



NuVasive, Inc.
Q4 2020 Supplementary Financial Information
Reconciliation of GAAP to Non-GAAP Financial Measures
Results as of December 31, 2020; Earnings Report on February 25, 2021
in thousands except per share data

Fourth Quarter 2020 Financial Highlights*

- Net sales decreased 6.0% to \$291.8 million, or 6.7% on a constant currency basis;
- GAAP operating margin of 6.9%; Non-GAAP operating profit margin of 15.8%; and
- GAAP diluted earnings per share of \$0.03; Non-GAAP diluted earnings per share of \$0.59.

Full Year 2020 Financial Highlights**

- Net sales decreased 10.1% to \$1.051 billion, or 10.2% on a constant currency basis;
- GAAP operating margin of 3.7%; Non-GAAP operating profit margin of 11.1%; and
- GAAP diluted loss per share of \$0.72; Non-GAAP diluted earnings per share of \$1.23.

*Compares Q4 2020 vs Q4 2019

**Compares full year 2020 vs full year 2019

Net Sales:	Q119	Q219	Q319	Q419	2019 FY	Q120	Q220	Q320	Q420	2020 FY	Q420 Growth	2020 FY Growth
	U.S. Spinal Hardware	147,800	160,249	160,012	168,919	636,980	138,513	113,766	161,239	155,183	568,701	-8.1%
U.S. Surgical Support	72,157	73,938	71,863	77,326	295,284	64,281	47,198	69,453	67,380	248,312	-12.9%	-15.9%
International	54,819	57,918	58,960	64,109	235,806	57,087	42,648	64,590	69,244	233,569	8.0%	-0.9%
Total Net Sales	274,776	292,105	290,835	310,354	1,168,070	259,881	203,612	295,282	291,807	1,050,582	-6.0%	-10.1%

For accurate tax calculation, begin by building a GAAP model using the below GAAP income statement:

	Q119	Q219	Q319	Q419	2019 FY	Q120	Q220	Q320	Q420	2020 FY
Net Sales	274,776	292,105	290,835	310,354	1,168,070	259,881	203,612	295,282	291,807	1,050,582
Cost of sales (excluding below amortization of intangible assets)	74,494	77,579	77,028	83,256	312,357	71,865	80,505	84,633	84,628	321,631
Gross profit	200,282	214,526	213,807	227,098	855,713	188,016	123,107	210,649	207,179	728,951
GAAP gross margin %	72.9%	73.4%	73.5%	73.2%	73.3%	72.3%	60.5%	71.3%	71.0%	69.4%
Selling, general & administrative (SG&A)	145,076	152,853	152,887	160,365	611,181	130,231	126,444	146,260	144,260	547,195
Research and development (R&D)	17,575	17,553	18,143	19,109	72,380	18,257	19,406	20,404	21,771	79,838
Amortization of intangible assets	13,625	12,277	12,596	12,599	51,097	12,649	12,675	13,826	12,576	51,726
Purchase of in-process research and development ¹	—	—	—	—	—	—	1,011	—	—	1,011
Business transition costs ²	3,833	1,646	(333)	(7,141)	(1,995)	(1,440)	874	3,107	8,337	10,878
GAAP operating expenses	180,109	184,329	183,293	184,932	732,663	159,697	160,410	183,597	186,944	690,648
GAAP operating profit (loss)	20,173	30,197	30,514	42,166	123,050	28,319	(37,303)	27,052	20,235	38,303
Interest and other expense, net	(9,470)	(9,314)	(14,730)	(9,019)	(42,533)	(18,194)	(27,882)	(20,601)	(19,171)	(85,848)
GAAP income (loss) before income taxes	10,703	20,883	15,784	33,147	80,517	10,125	(65,185)	6,451	1,064	(47,545)
GAAP income tax rate	12.3%	28.4%	30.2%	9.9%	19.0%	47.7%	23.3%	9.0%	(59.0%)	21.9%
GAAP income tax (expense) benefit	(1,317)	(5,921)	(4,774)	(3,271)	(15,283)	(4,827)	15,170	(579)	628	10,392
GAAP net income (loss)	9,386	14,962	11,010	29,876	65,234	5,298	(50,015)	5,872	1,692	(37,153)
GAAP WASO	52,480	52,460	53,056	54,638	53,160	53,727	51,224	51,805	51,870	51,416
GAAP EPS	\$ 0.18	\$ 0.29	\$ 0.21	\$ 0.55	\$ 1.23	\$ 0.10	\$ (0.98)	\$ 0.11	\$ 0.03	\$ (0.72)
To calculate EBITDA:	Q119	Q219	Q319	Q419	2019 FY	Q120	Q220	Q320	Q420	2020 FY
GAAP net income (loss)	9,386	14,962	11,010	29,876	65,234	5,298	(50,015)	5,872	1,692	(37,153)
Interest expense/(income), net	9,104	9,323	9,034	9,147	36,608	10,786	16,220	20,852	21,136	68,994
GAAP income tax (expense) benefit	(1,317)	(5,921)	(4,774)	(3,271)	(15,283)	(4,827)	15,170	(579)	628	9,764
Depreciation and amortization	34,054	33,560	33,631	34,348	135,593	34,972	35,166	35,959	34,840	140,937
EBITDA margin	53,861	63,766	58,449	76,642	252,718	55,883	(13,799)	63,262	57,040	162,386
EBITDA margin %	19.6%	21.8%	20.1%	24.7%	21.6%	21.5%	-6.8%	21.4%	19.5%	15.5%
Purchase of in-process research and development ¹	—	—	—	—	—	—	1,011	—	—	1,011
Business transition costs ²	3,833	1,646	(333)	(7,141)	(1,995)	(1,440)	874	3,107	8,337	10,878
Litigation related expenses and settlements ³	3,046	2,031	1,899	818	7,794	3,103	1,187	1,396	1,310	6,996
Net loss/(gain) on strategic investments	—	—	4,767	—	4,767	1,411	—	(1,132)	(10)	268
Stock-based compensation	5,717	6,901	7,829	10,285	30,732	(2,858)	5,037	7,572	7,706	17,457
European medical device regulation ⁴	332	1,400	953	2,384	5,069	1,247	1,683	1,149	3,614	7,693
Net loss recognized on change in fair value of derivatives ⁵	—	—	—	—	—	—	12,301	—	—	12,301
Adjusted EBITDA	66,789	75,744	73,564	82,988	299,085	57,346	8,294	75,354	77,997	218,990
Adjusted EBITDA margin %	24.3%	25.9%	25.3%	26.7%	25.6%	22.1%	4.1%	25.5%	26.7%	20.8%
To calculate Non-GAAP EPS, add back and tax effect Non-GAAP exclusions, which are detailed in each earnings press release:	Q119	Q219	Q319	Q419	2019 FY	Q120	Q220	Q320	Q420	2020 FY
Amortization of intangible assets	13,625	12,277	12,596	12,599	51,097	12,649	12,675	13,826	12,576	51,726
Purchase of in-process research and development ¹	—	—	—	—	—	—	1,011	—	—	1,011
Non-cash interest expense on convertible notes	4,319	4,374	4,432	4,492	17,617	5,724	9,615	12,683	12,844	40,866
Business transition costs ²	3,833	1,646	(333)	(7,141)	(1,995)	(1,440)	874	3,107	8,337	10,878
Net loss/(gain) on strategic investments	—	—	4,767	—	4,767	1,411	—	(1,132)	(10)	268
Litigation related expenses and settlements ³	3,046	2,031	1,899	818	7,794	3,103	1,187	1,396	1,310	6,996
European medical device regulation ⁴	332	1,400	953	2,384	5,069	1,247	1,683	1,149	3,614	7,693
Net loss recognized on change in fair value of derivatives ⁵	—	—	—	—	—	—	12,301	—	—	12,301
Sub-total exclusions for Non-GAAP	25,155	21,728	24,314	13,152	84,349	22,694	39,346	31,029	38,671	131,739
Tax related to exclusions	(6,933)	(3,881)	(4,455)	(4,513)	(19,782)	(2,562)	(9,697)	(8,575)	(9,989)	(30,823)
Tax affected exclusions for Non-GAAP	18,222	17,847	19,859	8,639	64,567	20,132	29,649	22,454	28,682	100,916
Non-GAAP net income (loss)	27,608	32,809	30,869	38,515	129,801	25,430	(20,366)	28,326	30,374	63,763
Non-GAAP WASO ⁶	52,480	52,460	52,590	52,979	52,629	52,532	51,224	51,805	51,870	51,992
Non-GAAP EPS	\$ 0.53	\$ 0.63	\$ 0.59	\$ 0.73	\$ 2.47	\$ 0.48	\$ (0.40)	\$ 0.55	\$ 0.59	\$ 1.23
To calculate Non-GAAP line items:	Q119	Q219	Q319	Q419	2019 FY	Q120	Q220	Q320	Q420	2020 FY
GAAP gross profit	200,282	214,526	213,807	227,098	855,713	188,016	123,107	210,649	207,179	728,951
GAAP ONLY European medical device regulation ⁴	—	—	—	—	—	—	—	—	1,706	1,706
Non-GAAP gross profit	200,282	214,526	213,807	227,098	855,713	188,016	123,107	210,649	208,885	730,657
% of net sales	72.9%	73.4%	73.5%	73.2%	73.3%	72.3%	60.5%	71.3%	71.6%	69.5%
GAAP SG&A	145,076	152,853	152,887	160,365	611,181	130,231	126,444	146,260	144,260	547,195
GAAP ONLY litigation related expenses and settlements ³	(3,046)	(2,031)	(1,899)	(818)	(7,794)	(3,103)	(1,187)	(1,396)	(1,310)	(6,996)
GAAP ONLY European medical device regulation ⁴	—	(1,145)	(804)	(1,542)	(3,491)	(506)	(490)	(293)	(441)	(1,730)
Non-GAAP SG&A	142,030	149,677	150,184	158,005	599,896	126,622	124,767	144,571	142,509	538,469
% of net sales	51.7%	51.2%	51.6%	50.9%	51.4%	48.7%	61.3%	49.0%	48.8%	51.3%
GAAP R&D	17,575	17,553	18,143	19,109	72,380	18,257	19,406	20,404	21,771	79,838
GAAP ONLY European medical device regulation ⁴	(332)	(255)	(149)	(842)	(1,578)	(741)	(1,193)	(856)	(1,467)	(4,257)
Non-GAAP R&D	17,243	17,298	17,994	18,267	70,802	17,516	18,213	19,548	20,304	75,581
% of net sales	6.3%	5.9%	6.2%	5.9%	6.1%	6.7%	8.9%	6.6%	7.0%	7.2%
Non-GAAP operating expenses	159,273	166,975	168,178	176,272	670,698	144,138	142,980	164,119	162,813	614,050
% of net sales	58.0%	57.2%	57.8%	56.8%	57.4%	55.5%	70.2%	55.6%	55.8%	58.4%
Non-GAAP operating profit (loss)	41,009	47,551	45,629	50,826	185,015	43,878	(19,873)	46,530	46,072	116,607
Non-GAAP operating margin	14.9%	16.3%	15.7%	16.4%	15.8%	16.9%	-9.8%	15.8%	15.8%	11.1%
GAAP & Non-GAAP interest income	(409)	(327)	(620)	(561)	(1,917)	(731)	(304)	(271)	(166)	(1,472)
GAAP interest expense	9,513	9,650	9,654	9,708	38,525	11,517	16,524	21,123	21,302	70,466
GAAP ONLY non-cash interest expense on convertible notes	(4,319)	(4,374)	(4,432)	(4,492)	(17,617)	(5,724)	(9,615)	(12,683)	(12,844)	(40,866)
Non-GAAP interest expense	5,194	5,276	5,222	5,216	20,908	5,793	6,909	8,440	8,458	29,600
GAAP other expense (income), net	366	(9)	5,696	(128)	5,925	7,408	11,662	(251)	(1,965)	16,854
GAAP ONLY net (loss)/gain on strategic investments	—	—	(4,767)	—	(4,767)	(1,411)	—	1,132	10	(268)
GAAP ONLY net loss recognized on change in fair value of derivatives ⁵	—	—	—	—	—	—	(12,301)	—	—	(12,301)
Non-GAAP other expense (income), net	366	(9)	929	(128)	1,158	5,997	(639)	881	(1,955)	4,285
Non-GAAP interest and other expense, net	5,151	4,940	5,531	4,527	20,149	11,059	5,966	9,050	6,337	32,413
For Non-GAAP ONLY P&L modeling	Q119	Q219	Q319	Q419	2019 FY	Q120	Q220	Q320	Q420	2020 FY
Non-GAAP pre-tax income (loss)	35,858	42,611	40,098							