INNOVATION AT LIVANOVA

Insights on Strategy and Motivation

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LivaNova's History

Where We Are and How We Got There

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1956

Sorin is founded, focusing on cardio med devices

1987

Cyberonics is founded, focusing on Neuromod therapies, particularly **Epilepsy**

VNS Therapy™

2001

Cyberonics receives FDA approval for VNS treatment indicated for **drug-resistant Depression**

2015

Sorin and Cyberonics merge to form LivaNova

2017

LiVN acquires ImThera, expanding into **Sleep Apnea**

SenTiva released (IPG)

2024

Essenz HLM released

CINO role created, Ahmet Tezel appointed

2025

OSA Osprey trial data show strong response

Submitted for Depression coverage with CMS

CORE VNS Study Results complete

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LivaNova
Fact Sheet

- **We unite to provide hope for patients and their families through innovative medical technologies, delivering life-changing improvements for both the Head and Heart.**
- MedTech company focusing on Neuromodulation therapies and Cardiopulmonary (primairly Heart Lung machines/ECMO)
- Publicly traded under LIVN
- 93% of ownership help by instutions
- Key functions:
  - R&D
  - Clinical
  - Manufacturing
  - Medical
  - Regulatory compliance
- Employee count ~2.900

- 2024 Revenue: $1.25 billions
- 2Q Earnings highlights:
  - Second-quarter 2025 Cardiopulmonary revenue increased 14.7% on a reported basis and 12.7% on a constant-currency basis versus the second quarter of 2024 with growth across all regions, driven by strong consumables demand and Essenz™ Perfusion System sales.
  - Second-quarter 2025 Neuromodulation revenue increased 6.2% on a reported basis and 5.6% on a constant-currency basis versus the second quarter of 2024 with growth across all regions.
  - LivaNova now expects full-year 2025 revenue to grow between 8.0% and 9.0% (versus 6.0% and 7.0% prior) on a constant-currency basis and between 9.0% and 10.0% (versus 7.0% and 8.0% prior) on an organic basis.

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LivaNova's Innovation Transformation Strategy

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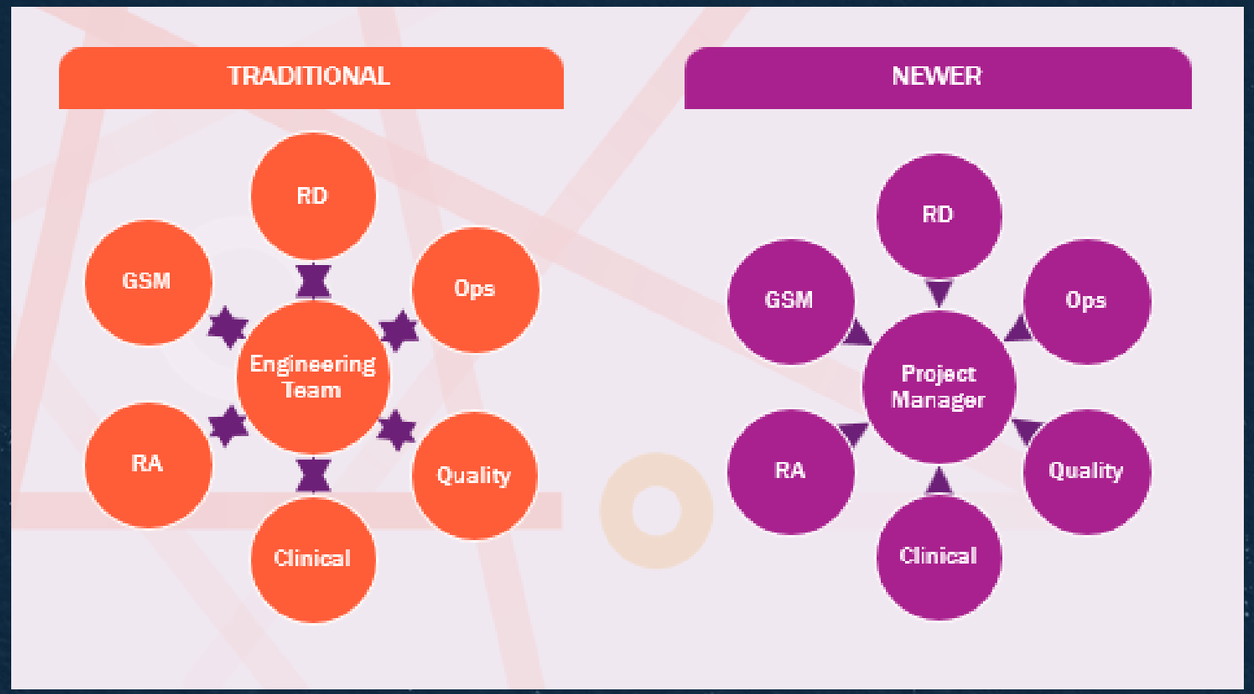
LivaNova Before Mid-2024

How Products Were Developed

Operating Model



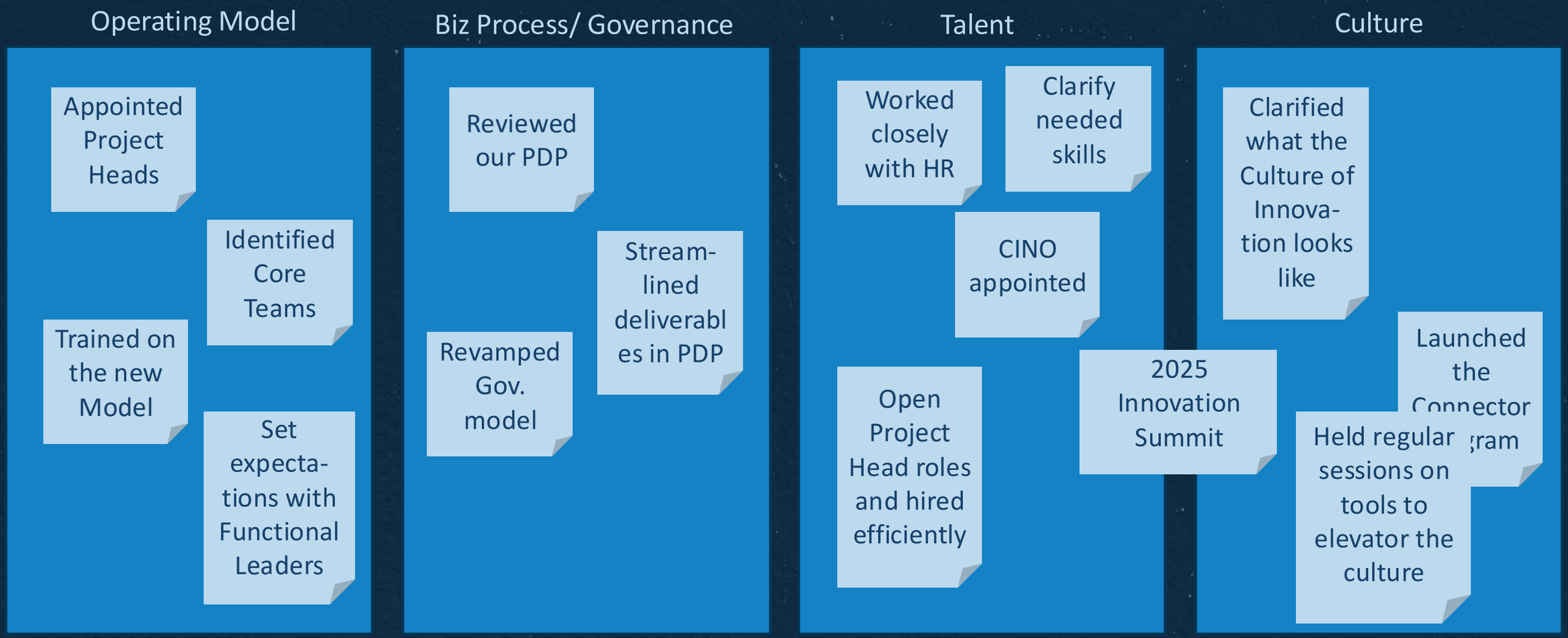
Governance

Our Transformation Strategy (Launched Late ‘24)

Launched as Part of Our Global Strategic Imperatives

How We Transformed

Moving from Theory to Action



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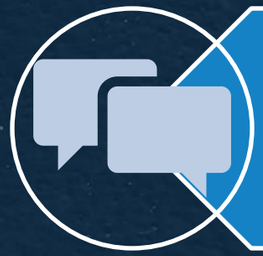
Impact and Change Management

How Team Members Felt These Changes in Real Time

Changes in visibility due to new Operating Model

New governance forums



New cultural expectations (vulnerability, candor, etc.

Motivating our Teams

How We're Promoting Change

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Motivating Change: Our Approach

Some intentional, some happy accidents

Created a burning platform using **Innovation KPIs**	Clarified the **goal of Innovation** and define Innovation itself	Motivated through co-creation by sharing details of our strategy and approach, and permitting some **autonomy in execution**	Solidified a **future state vision** of an innovative culture at the Innovation Summit (the 5 dimensions of an Innovative Culture)
Unified on a shared **Language of Innovation**	Provided better, visible support from the highest levels of leadership through **better governance**	Launched the **Connector Program** to provide support through these changes	1st Annual **Innovation Awards** launched at the 2025 Innovation Summit
Creating forums for collaboration across new roles	Investing in Project Head roles and building out teams further with key skills	Developing: Updating/ challenging our approach to risk taking	Developing: Early Stage Innovation process for team members to submit new ideas

How We Measure Success

Freshness Index

Measures the percentage of a company's sales derived from products approved within the past five years

eNPV

(est. net portfolio value)

A measure of the risk-adjusted value of the current pipeline

Milestone Attainment

% of project milestones set that are achieved on time

Revenue to R&D Spend Ratio

% of Revenue spent on R&D

The Goal of Innovation

The Bottom Line

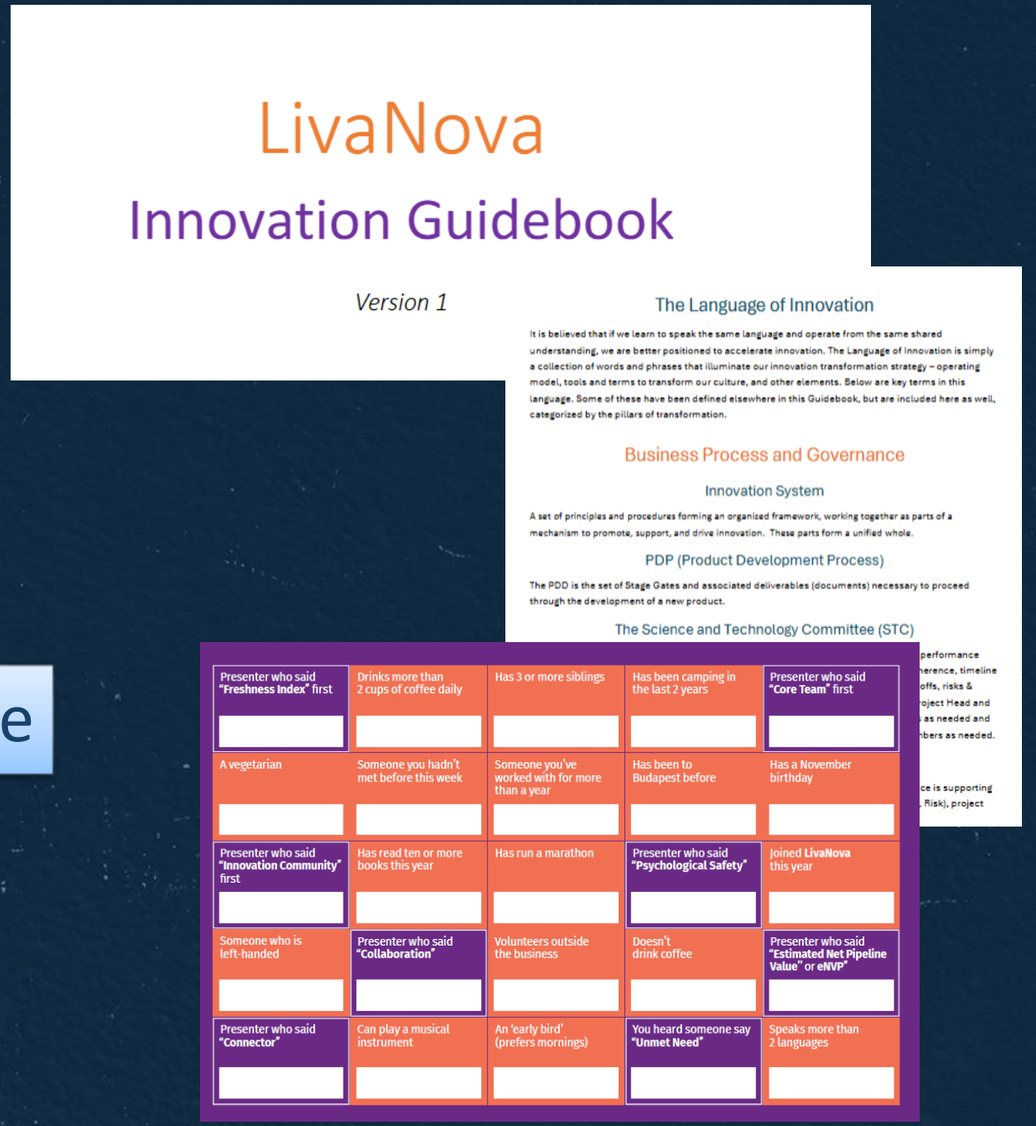
Innovation is the process of delivering differentiated value to the Market

- Economist David J. Teece

The Language of Innovation

Examples of Key Terms

- Project Head
- Core Team
- Psychological Safety
- Artificial Harmony
- Science and Technology Committee
- The Energy Map
- Innovation Community



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The Connector Program

Launched in Partnership with Verus Global

Connectors drive cross-functional collaboration by aligning teams to strategic priorities in real time.

They foster a culture of trust and accountability, enabling productive conversations across all levels.

Equipped with proven tools and daily disciplines, Connectors elevate team performance and execution.

Act as internal coaches and facilitators, helping colleagues overcome barriers and co-create solutions

They support our Language of Innovation

The 5 Dimensions of an Innovative Culture

Setting a Vision Without a Checklist

"I can be honest about my thoughts and I'm not afraid to hear yours"

Set the example of psychological safety; recognize task/ relationship conflict; choose to believe in positive intent

"I think critically"

Focus on inclusion, but know when to collaborate; choose diversity of thought

"I am willing to reconsider my position; I have an open mind"

Build confident humility; beware of confirmation bias & desirability bias

"I seek first to understand, then to be understood"

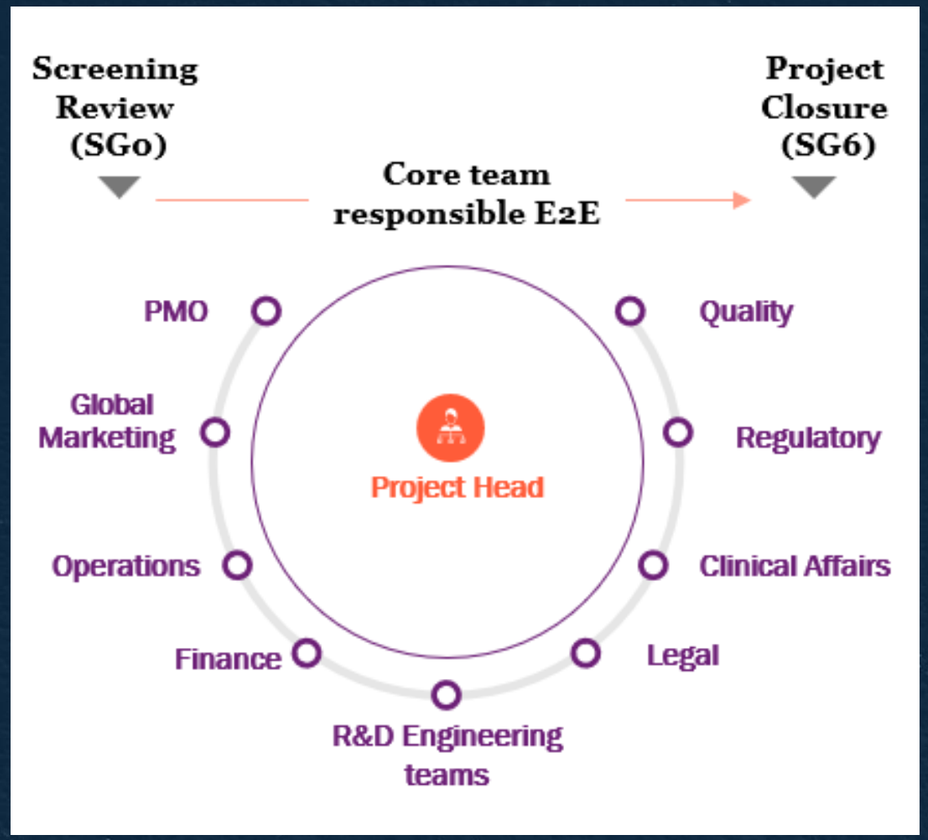
Be sincerely curious; ask questions to better understand

"I have a healthy relationship with risk & I am willing to fail strategically"

Learn how to identify strategic risk; develop prototypes; celebrate failure, learn quickly, & improve

Detail on Our New Operating Model

Project Heads, Core Teams, Functional Leaders, Oh My



The Project Head will be the single point of accountability for the Project:

- Core team to be led by a single Project Head (PH) with strong technical and business expertise, responsible for guiding the full core team through the PDP stages
- Project Head to own comprehensive execution and oversight of the PDP for a project, and steer core team
- Project Head to be supported by a Project Manager (PMO), responsible for planning and tracking of projects along the PDP
- Functional core members responsible for co-ordinating within their respective functions to drive their relevant deliverables forward

Developing a Healthy Risk Mindset

Separate Good Risk from Reckless Risk	Good risk is supported by data and aligned with project and portfolio strategy. Reckless Risk lacks structure and alignment with goals.
Experiment Small, Scale Smart	• Where possible, use pilots, prototypes, or A/B testing to explore new ideas. Gather real-world data where available. Failure must be fast, cheap, and informative.
Tolerate Uncertainty	Leaders must be willing to ensure their teams feel safe sharing bold ideas. Celebrate failures and learn from them.
Embed Risk-Thinking	• Implement pre-mortems (what could go wrong and why), scenario planning (what-ifs), and use Stage Gate reviews and governance forums to openly discuss risk and mitigation strategies.
Understand the Difference Between a Task and an Adverse Outcome	• As an extension of scenario planning, it is essential to recognize the difference between a task and a negative outcome. For example, an email from a regulatory body requires a response, but it is not inherently a realized risk.

13 Guidelines for How We Innovate

01 Surround yourself with technical diversity, different thinking styles and personalities.

02 Clearly Define Success (3R's: Right Product, Right Time, Right Cost (COGS)).

03 Track Productivity for your past (Freshness Index) and your future (Pipeline Value).

04 Have clarity and consistency on innovation approach and operating model.

05 Have clear swim lanes with defined decision rights between functions.

06 Do not fall to the trap of traditional VOC! It is an obsolete way to innovate.

07 Create physiological safety but be unapologetically candid.

08 Understand that collaboration does not mean all opinions are relevant and should be considered. Good collaborators know when not to collaborate.

09 Be comfortable with leadership conflict. No conflict will just make your organization mediocre.

10 Always be paranoid when you are winning. This will help you understand your competitors.

11 Process/Governance is not bureaucracy.

12 Your knowledge and expertise can become your blind spot.

13 Don't rely on your expertise to lead. You are there to ask questions, validate assumptions and challenge perceived constraints.

Approach
Cultural

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