

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): November 7, 2023**

**Outset Medical, Inc.**

(Exact name of Registrant as Specified in Its Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-39513**

**20-0514392**  
(IRS Employer  
Identification No.)

**3052 Orchard Dr.,  
San Jose, California**  
(Address of Principal Executive Offices)

(Commission File Number)

**95134**  
(Zip Code)

**Registrant's Telephone Number, Including Area Code: (669) 231-8200**

**Not Applicable**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<b>Common Stock, \$0.001 par value per share</b>	<b>OM</b>	<b>The Nasdaq Stock Market LLC</b>

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02 Result of Operations and Financial Condition.**

On November 7, 2023, Outset Medical, Inc. (the “Company”) issued a press release and will hold its third quarter 2023 earnings conference call announcing the Company’s financial results for the quarter ended September 30, 2023. A copy of the press release is furnished herewith as Exhibit 99.1 and incorporated herein by reference. In connection with the earnings conference call, the Company posted an investor presentation on the Investors section of its website at [www.outsetmedical.com](http://www.outsetmedical.com). A copy of the investor presentation is furnished herewith as Exhibit 99.2 and incorporated herein by reference.

The information contained in this Item 2.02 and Exhibits 99.1 and 99.2 hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any other filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<b>Exhibit Number</b>	<b>Description</b>
99.1	<a href="#">Press Release entitled “Outset Medical Reports Third Quarter 2023 Financial Results” dated November 7, 2023</a>
99.2	<a href="#">Investor Presentation dated November 2023</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**Outset Medical, Inc.**

Date: November 7, 2023

By: \_\_\_\_\_  
/s/Nabeel Ahmed  
**Nabeel Ahmed**  
**Chief Financial Officer**

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## Outset Medical Reports Third Quarter 2023 Financial Results

### *Reiterates Updated 2023 Revenue Guidance of Approximately \$130 Million*

**San Jose, CA – November 7, 2023** – Outset Medical, Inc. (Nasdaq: OM) (“Outset” or the “Company”), a medical technology company pioneering a first-of-its-kind technology to reduce the cost and complexity of dialysis, today reported financial results for the third quarter ended September 30, 2023.

Revenue for the third quarter was \$30.4 million, a 9% increase over revenue of \$27.8 million in the third quarter of 2022, and gross margin was 23.6%, or 25.6% on a non-GAAP basis, compared to 16.4% on a non-GAAP basis in the third quarter of 2022. Total cash, including restricted cash, cash equivalents and short-term investments, was \$197 million as of September 30, 2023.

“Our third quarter results were in line with the expectations we set in October, and our focus remains on ensuring the benefits of Tablo reach as many providers and patients as possible this year and well into the future,” said Leslie Trigg, Chair and Chief Executive Officer. “All of the structural tailwinds for Tablo remain firmly in place, and we have high confidence in our ability to generate sustained long-term growth, achieve our gross margin goals, and reach profitability.”

#### **Third Quarter 2023 Financial Results**

Revenue for the quarter was \$30.4 million, including product revenue of \$23.5 million, an increase of 8.2% compared to \$21.7 million in the third quarter of 2022, and service and other revenue of \$6.8 million, an increase of 13.4% compared to \$6.0 million in the third quarter of 2022.

Total gross profit was \$7.2 million, compared to \$4.3 million for the third quarter of 2022. Total gross margin was 23.6%, compared to 15.6% in the third quarter of 2022. On a non-GAAP basis, gross margin improved to 25.6% from 16.4% in the third quarter of 2022. Product gross profit was \$6.7 million, compared to \$2.1 million of product gross profit in the third quarter of 2022. Product gross margin was 28.4%, compared to 9.7% in the third quarter of 2022. Service and other gross profit was \$0.5 million, compared to \$2.2 million of service and other gross profit in the third quarter of 2022. Service and other gross margin was 6.8%, compared to 37.0% in the third quarter of 2022.

Operating expenses were \$52.6 million, including research and development (R&D) expenses of \$16.1 million, sales and marketing (S&M) expenses of \$24.7 million, and general and administrative (G&A) expenses of \$11.8 million. This compared to operating expenses of \$45.3 million, including R&D expenses of \$13.1 million, S&M expenses of \$22.3 million, and G&A expenses of \$10.0 million in the third quarter of 2022.

Excluding stock-based compensation expense, non-GAAP operating expenses were \$42.3 million, including R&D expenses of \$13.3 million, S&M expenses of \$21.0 million, and G&A expenses of \$8.1 million.

Net loss was (\$46.2) million, or (\$0.93) per share, compared to net loss of (\$40.8) million, or (\$0.85) per share, for the same period in 2022. On a non-GAAP basis, net loss was (\$35.3) million, or (\$0.71) per share, compared to non-GAAP net loss of (\$33.4) million, or (\$0.70) per share for the same period in 2022.

#### **Full Year 2023 Financial Guidance**

Outset reiterated its 2023 revenue guidance of approximately \$130 million and its previous gross margin guidance for the year to be in the low-20% range, exiting the fourth quarter in the mid-20% range.

#### **Webcast and Conference Call Details**

Outset will host a conference call today, November 7, 2023, at 2:00 p.m. PT / 5:00 p.m. ET to discuss its third quarter 2023 financial results. Those interested in listening to the conference call may do so by registering online. Once registered, participants will receive dial-in numbers and a unique pin to join the call. Participants are encouraged to register more than 15 minutes before the start of the call. A live webcast of the conference call will be available on the Investor Relations section of the Company's website at <https://investors.outsetmedical.com>. The webcast will be archived on the website following the completion of the call.

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## **Use of Non-GAAP Financial Measures**

The Company may report non-GAAP results for gross profit/loss, gross margin, operating expenses, operating margins, net income/loss, basic and diluted net income/loss per share, other income/loss, and cash flows. These non-GAAP financial measures are in addition to, and not a substitute for, or superior to, financial measures calculated in accordance with GAAP. The Company's financial measures under GAAP include stock-based compensation expense, as listed in the itemized reconciliations between GAAP and non-GAAP financial measures included in this press release. Management has excluded the effects of this non-cash expense item in non-GAAP measures to assist investors in analyzing and assessing past and future operating performance and period-to-period comparisons. 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 the Company's financial statements, and may not be comparable to non-GAAP financial measures used by other companies. The Company encourages investors to carefully consider its results under GAAP, as well as its supplemental non-GAAP information and the reconciliation between these presentations, to more fully understand its business. Reconciliations between GAAP and non-GAAP results are presented in the Appendix A of this press release.

## **Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are based on management's current assumptions and expectations of future events and trends, which affect or may affect the Company's 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. Forward-looking statements include, but are not limited to, statements about the Company's possible or assumed future results of operations and financial position, including expectations regarding projected revenues, gross margin, operating expenses, capital expenditures, cash burn, profitability and outlook; statements regarding the Company's overall business strategy, plans and objectives of management; the Company's expectations regarding the market sizes and growth potential for Tablo and the total addressable market opportunities for Tablo; continued execution of the Company's initiatives designed to expand gross margins; our ability to respond to and resolve any reports, observations or other actions by the Food and Drug Administration (FDA) or other regulators in a timely and effective manner; as well as the Company's expectations regarding the impact of macroeconomic factors on the Company, its customers and suppliers. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Factors that could cause actual results or other events to differ materially from those contemplated in this press release can be found in the Risk Factors section of the Company's public filings with the Securities and Exchange Commission, including its latest annual and quarterly reports. Because forward-looking statements are inherently subject to risks and uncertainties, 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, except to the extent required by law, the Company undertakes no obligation to update these statements, whether as a result of any new information, future developments or otherwise.

## **About Outset Medical, Inc.**

Outset is a medical technology company pioneering a first-of-its-kind technology to reduce the cost and complexity of dialysis. The Tablo® Hemodialysis System, FDA cleared for use from the hospital to the home, represents a significant technological advancement that transforms the dialysis experience for patients and operationally simplifies it for providers. Tablo serves as a single enterprise solution that can be utilized across the continuum of care, allowing dialysis to be delivered anytime, anywhere and by anyone. The integration of water purification and on-demand dialysate production enables Tablo to serve as a dialysis clinic on wheels, with 2-way wireless data transmission and a proprietary data analytics platform powering a new holistic approach to dialysis care. Tablo is a registered trademark of Outset Medical, Inc.

## **Investor Contact**

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858-342-8272  
[jmazzola@outsetmedical.com](mailto:jmazzola@outsetmedical.com)

## **Media Contact**

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**Outset Medical, Inc.**  
**Condensed Statements of Operations**  
*(in thousands, except per share amounts)*  
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
<b>Revenue:</b>				
Product revenue	\$ 23,531	\$ 21,739	\$ 80,640	\$ 67,024
Service and other revenue	6,831	6,022	19,229	16,344
Total revenue	30,362	27,761	99,869	83,368
<b>Cost of revenue:</b>				
Cost of product revenue <sup>(2)</sup>	16,837	19,632	59,866	60,460
Cost of service and other revenue	6,368	3,793	18,715	10,348
Total cost of revenue	23,205	23,425	78,581	70,808
Gross profit <sup>(1)</sup>	7,157	4,336	21,288	12,560
Gross margin <sup>(1)</sup>	23.6 %	15.6 %	21.3 %	15.1 %
<b>Operating expenses:</b>				
Research and development <sup>(2)</sup>	16,076	13,059	44,775	37,411
Sales and marketing <sup>(2)</sup>	24,720	22,276	74,038	65,851
General and administrative <sup>(2)</sup>	11,815	10,000	34,892	30,493
Total operating expenses	52,611	45,335	153,705	133,755
Loss from operations	(45,454)	(40,999)	(132,417)	(121,195)
Interest income and other income, net	2,573	805	7,889	1,384
Interest expense	(3,213)	(567)	(9,258)	(1,470)
Loss before provision for income taxes	(46,094)	(40,761)	(133,786)	(121,281)
Provision for income taxes	86	20	411	231
Net loss	\$ (46,180)	\$ (40,781)	\$ (134,197)	\$ (121,512)
Net loss per share, basic and diluted	\$ (0.93)	\$ (0.85)	\$ (2.72)	\$ (2.54)
Shares used in computing net loss per share, basic and diluted	49,913	48,129	49,364	47,835

<sup>(1)</sup> Gross profit and gross margin by source consisted of the following:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
<b>Gross profit</b>				
Product revenue	\$ 6,694	\$ 2,107	\$ 20,774	\$ 6,564
Service and other revenue	463	2,229	514	5,996
Total gross profit	\$ 7,157	\$ 4,336	\$ 21,288	\$ 12,560
<b>Gross margin</b>				
Product revenue	28.4 %	9.7 %	25.8 %	9.8 %
Service and other revenue	6.8 %	37.0 %	2.7 %	36.7 %
Total gross margin	23.6 %	15.6 %	21.3 %	15.1 %

<sup>(2)</sup> Include stock-based compensation expense as follows:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Cost of revenue	\$ 620	\$ 210	\$ 1,381	\$ 493
Research and development	2,793	1,919	8,232	4,885
Sales and marketing	3,765	2,870	9,908	7,440
General and administrative	3,715	2,431	10,015	7,032
Total stock-based compensation expense	\$ 10,893	\$ 7,430	\$ 29,536	\$ 19,850

**Outset Medical, Inc.**  
**Condensed Balance Sheets**  
*(in thousands, except per share amounts)*

	September 30, 2023 (Unaudited)	December 31, 2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 36,297	\$ 73,222
Short-term investments	157,701	214,280
Accounts receivable, net	35,493	28,070
Inventories	48,257	51,476
Prepaid expenses and other current assets	6,026	6,597
Total current assets	283,774	373,645
Restricted cash	3,329	3,311
Property and equipment, net	13,774	15,876
Operating lease right-of-use assets	5,713	6,117
Other assets	961	1,166
Total assets	\$ 307,551	\$ 400,115
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 2,880	\$ 603
Accrued compensation and related benefits	21,544	21,519
Accrued expenses and other current liabilities	12,160	16,227
Accrued warranty liability	4,068	3,620
Deferred revenue, current	10,828	8,662
Operating lease liabilities, current	1,544	1,318
Total current liabilities	53,024	51,949
Accrued interest	680	113
Deferred revenue	99	151
Operating lease liabilities	4,901	5,576
Term loan	96,784	96,336
Total liabilities	155,488	154,125
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 5,000 shares authorized, and no shares issued and outstanding as of September 30, 2023 and December 31, 2022	—	—
Common stock, \$0.001 par value; 300,000 shares authorized as of September 30, 2023 and December 31, 2022; 50,173 and 48,465 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	50	48
Additional paid-in capital	1,075,413	1,035,456
Accumulated other comprehensive loss	(253)	(564)
Accumulated deficit	(923,147)	(788,950)
Total stockholders' equity	152,063	245,990
Total liabilities and stockholders' equity	\$ 307,551	\$ 400,115



**Outset Medical, Inc.**  
**Condensed Statements of Cash Flows**  
*(in thousands)*  
(unaudited)

	<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
Net cash used in operating activities	\$ (106,931)	\$ (111,222)
Net cash provided by (used in) investing activities	59,601	(14,547)
Net cash provided by financing activities	10,423	7,298
Net decrease in cash, cash equivalents and restricted cash	(36,907)	(118,471)
Cash, cash equivalents and restricted cash at beginning of the period	76,533	215,659
Cash, cash equivalents and restricted cash at end of the period <sup>(1)</sup>	<u>\$ 39,626</u>	<u>\$ 97,188</u>

<sup>(1)</sup> The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the accompanying condensed balance sheets that sum to the total of the amounts shown in the accompanying condensed statements of cash flows (in thousands):

	<b>September 30,</b>	
	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 36,297	\$ 63,877
Restricted cash	3,329	33,311
Total cash, cash equivalents and restricted cash*	<u>\$ 39,626</u>	<u>\$ 97,188</u>

\* The total cash, including restricted cash, cash equivalents and investment securities as of September 30, 2023 was \$197.3 million; compared to \$260.8 million as of September 30, 2022.

**Outset Medical, Inc.**  
**Results of Operations – Non-GAAP**  
*(in thousands, except per share amounts)*  
(unaudited)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
GAAP net loss per share, diluted	\$ (0.93)	\$ (0.85)	\$ (2.72)	\$ (2.54)
Stock-based compensation expense	0.22	0.15	0.60	0.41
Non-GAAP net loss per share, diluted	<u>\$ (0.71)</u>	<u>\$ (0.70)</u>	<u>\$ (2.12)</u>	<u>\$ (2.13)</u>

**Reconciliation between GAAP and non-GAAP net loss:**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
GAAP net loss, diluted	\$ (46,180)	\$ (40,781)	\$ (134,197)	\$ (121,512)
Stock-based compensation expense	10,893	7,430	29,536	19,850
Non-GAAP net loss, diluted	<u>\$ (35,287)</u>	<u>\$ (33,351)</u>	<u>\$ (104,661)</u>	<u>\$ (101,662)</u>

**Reconciliation between GAAP and non-GAAP results of operations:**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>GAAP gross profit</b>	\$ 7,157	\$ 4,336	\$ 21,288	\$ 12,560
Stock-based compensation expense	620	210	1,381	493
Non-GAAP gross profit	<u>\$ 7,777</u>	<u>\$ 4,546</u>	<u>\$ 22,669</u>	<u>\$ 13,053</u>
<b>GAAP gross margin</b>	23.6 %	15.6 %	21.3 %	15.1 %
Stock-based compensation expense	2.0	0.8	1.4	0.6
Non-GAAP gross margin	<u>25.6 %</u>	<u>16.4 %</u>	<u>22.7 %</u>	<u>15.7 %</u>
<b>GAAP research and development expense</b>	\$ 16,076	\$ 13,059	\$ 44,775	\$ 37,411
Stock-based compensation expense	(2,793)	(1,919)	(8,232)	(4,885)
Non-GAAP research and development expense	<u>\$ 13,283</u>	<u>\$ 11,140</u>	<u>\$ 36,543</u>	<u>\$ 32,526</u>
<b>GAAP sales and marketing expense</b>	\$ 24,720	\$ 22,276	\$ 74,038	\$ 65,851
Stock-based compensation expense	(3,765)	(2,870)	(9,908)	(7,440)
Non-GAAP sales and marketing expense	<u>\$ 20,955</u>	<u>\$ 19,406</u>	<u>\$ 64,130</u>	<u>\$ 58,411</u>
<b>GAAP general and administrative expense</b>	\$ 11,815	\$ 10,000	\$ 34,892	\$ 30,493
Stock-based compensation expense	(3,715)	(2,431)	(10,015)	(7,032)
Non-GAAP general and administrative expense	<u>\$ 8,100</u>	<u>\$ 7,569</u>	<u>\$ 24,877</u>	<u>\$ 23,461</u>
<b>GAAP total operating expense</b>	\$ 52,611	\$ 45,335	\$ 153,705	\$ 133,755
Stock-based compensation expense	(10,273)	(7,220)	(28,155)	(19,357)
Non-GAAP total operating expense	<u>\$ 42,338</u>	<u>\$ 38,115</u>	<u>\$ 125,550</u>	<u>\$ 114,398</u>

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Outset Medical  
**Investor Presentation**  
November 2023

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## 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 the Company's possible or assumed future results of operations and financial position, including expectations regarding projected revenues, and revenue growth rate, gross margin (including non-GAAP gross margin), operating expenses, capital expenditures, cash burn, profitability and outlook, statements regarding our overall business strategy, expectations regarding future projected installed base, 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 and expected drivers of home dialysis adoption, continued execution of our initiatives designed to expand gross margins, our ability to respond to and resolve any reports, observations or other actions by the Food and Drug Administration (FDA) and other regulators in a timely and effective manner, as well as our expectations regarding the impact of macroeconomic factors on us, our customers and our 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 expand gross margins; 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 epidemics, 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; our compliance with FDA and other regulations applicable to our products and business operations and our ability to respond to and resolve any reports, observations or other actions by the FDA or other regulators in a timely and effective manner; 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.

**Transforming  
dialysis**  
from the hospital  
to the home



SUMMARY

## Reducing the cost and complexity of dialysis



**\$11.4B U.S. total addressable market<sup>1</sup>**



Established footprint in **\$2.5B U.S. acute care market**

Growing patient base in **\$8.9B U.S. home market**



2023 revenue guidance:  
**~\$130M**  
**~13% Y/Y growth**

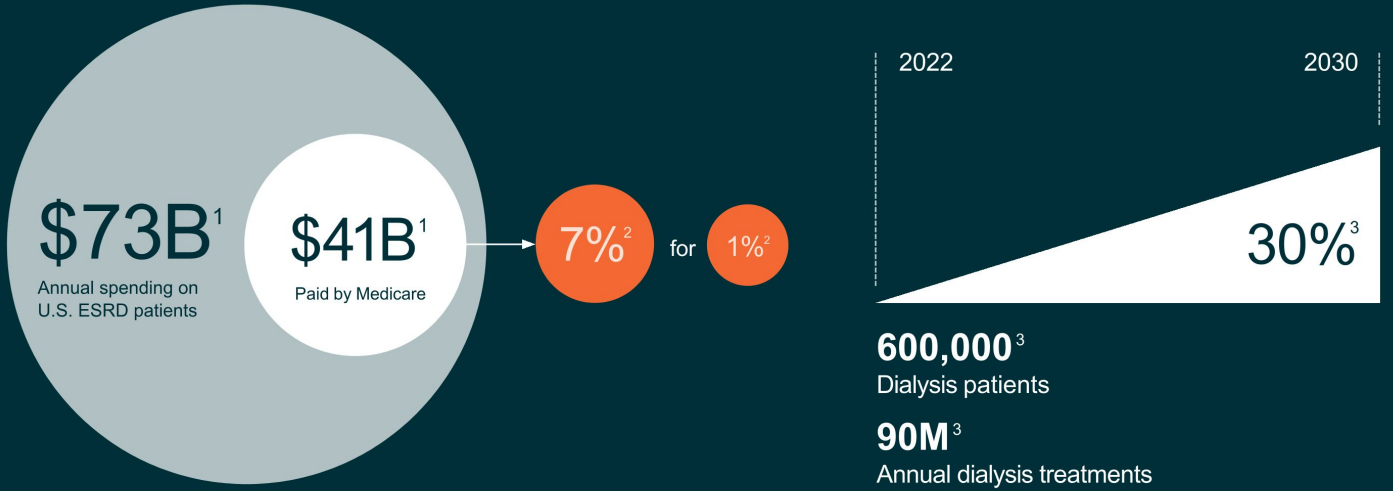


**Multiple tailwinds** driving Tablo adoption

1. Company estimates based on data contained in U.S. Renal Data System (USRDS) 2021 Annual Data Report

CURRENT STATE

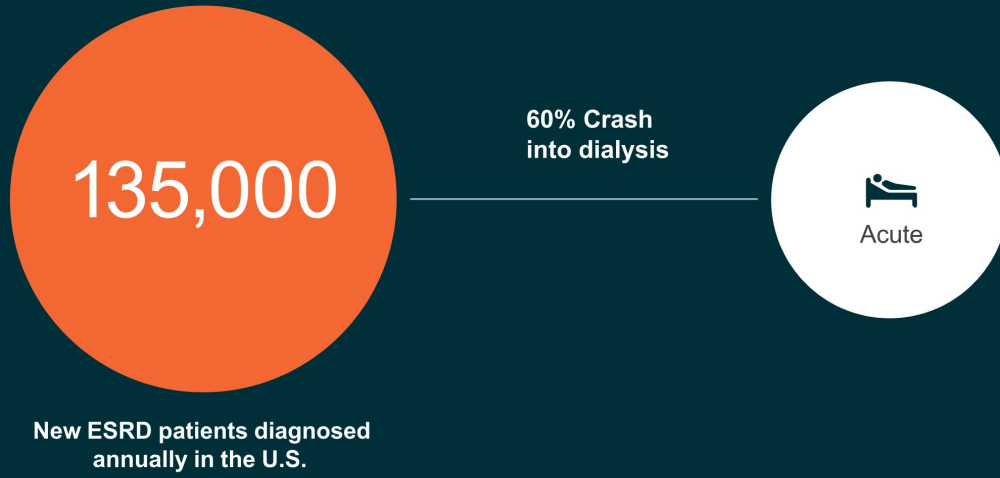
# Dialysis is one of the largest, most expensive, least-changed sectors of healthcare



1. Company estimates based on data contained in USRDS 2021 Annual Data Report  
2. Percentage of entire Medicare budget spent on dialysis for ESRD patients, who comprise 1% of the Medicare population (2019)  
3. Company estimates based on data contained in USRDS 2022 Annual Data Report

CURRENT STATE

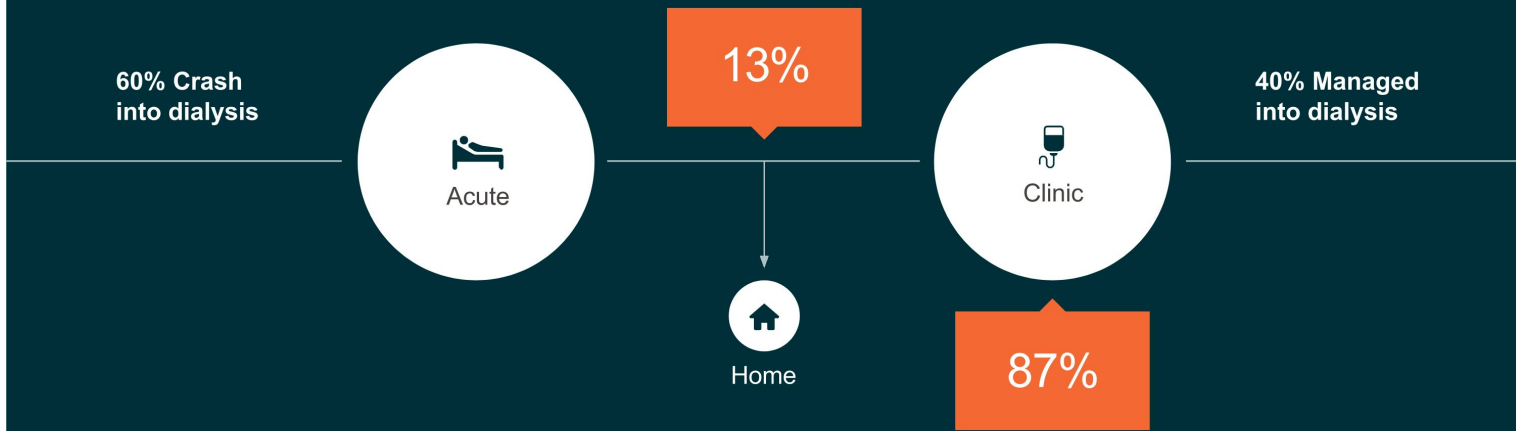
## Dialysis care pathways



USRDS 2021 and 2022 Quarterly and Annual Data Reports



# Dialysis care pathways



CURRENT STATE

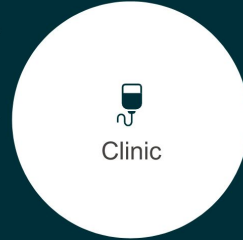
# This is an expensive care delivery model...

60% Crash into dialysis



34%<sup>1</sup>

30-day hospital readmission rate for hemodialysis patients<sup>1</sup>



40% Managed into dialysis

**\$5,000–\$25,000**

Average loss by hospital for each inpatient stay for renal failure with dialysis<sup>1</sup>

2021 Medicare Claims data for MS-DRG 682 and MS-DRG 683

**\$30 billion**

Annual cost of in-center dialysis treatment in clinics

Company estimates based on data contained in USRDS 2022 Annual Data Report; League et al, JAMA Feb. 2022; Lin et al Health Affairs, Aug. 2022

1. Hickson L.J. et al. Nephron, 2018; 139(1): 1–12

CURRENT STATE

## Dialysis is in need of new solutions



Hospitals lose money on every treatment



Staffing challenges constrain optimal patient care and drive up cost



Complicated technologies made home hemodialysis impractical for most patients



**We see**  
**a technology-driven**  
**way forward**

---

# Tablo<sup>®</sup> is a first-of-its-kind technology designed to reduce the cost and complexity of dialysis

①

Single device from ICU to home



Connected and intelligent



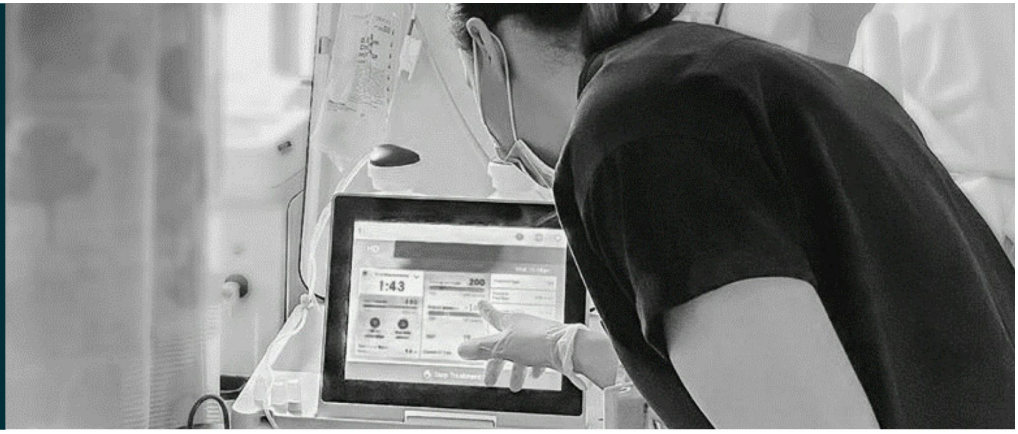
Small and mobile



**An all-in-one solution** that replaces multiple machines and a water treatment room with a single device



One device,  
multiple markets



**\$11.4B**

**U.S. TAM**

**\$2.5B**

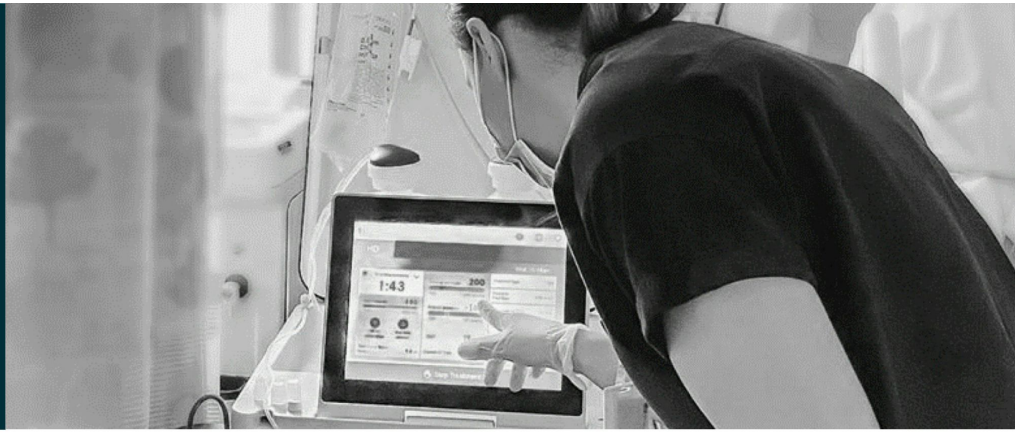
**Acute market**  
Hospital & sub-acute  
based dialysis

**\$8.9B**

**Home market**  
Home hemodialysis  
& transitional care

Company estimates based on data contained in  
USRDS 2021 Annual Data Report

One device,  
multiple markets



\$11.4B

U.S. TAM

\$2.5B

**Acute market**  
Hospital & sub-acute  
based dialysis

\$8.9B

**Home market**  
Home hemodialysis  
& transitional care

Company estimates based on data contained in  
USRDS 2021 Annual Data Report



# Tablo reduces the cost and complexity of acute dialysis



## Before Tablo

## With Tablo



### Supplies cost reduction

Existing ICU machines require numerous dialysate bags for each treatment

Tablo creates the dialysate on demand, eliminating the cost and complexity of bags



### Labor cost reduction

Most hospitals incur the additional cost of outsourcing dialysis to a 3rd party provider

Enables hospitals to insource and utilize their existing nursing staff to deliver dialysis

TOTAL POTENTIAL COST SAVINGS

**50%–80%<sup>1</sup>**

Potential payback period <1 year

1. Company estimates based on data provided by third party health systems

## Tablo can deliver significant savings



Hospital	<b>St. Mark's Hospital</b>
Location	<b>Salt Lake City, Utah</b>
Beds	<b>300</b>
ICU beds	<b>24</b>

“(We saw) huge cost savings and high ratings on the training experience, treatment setup and starts, and a 96.2% average success rate.”  
—Kasi Moore, Nurse Manager

**\$450K**  
Annual estimated savings

**\$500**  
Savings per Tx

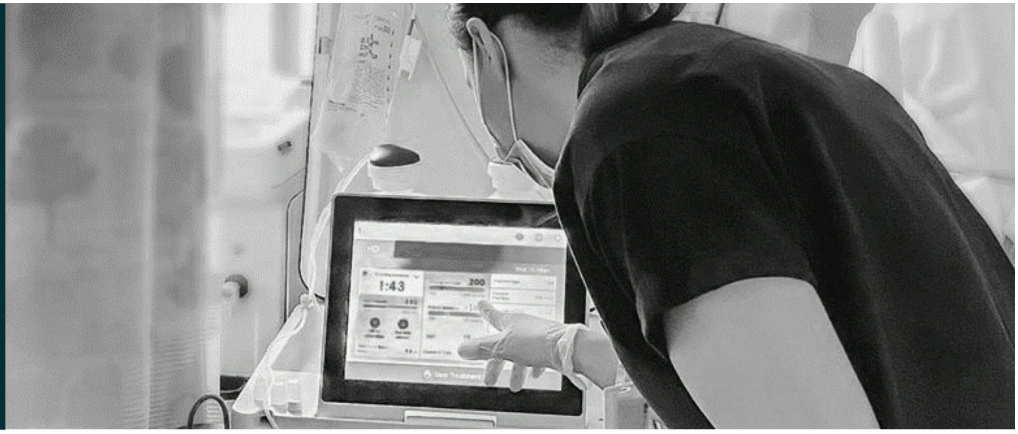
**~70%**  
Cost reduction per Tx

**50%**  
Labor cost reduction

Moore K., Zaman T., Jellerson J., St Mark's Hospital. Single Center Experience: Conversion to Tablo Dialysis System. AKI & CRRT 2021 (Feb. 28-Mar. 5 2021)

The Tablo® Hemodialysis System is indicated for use in patients with acute and/or chronic renal failure, with or without ultrafiltration, in an acute or chronic care facility. Treatments must be administered under physician's prescription and observed by a trained individual who is considered competent in the use of the device. The Tablo Hemodialysis System is also indicated for use in the home. Treatment types available include Intermittent Hemodialysis (IHD), Sustained Low Efficiency Dialysis (SLED/ SLEDD), Prolonged Intermittent Renal Replacement Therapy (PIRRT), and Isolated Ultrafiltration. This device is not indicated for continuous renal replacement therapy (CRRT) and is cleared for use for up to 24 hours. The dialysate generated by this device is not sterile and should not be used for intravenous (IV) infusion.

One device,  
multiple markets



\$11.4B

U.S. TAM

\$2.5B

Acute market  
Hospital & sub-acute  
based dialysis

\$8.9B

**Home market**  
Home hemodialysis  
& transitional care

Company estimates based on data contained in  
USRDS 2021 Annual Data Report

HOME CARE

# The home market is significantly underpenetrated



## Historical barriers



### REIMBURSEMENT

Medicare reimbursement misaligned with treatment frequency



### INCENTIVES

Inadequate provider payment incentives



### TECHNOLOGY

Cumbersome technology and training

HOME CARE

**The home market is poised for change. Outset's commercial strategy is designed to capitalize on it**

---

**New financial incentives**

---

**Medicare Advantage eligibility**

---

**Clinic staffing shortages**

---

**Patient preferences**



HOME CARE

## Tablo addresses key barriers to home dialysis adoption and retention



tablo®

---

**3**

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

## Tablo changes the home benefit-burden ratio

0%

Dropout during in-home period

99%

Adherence to prescribed home treatment frequency

~10%

Controllable attrition

Data from Outset 2019 IDE trial; Alvarez L, May Y, Chertow G., Early Patient Experience with the Tablo Hemodialysis System; Outset Data Registry, 2022.

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

### Patients report fewer symptoms on Tablo

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

Felt more energized after dialysis

34%

Reported less cramping during treatment

61%

Felt more relaxed during treatment

48%

Had fewer headaches after dialysis

47%

Reported fewer alarms during treatment

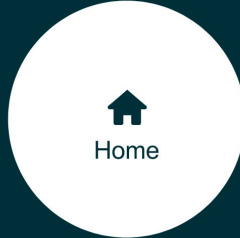
78%

# Commercial strategy



**DRIVERS / BENEFITS**

- New revenue stream
- Attractive contribution margin
- Discharge management solution



**DRIVERS / BENEFITS**

- Higher patient adoption of home
- Faster training
- Longer retention



# A highly efficient business model

INITIAL CONSOLE PURCHASE



ONGOING REVENUE

**Initial console purchase generates recurring and predictable consumable and service revenue**

①

SINGLE PLATFORM

②

RECURRING REVENUE : ACUTE

~\$20K per console per year

③

RECURRING REVENUE : HOME

~\$15K per console per year

# Strong financial position

as of September 30, 2023

## Acute

Console growth across acute and sub-acute providers driven by new sales agreements and expansion within existing accounts

## Home

Continued progress against home expansion initiatives within MDOs, hospital to home programs, and new alternative providers

## Gross margin<sup>2</sup>

Continued improvement from ongoing initiatives; +310 basis points Q/Q; +920 bps Y/Y

## Total cash

\$197.3<sup>1</sup> million

## Units deployed

as of Dec 31, 2022

Total: ~4,000; +54% Y/Y

Acute: 2,700

Sub-Acute: 500

Clinics & Home: 800

2023 guidance

Total: ~5,400; +35% Y/Y

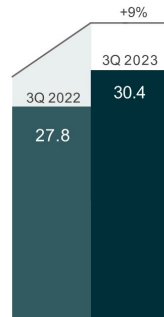
+~1,400 consoles in

2023E, 2/3 Acute/Sub-

Acute,

1/3 Clinics & Home

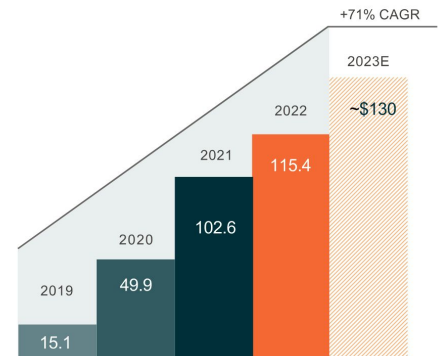
## Third quarter revenue (\$M)



16.4% GM%<sup>2</sup> 25.6%

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

## Annual revenue (\$M)



+71% CAGR

## 2023 outlook

### Revenue guidance

~\$130M

~13%  
year-over-year growth

### Non-GAAP gross margin

Low-20% range  
full year

Mid-20% range  
exiting Q4

### Commercial execution

Land and expand  
in the Acutes

High growth, high retention  
focus in the Home

## 2024 and long-term outlook

### 2024 revenue guidance

**Mid-teens**  
year-over-year growth

### 2024 non-GAAP gross margin

**Low-30% range**  
full year

**Mid-30% range**  
exiting Q4

### Long-term guidance

**High-teens annual revenue growth**  
2025-2027

**~50% non-GAAP gross margin**  
as revenues reach ~\$250M, exiting  
2027

Senior Clinical Sales Specialist at Outset Medical, Inc.  
Reshared from Outset Medical, Inc.

Very proud of our partnership and accomplishments. #betterbeginsnow




A Pioneer of Change: Dialysis Director January Mendoza - Outset Medical  
outsetmedical.com · 4 min read

23 2 comments

**Outset Medical, Inc.**  
27,920 followers  
3mo · Edited · 🌐

These happy faces are the dialysis patients who are catching the latest wave of ...see more



288 9 comments · 17 reposts



**How 5 People Felt After 50 Hemodialysis Treatments on Tablo - Outset Medical**  
outsetmedical.com · 2 min read

108 3 comments · 27 reposts

**Outset Medical, Inc.**  
27,920 followers  
2mo · 🌐

Although paralyzed since the 1970s, Sebastian has not let his disability or kidney ...see more

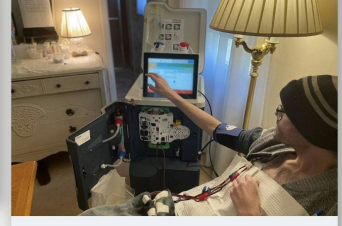


**Meet U.S. Army Vet and Wheelchair Athlete Sebastian | Outset Medical**  
outsetmedical.com · 2 min read

69 1 comment · 10 reposts

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27,920 followers  
1mo · 🌐

With a determined spirit and support from his family, Conor, a young kidney ...see more



**Conor's Story of Independence | Outset Medical**

**Outset Medical, Inc.**  
27,920 followers  
9mo · 🌐

There's no better news to share during #DonateLife Month than the story ...see more





Outset Medical  
3052 Orchard Drive  
San Jose, CA 95134

[outsetmedical.com](http://outsetmedical.com)

---

Outset Medical, Inc.  
**Results of Operations – Non-GAAP**  
*(in thousands, except per share amounts)*  
(unaudited)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
GAAP net loss per share, diluted	\$ (0.93)	\$ (0.85)	\$ (2.72)	\$ (2.54)
Stock-based compensation expense	0.22	0.15	0.60	0.41
Non-GAAP net loss per share, diluted	\$ (0.71)	\$ (0.70)	\$ (2.12)	\$ (2.13)

Reconciliation between GAAP and non-GAAP net loss:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
GAAP net loss, diluted	\$ (46,180)	\$ (40,781)	\$ (134,197)	\$ (121,512)
Stock-based compensation expense	10,893	7,430	29,536	19,850
Non-GAAP net loss, diluted	\$ (35,287)	\$ (33,351)	\$ (104,661)	\$ (101,662)

Reconciliation between GAAP and non-GAAP results of operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
GAAP gross profit	\$ 7,157	\$ 4,336	\$ 21,288	\$ 12,560
Stock-based compensation expense	620	210	1,381	493
Non-GAAP gross profit	\$ 7,777	\$ 4,546	\$ 22,669	\$ 13,053
<b>GAAP gross margin</b>	23.6 %	15.6 %	21.3 %	15.1 %
Stock-based compensation expense	2.0	0.8	1.4	0.6
Non-GAAP gross margin	25.6 %	16.4 %	22.7 %	15.7 %
GAAP research and development expense	\$ 16,076	\$ 13,059	\$ 44,775	\$ 37,411
Stock-based compensation expense	(2,793)	(1,919)	(8,232)	(4,885)
Non-GAAP research and development expense	\$ 13,283	\$ 11,140	\$ 36,543	\$ 32,526
GAAP sales and marketing expense	\$ 24,720	\$ 22,276	\$ 74,038	\$ 65,851
Stock-based compensation expense	(3,765)	(2,870)	(9,908)	(7,440)
Non-GAAP sales and marketing expense	\$ 20,955	\$ 19,406	\$ 64,130	\$ 58,411
GAAP general and administrative expense	\$ 11,815	\$ 10,000	\$ 34,892	\$ 30,493
Stock-based compensation expense	(3,715)	(2,431)	(10,015)	(7,032)
Non-GAAP general and administrative expense	\$ 8,100	\$ 7,569	\$ 24,877	\$ 23,461
GAAP total operating expense	\$ 52,611	\$ 45,335	\$ 153,705	\$ 133,755
Stock-based compensation expense	(10,273)	(7,220)	(28,155)	(19,357)
Non-GAAP total operating expense	\$ 42,338	\$ 38,115	\$ 125,550	\$ 114,398