



Q1 2021 Financial Results

Supplemental information to Q1 2021 earnings press release

May 5, 2021

Non-GAAP Financial Measures

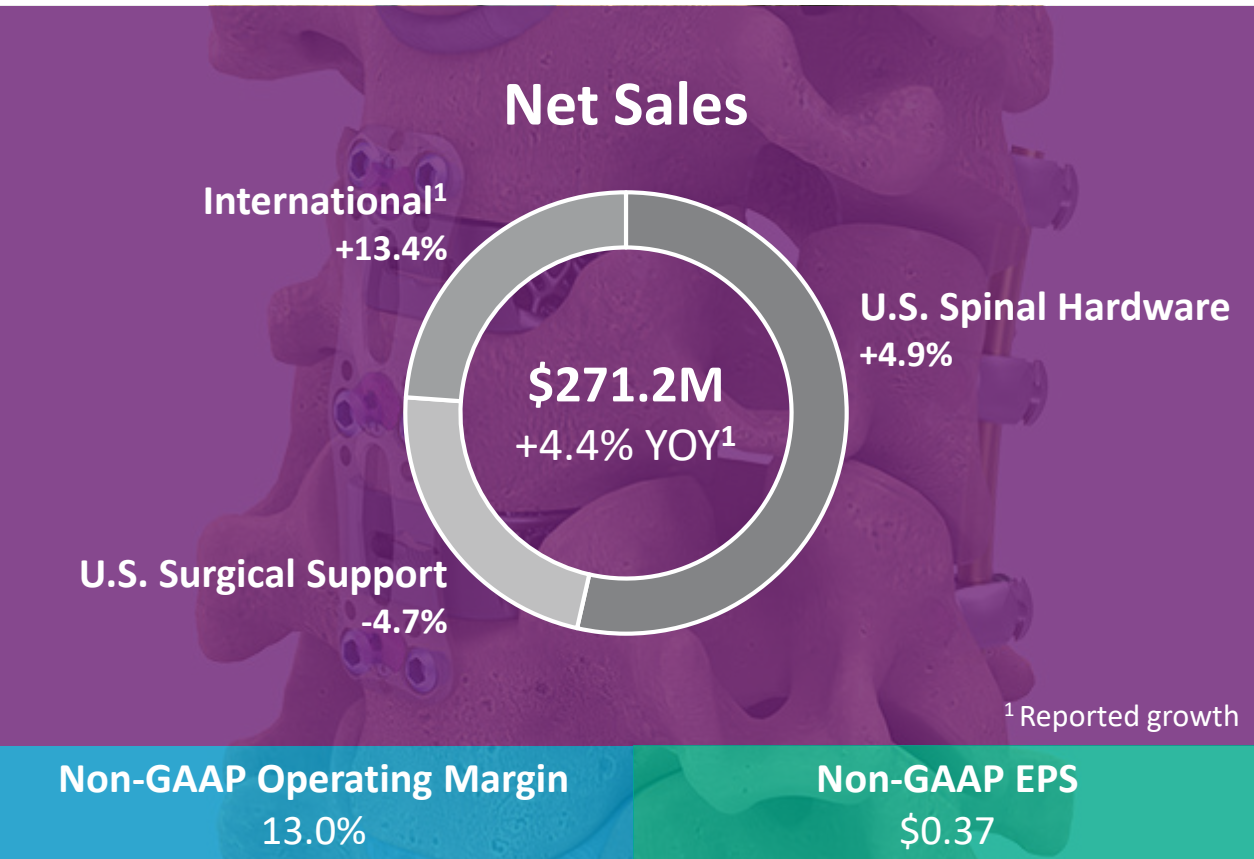
Management uses certain non-GAAP financial measures such as non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating margin, non-GAAP net income (loss), and non-GAAP diluted earnings (loss) per share. These non-GAAP financial measures exclude amortization of intangible assets, business transition costs, purchased in-process research and development, one-time restructuring, non-cash purchase accounting adjustments, 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, non-cash purchase accounting adjustments, 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 2021 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. NuVasive's periodic filings with the Securities and Exchange Commission, which describe risks and uncertainties associated with an investment in NuVasive securities, are available at www.sec.gov.

Q1 2021 overview

Financial results and highlights for the quarter ended March 31, 2021



Key Q1 2021 highlights

- ✔ Net sales increase driven by **strong international growth**
- ✔ **U.S. procedural volume improvement** month-over-month
- ✔ Simplify Disc receives **FDA approval for two-level cTDR**
- ✔ **R&D investment increase year-over-year** to advance spine procedural segments and enabling technology roadmap

Q1 2021 GAAP to non-GAAP select financial information

For the quarter ended March 31, 2021; 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 | Non-cash interest expense on convertible notes | Net loss on strategic investments | 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 \$ | (0.15) | | | | | | | | 0.37 | 0.48 | (22.9%) |
| WASO ⁵ | 51,379 | | | | | | | 690 | 52,069 | 52,532 | |

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 inventory and contingent consideration fair market value adjustments, severance, relocation, consulting, leasehold exit costs, third-party merger and acquisitions costs, and other costs directly associated with such activities, as well as non-cash adjustments to acquisition-related intercompany balances and contingent consideration liabilities held in a foreign currency.

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 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 2020 GAAP to non-GAAP select financial information

For the quarter ended March 31, 2020; in thousands except per share data

| | Non-GAAP Adjustments | | | | | | | | Q1 2020 Non-GAAP | Q1 2019 Non-GAAP | Year-Over-Year Increase / (Decrease) |
|---|----------------------|--------------------------------------|-------------------------|-------------------------------------|---|--|---|----------------------|---------------------|---------------------|--|
| | Q1 2020 GAAP | Amortization of intangible assets | Litigation ¹ | Business transition ² | European medical device regulation ³ | Non-cash interest expense on convertible notes | Net loss on strategic investments | Other adjustments | | | |
| Net sales \$ | 259,881 | — | — | — | — | — | — | — | 259,881 | 274,776 | (5.4%) |
| Cost of sales | 71,865 | — | — | — | — | — | — | — | 71,865 | 74,494 | (3.5%) |
| Gross profit | 188,016 | — | — | — | — | — | — | — | 188,016 | 200,282 | (6.1%) |
| Gross margin | 72.3% | | | | | | | | 72.3% | 72.9% | (60 bps) |
| Operating expenses: | | | | | | | | | | | |
| Selling, general and administrative | 130,231 | — | (3,103) | — | (506) | — | — | — | 126,622 | 142,030 | (10.8%) |
| <i>% of net sales</i> | <i>50.1%</i> | — | — | — | — | — | — | — | <i>48.7%</i> | <i>51.7%</i> | <i>(300 bps)</i> |
| Research and development | 18,257 | — | — | — | (741) | — | — | — | 17,516 | 17,243 | 1.6% |
| <i>% of net sales</i> | <i>7.0%</i> | — | — | — | — | — | — | — | <i>6.7%</i> | <i>6.3%</i> | <i>40 bps</i> |
| Amortization of intangible assets | 12,649 | (12,649) | — | — | — | — | — | — | — | — | — |
| Business transition costs | (1,440) | — | — | 1,440 | — | — | — | — | — | — | — |
| Operating profit | 28,319 | 12,649 | 3,103 | (1,440) | 1,247 | — | — | — | 43,878 | 41,009 | 7.0% |
| Operating margin | 10.9% | | | | | | | | 16.9% | 14.9% | 200 bps |
| Interest and other expense, net | 18,194 | — | — | — | — | (5,724) | (1,411) | — | 11,059 | 5,151 | 114.7% |
| Income tax (benefit) expense ⁴ | 4,827 | — | — | — | — | — | — | 2,562 | 7,389 | 8,250 | (10.4%) |
| Consolidated net (loss) income | 5,298 | 12,649 | 3,103 | (1,440) | 1,247 | 5,724 | 1,411 | (2,562) | 25,430 | 27,608 | (7.9%) |
| Diluted EPS \$ | 0.10 | | | | | | | | 0.48 | 0.53 | (9.4%) |
| WASO ⁵ | 53,727 | | | | | | | (1,195) | 52,532 | 52,480 | |

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

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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 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.

For questions, contact
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