Forecast at least 25% ACS growth in 2021

Pipeline Execution

Multiple existing and pipeline initiatives to accelerate growth

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

Operational Excellence

Drive margin expansion

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



Adjusted Free Cash Flow

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

- Targeting \$35-55M of adjusted free cash flow for full-year 2021

Adjusted Free Cash Flow Reconciliation (\$M)	1Q 2021	2Q 2021	2021 YTD
Net cash provided by operating activities	\$19.5	\$25.6	\$45.1
Less: Purchases of plant, property and equipment	(8.2)	(6.4)	(14.6)
Less: Cash received from tax stimulus	(24.5)	—	(24.5)
Less: Gains related to dividends received from investment	—	(3.1)	(3.1)
Add: 3T litigation payments	5.1	3.6	8.7
Adjusted free cash flow	<u>(\$8.1)</u>	<u>\$19.7</u>	<u>\$11.6</u>

Adjusted Free Cash Flow (FCF) is a non-GAAP measure. Our definition and calculation of adjusted FCF may not be comparable to similarly titled measures of other companies.

Assumptions for 2021

REVENUE	5 - 10%*	<ul style="list-style-type: none"> • Epilepsy surgeries expected to improve as pandemic subsides, resulting in 25-30% global growth • LifeSPARC adoption expected to deliver at least 25% ACS growth in 2021 • Cardiopulmonary expected to grow in the low-to-mid single digits, which includes the impact of lower capital equipment sales
EPS	\$1.60 - 1.90	<ul style="list-style-type: none"> • Gross margin expected to improve led by recovery in Epilepsy and the divestiture of Heart Valves • Continued focus on operational excellence, including cost optimization • Investments in core innovation and pipeline priorities to drive long-term value creation
CASH GENERATION	\$35 - 55M	<ul style="list-style-type: none"> • Enhanced customer collections efforts to further improve days sales outstanding • Improve inventory turns through sales and operations planning process • Continue to optimize and standardize procure-to-pay process
STRATEGIC PORTFOLIO INITIATIVES	Continued Execution	<ul style="list-style-type: none"> • DTD: 250 unipolar and/or 150 bipolar patients implanted in the RECOVER study arms by year end • Heart Failure: Achieved 300 patients enrolled in ANTHEM-HFrEF in April 2021 • OSA: IDE FDA approval received and anticipate enrolling the first patient in confirmatory trial in 2H21

* Worldwide net sales growth, excluding Heart Valves, is anticipated to be between 12-17%

Appendix

GAAP to Non-GAAP Reconciliation & Constant Currency Comparison - *Unaudited*

\$ in millions	Three Months Ended June 30,		% Change	Constant-Currency % Change*
	2021	2020		
Business / Product Line:				
<i>Cardiopulmonary</i>	\$117.9	\$101.1	16.6 %	12.1 %
<i>Heart Valves</i>	14.7	17.5	(15.7)%	(21.5)%
<i>Advanced Circulatory Support</i>	13.3	6.0	120.8 %	120.3 %
Cardiovascular	145.9	124.5	17.1 %	12.6 %
Neuromodulation	117.6	57.2	105.6 %	102.4 %
Other	1.0	0.5	111.8 %	N/A
Total Net Sales	\$264.5	\$182.2	45.2 %	41.0 %
Less: Heart Valves Net Sales	14.7	17.5	(15.7)%	(21.5)%
Total Net Sales, Excluding Heart Valves**	\$249.8	\$164.7	51.6 %	47.6 %

Numbers may not add precisely due to rounding.

* Constant-currency percent change is considered a non-GAAP metric that eliminates the effects of foreign currency fluctuations. See a comparison of actual results to constant currency above.

** Total Net Sales, Excluding Heart Valves is a non-GAAP metric. This non-GAAP measure is reconciled from its GAAP measure, Total Net Sales, in the table above.

GAAP to Non-GAAP Reconciliations - *Unaudited*

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

Three Months Ended June 30, 2021	Specified Items											Adjusted Financial Measures
	GAAP Financial Measures	Merger and Integration Expenses (A)	Restructuring Expenses (B)	Depreciation and Amortization Expenses (C)	Heart Valves (D)	Product Remediation Expenses (E)	Financing Transactions (F)	Certain Legal, Contingent Consideration and Other (G)	Stock-based Compensation Costs (H)	Certain Tax Adjustments (I)	Certain Interest Adjustments (J)	
Cost of sales	\$90.8	\$—	\$—	(\$3.9)	\$—	(\$0.4)	\$—	(\$5.2)	(\$1.1)	\$—	\$—	\$80.1
Gross profit percent	65.7 %	— %	— %	1.5 %	— %	0.1 %	— %	2.0 %	0.4 %	— %	— %	69.7 %
Selling, general and administrative	122.7	—	—	(3.1)	—	—	—	(12.2)	(6.0)	—	—	101.5
Selling, general and administrative as a percent of net sales	46.4 %	— %	— %	(1.2)%	— %	— %	— %	(4.6)%	(2.3)%	— %	— %	38.4 %
Research and development	52.6	—	—	—	—	—	—	(6.3)	(2.8)	—	—	43.6
Research and development as a percent of net sales	19.9 %	— %	— %	— %	— %	— %	— %	(2.4)%	(1.0)%	— %	— %	16.5 %
Other operating expenses	33.2	(0.1)	(3.6)	—	(0.1)	—	—	(29.4)	—	—	—	—
Operating (loss) income from continuing operations	(34.9)	0.1	3.6	7.0	0.1	0.4	—	53.1	9.9	—	—	39.3
Operating margin percent	(13.2)%	— %	1.4 %	2.6 %	— %	0.1 %	— %	20.1 %	3.7 %	— %	— %	14.9 %
Income tax expense	4.1	—	0.2	0.5	3.6	0.1	—	(0.6)	0.3	(3.9)	—	4.4
Net (loss) income from continuing operations	(55.3)	0.1	3.4	6.4	(3.5)	0.3	5.7	50.5	9.6	3.9	4.6	25.7
Diluted EPS - Continuing Operations	(\$1.13)	\$—	\$0.07	\$0.13	(\$0.07)	\$0.01	\$0.11	\$1.01	\$0.19	\$0.08	\$0.09	\$0.52

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

- (A) Merger and integration expenses related to our legacy companies and recent acquisitions
- (B) Restructuring expenses related to organizational changes
- (C) Includes depreciation and amortization associated with purchase price accounting
- (D) Loss associated with the sale of Heart Valves
- (E) Costs related to the 3T Heater-Cooler remediation plan
- (F) Costs associated with our June 2020 financing transactions, including the mark-to-market adjustment for the exchangeable option feature and capped call derivatives
- (G) 3T Heater-Cooler litigation provision, legal expenses primarily related to 3T Heater-Cooler defense, settlements, other matters, remeasurement of contingent consideration related to acquisitions and dividend income
- (H) Non-cash expenses associated with stock-based compensation costs
- (I) Primarily relates to discrete tax items
- (J) Primarily relates to non-cash interest expense on our Senior Secured Term Loan and Cash Exchangeable Senior Notes

* Numbers may not add precisely due to rounding.

GAAP to Non-GAAP Reconciliations - Unaudited

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES - UNAUDITED

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

Three Months Ended June 30, 2020	Specified Items										Adjusted Financial Measures
	GAAP Financial Measures	Merger and Integration Expenses (A)	Restructuring Expenses (B)	Depreciation and Amortization Expenses (C)	Product Remediation Expenses (D)	Financing Transactions (E)	Certain Legal, Contingent Consideration and Other (F)	Stock-based Compensation Costs (G)	Certain Tax Adjustments (H)	Certain Interest Adjustments (I)	
Cost of sales	\$65.7	\$—	\$—	(\$5.0)	(\$4.3)	\$—	\$15.4	(\$0.3)	\$—	\$—	\$71.6
Gross profit percent	63.9 %	— %	— %	2.7 %	2.3 %	— %	(8.5)%	0.2 %	— %	— %	60.7 %
Selling, general and administrative	102.7	—	—	(4.8)	—	(2.5)	(6.5)	(9.3)	—	—	79.7
Selling, general and administrative as a percent of net sales	56.4 %	— %	— %	(2.6)%	— %	(1.4)%	(3.6)%	(5.1)%	— %	— %	43.7 %
Research and development	25.2	—	—	—	—	—	10.5	(0.4)	—	—	35.2
Research and development as a percent of net sales	13.8 %	— %	— %	— %	— %	— %	5.7 %	(0.2)%	— %	— %	19.3 %
Other operating expenses	3.8	(2.0)	(0.8)	—	—	—	(1.0)	—	—	—	—
Operating loss from continuing operations	(15.2)	2.0	0.8	9.8	4.3	2.5	(18.4)	10.0	—	—	(4.2)
Operating margin percent	(8.4)%	1.1 %	0.4 %	5.4 %	2.3 %	1.4 %	(10.1)%	5.5 %	— %	— %	(2.3)%
Income tax expense (benefit)	66.3	—	(0.2)	1.4	0.5	—	0.6	(0.4)	(67.9)	(0.5)	(0.2)
Net loss from continuing operations	(88.0)	2.0	1.0	8.4	3.8	2.7	(19.0)	10.4	67.9	3.3	(7.5)
Diluted EPS - Continuing Operations	(\$1.81)	\$0.04	\$0.02	\$0.17	\$0.08	\$0.05	(\$0.39)	\$0.21	\$1.40	\$0.07	(\$0.15)

GAAP results for the three months ended June 30, 2020 include:

- (A) Merger and integration expenses related to our legacy companies and recent acquisitions
- (B) Restructuring expenses related to organizational changes
- (C) Includes depreciation and amortization associated with purchase price accounting
- (D) Costs related to the 3T Heater-Cooler remediation plan
- (E) Costs associated with our June 2020 financing transactions, including the mark-to-market adjustment for the exchangeable option feature and capped call derivatives
- (F) 3T Heater-Cooler litigation provision, legal expenses primarily related to 3T Heater-Cooler defense, settlements and other matters, remeasurement of contingent consideration related to acquisitions
- (G) Non-cash expenses associated with stock-based compensation costs
- (H) Primarily relates to discrete tax items and the tax impact of intercompany transactions
- (I) Primarily relates to non-cash interest expense on our Senior Secured Term Loan and Cash Exchangeable Senior Notes, interest related to the 3T Heater-Cooler matter and intellectual property migration

* Numbers may not add precisely due to rounding.

Segment Non-GAAP Reconciliation - Unaudited

(U.S. dollars in millions)

Three Months Ended June 30, 2021	GAAP Financial Results	Specified Items					Adjusted Financial Results	% to Sales
		Depreciation and Amortization Expenses (A)	Product Remediation Expenses (B)	Certain Legal, Contingent Consideration and Other (C)	Stock-based Compensation Costs (D)	Heart Valves (E)		
Cardiovascular	\$ (28.3)	\$ 0.3	\$ 0.4	\$ 40.5	\$ 2.2	\$ 0.1	\$ 15.2	10.4 %
Neuromodulation	38.1	—	—	7.7	2.3	—	48.1	40.9 %
Other	(34.2)	—	—	4.9	5.4	—	(24.0)	**
Segment operating (loss) income	\$ (24.5)	\$ 0.3	\$ 0.4	\$ 53.1	\$ 9.9	\$ 0.1	\$ 39.3	14.9 %

Three Months Ended June 30, 2020	GAAP Financial Results	Specified Items					Adjusted Financial Results	% to Sales
		Depreciation and Amortization Expenses (A)	Product Remediation Expenses (B)	Certain Legal, Contingent Consideration and Other (C)	Stock-based Compensation Costs (D)	Financing Transactions (F)		
Cardiovascular	\$ (9.4)	\$ 0.4	\$ 4.3	\$ 4.8	\$ 1.0	\$ —	\$ 1.1	0.9 %
Neuromodulation	27.3	—	—	(27.2)	1.7	—	1.9	3.3 %
Other	(20.9)	—	—	4.0	7.3	2.5	(7.2)	**
Segment operating loss	\$ (3.0)	\$ 0.4	\$ 4.3	\$ (18.4)	\$ 10.0	\$ 2.5	\$ (4.2)	(2.3)%

GAAP results for the three months ended June 30, 2021 and 2020 include:

- (A) Includes depreciation and amortization associated with purchase price accounting
- (B) Costs related to the 3T Heater-Cooler remediation plan
- (C) 3T Heater-Cooler litigation provision, legal expenses primarily related to 3T Heater-Cooler defense, settlements, other matters and remeasurement of contingent consideration related to acquisitions
- (D) Non-cash expenses associated with stock-based compensation costs
- (E) Gain associated with the sale of Heart Valves
- (F) Costs associated with our June 2020 financing transactions

* Numbers may not add precisely due to rounding.

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

GAAP to Non-GAAP Reconciliations

The preceding tables reconcile the most comparable U.S. Generally Accepted Accounting Principles (GAAP) measures to the non-GAAP financial and operating measures presented in LivaNova's second-quarter 2021 press release and during the conference call held in conjunction with the announcement of second-quarter 2021 results.

Unless otherwise noted, all sales growth rates in this presentation reflect comparable, constant-currency growth. Management believes that referring to comparable, constant-currency growth is the most useful way to evaluate the sales performance of LivaNova and to compare the sales performance of current periods to prior periods on a consistent basis. Constant-currency growth, a non-GAAP financial measure, measures the change in sales between current and prior-year periods using average exchange rates in effect during the applicable prior-year period.

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

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