



Second Quarter 2022 Financial Results

Supplemental information to Q2 2022 earnings press release

August 3, 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 second quarter 2022, as well as projections for 2022 financial guidance and expectations regarding longer-term financial performance. The Company’s results for the second 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

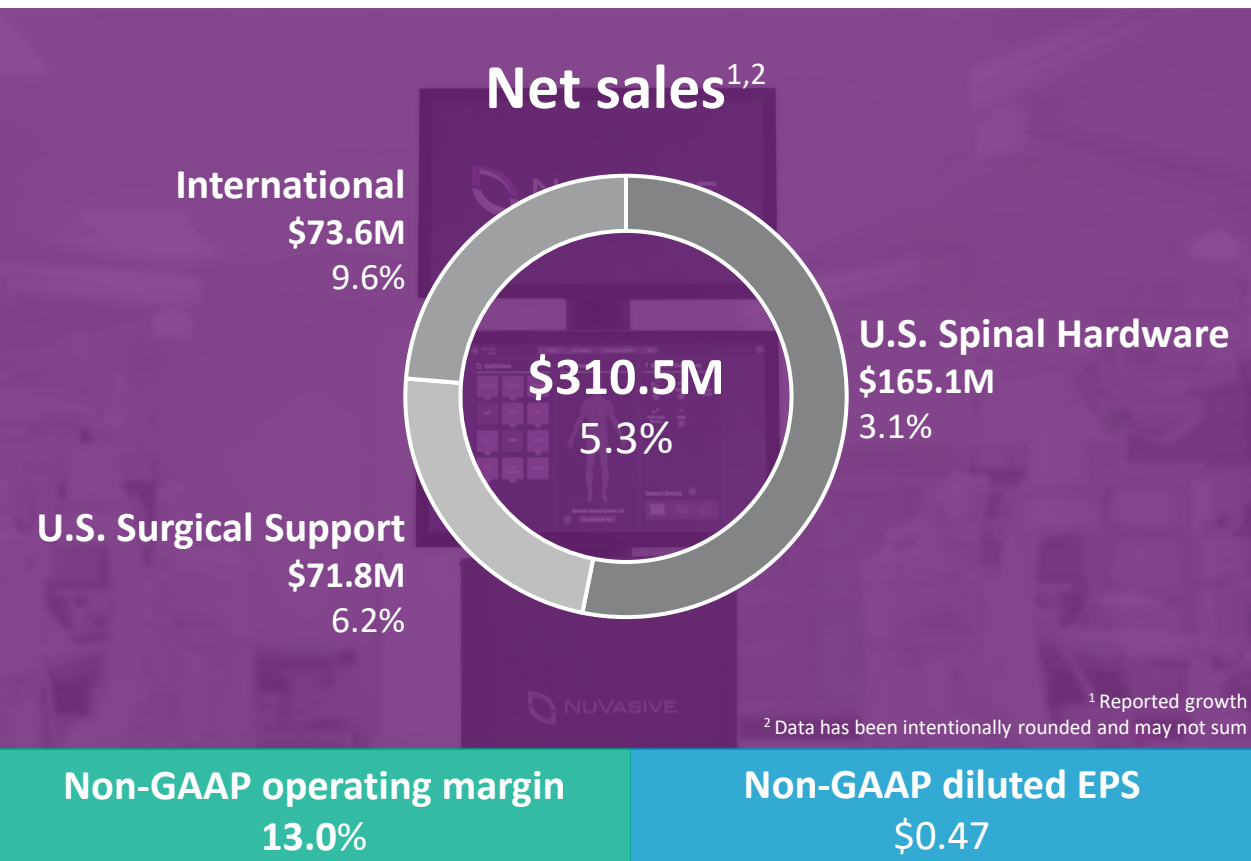
Management uses certain non-GAAP financial measures such as non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating margin, non-GAAP net income (loss), and non-GAAP diluted earnings (loss) per share. These non-GAAP financial measures exclude amortization of intangible 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 second 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.

Second quarter 2022 overview

Financial results and highlights for the quarter ended June 30, 2022



Key second quarter highlights

- **Strong** year-over-year total net sales growth, driven by higher procedure volume and new product introductions
 - **Cervical portfolio** delivered >20% year-over-year growth in the U.S., led by the Simplify Cervical Disc
 - Continued **solid international growth**
- **Full-year 2022 financial guidance**
 - Reiterated guidance range for reported year-over-year net sales growth of 6%-8%
 - Updated guidance range for GAAP diluted EPS
 - Maintained prior non-GAAP diluted EPS range provided May 4, 2022

Full-year 2022 financial guidance

NuVasive financial guidance as of August 3, 2022

	Prior guidance**		Current guidance**	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Net sales growth (reported)*	6.0%-8.0%	6.0%-8.0%	6.0%-8.0%	6.0%-8.0%
Net sales growth (constant currency)*		7.5%-9.5%		8.7%-10.7%
Operating margin	6.3%-7.8%	13.0%-14.5%	7.6%-9.1%	13.0%-14.5%
Diluted earnings per share	\$1.05-\$1.35***	\$2.15-\$2.45	\$0.95-\$1.25***	\$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 270 basis points in 2022.

** Prior guidance reflects the range provided May 4, 2022. Current guidance reflects the range provided August 3, 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 and losses incurred as of June 30, 2022, and does not assume future net unrealized gains or losses related to foreign currency exchange rates.

Second quarter 2022 GAAP to non-GAAP select financial information

In thousands except per share data

	Non-GAAP Adjustments							Q2 2022 Non-GAAP	Q2 2021 Non-GAAP	Year-Over-Year Increase / (Decrease)
	Q2 2022 GAAP	Amortization of intangible assets	Litigation ¹	Business transition ²	European medical device regulation ³	Net loss on strategic investments	Other adjustments			
Net sales \$	310,451	—	—	—	—	—	—	310,451	294,828	5.3%
Cost of sales	85,758	—	—	—	—	—	—	85,758	77,724	10.3%
Gross profit	224,693	—	—	—	—	—	—	224,693	217,104	3.5%
Gross margin	72.4%							72.4%	73.6%	(120 bps)
Operating expenses										
Selling, general and administrative	160,696	—	353	—	(528)	—	—	160,521	155,485	3.2%
<i>% of net sales</i>	<i>51.8%</i>	—	—	—	—	—	—	<i>51.7%</i>	<i>52.7%</i>	<i>(100 bps)</i>
Research and development	25,913	—	—	—	(2,227)	—	—	23,686	20,700	14.4%
<i>% of net sales</i>	<i>8.3%</i>	—	—	—	—	—	—	<i>7.6%</i>	<i>7.0%</i>	<i>60 bps</i>
Amortization of intangible assets	12,637	(12,637)	—	—	—	—	—	—	—	—
Business transition costs	(7,624)	—	—	7,624	—	—	—	—	—	—
Operating profit	33,071	12,637	(353)	(7,624)	2,755	—	—	40,486	40,919	(1.1%)
Operating margin	10.7%							13.0%	13.9%	(90 bps)
Interest and other expense, net	33,771	—	—	(25,093)	—	(232)	—	8,446	1,666	407.0%
Income tax expense ⁴	193	—	—	—	—	—	7,009	7,202	8,080	(10.9%)
Consolidated net (loss) income	(893)	12,637	(353)	17,469	2,755	232	(7,009)	24,838	31,173	(20.3%)
Diluted EPS \$	(0.02)							0.47	0.60	(21.7%)
WASO ⁵	52,022						517	52,539	52,211	

¹ Represents expenses and settlements 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 Company is economically hedged through its anti-dilutive bond hedge arrangements.

Year-to-date 2022 GAAP to non-GAAP select financial information

In thousands except per share data

	Non-GAAP Adjustments							YTD 2022 Non-GAAP	YTD 2021 Non-GAAP	Year-Over-Year Increase / (Decrease)
	YTD 2022 GAAP	Amortization of intangible assets	Litigation ¹	Business transition ²	European medical device regulation ³	Net loss on strategic investments	Other adjustments			
Net sales \$	601,213	—	—	—	—	—	—	601,213	566,077	6.2%
Cost of sales	164,855	—	—	(557)	—	—	—	164,298	149,349	10.0%
Gross profit	436,358	—	—	557	—	—	—	436,915	416,728	4.8%
Gross margin	72.6%							72.7%	73.6%	(90 bps)
Operating expenses										
Selling, general and administrative	320,977	—	(2,848)	—	(969)	—	—	317,160	299,000	6.1%
<i>% of net sales</i>	<i>53.4%</i>	—	—	—	—	—	—	<i>52.8%</i>	<i>52.8%</i>	—
Research and development	49,271	—	—	—	(3,977)	—	—	45,294	41,527	9.1%
<i>% of net sales</i>	<i>8.2%</i>	—	—	—	—	—	—	<i>7.5%</i>	<i>7.3%</i>	<i>20 bps</i>
Amortization of intangible assets	25,669	(25,669)	—	—	—	—	—	—	—	—
Business transition costs	(4,564)	—	—	4,564	—	—	—	—	—	—
Operating profit	45,005	25,669	2,848	(4,007)	4,946	—	—	74,461	76,201	(2.3%)
Operating margin	7.5%							12.4%	13.5%	(110 bps)
Interest and other expense, net	21,863	—	—	(15,775)	—	(232)	—	5,856	12,287	(52.3%)
Income tax expense ⁴	4,834	—	—	—	—	—	10,777	15,611	13,711	13.9%
Consolidated net income	18,308	25,669	2,848	11,768	4,946	232	(10,777)	52,994	50,203	5.6%
Diluted EPS \$ ⁵	0.35							1.01	0.96	5.2%
WASO ⁶	57,299						(4,824)	52,475	52,140	

¹ Represents expenses and settlements 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 Reported GAAP diluted EPS is calculated using net income plus interest and debt issuance costs on senior convertible notes whose effect is dilutive, net of tax divided by diluted WASO.

⁶ 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.

Second quarter 2021 GAAP to non-GAAP select financial information

In thousands except per share data

	Non-GAAP Adjustments							Q2 2021 Non-GAAP	Q2 2020 Non-GAAP	Year-Over-Year Increase / (Decrease)
	Q2 2021 GAAP	Amortization of intangible assets	Litigation ¹	Business transition ²	European medical device regulation ³	Net gain on strategic investments	Other adjustments			
Net sales \$	294,828	—	—	—	—	—	—	294,828	203,612	44.8%
Cost of sales	78,280	—	—	(556)	—	—	—	77,724	80,505	(3.5%)
Gross profit	216,548	—	—	556	—	—	—	217,104	123,107	76.4%
Gross margin	73.4%							73.6%	60.5%	1310 bps
Operating expenses										
Selling, general and administrative	157,397	—	(1,287)	—	(625)	—	—	155,485	124,767	24.6%
<i>% of net sales</i>	<i>53.4%</i>	—	—	—	—	—	—	<i>52.7%</i>	<i>61.3%</i>	<i>(860 bps)</i>
Research and development	21,764	—	—	—	(1,064)	—	—	20,700	18,213	13.7%
<i>% of net sales</i>	<i>7.4%</i>	—	—	—	—	—	—	<i>7.0%</i>	<i>8.9%</i>	<i>(190 bps)</i>
Amortization of intangible assets	15,088	(15,088)	—	—	—	—	—	—	—	—
Business transition costs	11,553	—	—	(11,553)	—	—	—	—	—	—
Operating profit	10,746	15,088	1,287	12,109	1,689	—	—	40,919	(19,873)	305.9%
Operating margin	3.6%							13.9%	(9.8%)	2370 bps
Interest and other expense, net	3,110	—	—	(3,545)	—	2,101	—	1,666	5,966	(72.1%)
Income tax (benefit) expense ⁴	5,837	—	—	—	—	—	2,243	8,080	(5,473)	(247.6%)
Consolidated net (loss) income	1,799	15,088	1,287	15,654	1,689	(2,101)	(2,243)	31,173	(20,366)	253.1%
Diluted EPS \$	0.03							0.60	(0.40)	250.0%
WASO ⁵	52,211						—	52,211	51,224	

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.

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⁵ Adjusted non-GAAP diluted WASO excludes the impact of dilutive convertible notes for which Company is economically hedged through its anti-dilutive bond hedge arrangements.

Year-to-date 2021 GAAP to non-GAAP select financial information

In thousands except per share data

	Non-GAAP Adjustments							YTD 2021 Non-GAAP	YTD 2020 Non-GAAP	Year-Over-Year Increase / (Decrease)
	YTD 2021 GAAP	Amortization of intangible assets	Litigation ¹	Business transition ²	European medical device regulation ³	Net gain on strategic investments	Other adjustments			
Net sales \$	566,077	—	—	—	—	—	—	566,077	463,493	22.1%
Cost of sales	150,091	—	—	(742)	—	—	—	149,349	152,370	(2.0%)
Gross profit	415,986	—	—	742	—	—	—	416,728	311,123	33.9%
Gross margin	73.5%							73.6%	67.1%	650 bps
Operating expenses										
Selling, general and administrative	303,351	—	(3,248)	—	(1,103)	—	—	299,000	251,389	18.9%
<i>% of net sales</i>	<i>53.6%</i>	—	—	—	—	—	—	<i>52.8%</i>	<i>54.2%</i>	<i>(140 bps)</i>
Research and development	43,988	—	—	—	(2,461)	—	—	41,527	35,729	16.2%
<i>% of net sales</i>	<i>7.8%</i>	—	—	—	—	—	—	<i>7.3%</i>	<i>7.7%</i>	<i>(40 bps)</i>
Amortization of intangible assets	28,425	(28,425)	—	—	—	—	—	—	—	—
Business transition costs	17,137	—	—	(17,137)	—	—	—	—	—	—
Operating profit	23,085	28,425	3,248	17,879	3,564	—	—	76,201	24,005	217.4%
Operating margin	4.1%							13.5%	5.2%	830 bps
Interest and other expense, net	23,579	—	—	(13,393)	—	2,101	—	12,287	17,025	(27.8%)
Income tax (benefit) expense ⁴	5,217	—	—	—	—	—	8,494	13,711	1,916	615.6%
Consolidated net (loss) income	(5,711)	28,425	3,248	31,272	3,564	(2,101)	(8,494)	50,203	5,064	891.4%
Diluted EPS \$	(0.11)							0.96	0.10	860.0%
WASO ⁵	51,473						667	52,140	52,148	

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

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⁵ Adjusted non-GAAP diluted WASO excludes the impact of dilutive convertible notes for which Company is economically hedged through its anti-dilutive bond hedge arrangements.

Net sales supplemental information*

Financial results for the quarter ended June 30, 2022; Growth rates compared to 2021

Net sales trend (\$)

(\$ in millions)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022	YTD 2022
U.S. Spinal Hardware	145.2	160.1	145.1	160.5	610.8	155.6	165.1	320.7
U.S. Surgical Support	61.2	67.6	60.5	69.7	258.9	63.6	71.8	135.3
International	64.8	67.2	65.3	71.9	269.2	71.5	73.6	145.1
Total Net Sales	271.2	294.8	270.8	302.1	1,139.0	290.8	310.5	601.2

Net sales year-over-year growth (%)

	Second quarter 2022			Year-to-date 2022		
	Reported	FX	ExFx	Reported	FX	ExFx
U.S. Spinal Hardware	3.1%	-	3.1%	5.0%	-	5.0%
U.S. Surgical Support	6.2%	-	6.2%	5.1%	-	5.1%
International	9.6%	11.0%	20.6%	10.0%	9.6%	19.6%
Total Net Sales	5.3%	2.5%	7.8%	6.2%	2.2%	8.4%

* Data has been intentionally rounded and may not sum

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

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

	2021 Actuals ¹	2022 guidance range ^{1,2}	
		Prior	Current
GAAP diluted earnings (loss) per share	\$ (1.24)	\$ 1.05-1.35	\$ 0.95-1.25
Impact of dilution ³	0.02	~0.05	~0.05
Amortization of intangible assets	1.10	~1.00	~1.00
European medical device regulation ⁴	0.16	~0.30	~0.25
Inventory charges associated with product withdrawals ⁵	0.27	-	-
Other ⁶	1.83	~0.05	~0.30
Tax effect of adjustments ⁷	(0.45)	~(0.30)	~(0.40)
Non-GAAP diluted earnings per share	\$ 1.68	\$ 2.15-2.45	\$ 2.15-2.45

¹ Data has been intentionally rounded and may not sum.

² Prior guidance reflects the range provided May 4, 2022. Current guidance reflects the range provided August 3, 2022.

³ 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.

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%)	6.3% - 7.8%	7.6% - 9.1%
Amortization of intangible assets	5.0%	~4.4%	~4.4%
European medical device regulation ³	0.7%	~1.3%	~1.0%
Inventory charges associated with product withdrawals ⁴	1.3%	-	-
Other ⁵	6.8%	~1.0%	-
Non-GAAP operating margin %	12.8%	13.0% - 14.5%	13.0% - 14.5%

¹ Data has been intentionally rounded and may not sum.

² Prior guidance reflects the range provided May 4, 2022. Current guidance reflects the range provided August 3, 2022.

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⁵ Includes costs primarily associated with litigation related expenses and settlements, non-cash purchase accounting adjustments on acquisitions, and business transition costs. See Reconciliation of GAAP to Non-GAAP Financial Measures tables within respective earnings releases for further detail.

For questions, please contact:

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