



Q1 2022 Financial Results

Supplemental information to Q1 2022 earnings press release

May 4, 2022

Forward-looking statements

NuVasive, Inc. (“NuVasive” or the “Company”) cautions you that statements included in this presentation that are not a description of historical facts are forward-looking statements that involve risks, uncertainties, assumptions and other factors which, if they do not materialize or prove correct, could cause NuVasive's results to differ materially from historical results or those expressed or implied by such forward-looking statements.

In addition, this presentation contains selected financial results from the first quarter 2022, as well as projections for 2022 financial guidance and expectations regarding longer-term financial performance. The Company’s results for the first quarter of 2022 are prior to the completion of review and audit procedures by the Company’s external auditors and are subject to adjustment. In addition, the Company's projections for 2022 financial guidance and expectations regarding longer-term financial performance represent initial estimates, and are subject to the risk of being inaccurate because of the preliminary nature of the forecasts, the risk of further adjustment, or unanticipated difficulty in selling products or generating expected profitability. The potential risks and uncertainties which contribute to the uncertain nature of these statements include, among others, the impact of the COVID-19 pandemic on the Company's business and financial results; the Company’s ability to maintain operations to support its customers and patients in the near-term and to capitalize on future growth opportunities; risks associated with acceptance of the Company's surgical products and procedures by spine surgeons and hospitals, development and acceptance of new products or product enhancements, clinical and statistical verification of the benefits achieved via the use of NuVasive's products, the Company's ability to adequately manage inventory as it continues to release new products, its ability to recruit and retain management and key personnel, and the other risks and uncertainties more fully described in the Company’s news releases and periodic filings with the Securities and Exchange Commission.

NuVasive's public filings with the Securities and Exchange Commission are available at www.sec.gov. NuVasive assumes no obligation to update any forward-looking statement to reflect events or circumstances arising after the date on which it was made.

Non-GAAP financial measures

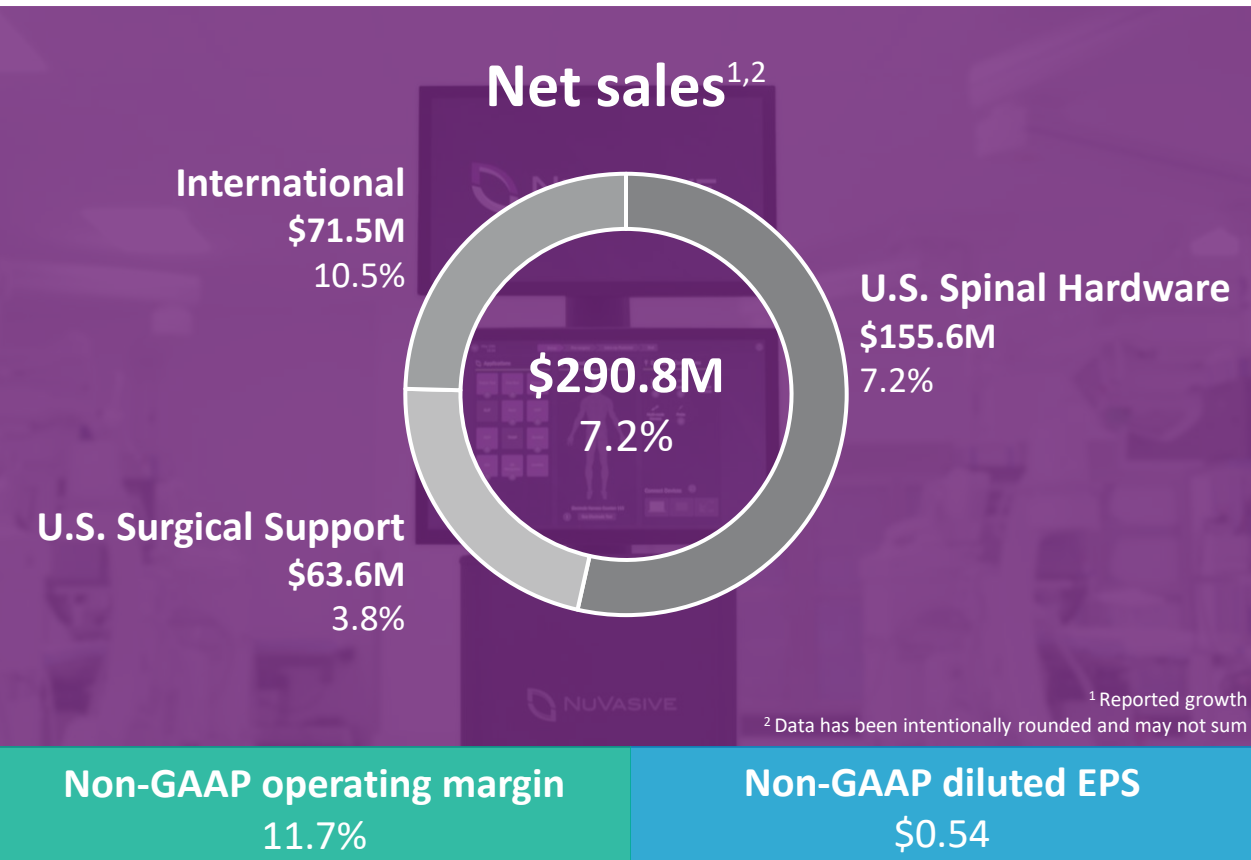
Management uses certain non-GAAP financial measures such as non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating margin, non-GAAP net income (loss), and non-GAAP diluted earnings (loss) per share. These non-GAAP financial measures exclude amortization of intangible assets, business transition costs, purchased in-process research and development, one-time restructuring charges, non-cash purchase accounting adjustments, inventory charges associated with product withdrawals, certain foreign currency impacts and related items in connection with acquisitions, investments and divestitures, certain litigation expenses and settlements, certain European medical device regulation costs, gains and losses from strategic investments, gains and losses from changes in fair value of derivatives, non-cash interest expense (excluding debt issuance cost) and other significant one-time items. Management also uses certain non-GAAP measures which are intended to exclude the impact of foreign exchange currency fluctuations. The measure constant currency utilizes an exchange rate that eliminates fluctuations when calculating financial performance numbers.

The Company also uses measures such as free cash flow, which represents cash flow from operations less cash used in the acquisition and disposition of capital. Additionally, the Company uses an adjusted EBITDA measure which represents earnings before interest, taxes, depreciation and amortization and excludes the impact of stock-based compensation, business transition costs, purchased in-process research and development, one-time restructuring charges, non-cash purchase accounting adjustments, inventory charges associated with product withdrawals, certain foreign currency impacts and related items in connection with acquisitions, investments and divestitures, certain litigation expenses and settlements, certain European medical device regulation costs, gains and losses on strategic investments, gains and losses from changes in fair value of derivatives and other significant one-time items. Management calculates the non-GAAP financial measures provided in this presentation excluding these costs and uses these non-GAAP financial measures to enable it to further and more consistently analyze the period-to-period financial performance of its core business operations. Management believes that providing investors with these non-GAAP measures gives them additional information to enable them to assess, in the same way management assesses, the Company's current and future continuing operations. These non-GAAP measures are not in accordance with, or an alternative for, GAAP, and may be different from non-GAAP measures used by other companies.

This presentation is intended to accompany and serve as a supplement to the Company's first quarter 2022 earnings announcement, which includes financial results reported on a GAAP and non-GAAP basis. For reconciliations of non-GAAP financial measures to the comparable GAAP financial measure, please refer to the earnings announcement, as well as supplemental financial information included herein, both of which are posted on the Investor Relations section of the Company's corporate website at www.nuvasive.com.

Q1 2022 overview

Financial results and highlights for the quarter ended March 31, 2022



Key Q1 2022 highlights

- **Strong year-over-year net sales growth** driven by new product introductions and International sales
- **International grew 18.6%** year-over-year on a constant currency basis
- Company **updated full year 2022 financial guidance:**
 - Raised lower end of range for net sales growth
 - Increased range for diluted EPS

Full year 2022 financial guidance

Updated NuVasive financial performance guidance as of May 4, 2022

	Prior guidance**		Current guidance**	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net sales growth (reported)*	5.0%-8.0%	5.0%-8.0%	6.0%-8.0%	6.0%-8.0%
Net sales growth (constant currency)*		6.0%-9.0%		7.5%-9.5%
Operating margin	6.7%-8.2%	13.0%-14.5%	6.3%-7.8%	13.0%-14.5%
Diluted earnings per share	\$0.71-\$1.01	\$2.05-\$2.35	\$1.05-\$1.35***	\$2.15-\$2.45

* Reflects expectations for net sales growth in 2022 compared to 2021. Net sales growth on a constant currency basis excludes year over year currency fluctuations, which the Company currently expects to create a negative impact of approximately 150 basis points in 2022.

** Prior guidance reflects the range provided February 23, 2022. Current guidance reflects the range provided May 4, 2022.

*** Reflects updated expectations for the impact on diluted EPS of applying the if-converted method to the Company's convertible notes. Additionally, includes the impact of net unrealized foreign currency exchange gains incurred as of March 31, 2022, and does not assume future net unrealized gains or losses related to foreign currency exchange rates.

Q1 2022 GAAP to non-GAAP select financial information

In thousands except per share data

	Non-GAAP Adjustments						Q1 2022 Non-GAAP	Q1 2021 Non-GAAP	Year-Over-Year Increase / (Decrease)
	Q1 2022 GAAP	Amortization of intangible assets	Litigation ¹	Business transition ²	European medical device regulation ³	Other adjustments			
Net sales \$	290,762	—	—	—	—	—	290,762	271,249	7.2%
Cost of sales	79,097	—	—	(557)	—	—	78,540	71,625	9.7%
Gross profit	211,665	—	—	557	—	—	212,222	199,624	6.3%
Gross margin	72.8%						73.0%	73.6%	(60 bps)
Operating expenses									
Selling, general and administrative	160,281	—	(3,201)	—	(441)	—	156,639	143,515	9.1%
<i>% of net sales</i>	<i>55.1%</i>	—	—	—	—	—	<i>53.9%</i>	<i>52.9%</i>	<i>100 bps</i>
Research and development	23,358	—	—	—	(1,750)	—	21,608	20,827	3.7%
<i>% of net sales</i>	<i>8.0%</i>	—	—	—	—	—	<i>7.4%</i>	<i>7.7%</i>	<i>(30 bps)</i>
Amortization of intangible assets	13,032	(13,032)	—	—	—	—	—	—	—
Business transition costs	3,060	—	—	(3,060)	—	—	—	—	—
Operating profit	11,934	13,032	3,201	3,617	2,191	—	33,975	35,282	(3.7%)
Operating margin	4.1%						11.7%	13.0%	(130 bps)
Interest and other (income) expense, net	(11,908)	—	—	9,318	—	—	(2,590)	10,621	(124.4%)
Income tax expense ⁴	4,641	—	—	—	—	3,768	8,409	5,631	49.3%
Consolidated net income	19,201	13,032	3,201	(5,701)	2,191	(3,768)	28,156	19,030	48.0%
Diluted EPS \$⁵	0.35						0.54	0.37	45.9%
WASO⁵	62,579					(10,169)	52,410	52,069	

¹ Represents expenses associated with certain ongoing litigation matters, including infringement of the Company's intellectual property.

² Costs related to acquisition, integration and business transition activities which include severance, relocation, consulting, leasehold exit costs, third-party merger and acquisitions costs, contingent consideration fair value adjustments, and other costs directly associated with such activities.

³ Represents costs specific to updating our quality system, product labeling, asset write-offs and product remanufacturing to comply with European medical device regulation.

⁴ Represents the impact from tax affecting the adjustments above at their statutory tax rate.

⁵ GAAP diluted EPS includes the dilutive impact of applying the if-converted method to the Company's convertible notes. Adjusted non-GAAP diluted WASO excludes the impact of dilutive convertible notes for which the Company is economically hedged through its anti-dilutive bond hedge arrangements.

Q1 2021 GAAP to non-GAAP select financial information

In thousands except per share data

	Non-GAAP Adjustments						Q1 2021 Non-GAAP	Q1 2020 Non-GAAP	Year-Over-Year Increase / (Decrease)
	Q1 2021 GAAP	Amortization of intangible assets	Litigation ¹	Business transition ²	European medical device regulation ³	Other adjustments			
Net sales \$	271,249	—	—	—	—	—	271,249	259,881	4.4%
Cost of sales	71,811	—	—	(186)	—	—	71,625	71,865	(0.3%)
Gross profit	199,438	—	—	186	—	—	199,624	188,016	6.2%
Gross margin	73.5%						73.6%	72.3%	130 bps
Operating expenses									
Selling, general and administrative	145,954	—	(1,961)	—	(478)	—	143,515	126,622	13.3%
<i>% of net sales</i>	<i>53.8%</i>	—	—	—	—	—	<i>52.9%</i>	<i>48.7%</i>	<i>420 bps</i>
Research and development	22,224	—	—	—	(1,397)	—	20,827	17,516	18.9%
<i>% of net sales</i>	<i>8.2%</i>	—	—	—	—	—	<i>7.7%</i>	<i>6.7%</i>	<i>100 bps</i>
Amortization of intangible assets	13,337	(13,337)	—	—	—	—	—	—	—
Business transition costs	5,584	—	—	(5,584)	—	—	—	—	—
Operating profit	12,339	13,337	1,961	5,770	1,875	—	35,282	43,878	(19.6%)
Operating margin	4.5%						13.0%	16.9%	(390 bps)
Interest and other expense, net	20,469	—	—	(9,848)	—	—	10,621	11,059	(4.0%)
Income tax (benefit) expense ⁴	(620)	—	—	—	—	6,251	5,631	7,389	(23.8%)
Consolidated net (loss) income	(7,510)	13,337	1,961	15,618	1,875	(6,251)	19,030	25,430	(25.2%)
Diluted EPS \$⁵	(0.15)						0.37	0.48	(22.9%)
WASO⁵	51,379					690	52,069	52,532	

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Net sales supplemental information*

Financial results for the quarter ended March 31, 2022; Growth rates as compared to 2021.

Net sales trend (\$)							Q1 2022 net sales growth (%)		
(\$ in millions)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Reported	FX	ExFx
U.S. Spinal Hardware	145.2	160.1	145.1	160.5	610.8	155.6	7.2%	-	7.2%
U.S. Surgical Support	61.2	67.6	60.5	69.7	258.9	63.6	3.8%	-	3.8%
International	64.8	67.2	65.3	71.9	269.2	71.5	10.5%	8.1%	18.6%
Total Net Sales	271.2	294.8	270.8	302.1	1,139.0	290.8	7.2%	1.9%	9.1%

* Data has been intentionally rounded and may not sum

Full year 2022 financial guidance reconciliation of GAAP to Non-GAAP EPS

Full year 2022 financial guidance reconciliation of GAAP to non-GAAP EPS

	2021 Actuals ¹	2022 guidance range ^{1,2}	
		Prior	Current
GAAP diluted earnings (loss) per share	\$ (1.24)	\$ 0.71-1.01	\$ 1.05-1.35
Impact of dilution ³	0.02	~0.15	~0.05
Amortization of intangible assets	1.10	~1.05	~1.00
European medical device regulation ⁴	0.16	~0.30	~0.30
Inventory charges associated with product withdrawals ⁵	0.27	-	-
Other ⁶	1.83	~0.14	~0.05
Tax effect of adjustments ⁷	(0.45)	~(0.30)	~(0.30)
Non-GAAP diluted earnings per share	\$ 1.68	\$ 2.05-2.35	\$ 2.15-2.45

¹ Data has been intentionally rounded and may not sum.

² Prior guidance reflects the range provided February 23, 2022. Current guidance reflects the range provided May 4, 2022.

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⁴ Represents costs specific to updating our quality system, product labeling, asset write-offs and product remanufacturing to comply with European medical device regulation.

⁵ Represents charges for inventory write-offs associated with the Company's product withdrawals. During the third quarter of 2021, the Company made a determination to withdraw certain products marketed and sold by its wholly-owned subsidiary, NuVasive Specialized Orthopedics.

⁶ Includes costs primarily associated with litigation related expenses and settlements, non-cash acquisition-related foreign currency impacts, non-cash purchase accounting adjustments on acquisitions, net gain on strategic investments and business transition costs. See Reconciliation of GAAP to Non-GAAP Financial Measures tables within respective earnings releases for further detail.

⁷ Represents the impact from tax affecting the adjustments above at their statutory tax rate.

Full year 2022 financial guidance reconciliation of GAAP to Non-GAAP operating margin %

Full year 2022 financial guidance reconciliation of GAAP to non-GAAP operating margin %

	2021 Actuals ¹	2022 guidance range ^{1, 2}	
		Prior	Current
GAAP operating margin %	(1.1%)	6.7%-8.2%	6.3%-7.8%
Amortization of intangible assets	5.0%	~4.5%	~4.4%
European medical device regulation ³	0.7%	~1.3%	~1.3%
Inventory charges associated with product withdrawals ⁴	1.3%	-	-
Other ⁵	6.8%	~0.5%	~1.0%
Non-GAAP operating margin %	12.8%	13.0%-14.5%	13.0%-14.5%

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² Prior guidance reflects the range provided February 23, 2022. Current guidance reflects the range provided May 4, 2022.

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