

LivaNova

Health innovation that matters



Ethan,
VNS Therapy Patient

Second Quarter 2022 Earnings Presentation

August 3, 2022

Safe Harbor

Certain statements in this presentation, other than purely historical information, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements include, but are not limited to, LivaNova’s plans, objectives, strategies, financial performance and outlook, trends, the amount and timing of future cash distributions, prospects or future events and involve known and unknown risks that are difficult to predict. As a result, our actual financial results, performance, achievements or prospects may differ materially from those expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as “may,” “could,” “seek,” “guidance,” “outlook,” “predict,” “potential,” “likely,” “believe,” “will,” “should,” “expect,” “anticipate,” “estimate,” “plan,” “intend,” “forecast,” “foresee” or variations of these terms and similar expressions, or the negative of these terms or similar expressions. Such forward-looking statements are necessarily based on estimates and assumptions that, while considered reasonable by LivaNova and its management based on their knowledge and understanding of the business and industry, are inherently uncertain. These statements are not guarantees of future performance, and stockholders should not place undue reliance on forward-looking statements. There are a number of risks, uncertainties and other important factors, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking statements contained in this presentation, including the risks relating to reductions, interruptions, or increasing costs related to the supply of raw materials and components and the distribution of finished products, as a result of inflation and war; volatility in the global market and worldwide economic conditions, including volatility caused by the invasion of Ukraine, inflation, changes to existing trade agreements and relationships between the US and other countries; COVID-19 and its variants; failure to retain key personnel; prevent labor shortages; and litigation as well as those described in the “Risk Factors” section of Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other documents filed from time to time with the United States Securities and Exchange Commission by LivaNova. All information in this presentation is as of the date of its release. The Company does not undertake or assume any obligation to update publicly any of the forward-looking statements in this presentation to reflect actual results, new information or future events, changes in assumptions or changes in other factors affecting forward-looking statements, except to the extent required by applicable law. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements. We caution you not to place undue reliance on any forward-looking statements, which are made only as of the date of this presentation.

In this presentation, “LivaNova,” “the Company,” “we,” “us” and “our” refer to LivaNova PLC and its consolidated subsidiaries.

Intellectual Property

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

- Trademarks for our Neuromodulation systems, the VNS Therapy™ System, the VITARIA™ System and our proprietary pulse generator products: Model 102 (Pulse™), Model 102R (Pulse Duo™), Model 103 (Demipulse™), Model 104 (Demipulse Duo™), Model 106 (AspireSR™), Model 1000 (SenTiva™), Model 1000-D (SenTiva™ Duo), Model 7103 (VITARIA™ and TitrationAssist™) and Model 8103 (Symmetry™).
- Trademarks for our Cardiopulmonary products and systems: Essenz™, S5™, S3™, S5 Pro™, B-Capta™, Inspire™, Heartlink™, XTRA™, 3T Heater-Cooler™, Connect™ and Revolution™.
- Trademarks for our advanced circulatory support systems: TandemLife™, TandemHeart™, TandemLung™, ProtekDuo™, LifeSPARC™, ALung™, Hemolung™, Respiratory Dialysis™ and ActivMix™.
- Trademarks for our obstructive sleep apnea system: ImThera™ and aura6000™.

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

Agenda

2Q22 Financial Results

2022 Outlook

Appendix

Financial Results

2Q22 Financial Summary

2021 2022

Net Sales (\$M)

■ Heart Valves*

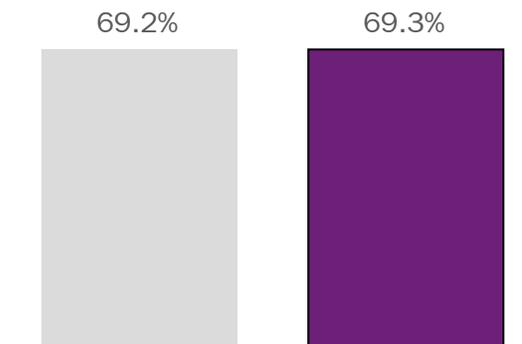


- Net sales increased 0.5 percent on a constant-currency basis
- Net sales, excluding sales related to the Heart Valves business that was divested effective June 1, 2021, increased 6.5 percent on a constant-currency basis
- Foreign currency had an unfavorable impact on net sales of ~\$12M, or 5 percent

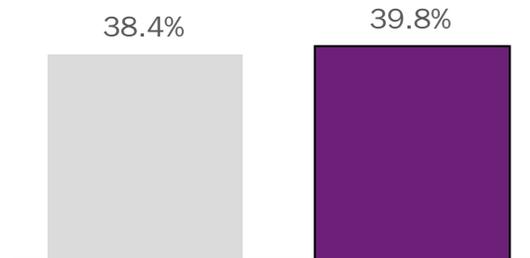
Adjusted Diluted EPS



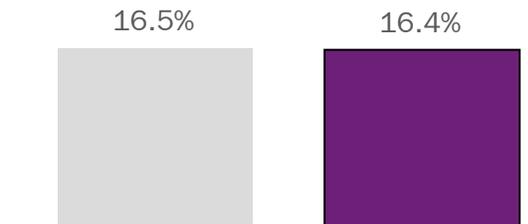
Adjusted Gross Profit %



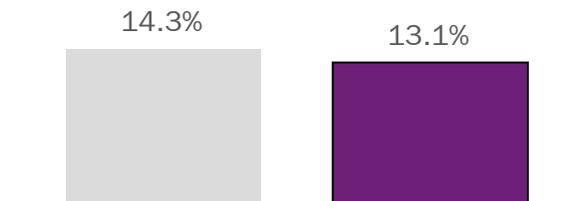
Adjusted SG&A %



Adjusted R&D %



Adjusted Operating Margin %



Note: Net sales excluding sales related to the Heart Valves business, adjusted diluted EPS and adjusted gross profit, adjusted SG&A, adjusted R&D and adjusted operating margin all as a percentage of net sales are non-GAAP measures. All percent change performance is shown on a year-over-year constant-currency basis, which is a non-GAAP measure. Constant currency eliminates the effects of foreign currency fluctuations. For reconciliations of certain non-GAAP metrics, see the tables in the appendix. Adjusted diluted EPS and adjusted gross profit and adjusted operating margin as a percentage of net sales for the three- and six-month periods ended June 30, 2021 have been revised. See the section entitled "Supplemental Unaudited Revised Financial Information and Non-GAAP Measures" in the 8-K furnished with the SEC on February 23, 2022 for additional details. Numbers may not add precisely due to rounding. * The Heart Valves business was divested effective June 1, 2021.

2Q22 Net Sales

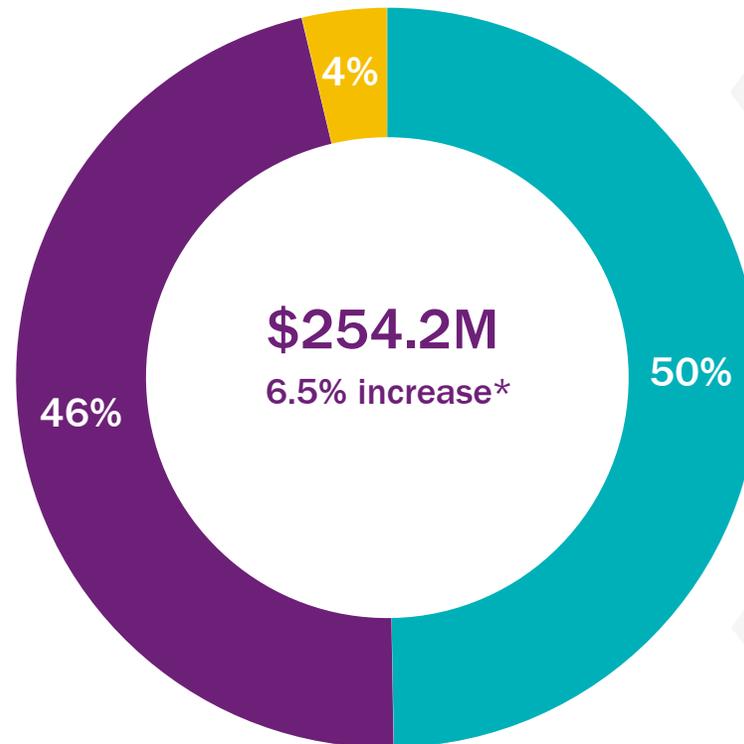
Neuromodulation

Vagus Nerve Stimulation Therapy (VNS Therapy)

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

Hypoglossal Nerve Stimulation Therapy (HGNS Therapy)

- Obstructive Sleep Apnea (OSA)



Cardiopulmonary (CP)

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

Advanced Circulatory Support (ACS)

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

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

* All percent change performance is shown on a year-over-year constant-currency basis, which is a non-GAAP measure, excluding the impact of the Heart Valves business divested effective June 1, 2021. Constant currency eliminates the effects of foreign currency fluctuations. For reconciliations of certain non-GAAP metrics, see the tables in the appendix.

Segment Net Sales Comparisons* by Region

(\$M)	Three Months Ended June 30,		% Change at Actual Currency Rates	% Change at Constant- Currency Rates
	2022	2021		
Cardiopulmonary				
United States	\$37.9	\$37.4	1.3%	1.3%
Europe ⁽¹⁾	33.2	35.1	(5.6)%	6.8%
Rest of World	54.8	45.4	20.8%	30.9%
Total	125.8	117.9	6.7%	14.3%
Neuromodulation				
United States	91.4	91.8	(0.4)%	(0.4)%
Europe ⁽¹⁾	13.7	14.6	(6.1)%	6.5%
Rest of World	12.7	11.3	12.5%	18.9%
Total	117.8	117.6	0.1%	2.3%
Advanced Circulatory Support				
United States	8.8	13.0	(32.2)%	(32.2)%
Europe ⁽¹⁾	0.5	0.2	**	**
Rest of World	0.1	0.1	**	**
Total	9.4	13.3	(29.6)%	(29.1)%
Other ⁽²⁾	1.2	15.7	(92.5)%	(91.3)%
Total Net Sales	\$254.2	\$264.5	(3.9)%	0.5%
Less: Heart Valves ⁽²⁾	—	14.7	**	**
Total Net Sales, Excluding Heart Valves	\$254.2	\$249.8	1.8%	6.5%

* All percent change performance is shown on a year-over-year constant-currency basis, which is a non-GAAP measure. Constant currency eliminates the effects of foreign currency fluctuations.

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

⁽¹⁾ Europe 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⁾ Three-month period ended June 30, 2021 includes the results of the Heart Valves business, which was divested effective June 1, 2021.

2Q22 Cardiopulmonary Sales

Drivers/Impacts

Sales increased 14% with growth in all regions, reflecting an increase in cardiac surgery procedures and capital placements.

Oxygenator sales grew in the mid-teens, driven by procedure volume recovery.

HLM sales grew in the mid-teens, led by the Rest of World and U.S. regions.



Numbers may not add precisely due to rounding.

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2Q22 Neuromodulation Sales

Drivers/Impacts

Neuromodulation sales increased 2.3% driven by the Europe and Rest of World regions, and by favorable pricing in the U.S., partially offset by lower implant volumes.

U.S. Epilepsy sales were flat year-over-year. Go-to-market commercial initiatives in comprehensive epilepsy centers (CECs) continue to deliver growth above the baseline business.

Europe sales grew 7%, primarily led by France and Germany, and Rest of World sales grew 19%, primarily led by Brazil and APAC.

Net Sales (\$M)*

2.3%



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

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

2Q22 Advanced Circulatory Support Sales

Drivers/Impacts

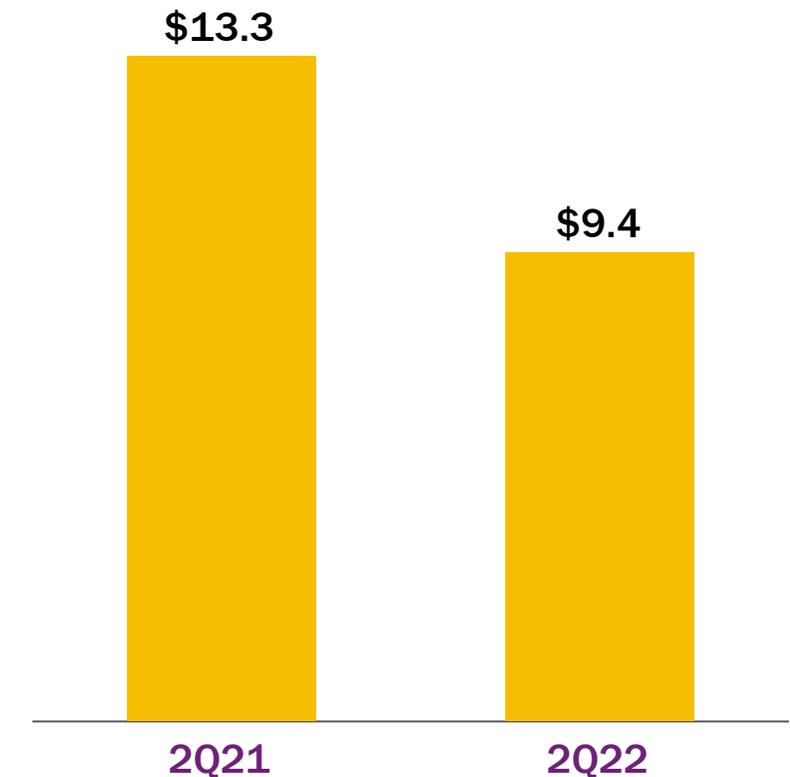
ACS sales declined 29%, impacted primarily by a reduction in severe COVID cases versus the prior year.

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

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

Net Sales (\$M)*

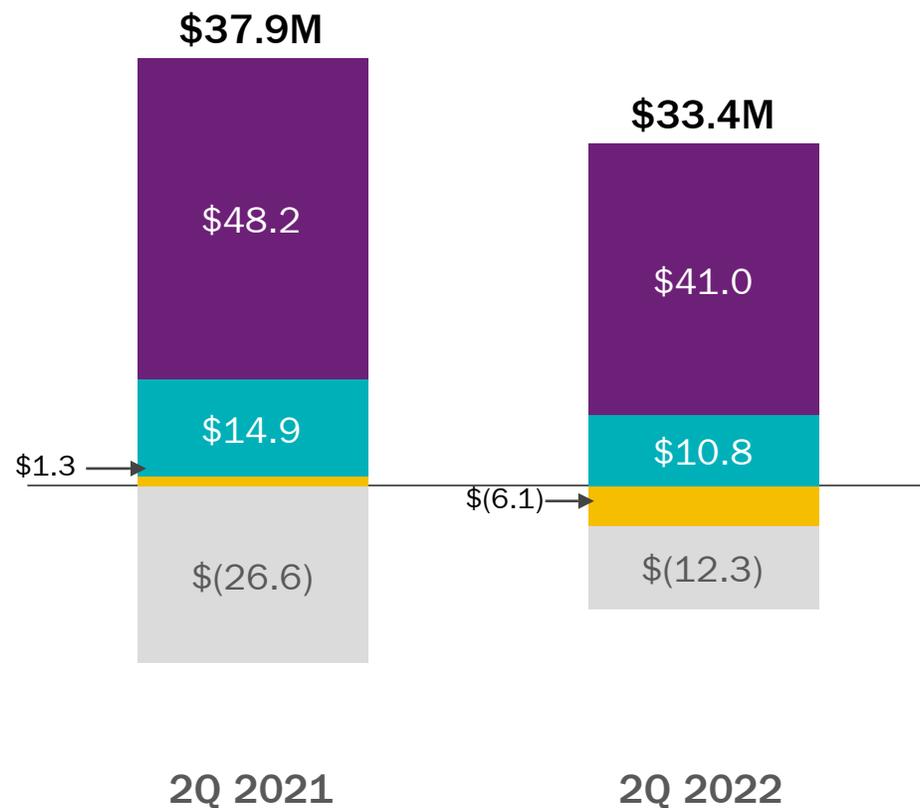
(29.1)%



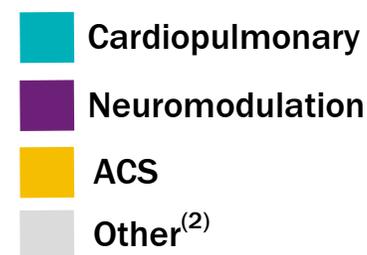
Numbers may not add precisely due to rounding.

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

2Q22 Adjusted Segment Operating Income and Margin⁽¹⁾

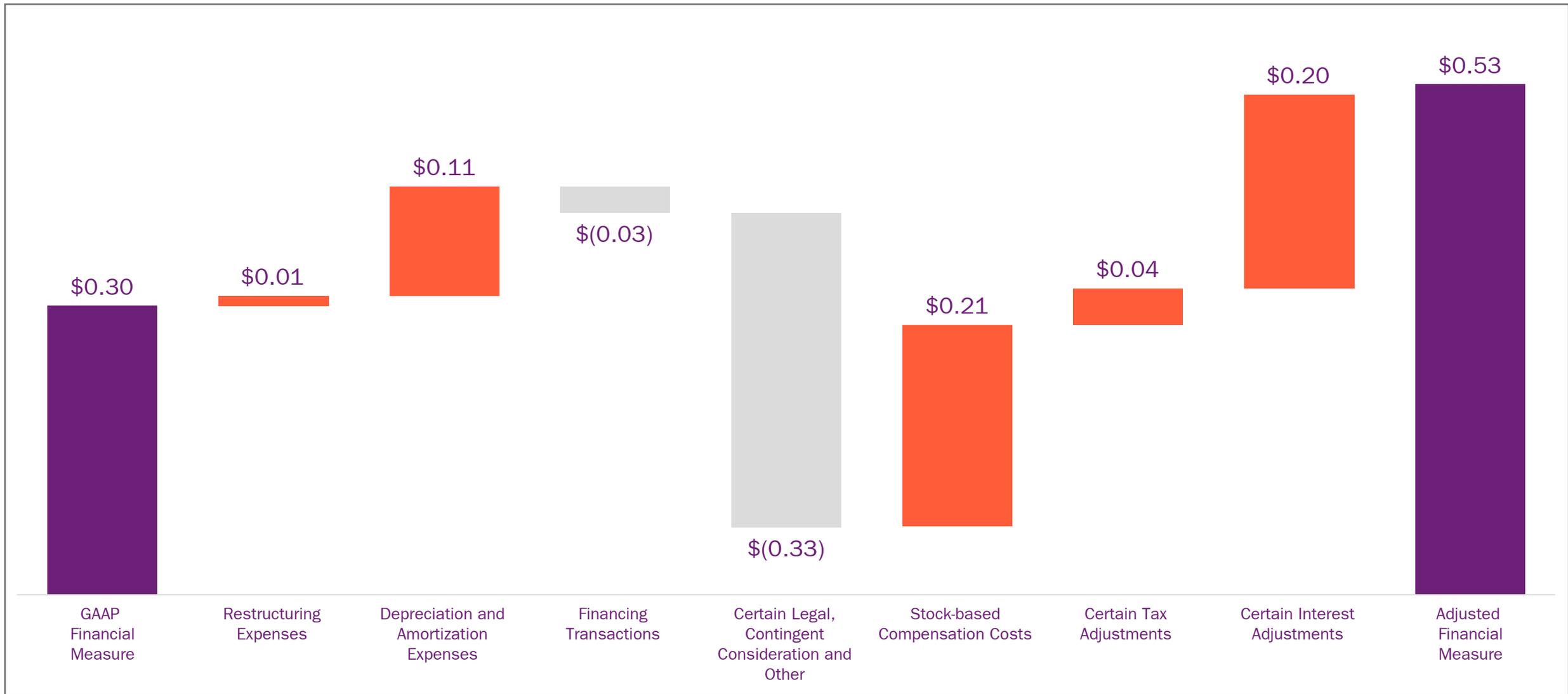


	% to Sales	
	2Q21	2Q22
Cardiopulmonary	12.7%	8.6%
Neuromodulation	41.0%	34.8%
ACS	10.1%	(64.9)%
Total	14.3%	13.1%



Numbers may not add precisely due to rounding. ⁽¹⁾ Adjusted segment operating income and margin are non-GAAP measures. These non-GAAP measures are reconciled to the most directly comparable GAAP measures in the appendix. Adjusted operating margin for the second quarter of 2021 has been revised. See the the section entitled "Supplemental Unaudited Revised Financial Information and Non-GAAP Measures" in the 8-K furnished with the SEC on February 23, 2022 for additional details. ⁽²⁾ Includes corporate shared service expenses for finance, legal, human resources, information technology and corporate business development. The three month-period ended June 30, 2021 includes adjusted operating loss of \$2.5 million related to the Heart Valves business that was divested effective June 1, 2021.

2022 Adjusted EPS from Continuing Operations*



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

Adjusted Free Cash Flow

Continued focus on optimizing cash generation

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

Adjusted Free Cash Flow Reconciliation (\$M)	1Q 2022	2Q 2022	2022 YTD
Net cash provided by operating activities	\$25.8	\$(10.2)	\$15.6
Less: Purchases of plant, property and equipment	(5.2)	(6.1)	(11.3)
Less: Cash received from tax stimulus	(6.7)	—	(6.7)
Add: 3T litigation payments	2.8	—	2.8
Add: SNIA financing	—	2.6	2.6
Adjusted free cash flow	\$16.6	\$(13.7)	\$2.9

Last Twelve Months (LTM) Adjusted Free Cash Flow Conversion Ratio	LTM Ended June 30, 2022
LTM adjusted free cash flow	\$75.3
LTM adjusted net income	\$120.0
LTM adjusted free cash flow conversion ratio	63%

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

2Q 2022 Summary

Financial

- 7% sales growth, excluding Heart Valves, with strength in Cardiopulmonary and modest growth in Neuromodulation
- Adjusted margins unfavorably impacted by foreign currency headwinds, product/geographic mix, and inflation
- Adjusted free cash flow pressured by inventory builds and inflation

Core Businesses

- Delivered strong growth in Cardiopulmonary led by the Rest of World region
- U.S. Epilepsy go-to-market initiative performed above baseline business
- ACS sales growth unfavorably impacted by a decline in severe COVID cases, partially offset by increasing non-COVID cases

Strategic Portfolio Initiatives

- DTD: RECOVER achieved 325th UP patient implanted and interim analyses confirm study continuation
- HF: ANTHEM-HFrEF pivotal trial continues to progress with second interim analysis anticipated in 4Q 2022
- OSA: OSPREY confirmatory clinical trial progresses with the majority of all 20 sites recruiting patients

2022 Outlook

2022 Outlook

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

Worldwide net sales growth, excluding Heart Valves, Adjusted Diluted EPS and Adjusted FCF are non-GAAP measures.⁽¹⁾ Net sales are on a constant-currency basis.⁽²⁾ Worldwide net sales growth when including the Heart Valves business, which was divested effective June 1, 2021, is expected to be between 1 to 3%. Constant-currency growth excludes assumed 4 to 5 percent sales impact from foreign currency exchange rates. ⁽³⁾ Adjusted diluted EPS assumes adjusted diluted weighted average shares outstanding of approximately 54 million for the full-year of 2022. ⁽⁴⁾ Adjusted free cash flow is defined as net cash provided by operating activities less cash used for the purchase of property, plant and equipment excluding the impact of 3T litigation payments, tax stimulus benefits, dividends received from investments and cash interest associated with the SNIA financing.

Assumptions for 2022

REVENUE	4 - 6%*	<ul style="list-style-type: none"> • Cardiopulmonary sales now expected to grow 6-8% • Epilepsy new patient implants expected to improve in 2H, resulting in 5-7% growth • ACS business now expected to decline in the mid-to-high teens year-over-year
EPS	\$2.25 - 2.45	<ul style="list-style-type: none"> • Gross margin adversely impacted by foreign currency headwinds, product/geographic mix, and inflation • Incremental supply chain costs anticipated, counter measured by cost improvement initiatives • Invest in core innovation, commercial & indication expansion and SPIs to drive long-term value creation
ADJUSTED FCF	\$60 - 80M	<ul style="list-style-type: none"> • Impacted by inflationary pressures, geographic mix, and inventory builds to protect supply chain continuity • Drive working capital management improvements and enhanced pricing strategies • Targeting an adjusted free cash flow conversion ratio of >80% by 2024
STRATEGIC PORTFOLIO INITIATIVES	Continued Execution	<ul style="list-style-type: none"> • DTD: 325th UP patient implanted during 2Q22 with transition to registry expected in late-2022/early-2023 • HF: Second interim analysis anticipated in 4Q 2022 • OSA: Continue to ramp patient enrollment in the OSPREY trial

* Worldwide net sales growth at constant-currency including the Heart Valves business, which was divested effective June 1, 2021, is expected to be between 1 to 3%. Constant-currency growth excludes assumed 4 to 5 percent sales impact from foreign currency exchange rates.

UP: Unipolar

Our Strategic Priorities

Core Growth

Focus on portfolio optimization to support leadership positions in underserved markets

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

Pipeline Execution

Multiple existing and pipeline initiatives to accelerate growth

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

Operational Excellence

Drive margin expansion and cash generation

- Expand operating margin through price and cost discipline
- Drive improvement in cash conversion



Appendix

GAAP to Non-GAAP Reconciliations

The following tables reconcile the most comparable U.S. Generally Accepted Accounting Principles (GAAP) measures to the non-GAAP financial and operating measures presented in LivaNova's second quarter 2022 press release and during the conference call held in conjunction with the announcement of second quarter 2022 results.

In this presentation, management has disclosed financial measurements that present financial information not in accordance with GAAP. Company management uses these measurements as aids in monitoring the Company's ongoing financial performance from quarter to quarter and year to year on a regular basis and for benchmarking against other medical technology companies. Non-GAAP financial measures used by the Company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. These non-GAAP financial measures should be considered along with, but not as alternatives to, the operating performance measure as prescribed by GAAP.

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

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

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

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

	Three Months Ended June 30,		% Change	Constant-Currency % Change
	2022	2021		
Cardiopulmonary	\$125.8	\$117.9	6.7%	14.3%
Neuromodulation	117.8	117.6	0.1%	2.3%
Advanced Circulatory Support	9.4	13.3	(29.6%)	(29.1%)
Other(1)	1.2	15.7	(92.5%)	(91.3%)
Total Net Sales	\$254.2	\$264.5	(3.9%)	0.5%

	Six Months Ended June 30,		% Change	Constant-Currency % Change
	2022	2021		
Cardiopulmonary	\$242.9	\$226.6	7.2%	13.4%
Neuromodulation	228.0	221.3	3.0%	4.8%
Advanced Circulatory Support	21.0	26.3	(19.9%)	(19.5%)
Other(1)	2.4	37.9	(93.7%)	(93.0%)
Total Net Sales	\$494.3	\$512.1	(3.5%)	0.1%

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

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

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

GAAP to Non-GAAP Reconciliations - Unaudited

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES - UNAUDITED

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

Three Months Ended June 30, 2022	GAAP Financial Measures	Specified Items								Adjusted Financial Measures
		Merger and Integration Expenses (A)	Restructuring Expenses (B)	Depreciation and Amortization Expenses (C)	Financing Transactions (D)	Certain Legal, Contingent Consideration and Other (E)	Stock-based Compensation Costs (F)	Certain Tax Adjustments (G)	Certain Interest Adjustments (H)	
Cost of sales	\$69.8	\$—	\$—	\$(3.7)	\$—	\$12.5	\$(0.6)	\$—	\$—	\$78.0
Gross profit percent	72.5 %	— %	— %	1.5 %	— %	(4.9)%	0.2 %	— %	— %	69.3 %
Selling, general and administrative	116.5	—	—	(2.9)	—	(4.8)	(7.8)	—	—	101.1
Selling, general and administrative as a percent of net sales	45.8 %	— %	— %	(1.1)%	— %	(1.9)%	(3.1)%	— %	— %	39.8 %
Research and development	34.2	—	—	—	—	10.6	(3.2)	—	—	41.8
Research and development as a percent of net sales	13.5 %	— %	— %	— %	— %	4.2 %	(1.2)%	— %	— %	16.4 %
Other operating expenses	1.9	(0.2)	(0.6)	—	—	(1.1)	—	—	—	—
Operating income	31.8	0.2	0.6	6.6	—	(17.3)	11.5	—	—	33.4
Operating margin percent	12.5 %	0.1 %	0.2 %	2.6 %	— %	(6.8)%	4.5 %	— %	— %	13.1 %
Income tax expense	2.5	—	—	0.4	—	0.4	0.1	(2.1)	—	1.4
Income tax rate	13.2 %	— %	3.3 %	6.6 %	— %	(2.5)%	1.2 %	N/A	— %	4.8 %
Net income	16.4	0.2	0.6	6.1	(1.5)	(17.7)	11.4	2.1	10.9	28.6
Net income as a percent of net sales	6.5 %	0.1 %	0.2 %	2.4 %	(0.6)%	(7.0)%	4.5 %	0.8 %	4.3 %	11.2 %
Diluted EPS	\$0.30	\$—	\$0.01	\$0.11	\$(0.03)	\$(0.33)	\$0.21	\$0.04	\$0.20	\$0.53

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

- (A) Merger and integration expenses related to the acquisition of ALung Technologies, Inc.
- (B) Restructuring expenses related to organizational changes
- (C) Includes depreciation and amortization associated with purchase price accounting
- (D) Mark-to-market adjustments for the exchangeable option feature and capped call derivatives
- (E) 3T Heater-Cooler litigation provision, legal expenses primarily related to 3T Heater-Cooler defense, costs related to the SNIA matter, other matters and remeasurement of contingent consideration related to acquisitions
- (F) Non-cash expenses associated with stock-based compensation costs
- (G) Relates to discrete tax items, R&D tax credits and the tax impact of intercompany transactions
- (H) Non-cash interest expense on the Cash Exchangeable Senior Notes and 2021 Revolving Credit Facility, and interest expense on the 2022 Bridge Loan

* Numbers may not add precisely due to rounding.

GAAP to Non-GAAP Reconciliations - Unaudited

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

Three Months Ended 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)	Production Remediation (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	\$92.2	\$—	\$—	\$(3.9)	\$—	\$(0.4)	\$—	\$(5.2)	\$(1.1)	\$—	\$—	\$81.5
Gross profit percent	65.1 %	— %	— %	1.5 %	— %	0.1 %	— %	2.0 %	0.4 %	— %	— %	69.2 %
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	(36.3)	0.1	3.6	7.0	0.1	0.4	—	53.1	9.9	—	—	37.9
Operating margin percent	(13.7)%	— %	1.4 %	2.6 %	— %	0.1 %	— %	20.1 %	3.7 %	— %	— %	14.3 %
Income tax expense	3.9	—	0.2	0.5	3.6	0.1	—	(0.6)	0.3	(4.0)	—	4.1
Income tax rate	(7.4)%	3.4 %	5.6 %	7.7 %	2,771.5 %	26.8 %	— %	(1.2)%	3.4 %	N/A	— %	14.1 %
Net (loss) income	(56.5)	0.1	3.4	6.4	(3.5)	0.3	5.7	50.5	9.6	4.0	4.6	24.7
Net (loss) income as a percent of net sales	(21.4)%	— %	1.3 %	2.4 %	(1.3)%	0.1 %	2.2 %	19.1 %	3.6 %	1.5 %	1.7 %	9.3 %
Diluted EPS	\$(1.15)	\$—	\$0.07	\$0.13	\$(0.07)	\$0.01	\$0.11	\$1.01	\$0.19	\$0.08	\$0.09	\$0.50

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) Relates to discrete tax items and the tax impact of intercompany transactions
- (J) 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)

Six Months Ended June 30, 2022	Specified Items									
	GAAP Financial Measures	Merger and Integration Expenses (A)	Restructuring Expenses (B)	Depreciation and Amortization Expenses (C)	Financing Transactions (D)	Certain Legal, Contingent Consideration and Other (E)	Stock-based Compensation Costs (F)	Certain Tax Adjustments (G)	Certain Interest Adjustments (H)	Adjusted Financial Measures
Cost of sales	\$141.5	\$—	\$—	(\$7.4)	\$—	\$14.4	(\$0.8)	\$—	\$—	\$147.7
Gross profit percent	71.4 %	— %	— %	1.5 %	— %	(2.9)%	0.2 %	— %	— %	70.1 %
Selling, general and administrative	235.0	—	—	(5.8)	—	(10.5)	(15.6)	—	—	203.0
Selling, general and administrative as a percent of net sales	47.5 %	— %	— %	(1.2)%	— %	(2.1)%	(3.2)%	— %	— %	41.1 %
Research and development	75.1	—	—	0.1	—	11.8	(5.3)	—	—	81.8
Research and development as a percent of net sales	15.2 %	— %	— %	— %	— %	2.4 %	(1.1)%	— %	— %	16.6 %
Other operating expenses	1.4	(0.2)	(0.5)	—	—	(0.7)	—	—	—	—
Operating income	41.3	0.2	0.5	13.1	—	(15.1)	21.7	—	—	61.7
Operating margin percent	8.3 %	— %	0.1 %	2.6 %	— %	(3.1)%	4.4 %	— %	— %	12.5 %
Income tax expense	5.1	—	—	0.9	—	0.8	0.2	(3.5)	—	3.5
Income tax rate	20.6 %	— %	4.0 %	6.8 %	— %	(5.1)%	1.0 %	N/A	— %	6.0 %
Net income	19.4	0.2	0.5	12.2	(2.6)	(15.9)	21.5	3.5	15.7	54.6
Net income as a percent of net sales	3.9 %	— %	0.1 %	2.5 %	(0.5)%	(3.2)%	4.4 %	0.7 %	3.2 %	11.0 %
Diluted EPS	\$0.36	\$—	\$0.01	\$0.23	\$(0.05)	\$(0.29)	\$0.40	\$0.06	\$0.29	\$1.01

GAAP results for the six months ended June 30, 2022 include:

(A) Merger and integration expenses related to the acquisition of ALung Technologies, Inc.

(B) Restructuring expenses related to organizational changes

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

(D) Mark-to-market adjustments for the exchangeable option feature and capped call derivatives

(E) 3T Heater-Cooler litigation provision, legal expenses primarily related to 3T Heater-Cooler defense, costs related to the SNIA matter, other matters and remeasurement of contingent consideration related to acquisitions

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

(G) Relates to discrete tax items, R&D tax credits and the tax impact of intercompany transactions

(H) Non-cash interest expense on the Cash Exchangeable Senior Notes and 2021 Revolving Credit Facility, and interest expense on the 2022 Bridge Loan

* Numbers may not add precisely due to rounding.

GAAP to Non-GAAP Reconciliations - Unaudited

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

Six 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	\$176.4	\$—	\$—	(\$7.9)	\$—	(\$0.4)	\$—	(\$5.6)	(\$1.8)	\$—	\$—	\$160.6
Gross profit percent	65.6 %	— %	— %	1.5 %	— %	0.1 %	— %	1.1 %	0.3 %	— %	— %	68.6 %
Selling, general and administrative	238.4	—	—	(6.1)	—	—	—	(21.1)	(13.3)	—	—	197.8
Selling, general and administrative as a percent of net sales	46.6 %	— %	— %	(1.2)%	— %	— %	— %	(4.1)%	(2.6)%	— %	— %	38.6 %
Research and development	97.2	—	—	0.1	—	—	—	(7.5)	(4.3)	—	—	85.5
Research and development as a percent of net sales	19.0 %	— %	— %	— %	— %	— %	— %	(1.5)%	(0.8)%	— %	— %	16.7 %
Other operating expenses	42.0	(0.7)	(9.7)	—	0.8	—	—	(32.4)	—	—	—	—
Operating (loss) income	(42.0)	0.7	9.7	14.0	(0.8)	0.4	—	66.6	19.5	—	—	68.2
Operating margin percent	(8.2)%	0.1 %	1.9 %	2.7 %	(0.2)%	0.1 %	— %	13.0 %	3.8 %	— %	— %	13.3 %
Income tax expense	6.6	—	0.3	1.1	3.7	0.1	—	—	0.5	(6.5)	—	5.9
Income tax rate	(8.1)%	0.9 %	3.3 %	7.8 %	(445.9)%	26.9 %	— %	— %	2.7 %	N/A	— %	12.4 %
Net (loss) income	(87.2)	0.7	9.4	12.9	(4.6)	0.3	16.4	58.9	18.9	6.5	9.2	41.3
Net (loss) income as a percent of net sales	(17.0)%	0.1 %	1.8 %	2.5 %	(0.9)%	0.1 %	3.2 %	11.5 %	3.7 %	1.3 %	1.8 %	8.1 %
Diluted EPS	\$(1.79)	\$0.01	\$0.19	\$0.26	\$(0.09)	\$0.01	\$0.33	\$1.18	\$0.38	\$0.13	\$0.18	\$0.83

GAAP results for the six 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) Gain associated with the sale of Heart Valves

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

(F) Costs associated with our June 2020 financing transactions, including 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, gain from remeasurement of an investment and dividend income

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

(I) Relates to discrete tax items and the tax impact of intercompany transactions

(J) 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)

Adjusted free cash flow reconciliation	Three Months Ended June 30, 2022
Net cash provided by operating activities	\$(10.2)
Less: Purchases of plant, property and equipment	(6.1)
Add: SNIA financing	\$2.6
Adjusted free cash flow	<u><u>\$(13.7)</u></u>

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

Adjusted free cash flow reconciliation	Twelve Months Ended June 30, 2022
Net cash provided by operating activities	\$73.0
Less: Purchases of plant, property and equipment	(22.2)
Less: Cash received from tax stimulus	(6.7)
Less: Dividends received from investments	(0.3)
Add: 3T litigation payments	28.9
Add: SNIA financing	2.6
Adjusted free cash flow	<u><u>\$75.3</u></u>

Adjusted net income reconciliation	Twelve Months Ended June 30, 2022
Net loss	\$(29.1)
Merger & integration expenses	0.2
Restructuring expenses	0.6
Depreciation and amortization expenses	25.2
Heart Valves	4.4
Product remediation expenses	0.2
Financing transactions	62.7
Certain legal, contingent, consideration and other	(10.5)
Stock-based compensation costs	42.5
Certain tax adjustments	0.5
Certain interest adjustments	23.3
Adjusted net income	<u><u>\$120.0</u></u>

Last twelve months adjusted free cash flow conversion ratio 63 %

Segment Non-GAAP Reconciliation - Unaudited

(U.S. dollars in millions)

Three Months Ended June 30, 2022	Specified Items					Adjusted Financial Results	% to Sales
	GAAP Financial Results	Depreciation and Amortization (A)	Certain Legal, Contingent Consideration and Other (B)	Stock-based Compensation Costs (C)			
Cardiopulmonary	\$3.6	\$0.2	\$4.9	\$2.1	\$10.8	8.6 %	
Neuromodulation	51.4	—	(13.0)	2.6	41.0	34.8 %	
Advanced Circulatory Support	3.5	—	(10.5)	1.0	(6.1)	(64.9)%	
Other ⁽¹⁾	(19.5)	—	1.3	5.8	(12.3)	**	
Segment operating income	<u>\$39.0</u>	<u>\$0.1</u>	<u>\$ (17.3)</u>	<u>\$11.5</u>	<u>\$33.4</u>	13.1 %	

Three Months Ended June 30, 2021	Specified Items							Adjusted Financial Results	% to Sales
	GAAP Financial Results	Depreciation and Amortization (A)	Certain Legal, Contingent Consideration and Other (B)	Stock-based Compensation (C)	Product Remediation (D)	Heart Valves (E)			
Cardiopulmonary	\$(25.1)	\$0.3	\$37.1	\$2.2	\$0.4	\$—	\$14.9	12.7 %	
Neuromodulation	38.2	—	7.7	2.3	—	—	48.2	41.0 %	
Advanced Circulatory Support	(1.3)	—	2.7	—	—	—	1.3	10.1 %	
Other	(37.6)	—	5.6	5.4	—	0.1	(26.6)	(169.2)%	
Segment operating income	<u>\$(25.9)</u>	<u>\$0.3</u>	<u>\$53.1</u>	<u>\$9.9</u>	<u>\$0.4</u>	<u>\$0.1</u>	<u>\$37.9</u>	14.3 %	

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

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

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

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

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

(E) Gain associated with the sale of Heart Valves

* Numbers may not add precisely due to rounding.

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

(1) Other includes corporate shared service expenses for finance, legal, human resources, information technology and corporate business development. For 2021, other also includes the results of the Company's Heart Valves business, which was disposed of on June 1, 2021.