

Third Quarter 2021 Earnings Presentation

November 3, 2021

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: Essenz[™] heart-lung machine, S5[®] heart-lung machine, S3[®] heart-lung machine, S5 PRO[™] heart-lung machine, 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

Financial Results

2021 Guidance

Adjusted Free Cash Flow

Summary

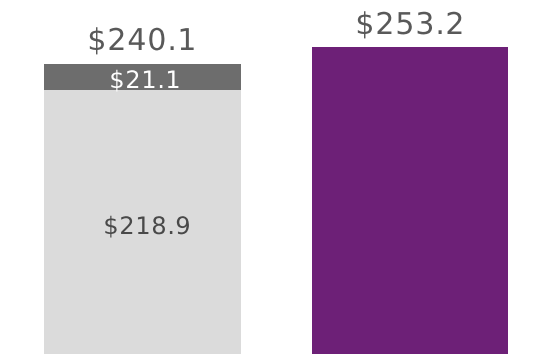
Financial Results

Financial Summary

3Q20 3Q21

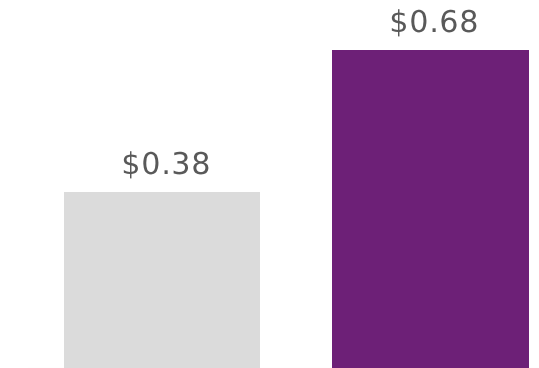
Net Sales (\$M)

■ Heart Valves*

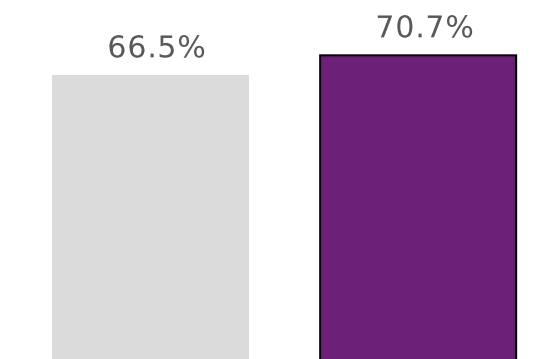


- Net sales increased 5.0 percent on a constant-currency basis
- Net sales, excluding sales related to the Heart Valves business that was divested effective June 1, 2021, increased 15.2 percent on a constant-currency basis

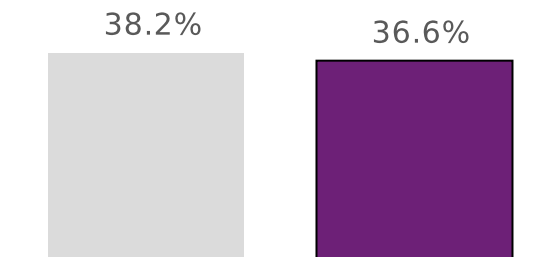
Adjusted Diluted EPS



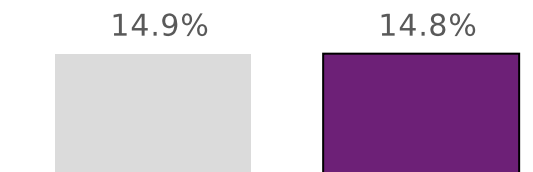
Adjusted Gross Profit %



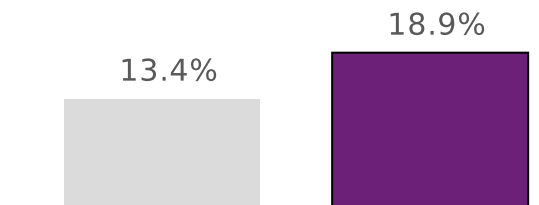
Adjusted SG&A %



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.

* The Heart Valves business was divested and deconsolidated effective June 1, 2021.

Net Sales

\$253.2M

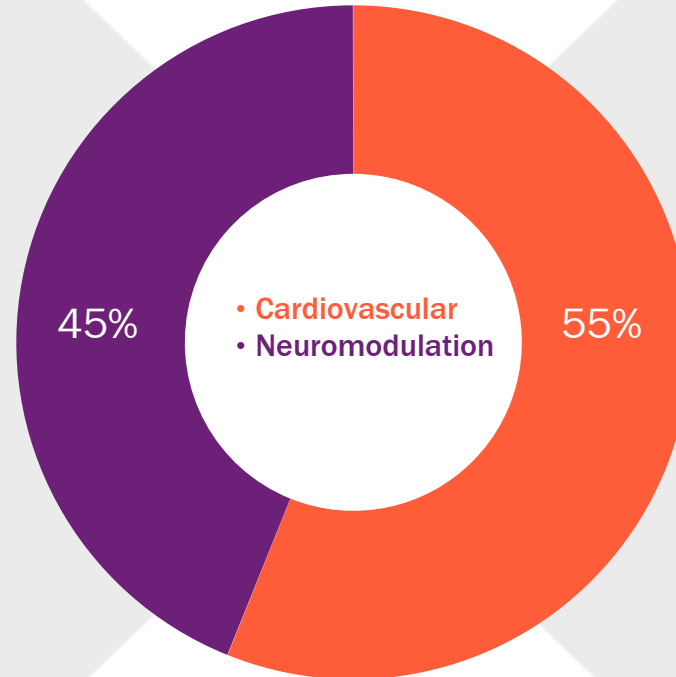
5.0% increase*

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)



89% Cardiopulmonary (CP)

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

11% Advanced Circulatory Support (ACS)

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

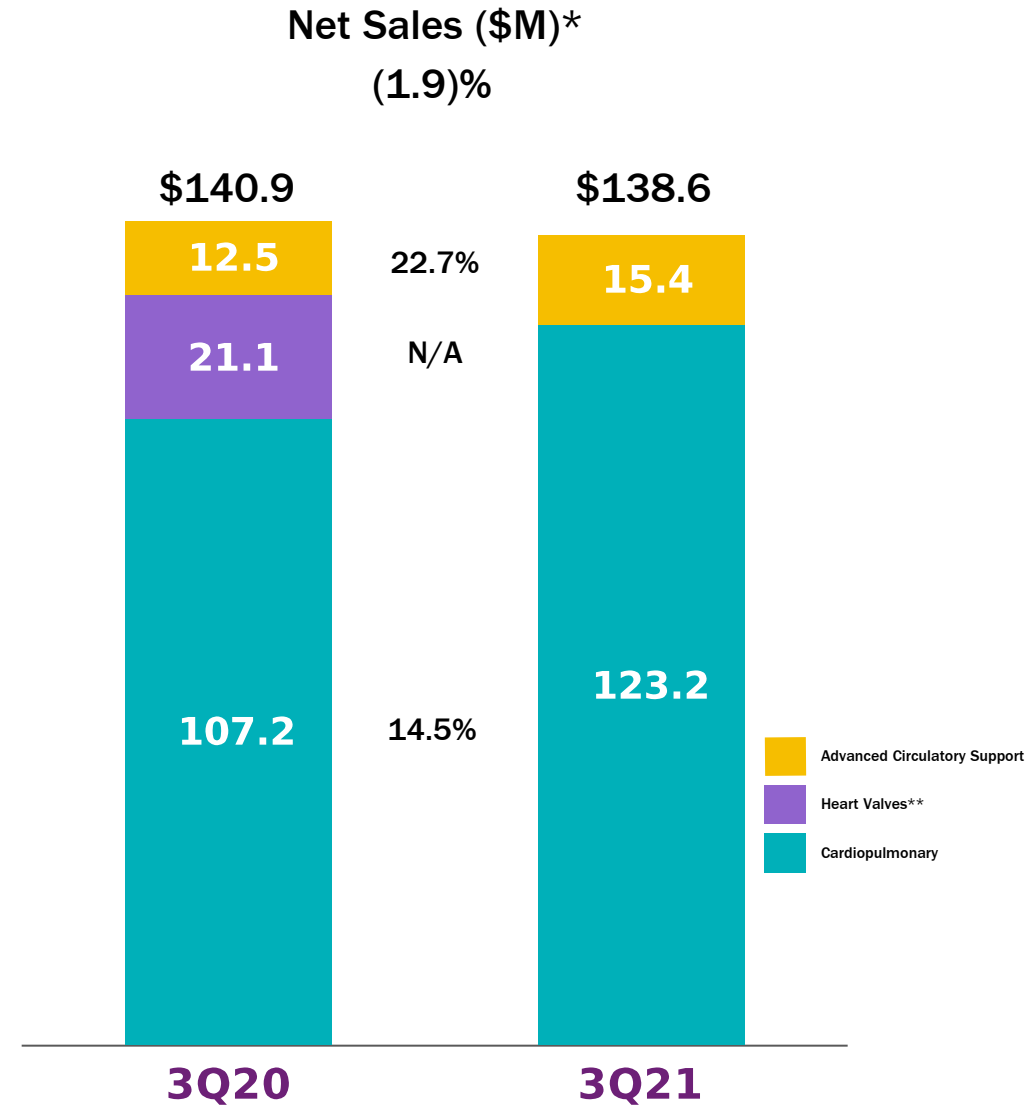
Numbers may not add precisely due to rounding.

* 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.

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 growth across all regions, particularly in Europe and Rest of World
- HLM sales grew over 25% globally, with growth across all regions, particularly in the U.S.



Numbers may not add precisely due to rounding.

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** The Heart Valves business was divested effective June 1, 2021.

Neuromodulation Sales

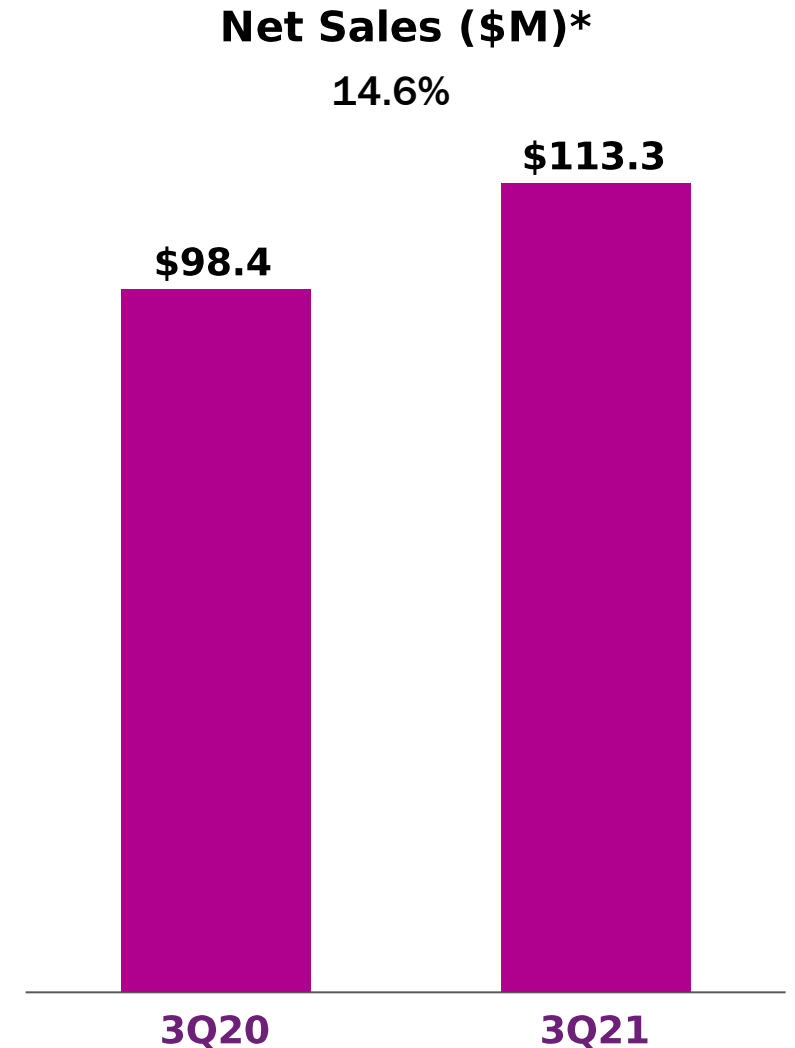
Drivers/Impacts

Global sales increased **15%** with double-digit growth occurring in all regions, reflecting the continued improvement in market dynamics

U.S. sales increased **11%** driven by replacement implants. Go-to-market commercial initiatives in select comprehensive epilepsy centers (CECs) delivered growth above the baseline business.

Europe grew **16%**, led by the U.K. and Italy

Rest of World sales grew **47%**, led by China, Taiwan and the Middle East, as non-emergent procedures continue to recover in these markets

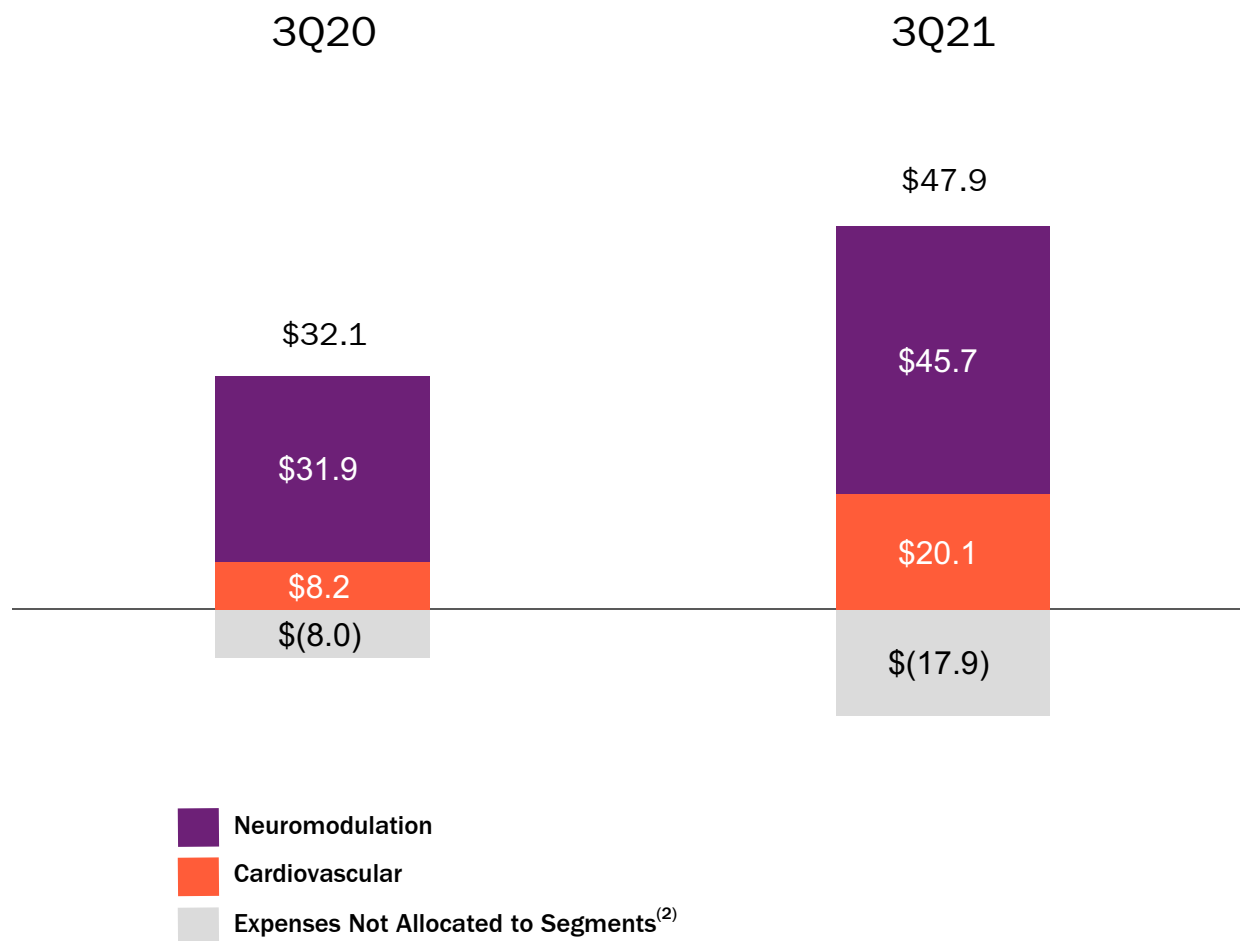


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* All percent change performance is shown on a year-over-year constant-currency basis, which is a non-GAAP measure. Constant currency eliminates the effects of foreign currency fluctuations. For reconciliations of certain non-GAAP metrics, please see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

Adjusted Segment Operating Income and Margin⁽¹⁾

(\$M)



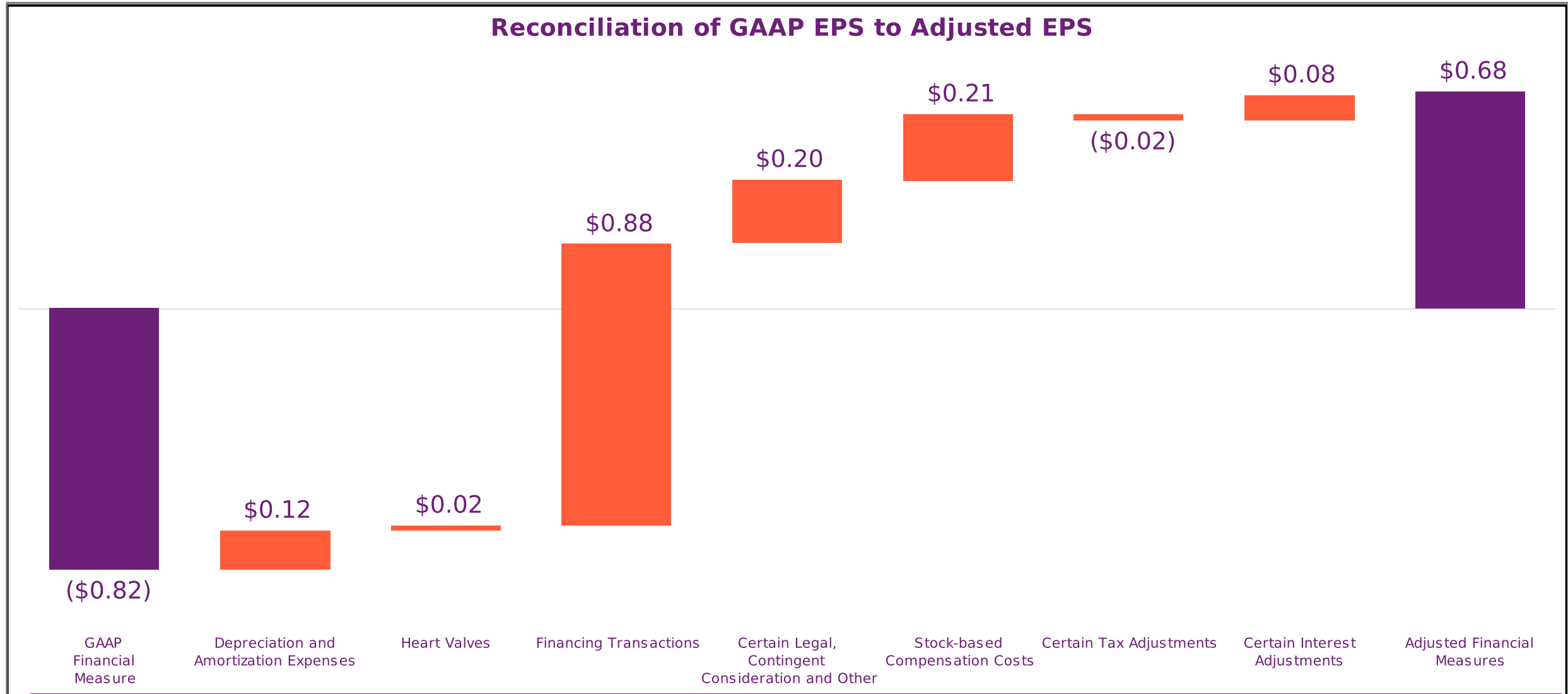
| | % to Sales | |
|-----------------|------------|-------|
| | 3Q20 | 3Q21 |
| Cardiovascular | 5.9% | 14.5% |
| Neuromodulation | 32.4% | 40.3% |
| Total | 13.4% | 18.9% |

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.

Net Sales Comparisons* by Region

Cardiopulmonary & Neuromodulation Net Sales by Region - Three and Nine Months of 2021 versus 2019

| (\$M) | Three Months Ended September 30, | | | | Nine Months Ended September 30, | | | |
|--|----------------------------------|----------------|-----------------------------------|-------------------------------------|---------------------------------|----------------|-----------------------------------|-------------------------------------|
| | 2021 | 2019 | % Change at Actual Currency Rates | % Change at Constant-Currency Rates | 2021 | 2019 | % Change at Actual Currency Rates | % Change at Constant-Currency Rates |
| Cardiopulmonary | | | | | | | | |
| United States | \$40.1 | \$39.1 | 2.8% | 2.8% | \$113.3 | \$119.6 | (5.3)% | (5.3)% |
| Europe | 32.9 | 30.1 | 9.3% | 2.4% | 98.6 | 99.9 | (1.3)% | (7.5)% |
| Rest of World | 50.2 | 50.9 | (1.3)% | 0.7% | 137.9 | 152.7 | (9.6)% | (9.0)% |
| Total | 123.2 | 120.0 | 2.7% | 1.8% | 349.8 | 372.2 | (6.0)% | (7.4)% |
| Neuromodulation | | | | | | | | |
| United States | 88.7 | 88.4 | 0.3% | 0.3% | 262.8 | 245.9 | 6.9% | 6.9% |
| Europe | 12.5 | 10.4 | 20.1% | 10.9% | 38.8 | 34.1 | 13.9% | 6.1% |
| Rest of World | 12.0 | 13.7 | (12.0)% | (10.1)% | 33.0 | 31.5 | 4.8% | 8.3% |
| Total | 113.3 | 112.5 | 0.7% | —% | 334.6 | 311.5 | 7.4% | 6.9% |
| Advanced Circulatory Support ⁽¹⁾ | 15.4 | 6.5 | 135.7% | 135.3% | 41.7 | 23.1 | 80.4% | 80.1% |
| Other | 1.3 | 0.6 | 102.0% | 90.2% | 3.0 | 2.0 | 53.2% | 43.9% |
| Total Net Sales, Excluding Heart Valves⁽²⁾ | \$253.2 | \$239.7 | 5.6% | 4.9% | \$729.1 | \$708.7 | 2.9% | 1.9% |
| Heart Valves ⁽²⁾ | — | 28.9 | N/A | N/A | 36.2 | 87.9 | (58.8)% | (60.3)% |
| Total Net Sales | \$253.2 | \$268.6 | (5.7)% | (6.4)% | \$765.3 | \$796.6 | (3.9)% | (5.0)% |

* 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. Numbers may not add precisely due to rounding.

⁽¹⁾ Growth driven by adoption of LifeSPARC following commercial launch in July 2020.

⁽²⁾ The Heart Valves business was divested and deconsolidated effective June 1, 2021.

Adjusted Free Cash Flow

Focused on strengthening adjusted FCF

- Targeting \$55-75M of adjusted free cash flow for full-year 2021

| Adjusted Free Cash Flow Reconciliation (\$M) | 1Q 2021 | 2Q 2021 | 3Q 2021 | 2021 YTD |
|---|----------------|---------------|---------------|---------------|
| Net cash provided by operating activities | \$19.5 | \$25.6 | \$24.0 | \$69.1 |
| Less: Purchases of plant, property and equipment | (8.2) | (6.4) | (3.3) | (17.9) |
| Less: Cash received from tax stimulus | (24.5) | — | — | (24.5) |
| Less: Gains related to dividends received from investment | — | (3.1) | (0.3) | (3.4) |
| Add: 3T litigation payments | 5.1 | 3.6 | 19.6 | 28.3 |
| Adjusted free cash flow | \$(8.1) | \$19.7 | \$40.0 | \$51.6 |

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.

2021 Guidance

2021 Updated Guidance

Increasing full-year guidance as a result of nine month 2021 performance

| | Guidance as of Feb. 24, 2021 | Guidance as of Jun. 1, 2021 | Guidance as of Jul. 28, 2021 | Guidance as of Aug. 16, 2021 | Guidance as of Nov. 3, 2021 |
|---|---------------------------------|--------------------------------|---------------------------------|---------------------------------|--------------------------------|
| Worldwide net sales growth ⁽¹⁾ | 8 - 13% | 0 - 5% | 5 - 10% | 5 - 10% | 8 - 11% |
| Worldwide net sales growth, excluding Heart Valves ⁽¹⁾ | 7 - 12% | 7 - 12% | 12 - 17% | 12 - 17% | 15 - 18% |
| Diluted EPS ^{(1) (2)} | \$1.40 - 1.90 | \$1.31 - 1.81 | \$1.60 - 1.90 | \$1.75 - 2.05 | \$2.00 - 2.10 |
| Adjusted free cash flow ⁽³⁾ | \$30 - 50M | \$30 - 50M | \$35 - 55M | \$50 - 70M | \$55 - 75M |

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

⁽²⁾ Diluted EPS for guidance issued as of November 3, 2021 assumes a full-year share count of approximately 51.5 million.

⁽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.

3Q 2021 Summary

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

Financial

- Solid 3Q sales results across all 3 regions despite continued variability across markets due to COVID-19
- Gross margin improvement driven by favorable product and geographic mix
- Strengthened financial flexibility through equity offering, \$450M term loan retirement and entry into \$125M revolver

Strategic

- Strong ACS growth behind the continued adoption of LifeSPARC and increased procedure volumes
- 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 study continues to make progress in patient consents with implants impacted primarily by COVID-19
- The ANTHEM-HFrEF pivotal trial continues to progress with the first review of data anticipated in 1H22
- The OSPREY confirmatory clinical trial remains on track to implant the first patient this quarter

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 over 30% 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



2021 Assumptions

| | | |
|--|---------------------|--|
| REVENUE | 8 - 11%* | <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 over 30% ACS growth in 2021 • Cardiopulmonary expected to grow in the mid-single digits |
| EPS | \$2.00 - 2.10 | <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 | \$55 - 75M | <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 patients implanted in the RECOVER study arm by early 1Q22 • Heart Failure: Reach 9 month follow-up for 300 patients in ANTHEM-HFrEF in 1Q22 • OSA: IDE FDA approval received and anticipate implanting the first patient this quarter |

* Worldwide net sales growth, excluding Heart Valves, is anticipated to be between 15-18%

Appendix

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

| \$ in millions | Three Months Ended September 30, | | % Change | Constant-Currency % Change* |
|---|----------------------------------|---------|----------|-----------------------------|
| | 2021 | 2020 | | |
| Business / Product Line: | | | | |
| <i>Cardiopulmonary</i> | \$123.2 | \$107.2 | 15.0 % | 14.5 % |
| <i>Heart Valves</i> | — | 21.1 | N/A | N/A |
| <i>Advanced Circulatory Support</i> | 15.4 | 12.5 | 22.8 % | 22.7 % |
| Cardiovascular | 138.6 | 140.9 | (1.6)% | (1.9)% |
| Neuromodulation | 113.3 | 98.4 | 15.1 % | 14.6 % |
| Other | 1.3 | 0.8 | 62.4 % | 61.2 % |
| Total Net Sales | \$253.2 | \$240.1 | 5.5 % | 5.0 % |
| Less: Heart Valves Net Sales | — | 21.1 | N/A | N/A |
| Total Net Sales, Excluding Heart Valves** | \$253.2 | \$218.9 | 15.7 % | 15.2 % |

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 September 30, 2021 | Specified Items | | | | | | | | | Adjusted Financial Measures |
|---|----------------------------|----------------------------------|---|---------------------|----------------------------------|---|---|-----------------------------------|--|-----------------------------------|
| | GAAP Financial Measures | Restructuring Expenses (A) | Depreciation and Amortization Expenses (B) | Heart Valves (C) | Financing Transactions (D) | Certain Legal, Contingent Consideration and Other (E) | Stock-based Compensation Costs (F) | Certain Tax Adjustments (G) | Certain Interest Adjustments (H) | |
| Cost of sales | \$83.1 | \$— | (\$4.0) | \$— | \$— | (\$4.7) | (\$0.2) | \$— | \$— | \$74.3 |
| Gross profit percent | 67.2 % | — % | 1.6 % | — % | — % | 1.8 % | 0.1 % | — % | — % | 70.7 % |
| Selling, general and administrative | 109.0 | — | (3.0) | — | — | (4.4) | (8.9) | — | — | 92.6 |
| Selling, general and administrative as a percent of net sales | 43.1 % | — % | (1.2)% | — % | — % | (1.8)% | (3.5)% | — % | — % | 36.6 % |
| Research and development | 42.1 | — | — | — | — | (2.8) | (2.0) | — | — | 37.4 |
| Research and development as a percent of net sales | 16.6 % | — % | — % | — % | — % | (1.1)% | (0.8)% | — % | — % | 14.8 % |
| Other operating expenses | 1.1 | (0.1) | — | (0.1) | — | 0.2 | — | — | — | 1.0 |
| Operating income from continuing operations | 17.9 | 0.1 | 7.0 | 0.1 | — | 11.8 | 11.1 | — | — | 47.9 |
| Operating margin percent | 7.1 % | — % | 2.8 % | 0.1 % | — % | 4.6 % | 4.4 % | — % | — % | 18.9 % |
| Income tax expense | 2.1 | — | 0.5 | (0.7) | — | 1.0 | 0.2 | 1.0 | — | 4.2 |
| Net (loss) income from continuing operations | (42.2) | 0.1 | 6.4 | 0.8 | 46.3 | 10.4 | 10.9 | (1.0) | 4.1 | 35.8 |
| Diluted EPS - Continuing Operations | (\$0.82) | \$— | \$0.12 | \$0.02 | \$0.88 | \$0.20 | \$0.21 | (\$0.02) | \$0.08 | \$0.68 |

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

- (A) Restructuring expenses related to organizational changes
- (B) Includes depreciation and amortization associated with purchase price accounting
- (C) Loss associated with the sale of Heart Valves
- (D) Costs associated with the June 2020 financing transactions, including loss on debt extinguishment, the mark-to-market adjustment for the exchangeable option feature and capped call derivatives
- (E) 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
- (F) Non-cash expenses associated with stock-based compensation costs
- (G) Primarily relates to discrete tax items
- (H) Primarily relates to non-cash interest expense on the 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 September 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 | \$92.4 | \$— | \$— | (\$5.2) | (\$1.1) | \$— | (\$5.4) | (\$0.4) | \$— | \$— | \$80.3 |
| Gross profit percent | 61.5 % | — % | — % | 2.2 % | 0.5 % | — % | 2.2 % | 0.2 % | — % | — % | 66.5 % |
| Selling, general and administrative | 104.0 | — | — | (6.1) | — | 0.1 | 0.3 | (6.6) | — | — | 91.7 |
| Selling, general and administrative as a percent of net sales | 43.3 % | — % | — % | (2.5)% | — % | — % | 0.1 % | (2.8)% | — % | — % | 38.2 % |
| Research and development | 47.4 | — | — | — | — | — | (10.7) | (0.7) | — | — | 35.9 |
| Research and development as a percent of net sales | 19.7 % | — % | — % | — % | — % | — % | (4.5)% | (0.3)% | — % | — % | 14.9 % |
| Other operating expenses | 3.7 | (1.1) | 0.3 | — | — | — | (3.0) | — | — | — | — |
| Operating (loss) income from continuing operations | (7.5) | 1.1 | (0.3) | 11.3 | 1.1 | (0.1) | 18.7 | 7.8 | — | — | 32.1 |
| Operating margin percent | (3.1)% | 0.5 % | (0.1)% | 4.7 % | 0.5 % | — % | 7.8 % | 3.3 % | — % | — % | 13.4 % |
| Income tax (benefit) expense | (4.0) | — | — | 1.5 | 0.3 | — | 0.3 | 0.4 | 2.5 | (0.3) | 0.9 |
| Net (loss) income from continuing operations | (14.8) | 1.1 | (0.4) | 9.8 | 0.8 | (4.8) | 18.4 | 7.4 | (2.5) | 3.5 | 18.5 |
| Diluted EPS - Continuing Operations | (\$0.30) | \$0.02 | (\$0.01) | \$0.20 | \$0.02 | (\$0.10) | \$0.38 | \$0.15 | (\$0.05) | \$0.07 | \$0.38 |

GAAP results for the three months ended September 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 the 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 and 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 the Senior Secured Term Loan and Cash Exchangeable Senior Notes, intellectual property migration and interest reversed upon the settlement of a tax litigation matter

* Numbers may not add precisely due to rounding.

Segment Non-GAAP Reconciliation - Unaudited

(U.S. dollars in millions)

| Three Months Ended September 30, 2021 | GAAP Financial Results | Specified Items | | | | Adjusted Financial Results | % to Sales |
|--|---------------------------|---|---|---|---------------------|-------------------------------|------------|
| | | Depreciation and Amortization Expenses (A) | Certain Legal, Contingent Consideration and Other (B) | Stock-based Compensation Costs (C) | Heart Valves (D) | | |
| Cardiovascular | \$15.7 | \$0.4 | \$2.5 | \$1.5 | \$0.1 | \$20.1 | 14.5 % |
| Neuromodulation | 36.2 | — | 7.2 | 2.4 | — | 45.7 | 40.3 % |
| Other | (27.2) | — | 2.1 | 7.2 | — | (17.9) | ** |
| Segment operating income | \$24.6 | \$0.3 | \$11.8 | \$11.1 | \$0.1 | \$47.9 | 18.9 % |

| Three Months Ended September 30, 2020 | GAAP Financial Results | Specified Items | | | | | Adjusted Financial Results | % to Sales |
|--|---------------------------|---|---|---|---|----------------------------------|-------------------------------|------------|
| | | Depreciation and Amortization Expenses (A) | Certain Legal, Contingent Consideration and Other (B) | Stock-based Compensation Costs (C) | Product Remediation Expenses (E) | Financing Transactions (F) | | |
| Cardiovascular | \$(7.3) | \$0.5 | \$12.6 | \$1.4 | \$1.1 | \$— | \$8.2 | 5.9 % |
| Neuromodulation | 21.2 | 1.2 | 8.5 | 1.1 | — | — | 31.9 | 32.4 % |
| Other | (10.9) | — | (2.3) | 5.3 | — | (0.1) | (8.0) | ** |
| Segment operating income | \$2.9 | \$1.6 | \$18.7 | \$7.8 | \$1.1 | \$(0.1) | \$32.1 | 13.4 % |

GAAP results for the three months ended September 30, 2021 and 2020 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, settlements, other matters and remeasurement of contingent consideration related to acquisitions
- (C) Non-cash expenses associated with stock-based compensation costs
- (D) Loss associated with the sale of Heart Valves
- (E) Costs related to the 3T Heater-Cooler remediation plan
- (F) Costs associated with the 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 third-quarter 2021 press release and during the conference call held in conjunction with the announcement of third-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.