



Outset Medical

Investor Presentation

May 2022

Forward-looking statements and non-GAAP information

This presentation and the accompanying oral statements contain forward-looking statements within the meaning of the federal securities laws. All statements other than statements of historical fact are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “intend,” “potential,” “would,” “continue,” “ongoing” or the negative of these terms or similar expressions. Forward-looking statements are based on management’s current assumptions and expectations of future events and trends, which affect or may affect our business, strategy, operations or financial performance, and actual results and other events may differ materially from those expressed or implied in such statements due to numerous risks and uncertainties.

These forward-looking statements include, but are not limited to, statements about our possible or assumed future results of operations and financial position, including expectations regarding projected revenues, and revenue growth rate, gross margin, profitability and outlook, statements regarding our overall business strategy, plans and objectives of management, our expectations regarding the market sizes and growth potential for Tablo and the total addressable market opportunities for Tablo, our planned expansion within the home hemodialysis market (including projections regarding sales into the home market and such sales as a percentage of revenues), our expectations with respect to anticipated benefits of the TPNIES approval, as well as our expectations regarding the continuing impact of the COVID-19 pandemic on us and our operations as well as the impact on our customers and suppliers. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, which could cause actual results to differ materially from those expressed or implied in these forward-looking statements. These risks and

uncertainties include: our future financial performance, including our expectations regarding our revenues, cost of revenues, operating expenses, gross margin and our ability to achieve and maintain future profitability; continued execution of our initiatives designed to reduce the cost of producing and shipping Tablo devices and our ability to achieve projected cost reductions at the levels or within the timeframe we estimate; our ability to attain market acceptance among providers and patients; our ability to manage our growth; our expansion into the home hemodialysis market; our ability to ensure strong product performance and reliability; our relations with third-party suppliers, including contract manufacturers and single source suppliers; our ability to overcome manufacturing disruptions; the impact of COVID-19, natural or man-made disasters, and similar events, on our industry, business and results of operations; our ability to offer high-quality support for Tablo; our expectations of the sizes of the markets for Tablo; our ability to innovate and improve Tablo; our ability to effectively manage privacy, information and data security; concentration of our revenues in a single product and concentration of a large percentage of our revenues from a limited number of customers; our ability to compete effectively; our ability to accurately forecast customer demand and manage our inventory; our ability to ensure the proper training and use of Tablo; and our compliance with FDA and other regulations applicable to our products and business operations; as well as other risks and uncertainties described in the Risk Factors section of our public filings with the SEC, including our most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission. Forward-looking statements should be considered in light of these risks and uncertainties, and you should not rely on these forward-looking statements as predictions of future events. These forward-looking statements speak only as of their date and we undertake no obligation to publicly update or revise any forward-

looking statement, whether as a result of new information, future developments or otherwise.

This presentation and the accompanying oral presentation also contain statistical data, estimates and forecasts that are based on independent industry publications or other publicly available information, as well as other information based on our internal sources. This information involves many assumptions and limitations, and you are cautioned not to give undue weight to such information. We have not independently verified the accuracy or completeness of the information contained in the industry publications and other publicly available information. Accordingly, we make no representations as to the accuracy or completeness of that information nor do we undertake to update such information after the date of this presentation.

In addition to financial information presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this presentation and the accompanying oral statements include certain non-GAAP financial measures, which may include Non-GAAP gross profit/loss, gross margin, operating expenses, net income/loss, and basic and diluted net income/loss per share. Any non-GAAP measure is presented for supplemental informational purposes only and should not be considered a substitute for or superior to financial information presented in accordance with GAAP. There are limitations related to the use of non-GAAP financial measures because they are not prepared in accordance with GAAP, may exclude significant expenses required by GAAP to be recognized in our financial statements, and may not be comparable to non-GAAP financial measures used by other companies. A reconciliation of these measures to the most directly comparable GAAP measures is included at the end of this presentation.

Tablo[®] is a disruptive,
first-of-its-kind
technology designed
to reduce the cost and
complexity of dialysis.



Investment highlights



\$11.4B U.S. total addressable market¹



Established footprint in **\$2.5B U.S. acute care market** is a strategic entry point for **\$8.9B U.S. home market**



Guidance of 40%–46% revenue growth in 2022 and ~50% gross margin in 2025

- 271% 3-year revenue CAGR (2018–2021)
- Growth in recurring revenue from higher-margin consumables and services



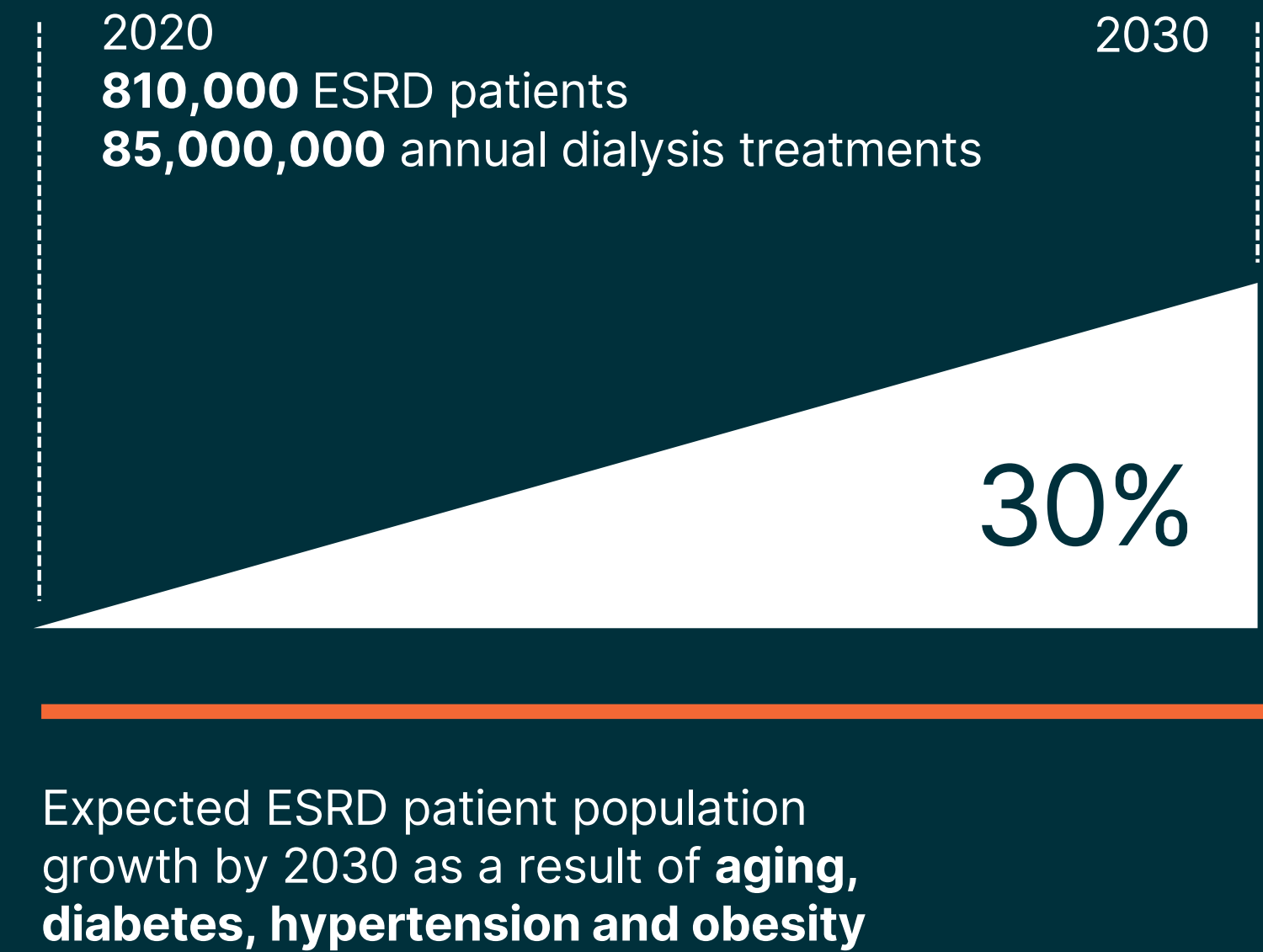
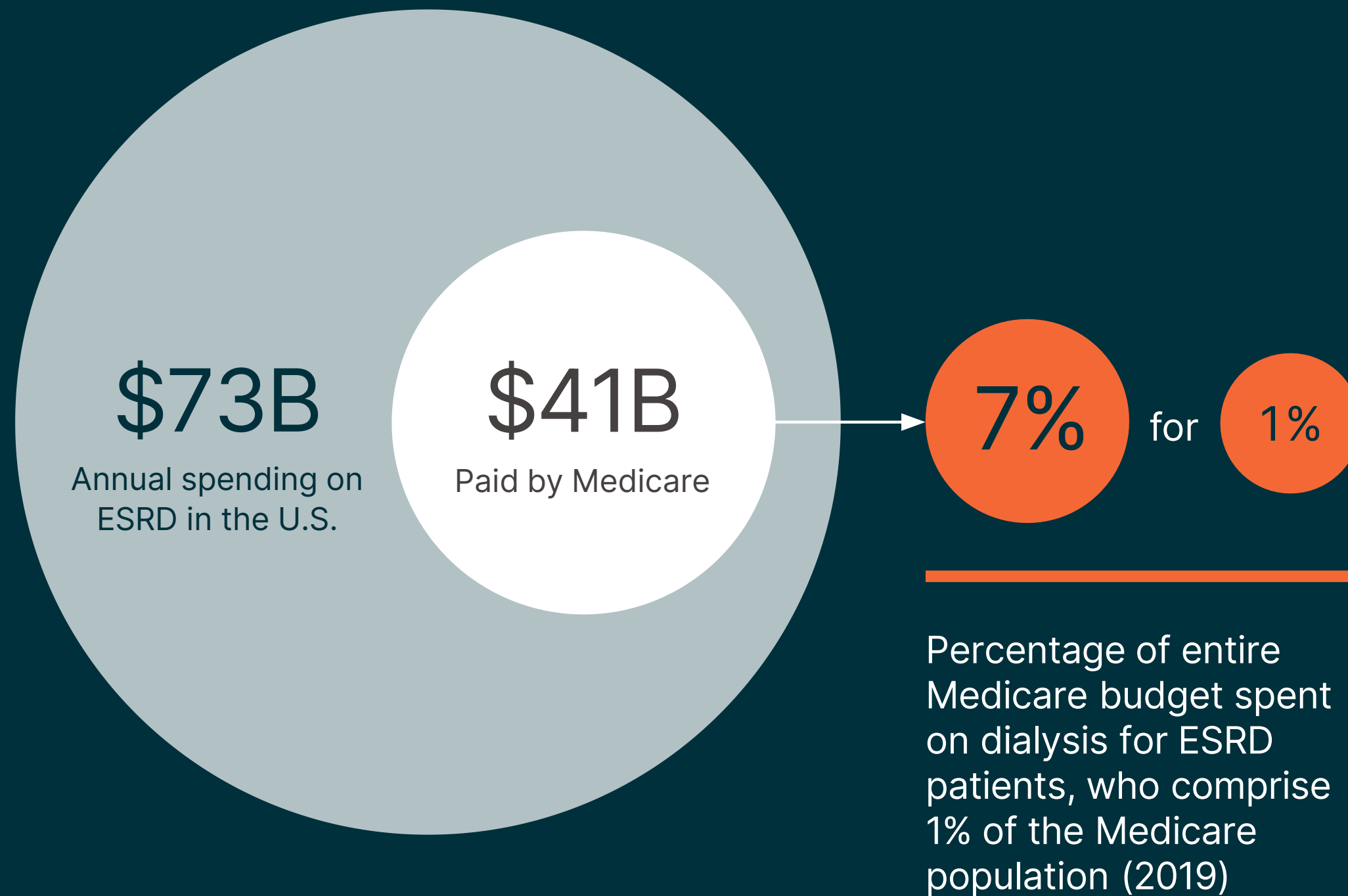
Recent reimbursement tailwinds expected to drive home dialysis adoption



Proven management team with track record of execution

1. Company estimates based on data contained in U.S. Renal Data System’s 2021 Annual Data Report

Dialysis is one of the largest, most expensive, least-changed sectors of healthcare



Patients are treated with dialysis across multiple settings of care

ACUTE CARE

Hospital & sub-acute
based dialysis

4.5 million
Treatments/year¹

~3%
Annual growth rate

1. Company estimates based on 2020 Definitive Healthcare data
2. Company estimates based on data contained in U.S. Renal Data System's 2021 Annual Data Report

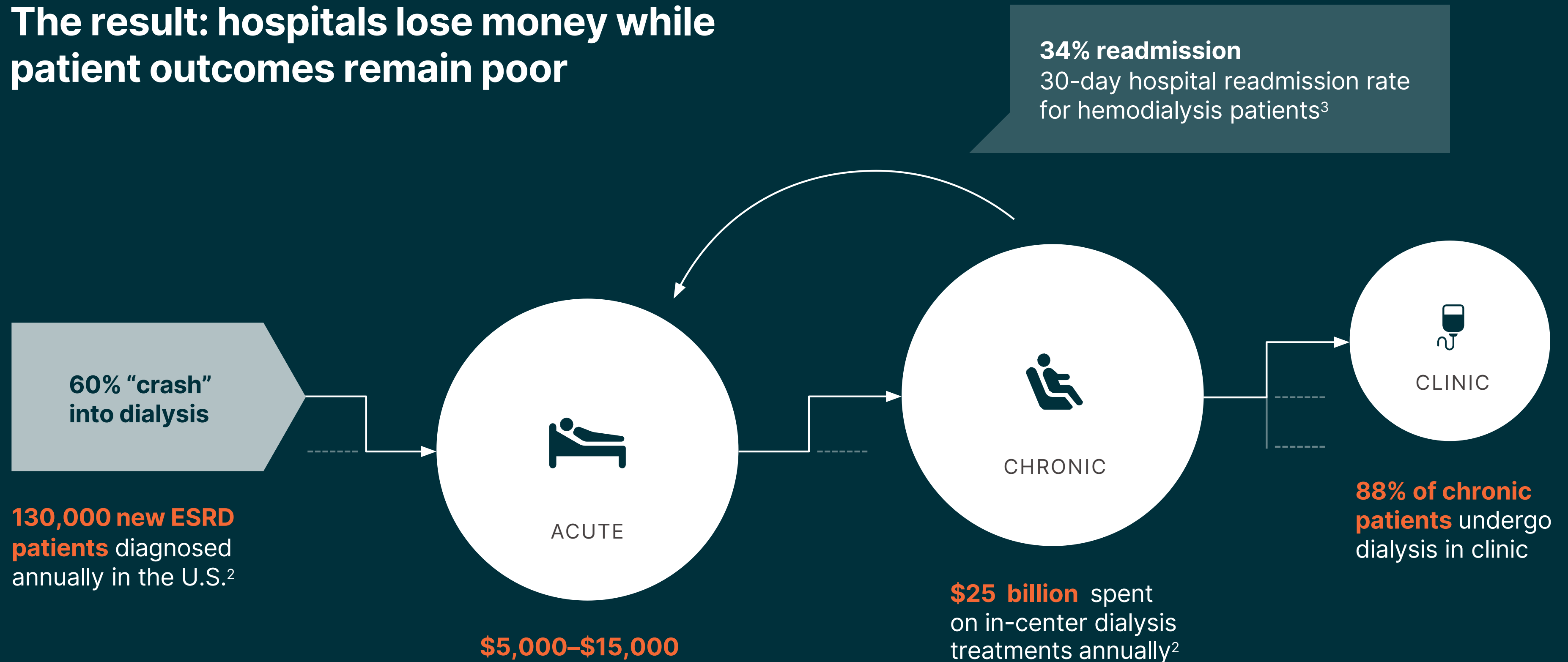
CHRONIC CARE

In-center, transitional care
& home hemodialysis

81 million
Treatments/year²

8–10%
Annual growth rate for home dialysis

The result: hospitals lose money while patient outcomes remain poor



1. 2019 Medicare Claims data for MS-DRG 682 and MS-DRG 683
2. Company estimates based on, and data contained in, U.S. Renal Data System's 2021 Annual Data Report
3. Hickson LJ. et al. Nephron. 2018 ; 139(1): 1–12.



Complicated



Inflexible



Burdensome

Expensive labor and supplies

Operational inefficiency

Low adoption and retention at home

Innovation is desperately needed



A first-of-its-kind enterprise solution that replaces multiple machines and a water treatment room with a single device



Anywhere

An electrical outlet and tap water instead of costly fixed infrastructure

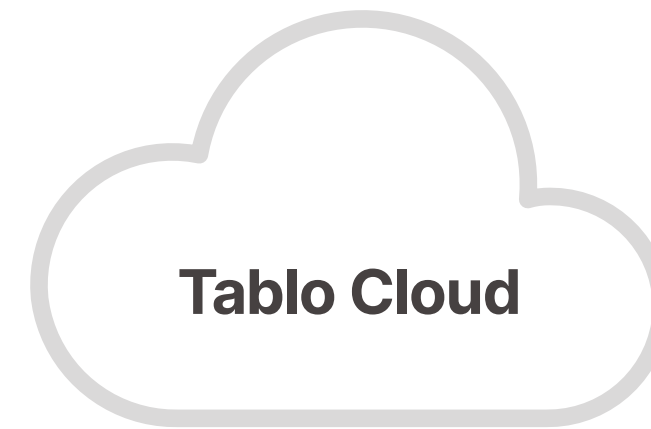
Anytime

Water purification and dialysate on demand, customized to the patient's prescription

Anyone

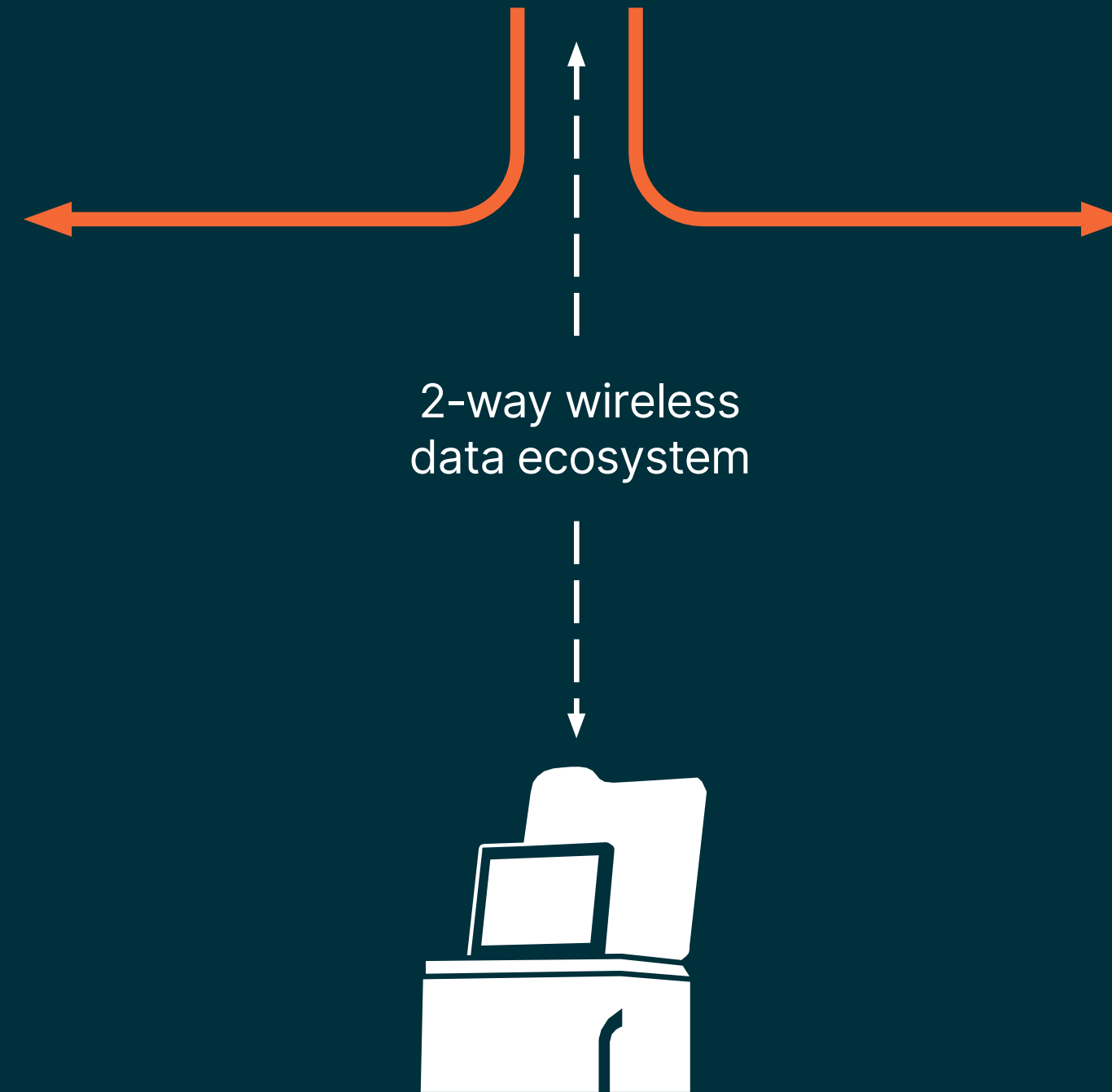
Sensors, data analytics and a touchscreen interface make Tablo easy to learn and use

Broad technology innovation drives execution against key strategic initiatives



Benefits to customers

- EMR-integrated treatment data and Tablo fleet management
- Remote diagnostics and predictive maintenance
- Remote treatment monitoring and clinical analytics



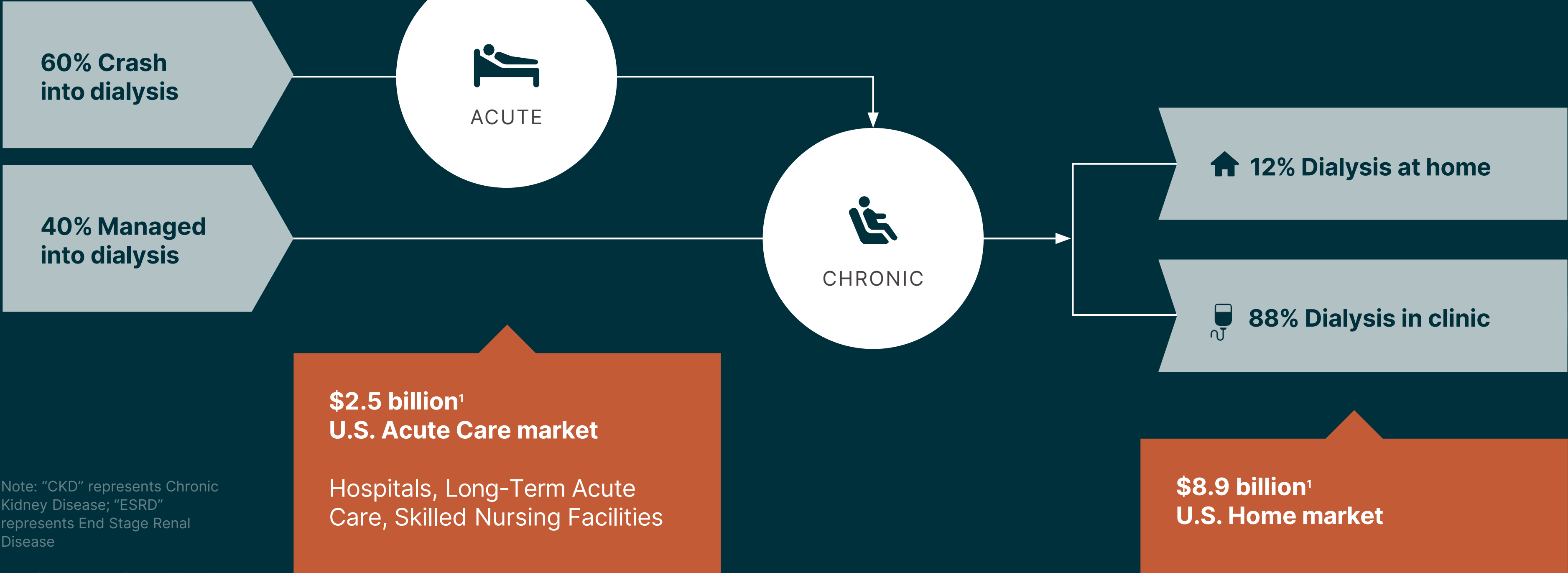
2-way wireless
data ecosystem

Benefits to Outset

- Operating efficiencies and gross margin expansion
- State-of-the-art, cloud-based manufacturing and quality documentation system
- Digitized supply chain, virtual distribution and logistics tracking

\$11.4B U.S. addressable market

CKD/ESRD PATIENTS

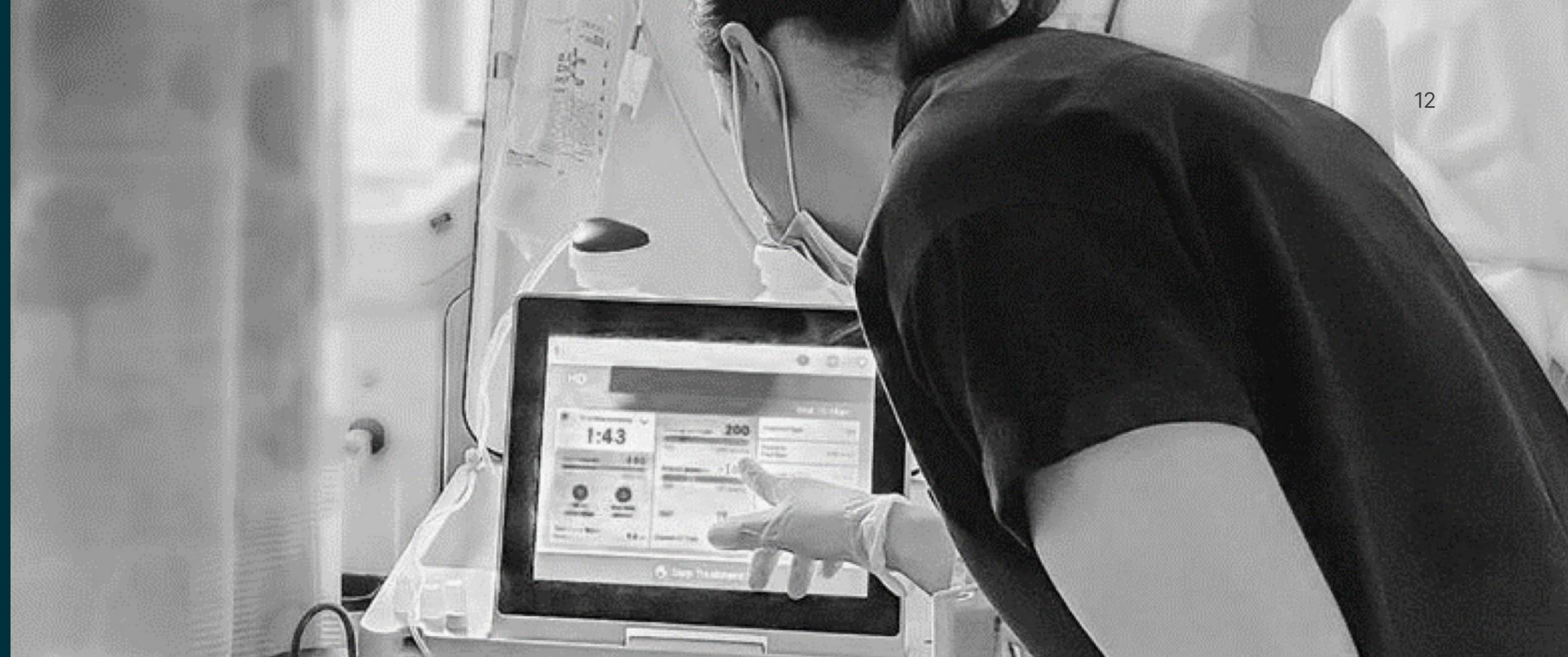


Note: "CKD" represents Chronic Kidney Disease; "ESRD" represents End Stage Renal Disease

1. Company estimates based on data contained in U.S. Renal Data System's 2021 Annual Data Report

ACUTE CARE

Dialysis is a cost center for hospitals



12

- **No separate DRG for inpatient dialysis;** ~600 DRGs involved dialysis in 2018
- **60% of hospitals stays involving dialysis resulted in negative operating margin,** with average loss of \$5,000–\$15,000 per stay

Company estimates based on data contained in U.S. Renal Data System's 2021 Annual Data Report and 2020 Definitive Healthcare data; 2019 Medicare claims data for MS-DRG 682 and MS-DRG 68

536,000

ESRD annual admissions

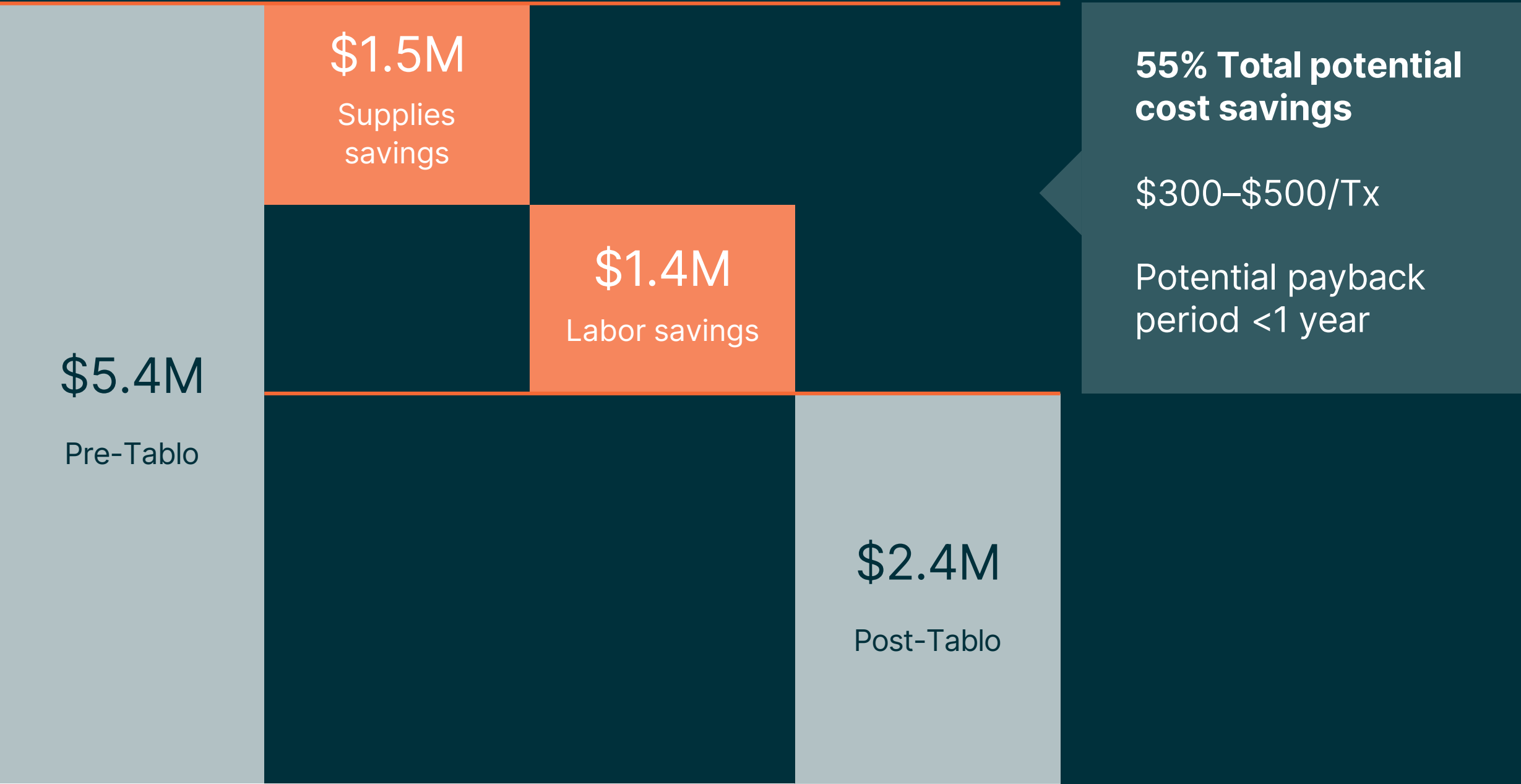
454,000

Additional Acute Kidney Injury annual admissions

Significant cost savings generated for leading hospitals and health systems

Case Study

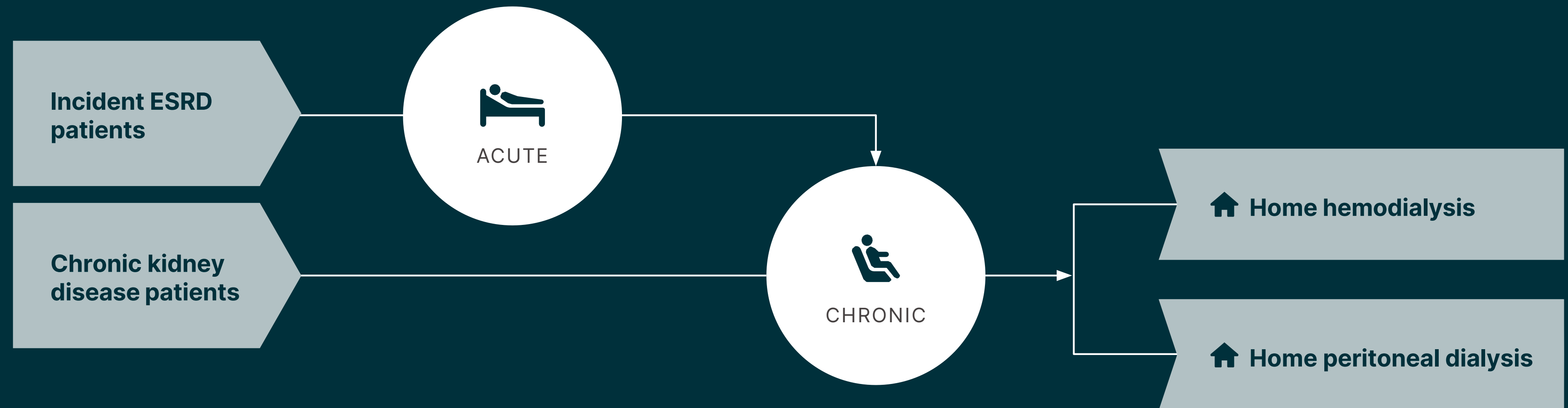
ICU Dialysis Cost Cut by 55%
Cleveland Clinic



PROJECTED ANNUAL ICU DIALYSIS COST

Source: Cleveland Clinic; company estimates based on data provided by third party health system

Tablo enables health systems to optimize patient care from the ICU to the home



1. Based on costs for dialysis in the ICU
2. Chan CT. et al. Kidney International (2019) 96, 37–47
3. Based on 5-year calculation for Tablo Home program. Key assumptions: \$350 per treatment × 3.5 treatments per week

01
Reduce acute labor and supplies cost by **up to 80%**¹

02
Over 50% of chronic dialysis patients managed at home²

03
Drive \$15,000–\$17,000 in annual profit per Tablo Home patient³

The Tablo Home program brings economic opportunity

\$15,000–
\$17,000

Amount of annual profit each patient has the potential to generate for the provider¹

1. Based on 5-year calculation for Tablo Home program. Key assumptions: \$350 per treatment × 3.5 treatments per week
2. Key assumptions: \$350 per treatment, factoring in an estimated 65% Medicare payer mix from hospital cost report data for home-only programs

ESRD patients	1,000
Annual revenue outsourced to 3rd party dialysis operators ²	~\$36 million

Converting 30% of ESRD patients to home program drives	~\$5 million in annual profit
--	-------------------------------

Physicians and patients prefer Tablo

NEPHROLOGISTS
n=184

77%

Rated Tablo as a
**significant clinical
improvement**

98%

Said Tablo’s benefits
make them **more
likely to recommend
home dialysis**

IN-CENTER &
PERITONEAL
DIALYSIS
PATIENTS
n=138

72%

Rated Tablo as a
**significant clinical
improvement**

77%

Rated Tablo’s
benefits as making
them **more likely to
try home dialysis**

Company analysis undertaken with a third party.
For additional clinical evidence, including from the XTEND
and The First 1,000 Real-World Treatment studies, visit
<https://outsetmedical.com/clinical-evidence/>

XTEND Study Highlights

50	Consecutive Tablo XT treatments
23.5 hrs	Median treatment time in the ICU setting
4%	Ended due to clotting
14 sec	Average alarm resolution time

The First 1,000 Real-World Treatments Study Highlights

100%	Patient retention, with no patients opting out of Home Hemodialysis (HHD)
93%	Treatment adherence
95%	Treatments completed within 10% of prescribed time

HOME CARE

The home market is significantly underpenetrated



Company estimates based on, and data contained in, U.S. Renal Data System's 2021 Annual Data Report

~570,000

Chronic dialysis patients

30%

Patients eligible for home hemodialysis

2%

Patients on home hemodialysis

Historical barriers

- Medicare reimbursement misaligned with treatment frequency
- Inadequate provider payment incentives
- Cumbersome technology and training

HOME CARE

Tablo addresses key barriers to home dialysis adoption and retention



tablo®

3x

Treatments per week

<25 hours

Training per patient

0 hours

Dialysate prep time



Historical device

5–6

Treatments per week

100 hours

Training per patient

16–24 hours

Dialysate prep time per week

IDE trial demonstrated Tablo’s safety and effectiveness in the home

For additional clinical evidence, visit <https://www.outsetmedical.com/clinical-evidence/>

Trial participants

26–71	Years of age
43%	Black / Hispanic
27%	Latino
60%	History of diabetes
96%	History of hypertension

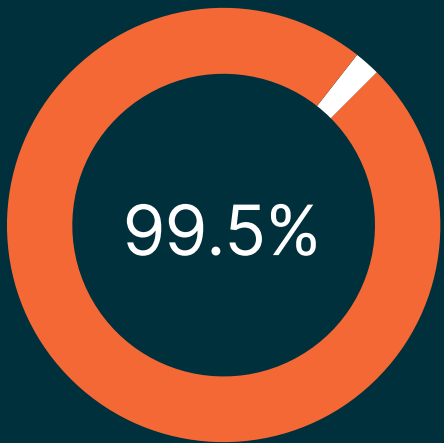
Met efficacy endpoints

Achieved weekly Std Kt/V \geq 2.1

In-Center

% weeks that met primary endpoint

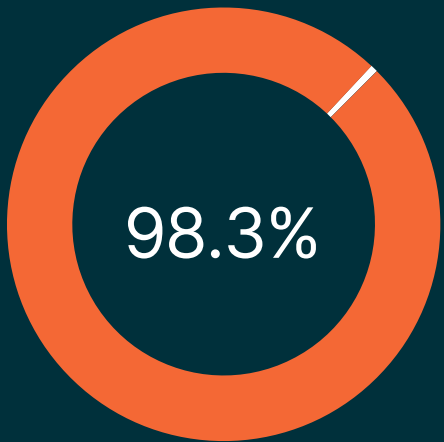
2.8 Avg



In-Home

% weeks that met primary endpoint

2.8 Avg



Met safety endpoints

1.8

Overall incidence of adverse events (0 pre-specified adverse events related to Tablo)

High home retention rate and treatment compliance

0%

Drop-out during in-home period

99%

Adherence to prescribed home treatment frequency

Positive Tablo patient experience

Patients prefer Tablo for home¹

Surveyed 13 patients in the IDE previously at home using the incumbent HHD machine

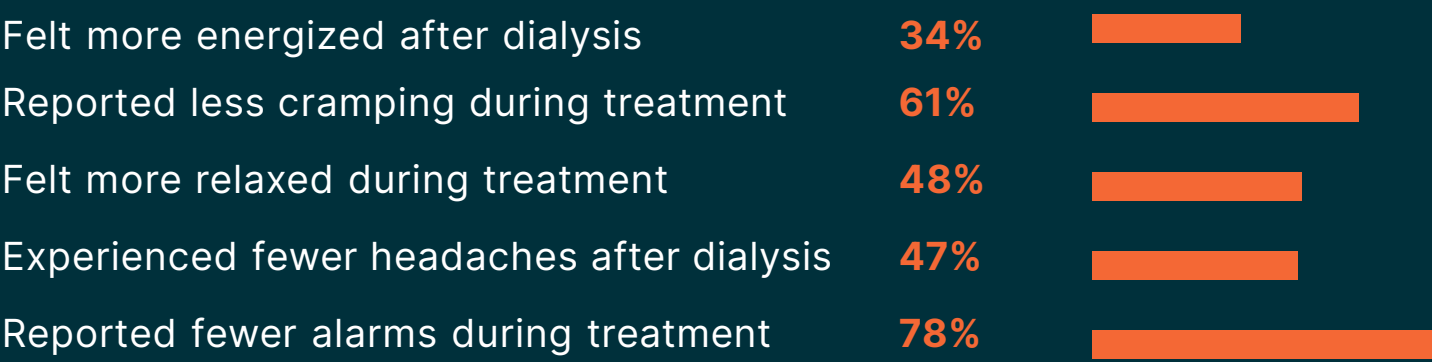
Preferred Tablo ■
Preferred prior system ■

PATIENT PREFERENCE RESULTS—TABLO VS PRIOR HOME SYSTEM



Patients report fewer symptoms on Tablo²

Patient-reported outcomes survey comparing in-clinic treatments on Tablo vs. their previous dialysis machine



1. Outset 2019 IDE trial
2. Alvarez L, May Y, Chertow G. Early Patient Experience with the Tablo Hemodialysis System

Reimbursement tailwinds for home dialysis on Tablo

2022–2023

TPNIES

- ~\$23-25/treatment on top of the Medicare base rate for each Tablo home treatment over 2 years
- CMS determined Tablo to be a substantial clinical improvement over incumbent device
- Payment is per treatment, irrespective of number of treatments per week

2024–2027

ESRD Treatment Choices Model (ETC)

- ETC provides for additional payments (up to ~8%) or for reductions in payments (down by ~10%) depending on ability to drive home dialysis adoption and transplant wait list additions
- Biden Administration further strengthened the ETC for 2022 by further elevating the home dialysis rates providers must achieve to receive the incremental improvement and/or avoid penalties
- New Health Equity Incentive (HEI) starts July 2022 and rewards providers for a 2.5% increase in home dialysis and transplant adoption by low-income patients

CMS methodology: Price of console/5 yr useful life = $\$X/156$
treatments per year = $\$Y/Tx \times 0.65 = \$Z/Tx - \$9.50/Tx$ to
account for what CMS already pays for equipment/Tx

Outset's highly efficient business model

INITIAL CONSOLE PURCHASE

ONGOING REVENUE

Initial console purchase generates recurring and predictable consumable and service revenue

1

SINGLE PLATFORM

Optimizes commercial outreach and manufacturing



DATA ECOSYSTEM

Streamlines service and support



CONSOLE UTILIZATION

Leads to higher treatment revenue mix

Integrated commercial strategy drives acute growth and home expansion

ACUTE STRATEGY

Top-down installed base growth through national and regional customers

Expand within each location and across the system

HOME STRATEGY

Target health systems and innovative care providers

Grow patient adoption, retention and cost of care evidence base

SAME CUSTOMERS, PHYSICIANS, TRAINING AND SUPPORT



CLINICAL SALES REPS

Utilization and fleet expansion



CAPITAL SALES TEAM

System-wide console adoption



FIELD SERVICE ENGINEERS

Technical support

Strong financials

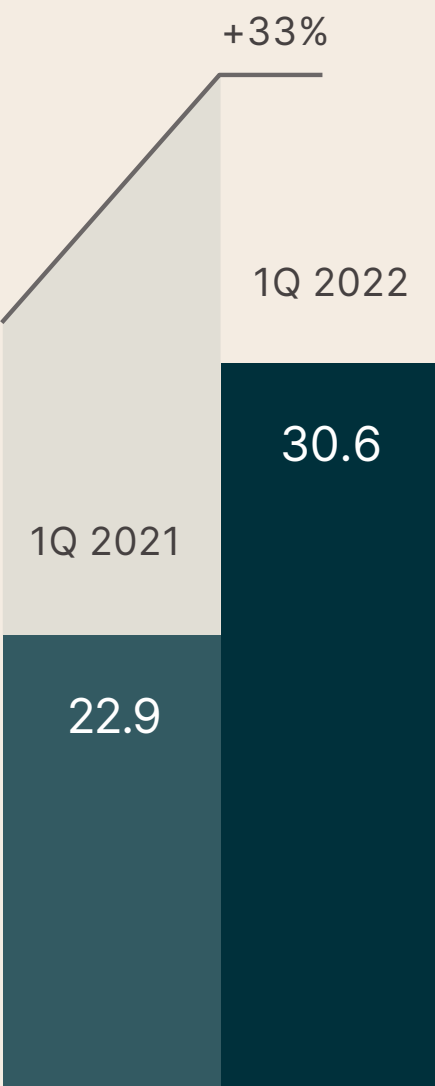
as of Mar. 31, 2022

- Acute**
Strong momentum with both new and existing customers
- Home**
Record number of Tablo consoles shipped for Home patients
- Gross margin²**
Continued improvement from ongoing cost-down programs, +280 basis points Q/Q
- Total cash**
\$335.6¹ million

as of Dec. 31, 2021

Units deployed	Year-end backlog
Total: ~2,600	2020: 551
Acute Care: 2,000	2021: 1,251
Sub-Acute: 300	
Clinics & Home: 300	

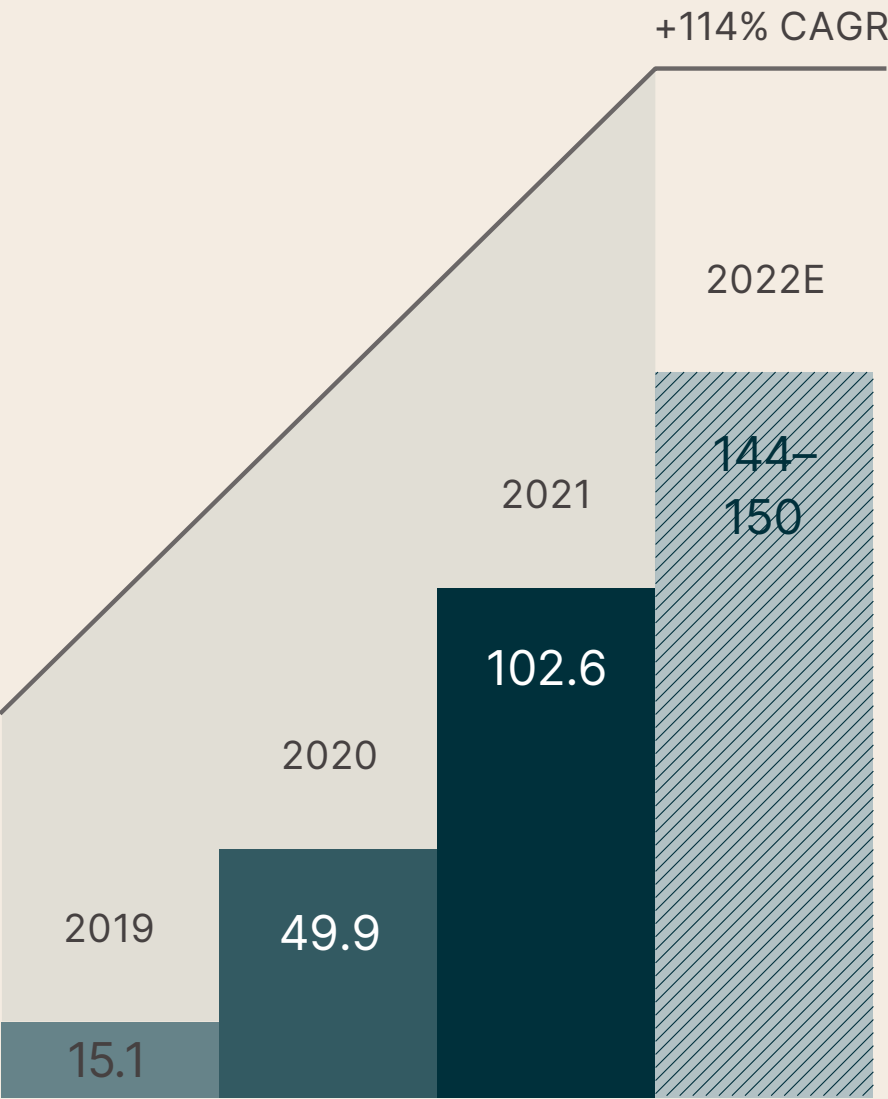
First quarter revenue (\$M)



1.6% GM%² 14.8%

- 1. Includes restricted cash and short-term investments
- 2. Non-GAAP; see GAAP to non-GAAP reconciliation in the appendix

Annual revenue (\$M)



Strategic focus and key 2022 priorities

Revenue growth

- Guidance of 40%–46% revenue growth in 2022
- Health system-centric enterprise solution sold through ongoing land-and-expand model into national and regional health systems
- Inflection in Tablo home sales

Gross margin improvement

- Guidance of gross margin expansion to the high teens for the full year 2022
- Deliver on ongoing cost reduction roadmap
- Drive Tablo treatment utilization

Home expansion

- Guidance of a more than doubling of home revenue exiting 2022, representing mid-teens percentage of total revenue
- 100 home programs in place with both health systems and specialty providers
- Maintain highly differentiated patient retention rate



Outset Medical
3052 Orchard Drive
San Jose, CA 95134

outsetmedical.com

Appendix

Non-GAAP reconciliations

Results of Operations—Non-GAAP (unaudited)
(in thousands, except per share amounts)

Reconciliation between GAAP and non-GAAP net loss per share:

	Three Months Ended March 31,	
	2022	2021
GAAP net loss per share, diluted	\$ (0.78)	\$ (0.70)
Stock-based compensation expense	0.11	0.14
Non-GAAP net loss per share, diluted	<u>\$ (0.67)</u>	<u>\$ (0.56)</u>

Reconciliation between GAAP and non-GAAP net loss:

	Three Months Ended March 31,	
	2022	2021
GAAP net loss, diluted	\$ (36,892)	\$ (30,025)
Stock-based compensation expense	5,006	5,852
Non-GAAP net loss, diluted	<u>\$ (31,886)</u>	<u>\$ (24,173)</u>

Reconciliation between GAAP and non-GAAP results of operations:

	Three Months Ended March 31,	
	2022	2021
GAAP gross profit	\$ 4,442	\$ 289
Stock-based compensation expense	93	75
Non-GAAP gross profit	<u>\$ 4,535</u>	<u>\$ 364</u>
GAAP gross margin	14.5%	1.3%
Stock-based compensation expense	0.3	0.3
Non-GAAP gross margin	<u>14.8%</u>	<u>1.6%</u>
GAAP research and development expense	\$ 10,831	\$ 7,570
Stock-based compensation expense	(1,158)	(1,165)
Non-GAAP research and development expense	<u>\$ 9,673</u>	<u>\$ 6,405</u>
GAAP sales and marketing expense	\$ 20,377	\$ 13,149
Stock-based compensation expense	(1,706)	(1,742)
Non-GAAP sales and marketing expense	<u>\$ 18,671</u>	<u>\$ 11,407</u>
GAAP general and administrative expense	\$ 9,709	\$ 9,246
Stock-based compensation expense	(2,049)	(2,870)
Non-GAAP general and administrative expense	<u>\$ 7,660</u>	<u>\$ 6,376</u>
GAAP total operating expense	\$ 40,917	\$ 29,965
Stock-based compensation expense	(4,913)	(5,777)
Non-GAAP total operating expense	<u>\$ 36,004</u>	<u>\$ 24,188</u>