

Neuronetics

Neuronetics, Inc.

NASDAQ: STIM

Company Presentation

March 2021



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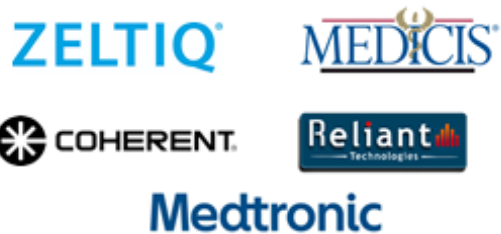
Presenters



Keith Sullivan

President & CEO

35+ years of experience:



Steve Furlong

**Senior Vice President, Chief
Financial Officer and Treasurer**

34+ years of experience:



Neuronetics Snapshot

- **NeuroStar Advanced Therapy — Transcranial Magnetic Stimulation (TMS)**
 - Focused on psychiatric indications
 - Current Indication: Major Depressive Disorder (MDD) in adults failed to receive satisfactory improvement from prior antidepressant medication in the current episode
 - Safe, effective and non-invasive office-based treatment
 - FDA cleared 2008
 - CE mark (2012) and approved in Japan in September 2017. Reimbursement in Japan acquired in June 2019



Investment Highlights



Clinically Relevant and Differentiated Outcomes for Patients with MDD



Category Leading Clinical Study Compendium



Large Direct Sales and Customer Support Team — Difficult to Replicate



Broad US Reimbursement



Favorable Psychiatrist Economics



\$6.0B Targeted Annual TAM Among Psychiatrist Practices



Potential New Indication Opportunities and Geographic Expansion for Growth



Financial Profile: FY 2020 Revenue \$49.2M. Q4 2020 Revenue \$15.6M versus \$12.4M in Q3 2020. Q4 2020 Ending Cash Balance, \$49.0M. Closed follow-on offering with net proceeds of \$80.6M, February 2021.

Neuronetics

Major Depressive Disorder



Disease Overview

- Characterized by depressed mood or loss of interest in pleasure for at least two weeks
- Periods of remission and relapse over a lifetime
- 300 million people worldwide living with depression
 - 13 million adults with MDD in the US
 - 3.0% incidence rate

Disease Burden

- Economic burden in US of \$210 billion annually

Medical Management

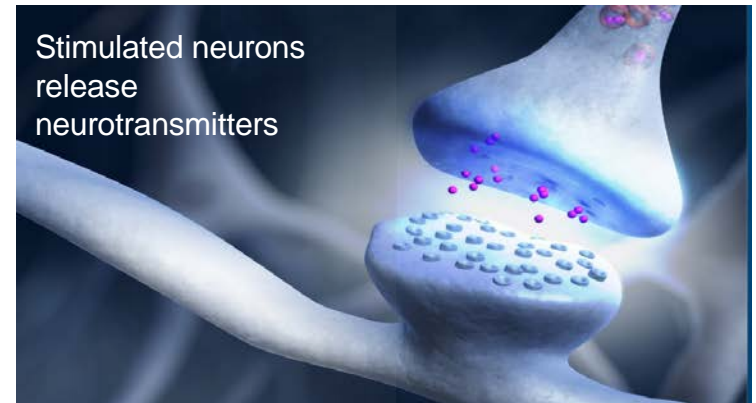
- First line treatment is antidepressants with or without psychotherapy
 - Care by PCP, followed by referral to psychiatrist after failed treatment attempt

MDD is a leading cause of disability and a major contributor to suicide worldwide *

*Source: <https://www.who.int/news-room/fact-sheets/detail/depression>

Transcranial Magnetic Stimulation

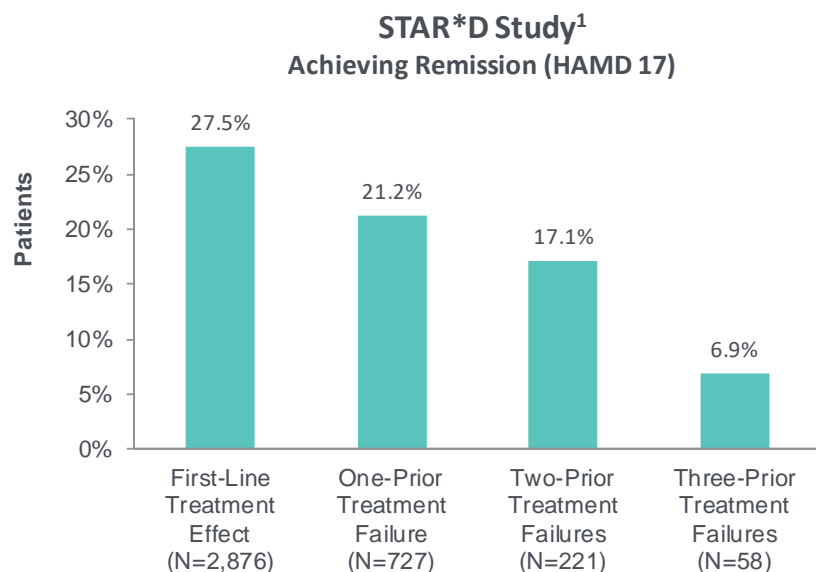
- TMS uses pulsed, MRI-strength magnetic field
- Induces electrical currents to stimulate specific areas of brain associated with mood
- Stimulation triggers a cascading electro-chemical effect
- Changes connections in brain structures to improve neuronal circuit activity and mood



Effectiveness of TMS therapy depends on precise and targeted stimulation that is consistent and repeatable over treatment sessions

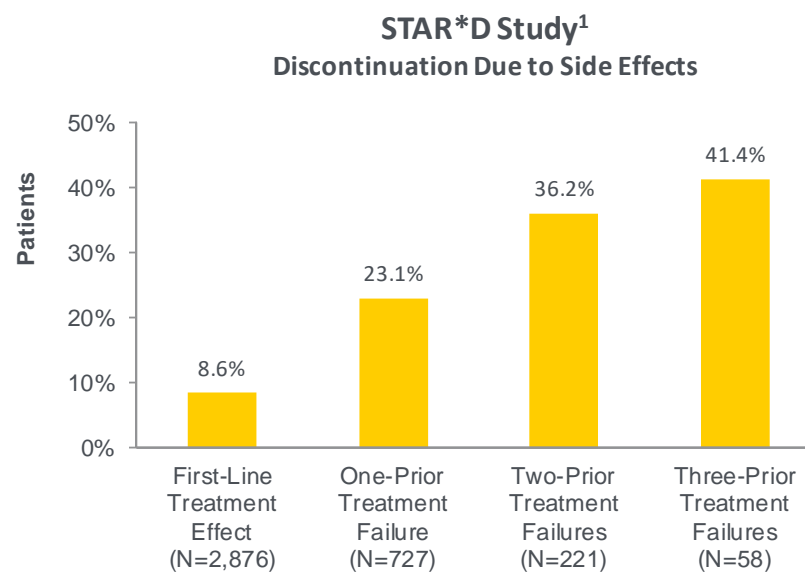
Limitations of Antidepressant Medications

Limited Effectiveness



- Approximately 28% and 21% of patients achieved remission in their first and second medication attempts, respectively
- Likelihood of remission was limited and declined with each new medication attempt

Treatment-Emergent Side Effects

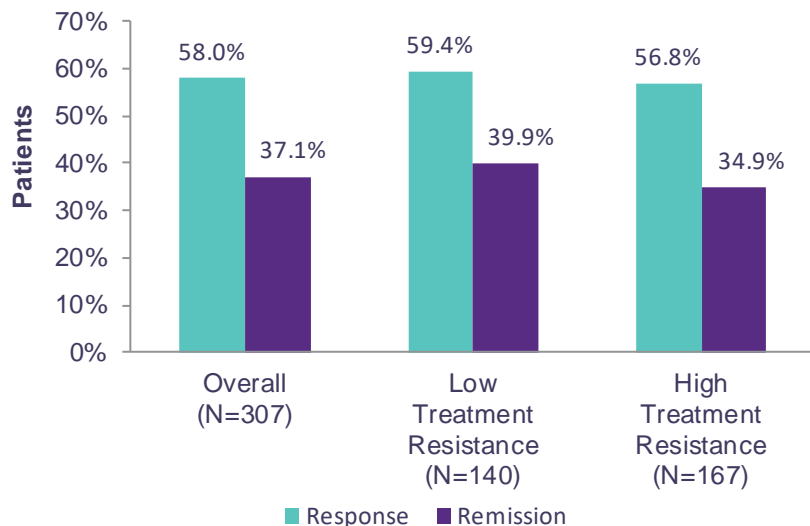


- Likelihood of discontinuing treatment increased with each new medication attempt
- In the fourth treatment attempt, likelihood of dropping out of treatment had more than quadrupled
- Adverse events discontinuation rate in monotherapy 9% to 41%

Clinically Proven Solution

Acute Phase in Real-World Clinical Settings Study¹

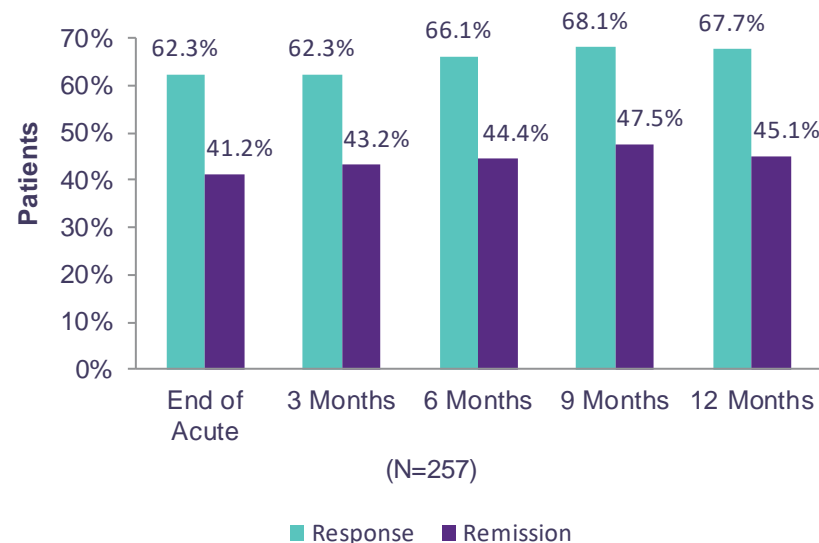
CGI-S Outcomes



- 1 in 2 patients respond
- 1 in 3 patients achieve remission

Long-term Durability in Real-World Clinical Settings Study²

CGI-S Outcomes



- Long-term durability has been demonstrated with response and remission rates among users

Outcomes Registry

- World's largest registry of treatment resistant depression with over 10,600 enrolled patients, of those >6,200 evaluable patients, across >100 treatment facilities
- Remission rate of 33% and response rate of 62% for over 6,200 self-evaluating patients
- Remission rate of 52% and response rate of 74% for 2,000+ patients evaluated by clinician rating scale

Clinically Proven Solution

Two Randomized Controlled Trials

- Sponsored largest RCT, sham-controlled TMS trial ever conducted
 - Enrolled 325 adult patients with treatment resistant MDD
 - **Primary Efficacy Endpoint:** MADRS at 4 weeks ($P=0.057$); not achieved but clinically meaningful improvement demonstrated
 - **Secondary Efficacy Endpoints Included:** HAMD 17 at 4 and 6 weeks ($P=0.006$ and $P=0.005$, respectively); HAMD 24 at 4 and 6 weeks ($P=0.012$ and $P=0.015$, respectively)
 - Basis of initial 510(k) clearance in 2008 — failed one prior antidepressant medication¹
 - All patients who failed one prior research-grade Rx ($N=164$; MADRS, $P=0.0006$)
- Second, industry-independent RCT, sham-controlled trial funded by the NIMH
 - Enrolled 199 adult patients with treatment resistant MDD
 - **Primary Efficacy Endpoint:** Remission measured using HAMD 24 at up to 6 weeks ($P=0.02$)
 - Basis of expanded labeling in 2014 — failed one or more prior antidepressants²

Unmatched Body of TMS Clinical Data



Safety Record

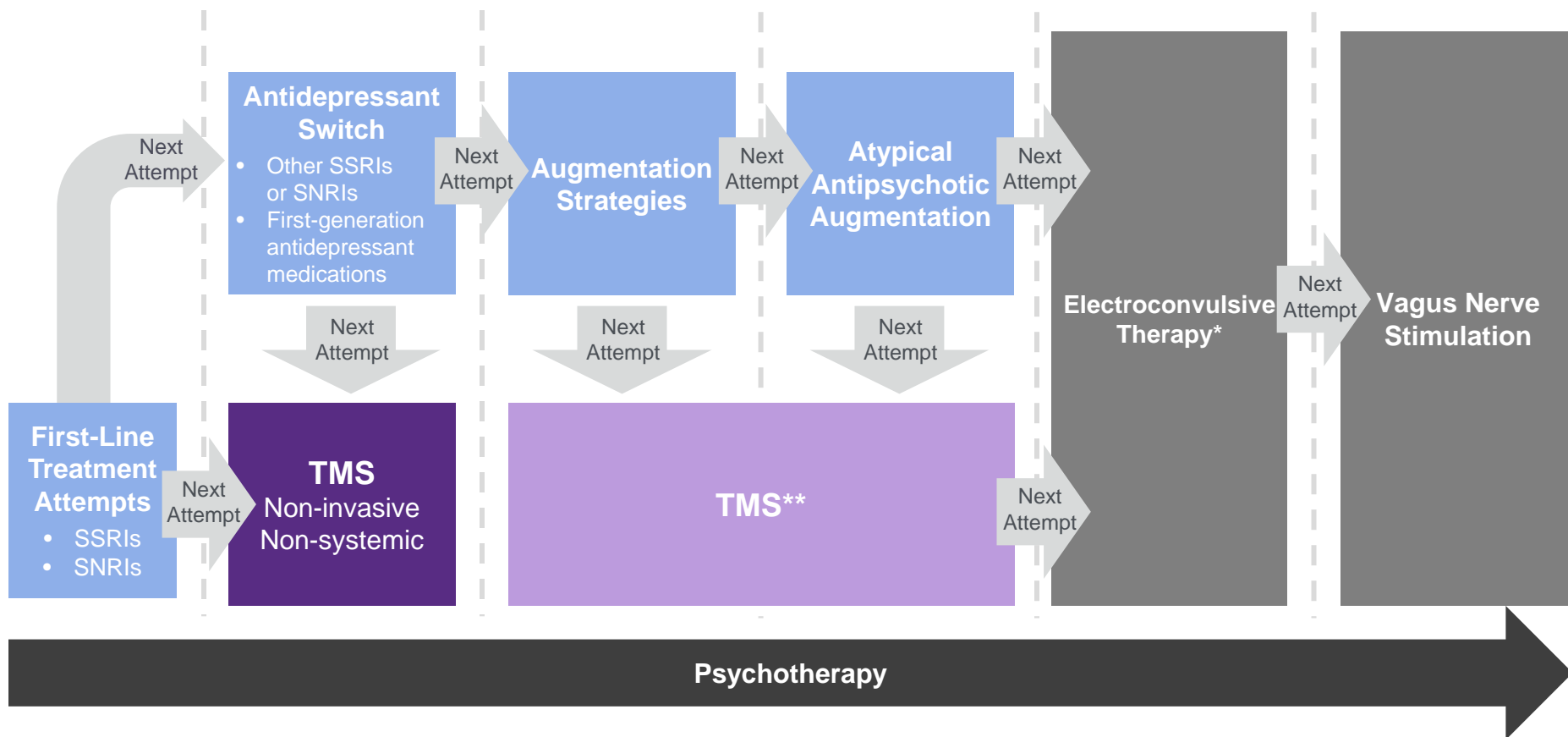
- > 3.6 million treatment sessions delivered globally
- > 100,200 patients treated
- Adverse events discontinuation rate ~5%³

1. O'Reardon, J.P., et al. (2007) *Biological Psychiatry*, 62(11):1208–1216

2. George, M.S., et al. (2010) *Archives of General Psychiatry*, now published as *JAMA Psychiatry*, 67(5):507–516

3. In sham-controlled studies

MDD Patient Continuum of Care



NeuroStar Advanced Therapy is indicated for treatment of MDD in adult patients who have failed to achieve satisfactory improvement from prior antidepressant medication in the current episode

* ECT may be used earlier in the patient continuum of care in patients experiencing catatonia, acute suicidal behaviors or psychotic symptoms

** TMS may be used at any point along the continuum of care following one or more failed treatment attempts

Our Solution: NeuroStar Advanced Therapy

NeuroStar Advanced Therapy System



Therapy

- Psychiatrist establishes treatment dose and positioning in first session
- Five days a week for up to six weeks
- Trained member of office staff may administer subsequent treatment sessions under psychiatrist supervision

Efficient

- Non-invasive and no anesthesia
- MT Assist
- Treatment time as low as 19 minutes
- TrakStar stores patient's treatment data



Precise

- Proprietary SenStar Connect contact sensing
- SenStar magnetic field detector
- Proprietary, laser-aligned, six-point coordinate system



Payors and Reimbursement

Payor Coverage

- Estimated to cover 95% of total private payor covered lives in the US
- 95+ major US private insurers provide coverage policies
 - The top 25 US private insurers, including **United/OPTUM**, **Anthem**, **Aetna**, **Cigna**, **HCSC**, **TRICARE** and **Humana**, represent 205 million covered lives¹ in excess of 200 million²
- 100% Medicare Coverage
 - 61 million covered lives²

Reimbursement

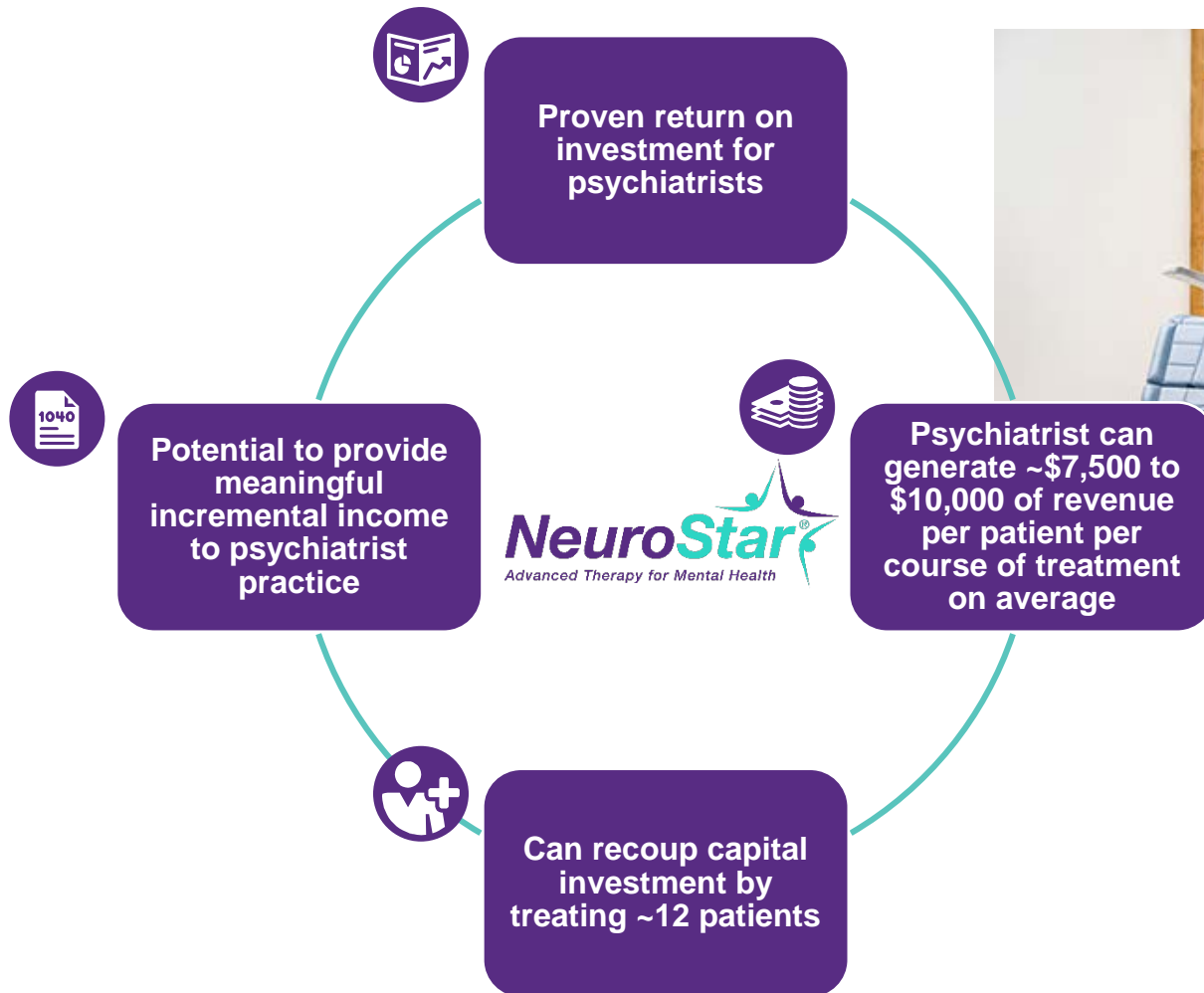
- Covers MT assist and treatment sessions

CPT Code	Reimbursement
90867	MT Assist and Treatment Session
90868	Treatment Session
90869	Subsequent MT Assist and Treatment Session

1. As of March 15, 2018

2. As of January 2021

Physician Practice Economics



NeuroStar Advanced Therapy has potential to enhance psychiatrist practice economics

Competitive Positioning



NeuroStar
Advanced Therapy for Mental Health



BrainsWay



magstim



MagVenture
Versatility in Magnetic Stimulation



CLOUDTMS



Nexstim



MAG & more

Publications from
Registration Trials

12

1

0

1

0

0

0

Original Design
Objective

Clinical

Clinical

Research/
Neurology

Research/
Neurology

Clinical

Neurosurgery
Mapping

Clinical

3D Positioning &
Contact Sensing



With Additional
Purchase



Camera
Based



Electronic Medical
Records (EMR)
Systems
Compatibility



We believe the NeuroStar Advanced Therapy System is the most attractive TMS system on the market

Barriers to Entry



Japan Growth Opportunity

- Primary international focus is on Japan
- Third largest healthcare spend globally
- Single payor healthcare system
- Shonin Approval: September 2017
- Exclusive distribution agreement with Teijin Pharma signed October 2017
 - Teijin to promote sales of systems and treatment sessions
 - Minimum purchase requirements
 - Milestone payments received in 2017, \$2.8M
- Reimbursement listing effective June 2019
 - 2nd Milestone payment received in 2019, \$0.7M
 - 158 hospitals qualified
 - Approved reimbursement amount is ¥12,000



Estimated TAM in Japan for Treatment Sessions¹

Adults Suffering from MDD
2.4 million²



Treated by a Psychiatrist
655,000²



Failed to achieve remission
475,000³



~\$600 Million Addressable Market

Japan represents a large market opportunity

1. Assumes psychiatrist reimbursement levels per treatment course are similar to those in the U.S.
2. Source: National Center for Biotechnology and Information
3. Estimate based on Star*D data and all of whom covered by Japan's single payor healthcare system

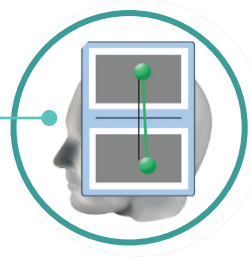
Intellectual Property

Patent Portfolio

- *Largest of any TMS system provider*
- *Issued or allowed patents:*
39 US / 53 OUS
- *Pending patent applications:*
6 US / 9 OUS

Key Portfolio Coverage Areas

- **Contact Sensing**
 - Multiple, US patent expires 2024-2027
- **MT Assist**
 - US patent expires 2024
- **Iron Core Magnet**
 - Multiple, US patents expire 2025–2027



The largest IP portfolio of all TMS competitors, protecting our technical advantage and ensuring freedom to operate globally

Management and Board of Directors

Management

Keith Sullivan	President and CEO
Janie Bates	VP, Marketing
Steve Furlong	SVP, CFO, and Treasurer
Sara Grubbs	VP, Sales
Greg Harper	VP, R&D and Clinical
Andrew Macan	SVP, General Counsel, Chief Compliance Officer, and Corporate Secretary
Anthony Pui	VP, International Commercial Development
Kara Thornton	VP, Human Resources

Board of Directors

John Bakewell	Former EVP and CFO, Wright Medical Group
Sheryl L. Conley	Former Global President and Chief Marketing Officer, Zimmer Holdings
Brian Farley	Chairman; Former CEO and Chairman, Entellus Medical
Wilfred Jaeger	Three Arch Partners
Glenn Muir	Former CFO, Hologic
Bruce J. Shook	Director, President and CEO, Intact Vascular and Vesper Medical
Keith Sullivan	President and CEO, Neuronetics, Inc.

Neuronetics

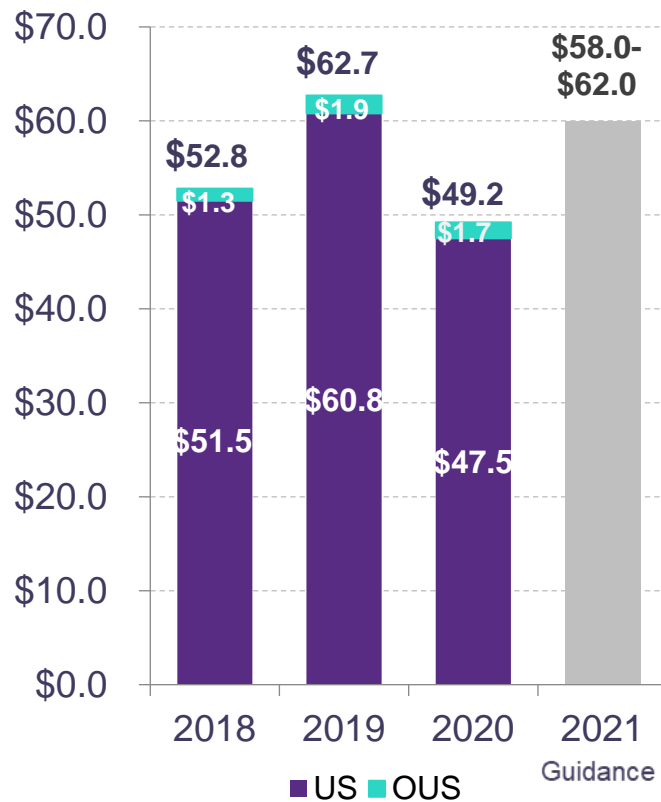
Financial Overview



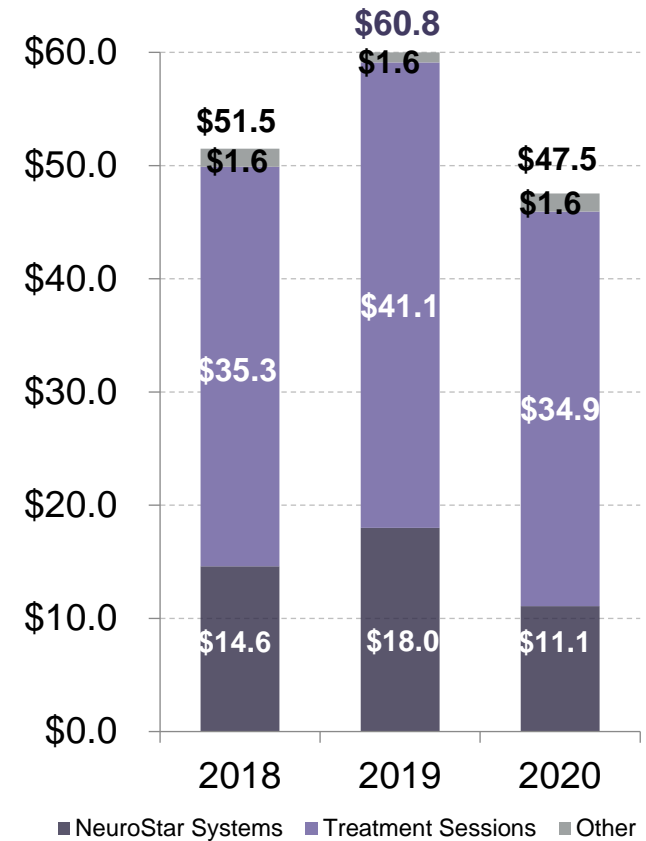
Annual Revenue

(\$ in millions)

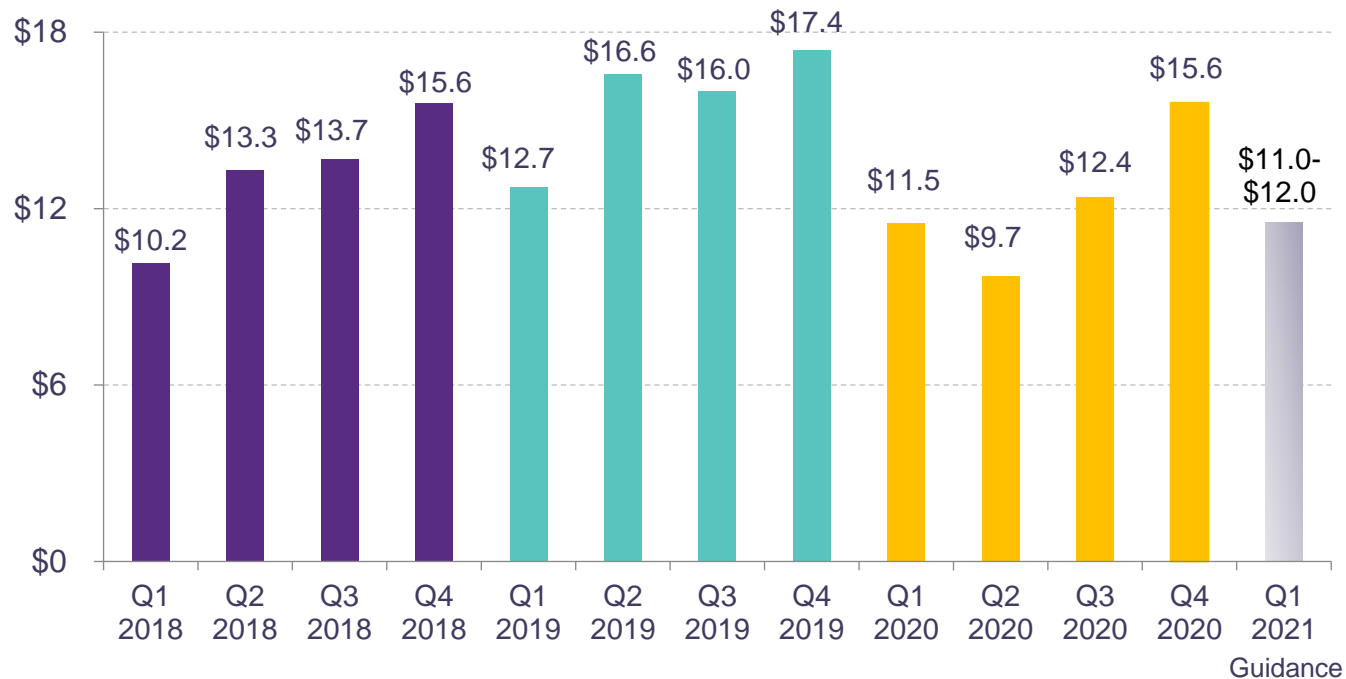
Annual Revenue by Geography



Annual Product Revenue (US)



Worldwide Quarterly Revenue (\$ in millions)



Q3 2020 and Q4 2020 both had double digit sequential growth of 28% and 25% respectively

Results of Operations

	Three Months Ended December 31,		Year Ended December 31,	
(\$ in thousands)	2019	2020	2019	2020
Revenues	\$17,356	\$15,579	\$62,656	\$49,244
<i>YOY Growth</i>		-10%		-21%
Gross Profit	13,137	11,816	47,267	37,690
<i>Gross Margin</i>	76%	76%	75%	77%
Operating Expenses:				
Sales and Marketing <i>% of Revenues</i>	11,516 66%	7,635 49%	42,993 69%	32,562 66%
General and Administrative <i>% of Revenues</i>	4,312 25%	4,729 30%	17,457 28%	18,236 37%
Research and Development <i>% of Revenues</i>	4,248 24%	2,112 14%	13,747 22%	9,201 19%
Total Operating Expenses	20,076	14,476	74,197	59,999
Loss from Operations	(\$6,939)	(\$2,660)	(\$26,930)	(\$22,309)
<i>% of Revenues</i>	-40%	-17%	-43%	-45%

Financial Position

(\$ in thousands)	As of December 31, 2020
Cash and Cash Equivalents	\$48,957
Other Assets	\$29,700
Total Assets	\$78,657
Long-term Debt, net	\$34,620
Convertible Preferred Stock Warrant Liability	\$0
Convertible Preferred Stock	\$0
Accumulated Deficit	(\$277,540)
Total Stockholders' Equity	\$25,493

Supplemental Information

U.S. NeuroStar Unit Sales, Active Sites, and Installed Base

	2019				2020			
	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20
Unit Sales								
Total NeuroStar Units (Capital Sales, Sales Type Leases, Operating Leases) (1)	43	61	68	78	38	35	39	54
YoY Δ	43%	30%	42%	20%	-12%	-43%	-43%	-31%
Ending Active Installed Base	931	976	1,032	1,085	1,119	1,122	1,143	1,170
YoY Δ	19%	20%	20%	25%	20%	15%	11%	8%
Net Active Installed Base Change	24	45	56	53	34	3	21	27
YoY Δ	-17%	29%	33%	8%	42%	-93%	-63%	-49%
Active Sites (End of Period)	737	778	833	870	884	889	909	916
YoY Δ	20%	22%	23%	23%	20%	14%	9%	5%
Inactive Systems (Calculation) (2)	-19	-16	-12	-25	-4	-32	-18	-27
Inactive System Churn % (Calculation) (3)	-2%	-2%	-1%	-2%	-0.4%	-3%	-2%	-2%

(1) = Includes all active systems placed during the period.

(2) = Calculation: (Ending Installed Base - Beginning Installed Base) - Total NeuroStar Units

(3) = Calculation: Inactive Systems / Ending of Prior Period Installed Base

U.S. NeuroStar Revenue

NeuroStar Revenue

Total U.S. NeuroStar Revenue (\$000s)

YoY Δ

U.S. NeuroStar Capital Revenue (\$000s) (4)

YoY Δ

U.S. NeuroStar Operating Lease Revenue (\$000s) (5)

YoY Δ

U.S. NeuroStar Other (\$000s) (6)

YoY Δ

2019				2020			
Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20
\$3,350	\$4,628	\$4,616	\$5,413	\$2,594	\$2,338	\$2,541	\$3,620
41%	30%	18%	14%	-23%	-49%	-45%	-33%
\$2,939	\$4,034	\$4,264	\$4,959	\$2,410	\$2,224	\$2,438	\$3,446
54%	23%	24%	14%	-18%	-45%	-43%	-31%
\$182	\$187	\$184	\$177	\$155	\$114	\$88	\$79
-29%	3%	-31%	-24%	-15%	-39%	-52%	-55%
\$229	\$407	\$167	\$278	\$29	\$0	\$15	\$96
11%	239%	-21%	50%	-87%	-100%	-91%	-66%

(4) = Revenue includes NeuroStar System Capital Sales and Sales Type Leases

(5) = Revenue derived from Operating Lease revenue amortization during the period

(6) = Revenue derived from Treatment Coils in U.S.

U.S. NeuroStar Treatment Sessions

Treatment Session Sales

Total U.S. Treatment Session Revenues (\$000s)

YoY Δ

Active Sites (End of Period)

Avg. Revenue per Active Site (\$000s) (8)

YoY Δ

2019				2020			
Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20
\$8,778	\$10,847	\$10,252	\$11,243	\$8,193	\$6,547	\$9,083	\$11,029
21%	22%	11%	13%	-7%	-40%	-11%	-2%
737	778	833	870	884	889	909	916
\$12.4	\$14.7	\$13.2	\$13.5	\$9.4	\$7.4	\$10.2	\$12.1
NA	1%	-9%	-8%	-24%	-50%	-22%	-10%

(8) = Total U.S. Treatment Session Revenue / Active Sites (Ending of Prior Quarter)

Neuronetics, Inc. Supplemental Financial and Operating Information

Revenue (\$ thousands)	2019				2020	2020	2020	2020	2019	2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	FY	FY
NeuroStar Capital (1)	\$2,939	\$4,034	\$4,264	\$4,959	\$2,410	\$2,224	\$2,438	\$3,446	\$16,196	\$10,518
YoY Change	54%	23%	24%	14%	-18%	-45%	-43%	-31%	25%	-35%
NeuroStar Operating Lease (2)	\$182	\$187	\$184	\$177	\$155	\$114	\$88	\$79	\$730	\$437
YoY Change	-29%	3%	-31%	-24%	-15%	-39%	-52%	-55%	-22%	-40%
Other (3)	\$229	\$407	\$167	\$278	\$29	\$0	\$15	\$96	\$1,081	\$140
YoY Change	11%	239%	-21%	50%	-87%	-100%	-91%	-66%	50%	-87%
Total U.S. NeuroStar Advanced Therapy System Revenues	\$3,350	\$4,628	\$4,616	\$5,413	\$2,594	\$2,338	\$2,541	\$3,620	\$18,007	\$11,094
YoY Change	41%	30%	18%	14%	-23%	-49%	-45%	-33%	23%	-38%
Total U.S. Treatment Sessions Revenues	\$8,778	\$10,847	\$10,252	\$11,243	\$8,193	\$6,547	\$9,083	\$11,029	\$41,120	\$34,852
YoY Change	21%	22%	11%	13%	-7%	-40%	-11%	-2%	17%	-15%
Total U.S. Other Revenues	\$418	\$415	\$426	\$374	\$390	\$382	\$404	\$397	\$1,633	\$1,574
YoY Change	16%	1%	9%	-12%	-7%	-8%	-5%	6%	3%	-4%
Total U.S. Revenues	\$12,546	\$15,890	\$15,294	\$17,030	\$11,177	\$9,267	\$12,029	\$15,046	\$60,760	\$47,519
YoY Change	26%	23%	13%	13%	-11%	-42%	-21%	-12%	18%	-22%
Total International Revenues	\$182	\$682	\$706	\$326	\$299	\$474	\$419	\$533	\$1,896	\$1,725
YoY Change	1%	93%	222%	-40%	64%	-31%	-41%	64%	46%	-9%
Total Revenues	\$12,728	\$16,572	\$16,000	\$17,356	\$11,476	\$9,741	\$12,448	\$15,579	\$62,656	\$49,244
YoY Change	25%	25%	16%	11%	-10%	-41%	-22%	-10%	19%	-21%
U.S. Operating and Financial Metrics	2019				2020	2020	2020	2020	2019	2020
	Q1	Q2	Q3	Q4	Q1	Q1	Q1	Q1	FY	FY
Active Installed Base										
Active Installed Base - End of Period	931	976	1,032	1,085	1,119	1,122	1,143	1,170	1,085	1,170
Total NeuroStar Systems Sold (4)	43	61	68	78	38	35	39	54	250	166
YoY Change	79%	42%	45%	28%	-12%	-43%	-43%	-31%	43%	-34%
Active Sites										
Active Sites - End of Period	737	778	833	870	884	889	909	916	870	916
Average Revenue Per Active Site (\$) (5)	\$12,415	\$14,718	\$13,177	\$13,497	\$9,418	\$7,406	\$10,218	\$12,133	\$58,162	\$40,060
YoY Change	NA	1%	-9%	-8%	-24%	-50%	-22%	-10%	12%	-31%

(1) = Revenue from Capital Sales and Sales Type Leases

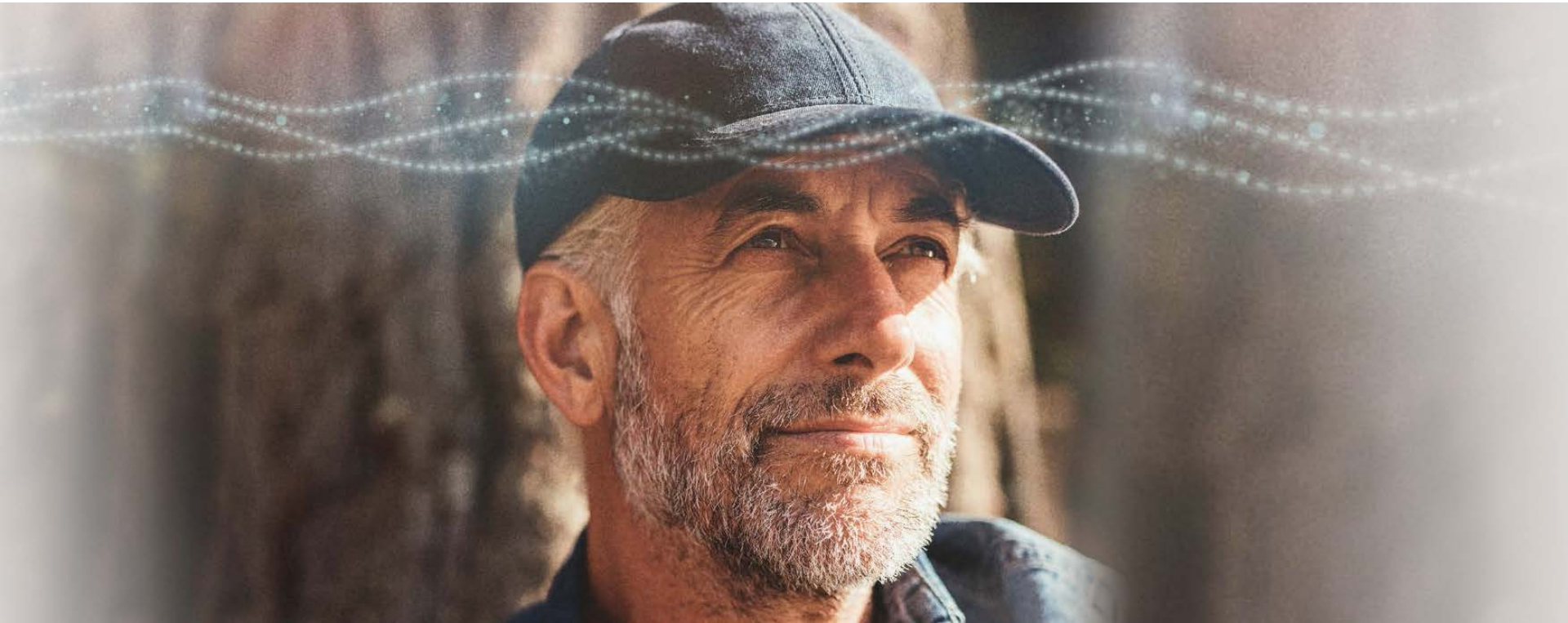
(2) = Revenue derived from Operating Lease revenue during the period

(3) = Primarily includes revenue derived from Treatment Coils in US

(4) = Includes all U.S. systems sold during the period, both as Capital Sales or Sales-Type-Leases

(5) = Total U.S. Treatment Session Revenue / Active Sites (End of Prior Period)

Neuronetics



3222 Phoenixville Pike
Malvern, PA 19355
www.neurostar.com
610.640.4202