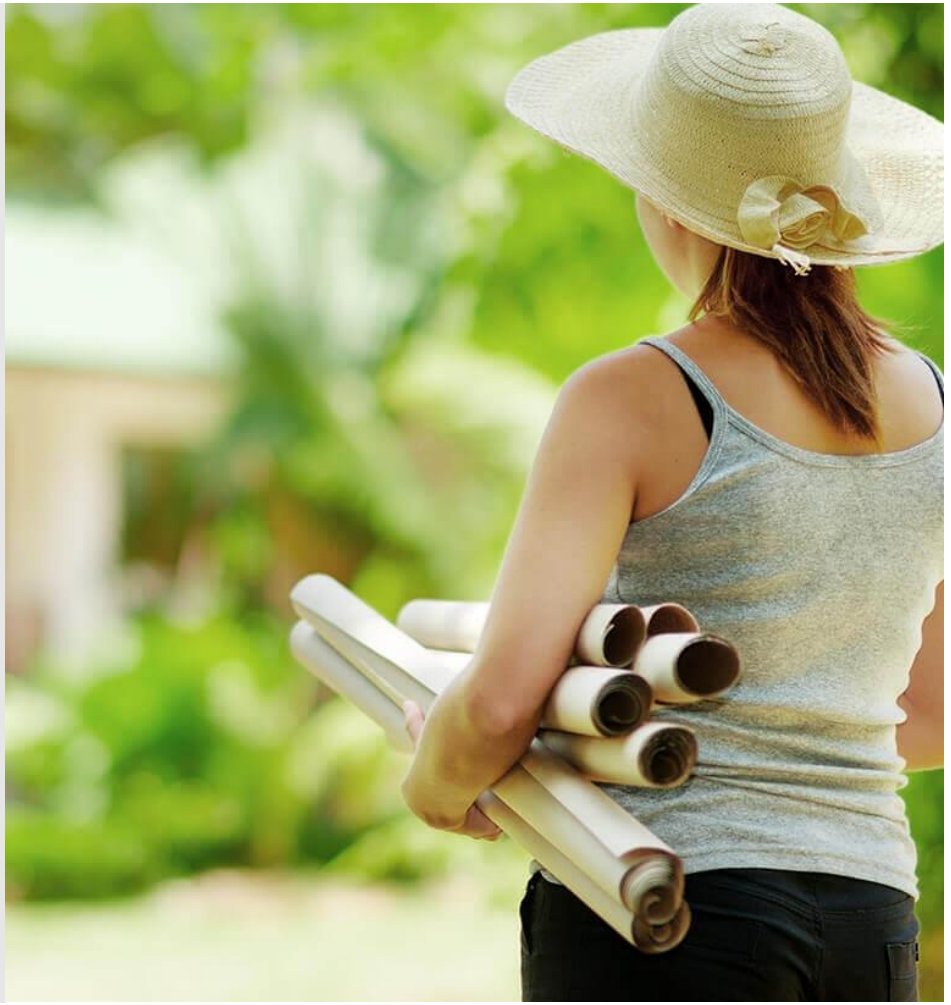
# 1Q 2022 Earnings Presentation

MAY 4, 2022

# Forward-Looking Statements

In addition to historical information, this presentation contains forward-looking statements reflecting the company's current beliefs and expectations of management made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including: our second quarter and full-year 2022 financial guidance, including our expectations for PDN revenue in 2022; our expectations that the recent positive updates by UnitedHealthcare and Noridian to expand their SCS coverage to include PDN patients will significantly increase patient access to our 10 kHz Therapy; our expectations around steady reimbursement progress for both PDN and NSRBP; our belief that our NSRBP and PDN clinical data will support continued patient access and market penetration; our beliefs around the size of the PDN and NSRBP markets; and our belief that we have laid a very strong foundation for attractive future growth, and that we are very well-positioned for a strong second half of 2022 and beyond as the impact and uncertainties of COVID on our market continue to subside. These forward-looking statements are based upon information that is currently available to us or our current expectations, speak only as of the date hereof, and are subject to numerous risks and uncertainties, including our ability to successfully commercialize our products; our ability to manufacture our products to meet demand; the level and availability of third-party payor reimbursement for our products; our ability to effectively manage our anticipated growth and the costs and expenses of operating our business; our ability to protect our intellectual property rights and proprietary technologies; our ability to operate our business without infringing the intellectual property rights and proprietary technology of third parties; competition in our industry; additional capital and credit availability; our ability to attract and retain qualified personnel; and product liability claims. These factors, together with those that are described in greater detail in our Annual Report on Form 10-K filed on February 23, 2022, as well as any reports that we may file with the Securities and Exchange Commission in the future, may cause our actual results, performance or achievements to differ materially and adversely from those anticipated or implied by our forward-looking statements. We expressly disclaim any obligation, except as required by law, or undertaking to update or revise any such forward-looking statements. Nevro's operating results for the first quarter ended March 31, 2022 are not necessarily indicative of our operating results for any future periods.



# Non-GAAP Financial Measures

Management uses certain non-GAAP financial measures, most specifically Adjusted EBITDA, as a supplement to GAAP financial measures to further evaluate the company's operating performance period over period, analyze the underlying business trends, assess performance relative to competitors and establish operational objectives.

Management believes it is important to provide investors with the same non-GAAP metrics it uses to evaluate the performance and underlying trends of the company's business operations to facilitate comparisons to its historical operating results and evaluate the effectiveness of its operating strategies. Disclosure of these non-GAAP financial measures also facilitates comparisons of the company's underlying operating performance with other companies in the industry that also supplement their GAAP results with non-GAAP financial measures.

EBITDA is a non-GAAP financial measure, which is calculated by adding interest income and expense, net; provision for income taxes; and depreciation and amortization to net income. In calculating non-GAAP Adjusted EBITDA, the company further adjusts for the following items:

- Stock-based compensation expense – The company excludes non-cash costs related to the company's stock-based plans, which include stock options, restricted stock units and performance-based restricted stock units as these expenses do not require cash settlement from the company.
- Certain litigation charges – The company excludes certain non-recurring litigation charges associated with the November 1, 2021 patent litigation legal judgement, which management considers not related to the underlying operating performance of the business.
- Litigation related expenses – The company excludes legal and professional fees associated with certain legal matters, which management considers not related to the underlying operating performance of the business.

Full-year guidance excludes the impact of foreign currency fluctuations.

The non-GAAP financial measure should not be considered in isolation from, or as a replacement for, the most directly comparable GAAP financial measures, as it is not prepared in accordance with U.S. GAAP.

Amounts may not add due to rounding.

# 1Q 2022 Results Summary

| $ in millions, except % | 1Q'22 | Y-Y Change vs. 1Q'21 | Y-Y Change vs. 1Q'19 |
|---|---|---|---|
| Worldwide Revenue[1] | $87.8 | -1%<br>as reported and flat constant currency | +7%<br>as reported and +7% constant currency |
| U.S. Revenue | $73.2 | -2% | +11% |
| International Revenue | $14.6 | +5%<br>as reported<br>+12%<br>constant currency | -10%<br>as reported<br>-11%<br>constant currency |
| Gross Margin | 67.3% | -3.0% | +2.5% |
| Operating Expenses | $91.9 | +8% | -4% |
| Non-GAAP Adjusted EBITDA[2] | $(14.0) | -111% | +51% |

[1] PDN represented 7% of worldwide permanent implant procedures, which resulted in ~$6.0 million in revenue in 1Q 2022.
[2] Non-GAAP adjusted EBITDA excludes certain litigation expenses, interest, taxes and non-cash items such as stock-based compensation and depreciation and amortization. It does not exclude PDN expenses.

# 1Q 2022 Key Takeaways

- Revenue and adj. EBITDA results above high end of most recent guidance range
- US trial procedures increased 10% compared to prior year and increased 13% compared to 1Q 2019, while U.S. PDN trial procedures grew to 11% of total U.S. trials in 1Q and grew sequentially 47% over prior quarter
- Painful Diabetic Neuropathy (PDN) represented 7% of worldwide permanent implant procedures, resulting in ~$6.0 million in revenue
- Encouraging progress in core SCS business – steady improvement following a deep impact from Omicron COVID variant in January
- Launch initiatives for PDN continuing to drive awareness with referring physicians and patients, with PDN trials growing throughout Q1 and representing ~11% of total US trial volume
- Believe recent positive payer coverage updates by UnitedHealthcare and Noridian to include PDN will significantly increase patient access to 10 kHz Therapy
- Confident we have laid very strong foundation for attractive future growth – very well-positioned for strong 2H 2022 and beyond as impact and uncertainties of COVID continue to subside

# Trials – our most important leading indicator

## Continued signs of recovery, trial rates in U.S. have steadily improved

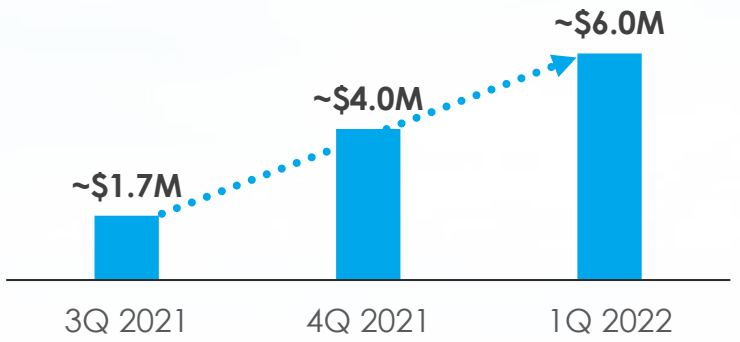
**Growth rate**
(U.S. trials)

1Q'22 vs. 1Q'21
+10%

1Q'22 vs. 1Q'19
+13%

# PDN already delivering revenue gains

## Worldwide PDN revenue:

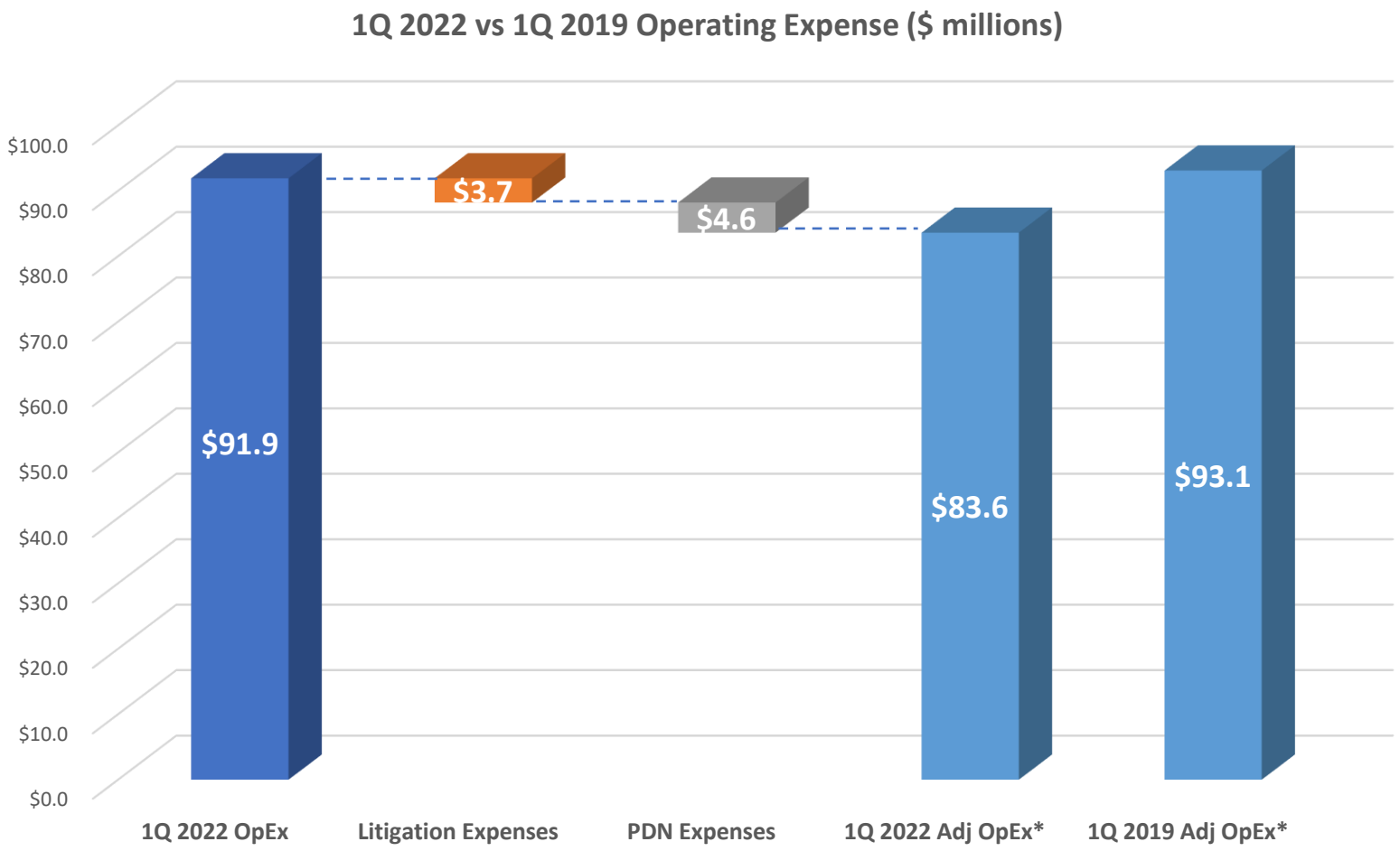



**1Q'22 U.S. PDN trials grew ~47% over 4Q'21,** despite typical downward SCS market seasonality from 4Q to 1Q

**PDN ~11% of U.S. trials in 1Q'22, up from ~7% in 4Q'21**

**Broader penetration and a more significant revenue contribution expected in 2022 and beyond**

# Continued progress on operating expense leverage





**Excluding all litigation-related and PDN expenses, operating expenses would be less than 1Q'19 by $9.5 million, or 10%**

* Adjusted Operating Expense only excludes litigation and PDN expenses.

# 2Q and Full-Year 2022 Guidance Summary

| Guidance (as of May 4, 2022) | Second Quarter 2022[1,2] | Full-Year 2022[1,2] |
|---|---|---|
| Revenue | $103 million to $106 million | $415 million to $430 million<br>(no change)<br>• 8% to 12% constant currency increase vs. 2021<br>• Now includes $27M to $32M of PDN revenue<br>(was $25M to $30M) |
| Non-GAAP Adjusted EBITDA* | $(7) million to $(9) million | $(8) million to $(18) million<br>(no change) |

* Non-GAAP Adjusted EBITDA excludes certain litigation expenses, interest, taxes and non-cash items, such as stock-based compensation and depreciation and amortization, as detailed in 1Q 2022 reconciliation table.

[1] This 2Q and full-year 2022 guidance is highly sensitive to the pace of COVID recovery and patient willingness to seek elective care, which the company believes is difficult to predict. If these assumptions differ from the actual pace of COVID recovery and its impact on the company's markets, then the company may need to change or withdraw this guidance in the future. This guidance assumes the remainder of 2022 will see a steady recovery, which includes no significant business impact from new COVID variants or waves and near-term improvement in healthcare facility restrictions and steady improvement in healthcare facility staffing limitations throughout the year. If foreign currency exchange rates hold near current levels, we expect revenue in the second quarter and full-year will be adversely impacted by less than 1%. This guidance also assumes most of this annual year-over-year growth is driven by continued recovery in the second half of 2022, which implies year-over-year growth in the second half of the year of 15% to 22%.

[2] Guidance range communicated on 5/4/2022. The fact that we include these projections in this presentation should not be taken to mean that these amounts continue to be our projections as of any subsequent date.

# Large, underpenetrated back & leg market

**2021 Global SCS Market**

## $2.3B Annually[1]

**$1.8 Billion**
United States

**$0.5 Billion**
International

**More than 100,000 patients treated annually**

[1] Includes DeNovo and Replacement
Sources: Komodo claims data, as of September 2021; Company data

## Total Addressable U.S. Lower Back & Leg Market [2]
## $17.9B Annually, ~8% Penetrated

FBSS: Failed Back Surgery Syndrome
NSRBP: Non-Surgical Refractory Back Pain


SURGICAL (FBSS)

**285K Patients/Yr**
**~14% Penetrated**

NON-SURGICAL (NSRBP)

**500K Patients/Yr**
**~5% Penetrated**

[2] Includes DeNovo patients only
Sources: Komodo claims data, as of September 2021; Company data

HFX™

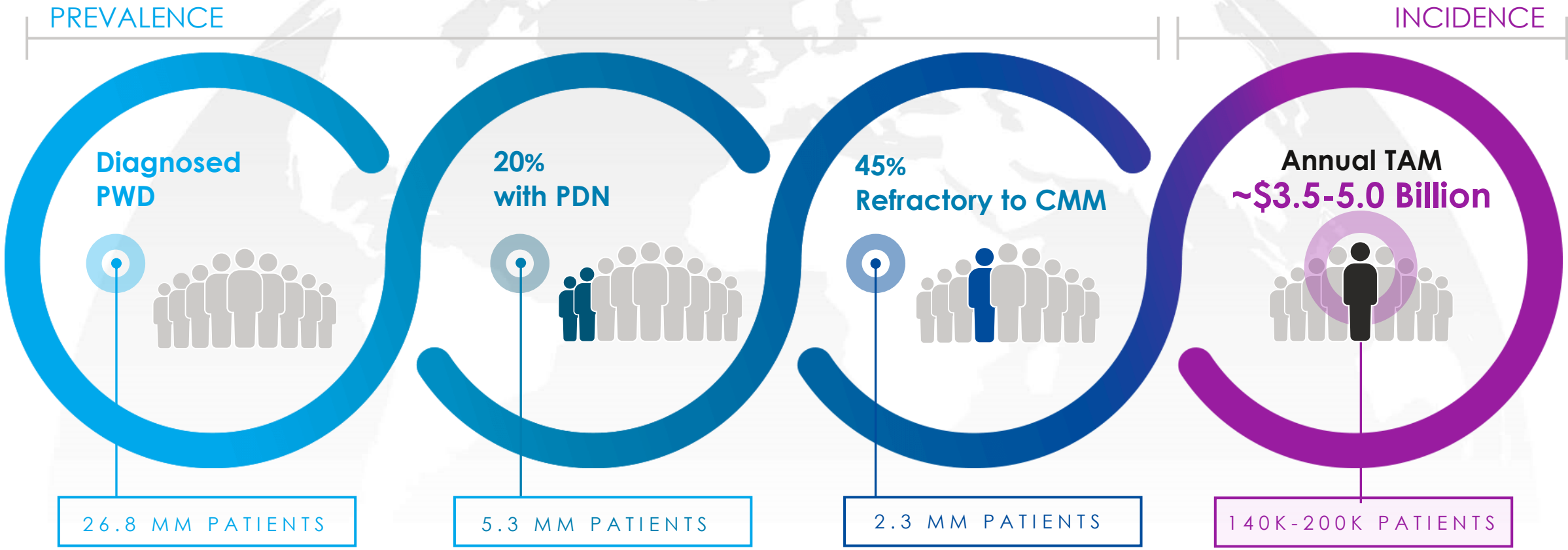

# HFX™ for PDN*

## A New Treatment Option for Painful Diabetic Neuropathy

**HFX IS THE ONLY HIGH-FREQUENCY (10 kHz) PARESTHESIA-FREE THERAPY APPROVED BY THE FDA TO TREAT PDN**

* HFX is a comprehensive solution that includes a Senza spinal cord stimulation system and support services for the treatment of chronic pain. Throughout this presentation HFX™ for PDN means that a patient has been implanted with a Senza System and programmed to include a frequency of 10 kHz.

# PDN: Large patient population with significant unmet need.




**Current Treatment Options Demonstrate Mild Efficacy and Low Adherence**

PWD = Patients with Diabetes PDN = Painful Diabetic Neuropathy CMM = Conventional Medical Management TAM = Total Addressable Market

Sources: CDC National Diabetes Statistics Report 2020; Schmader KE. Epidemiology and impact on quality of life of postherpetic neuralgia and painful diabetic neuropathy. Clin J Pain. 2002;18(6):350-354; Trinity Partners Market Research 2017

# HFX* is the most effective[1] SCS solution for PDN

- ***Highest*** published Responder Rate **86%**
- ***Highest*** published % Pain Relief **77%**
- ***Only*** system to demonstrate neurologic improvements

## Comparison of Evidence in SCS

| Trial | Medtronic RCT[2,3] | Medtronic Single Arm[4] | Nevro HFX[5,6,7] |
|---|---|---|---|
| **Type** | Multicenter RCT (2 sites) | Single Arm Prospective (2 sites) | Multicenter RCT (18 sites) |
| **Publication Date** | 2014/2015 | 2018 | 2021 |
| **Therapy** | Low-Frequency SCS | Low-Frequency SCS | 10 kHz Therapy |
| **Trial Duration** | 24 months | 60 months | 24 months |
| **N** *(all patients with permanent implants)* | 17 | 40 | 90 (original 10 kHz arm) |
| **Responder Rate % Day/Night** | 47% / 35% (24 months) | 36% / 32% (60 months) | 86% overall (18 months) |
| **Average Pain Relief** | 46% | 34% | 75% |
| **Reported Neurological Improvements** | No | No | 68% of patients (improved motor strength, reflexes or sensory function) |
| **Paresthesia-Free** | No | No | Yes |
| **Driving Restrictions** | Yes | Yes | No |

[1] N. Strand, A. Burkey. Neuromodulation in the Treatment of Painful Diabetic Neuropathy: A Review of Evidence for Spinal Cord Stimulation. J Diabetes Sci Technol. November 2021
[2] Slangen R, Schaper N, Faber C, et al. Spinal Cord Stimulation and Pain Relief in Painful Diabetic Peripheral Neuropathy: A Prospective Two-Center Randomized Controlled Trial. Diabetes Care. 2014;37:3016-3024.
[3] van Beek, M. et al. Sustained Treatment Effect of Spinal Cord Stimulation in Painful Diabetic Peripheral Neuropathy: 24-Month Follow-up of a Prospective Two-Center Randomized Controlled Trial. Diabetes Care 2015;38:e132–e134
[4] van Beek, M. et al. Severity of Neuropathy Is Associated With Long-term Spinal Cord Stimulation Outcome in Painful Diabetic Peripheral Neuropathy: Five-Year Follow-up of a Prospective Two-Center Clinical Trial. Diabetes Care 2018;41:32–38
[5] Petersen, E, et. al. Effect of High-frequency (10-kHz) Spinal Cord Stimulation in A Randomized Clinical Trial. JAMA Neurology, April 2021.
[6] Petersen, E, et. al. Durability of high-frequency 10 kHz spinal cord stimulation for patiePatients With Painful Diabetic Neuropathy nts with painful diabetic neuropathy refractory to conventional treatments. Diabetes Care, November 2021
[7] Data on file, 2022.

# Expect steady reimbursement progress with published clinical results and a robust clinical dossier.

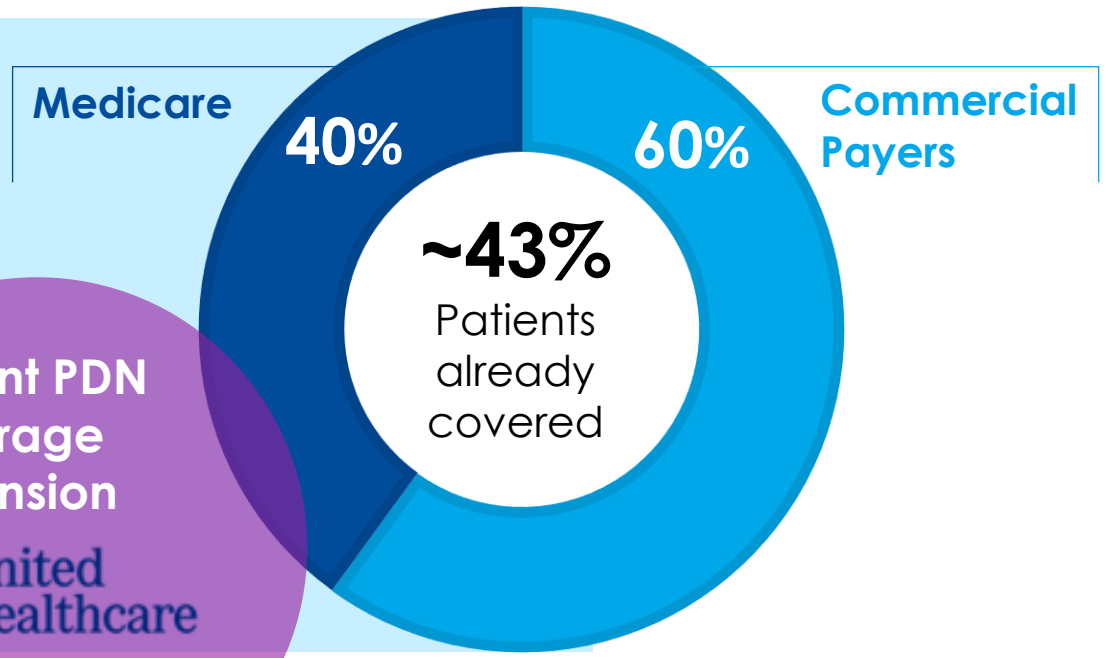
**Current State:**

Payer Mix: 60% Commercial / 40% Medicare

~43% of PDN patients already covered

**Expect an increase in coverage occurring in 2022 and beyond**

**PAYER MIX FOR PDN PATIENTS**




Source: Payer Mix - IQVIA Claims Data; Other data cited as of 5/4/2022

# NSRBP: Clinical data expected to drive patient access and market growth.

FDA Approval of High Frequency 10 kHz Therapy for NSRBP in January 2022

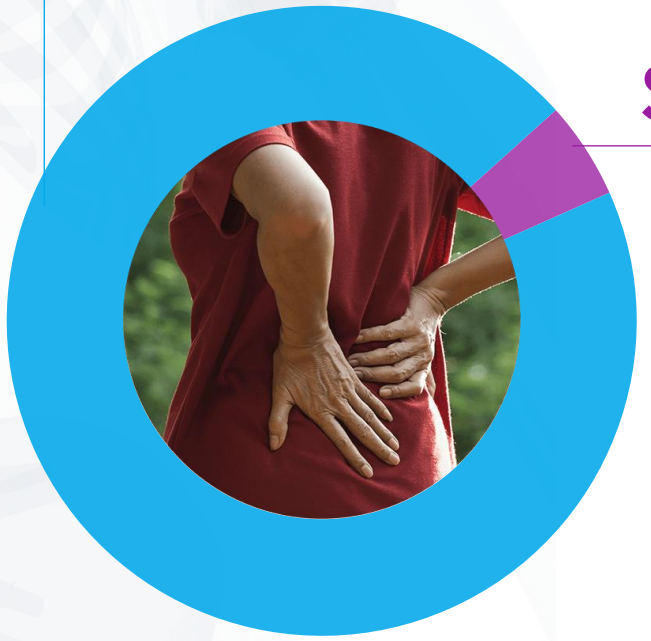
Development of clinical data supports continued market penetration:

**Expanded payer coverage**

**Increased referrals for 10 kHz Therapy**

12-month data published in *Journal of Neurosurgery: Spine* in February 2022

**$11.4B** Total Addressable Market



**$510M** Current Market

*Only ~5% penetrated*

NSRBP: Non-Surgical Refractory Back Pain

# Nevro:
# Positioned to Outperform

- Pace-setting leader in three large, underpenetrated SCS markets
- Unique and differentiated 10 kHz technology with superior outcomes
- Multiple growth drivers via expanded indications
- Pent-up demand additive to growth
- Meaningful leverage opportunities to drive profitability and cash flow

**For additional information, please contact:**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# GAAP to Non-GAAP Reconciliations

## Reconciliation of actual results ($ in thousands):

| | Three Months Ended March 31, | | |
|---|---|---|---|
| | 2022 | 2021 | 2019 |
| | | (unaudited) | |
| GAAP Net loss | $ (34,325) | $ (29,561) | $ (44,076) |
| Non-GAAP Adjustments: | | | |
| Interest (income) expense, net | 1,460 | 6,250 | 1,139 |
| Provision for income taxes | 181 | 342 | 340 |
| Depreciation and amortization | 1,536 | 1,142 | 1,126 |
| Stock-based compensation expense | 13,408 | 9,237 | 10,402 |
| Litigation related expenses | 3,676 | 5,942 | 2,347 |
| Adjusted EBITDA | $ (14,064) | $ (6,648) | $ (28,722) |

## Reconciliation of guidance ($ in thousands):

| | Three Months Ended June 30, 2022 | | Year Ended December 31, 2022 | |
|---|---|---|---|---|
| | (Low Case) | (High Case) | (Low Case) | (High Case) |
| GAAP Net loss | $ (31,100) | $ (29,100) | $ (107,200) | $ (97,200) |
| Non-GAAP Adjustments | 22,100 | 22,100 | 89,200 | 89,200 |
| Adjusted EBITDA | $ (9,000) | $ (7,000) | $ (18,000) | $ (8,000) |