

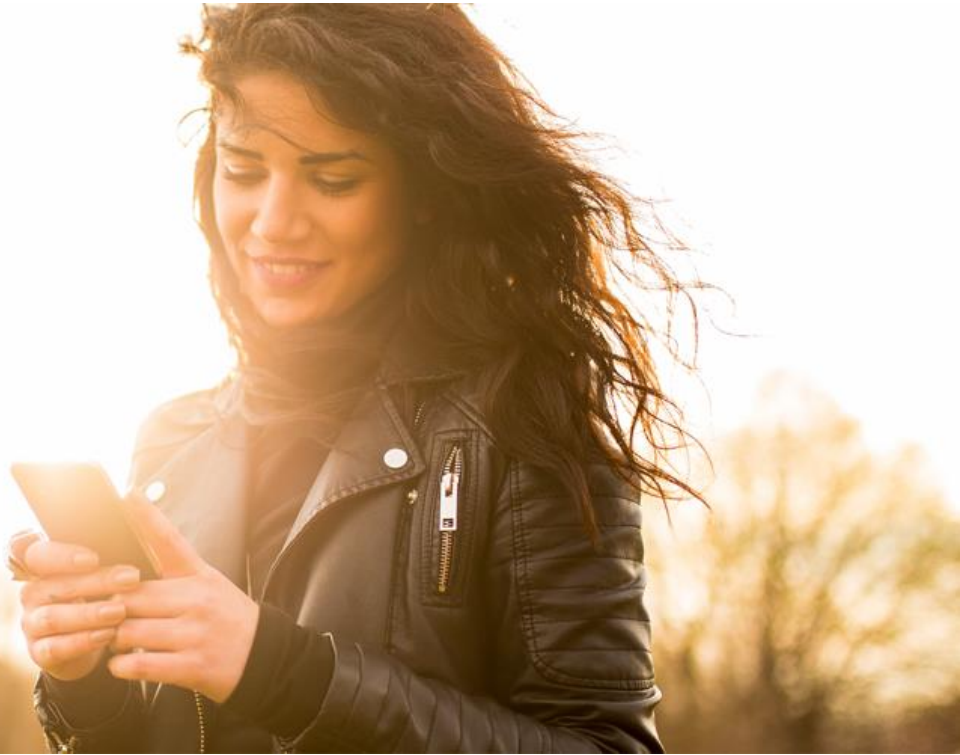


Neuronetics, Inc.

NASDAQ: STIM

Company Presentation

May 2019



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Presenters



Chris Thatcher

President & Chief Executive Officer

24 years of experience:



BAUSCH+LOMB



AMETEK®



Peter Donato

Vice President &
Chief Financial Officer

27 years of experience:



Bovie

Cyberonics®

Iris
International, Inc.

accelent

Neuronetics Snapshot

- NeuroStar Advanced Therapy — Transcranial Magnetic Stimulation (TMS)
 - Focused on psychiatric indications
 - Initial Indication: Adult Major Depressive Disorder (MDD)
 - Safe, effective and non-invasive office-based treatment
 - FDA cleared, CE mark and approved in Japan in September 2017. Reimbursement listing expected 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

\$3.0B Targeted Annual TAM Among High-Decile Psychiatrist Practices

Geographic and Potential New Indication Opportunities for Growth

Attractive Financial Profile: \$52.8M 2018 Revenues; Accelerated worldwide revenue growth of 31% vs 2017. \$12.7M 2019 Q1 Revenues, 25% growth over 2018 Q1. Q2 Guidance \$15.4M-\$16.2M vs. \$13.3M Q2 2018, representing 18%-22% growth. Full Year Guidance of \$62.5M-\$64.5M, representing 18%-22% growth over 2018.

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

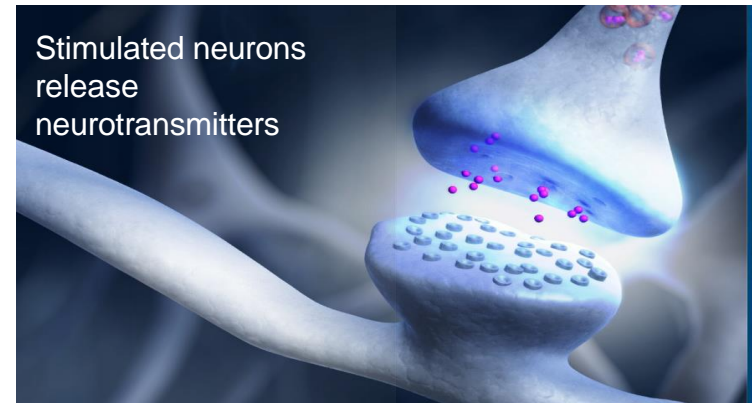
- First line treatment is antidepressants with or without psychotherapy
 - Care by PCP, followed by referral to psychiatrist after failed treatment attempt

MDD is the single largest contributor to global disability and a major contributor to suicide worldwide *

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

Transcranial Magnetic Stimulation

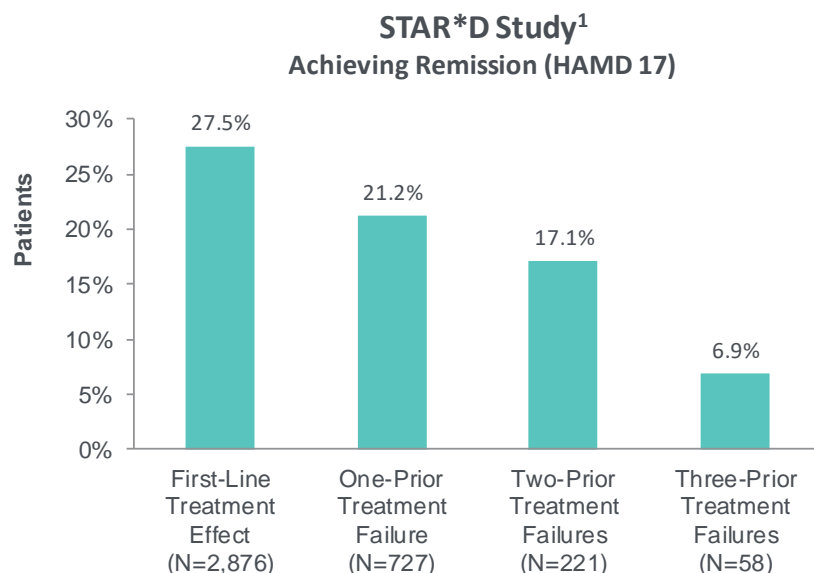
- TMS uses pulsed, MRI-strength magnetic field
- Induces electrical currents to stimulate specific areas of brain associated with mood
- Stimulation triggers a cascading electro-chemical effect
- Changes connections in brain structures to improve neuronal circuit activity and mood



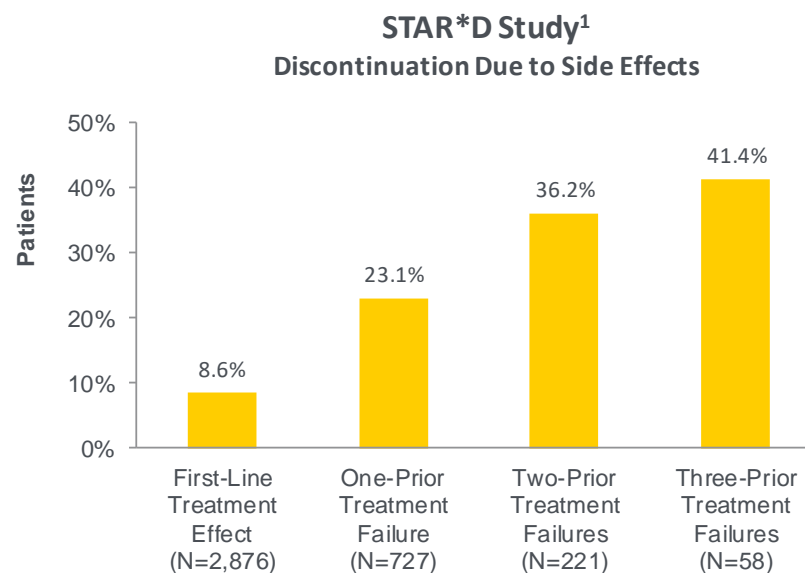
Effectiveness of TMS therapy depends on precise and targeted stimulation that is consistent and repeatable over treatment sessions

Limitations of Antidepressant Medications

Limited Effectiveness



Treatment-Emergent Side Effects



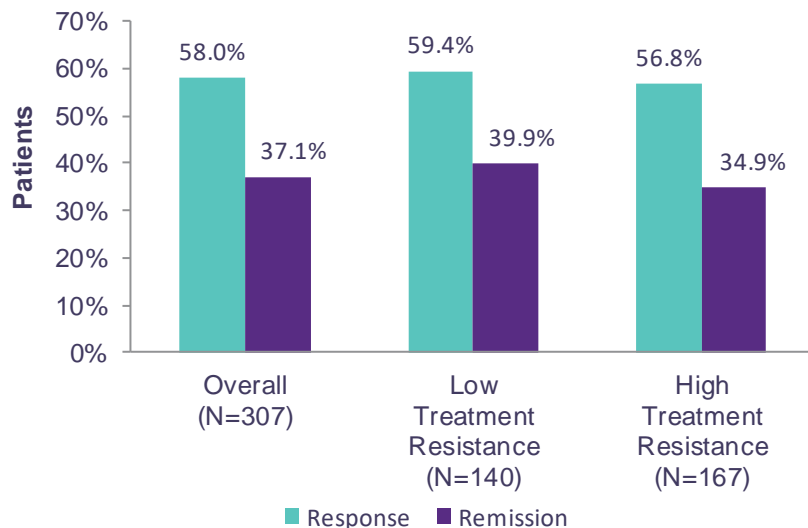
- Approximately 28% and 21% of patients achieved remission in their first and second medication attempts, respectively
- Likelihood of remission was limited and declined with each new medication attempt

- 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

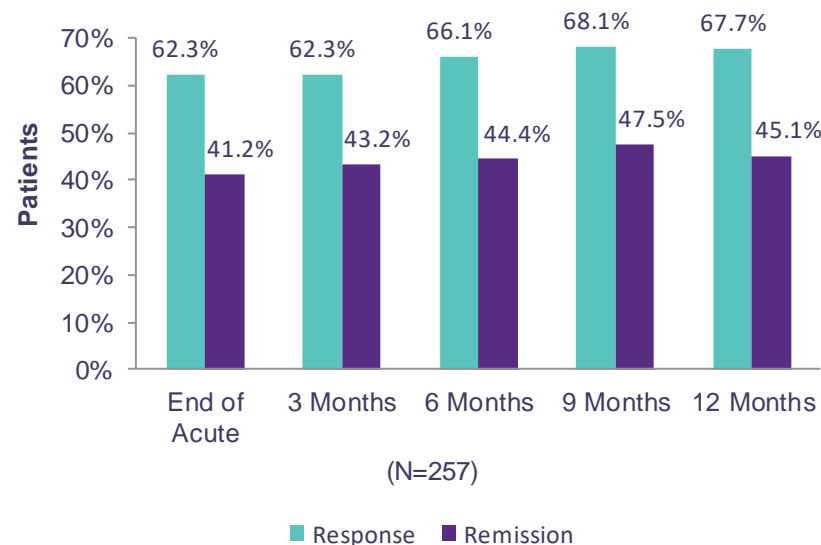
CGI-S Outcomes



- 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

- Large registry of treatment resistant depression — nearly 3,000 patients across ~95 treatment facilities
- Remission rate of 33% and response rate of 63% for nearly 3,000 self-evaluating patients
- Remission rate of 54% and response rate of 76% for 900+ 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

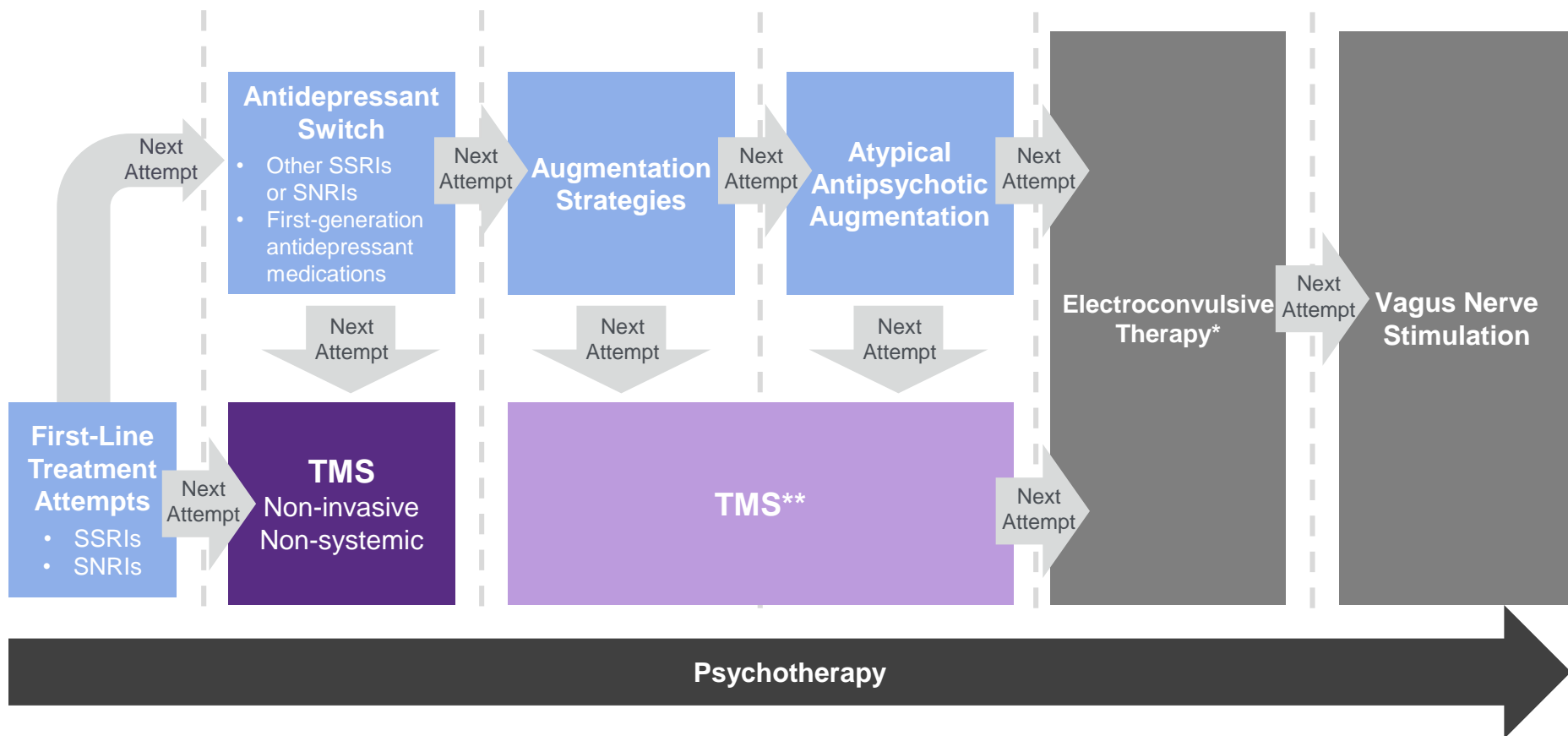
Unmatched Body of TMS Clinical Data



Safety Record

- > 2.3 million treatment sessions delivered
- > 62,900 patients treated
- Adverse events discontinuation rate ~5%³

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



Large Annual Total Addressable Market Opportunity

KEY DRIVER

US Market Opportunity

PREVALENCE

21 Million MDD Sufferers in US
13.3 Million Adult MDD Sufferers



~7.6 Million

Adult MDD patients currently
being treated by a psychiatrist annually

TREATED PATIENTS

FAILED TO ACHIEVE
REMISSION

~5.5 Million

Adult MDD patients who have failed to achieve
remission from one or more prior
antidepressant medications

COVERED BY
INSURANCE

~3.8 Million

Adult MDD patients with commercial insurance
or Medicare coverage

TOTAL US MARKET
OPPORTUNITY

Annual US Total Addressable
Market (TAM) Opportunity
\$9.6B⁽¹⁾

1. Represents potential revenues from treatment sessions annually, based on expected revenues for a standard course of treatment

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
 - Our top 25 US private insurers, including **United/OPTUM**, **Anthem**, **Aetna**, **Cigna**, **HCSC**, **TRICARE** and **Humana**, represent 205 million covered lives² in excess of 200 million¹
- 100% Medicare Coverage
 - 59.7 million covered lives¹

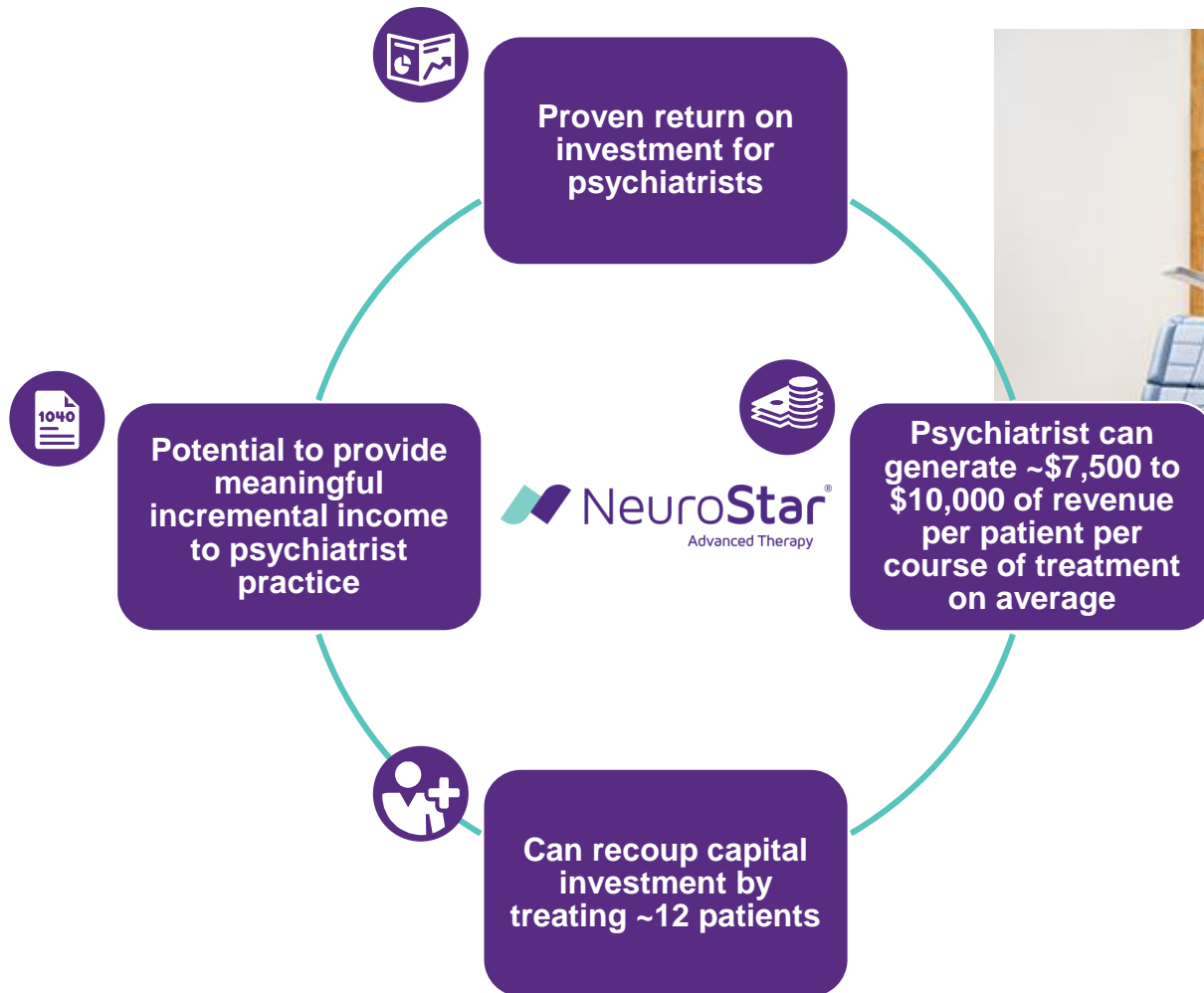
Reimbursement

- 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 April 1, 2019
2. As of March 15, 2018

Physician Practice Economics



NeuroStar Advanced Therapy has potential to enhance psychiatrist practice economics

Competitive Positioning



NeuroStar[®]
Advanced Therapy



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



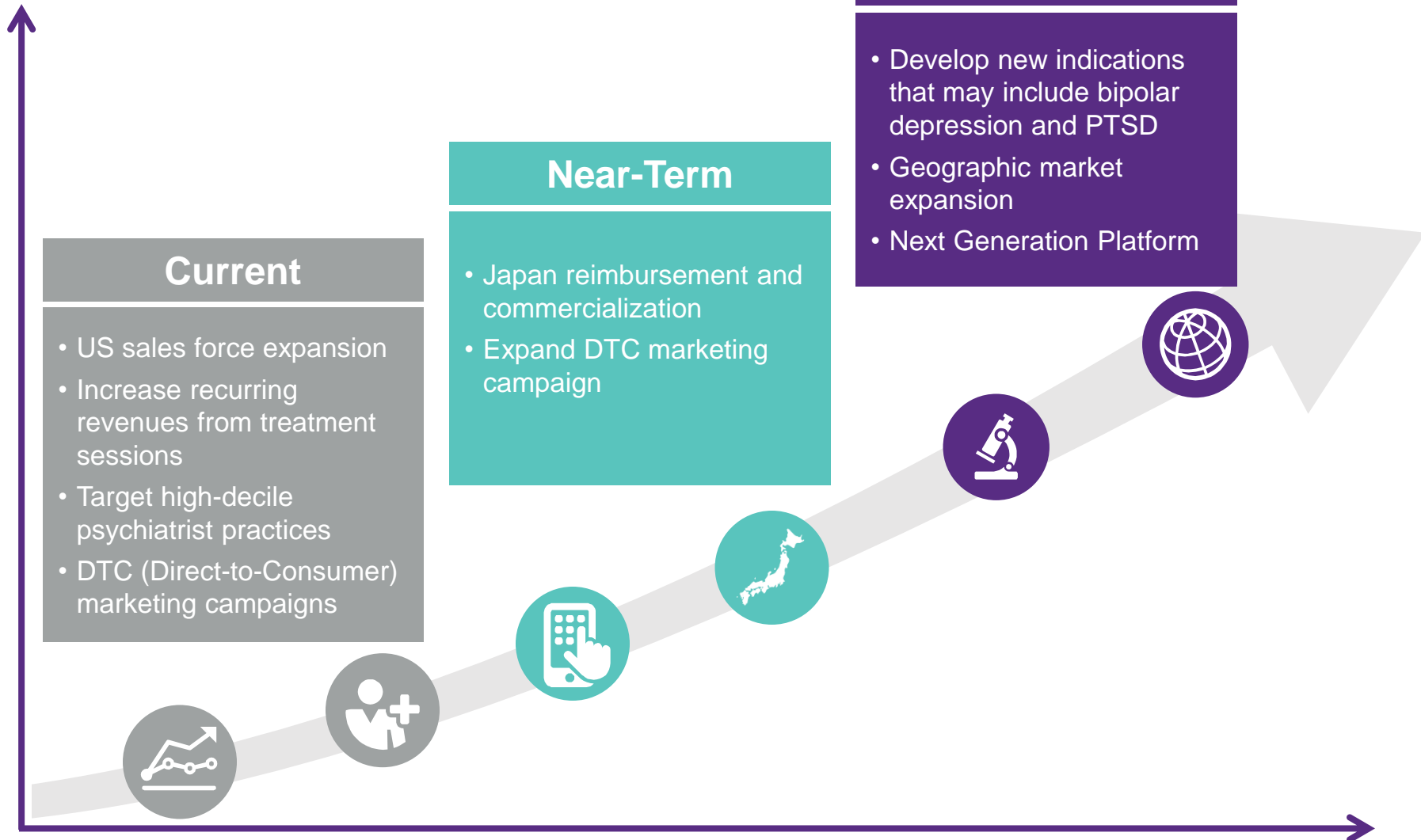
We believe the NeuroStar Advanced Therapy System is the most attractive TMS system alternative on the market

Barriers to Entry

Barriers to Market Entry



Growth Strategy



Sales and Marketing Efforts Drive Growth

- Business Development Managers (BDMs) continued expansion

| | YTD Additional Territories | | 12/31 BDM Territories |
|------|----------------------------|--|-----------------------|
| 2018 | 29→ |  +15 | 44 |
| 2019 | 44→ |  +15 | 59 |

- Clinical Training Consultant (CTCs) and Clinical and Practice Consultant (CPCs) expansion
 - CTCs – 9 in 2018, 15 in 2019 (+6)
 - CPCs – 28 in 2018, 33 in 2019 (+5)
- Shift to HVT practices that have more MDD patients
 - Focusing sales efforts on accounts with high adult MDD patient volumes to drive utilization
- Trialing direct to consumer marketing programs
 - Conducted 2 test TV marketing campaigns in 2018, and again in March and May, 2019

NeuroStar Advanced Therapy System has a growing commercial team of over 150 sales and marketing personnel

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
 - Milestones received to date of \$2.8 million
- Reimbursement listing effective June 2019
 - 2nd Milestone payment estimated \$0.7 million
 - 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

Pipeline Indications

Adolescent Study

- Recently completed all arms of the study
- Did not separate on primary or secondary endpoints
- No serious adverse events have been identified in the patient population attributed to NeuroStar
- Will assess full data set to determine if there is a path for regulatory approval, though a label expansion is unlikely

Bipolar Depression

- Mania and depressed phases
- Depressed phase considered most difficult to treat phase of Bipolar Disorder
- Few treatment options available; suboptimal outcomes
- NeuroStar Advanced Therapy may be beneficial to patients with Bipolar Depression
- Planning to discuss with the FDA later this year

Post Traumatic Stress Disorder (PTSD)

- Treatment options limited
- NeuroStar Advanced Therapy may represent potential new treatment for patients with PTSD

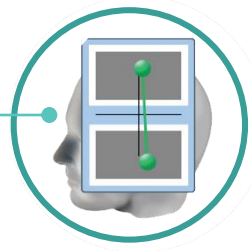
Intellectual Property

Patent Portfolio

- Largest of any TMS system provider
- Issued or allowed patents:
34 US / 49 OUS
- Pending patent applications:
8 US / 11 OUS

Key Portfolio Coverage Areas

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



The largest and most comprehensive IP portfolio of all TMS competitors.

Management and Board of Directors

Management

| | |
|-----------------------|---|
| Chris Thatcher | President & CEO and Director |
| Peter Donato | VP, CFO |
| Daniel Guthrie | VP, CCO |
| Greg Harper | VP, R&D, Operations and Product Development |
| Anthony Pui | VP, International Commercial Development |
| Yelena Tropsha | VP, Commercial Access |

Board of Directors

| | |
|-------------------------------|---|
| Brian Farley | Chairman; former CEO and Chairman, Entellus Medical |
| Stephen Campe | Patricia Industries (Investor AB) |
| Cheryl Blanchard, Ph.D | Keratin Biosciences, Inc |
| Wilfred Jaeger | Three Arch Partners |
| Glenn Muir | Former CFO, Hologic |

Financial Overview



NeuroStar Advanced Therapy Business Model

Treatment Sessions Revenue



~ 70% of US revenues Q1 2019;
Recurring, single-use revenue

NeuroStar Advanced Therapy System Revenue



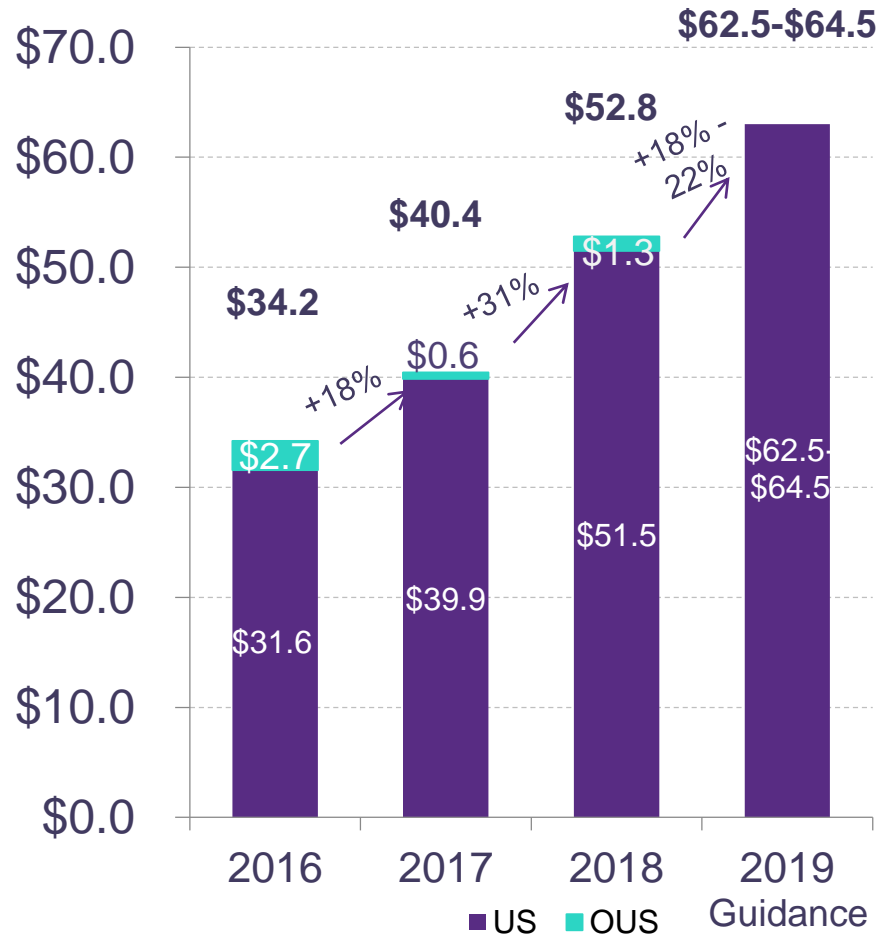
~27% of US revenues Q1 2019;
Capital sales

Note: Total revenues also include international and other revenues

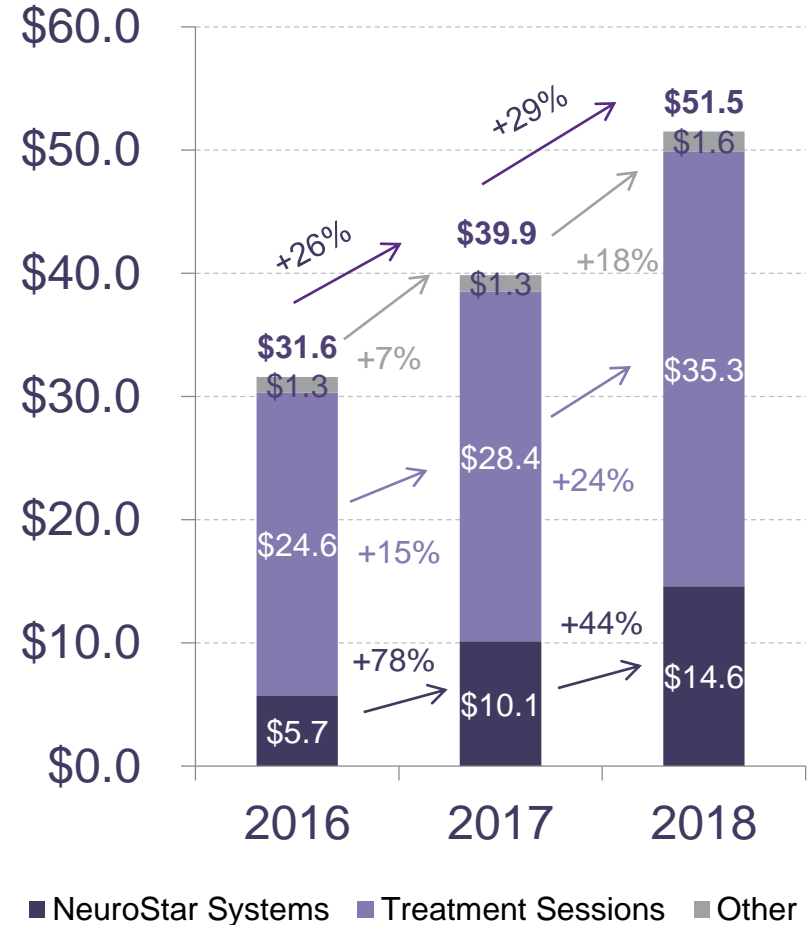
Annual Revenue

(\$ in millions)

Annual Revenue by Geography



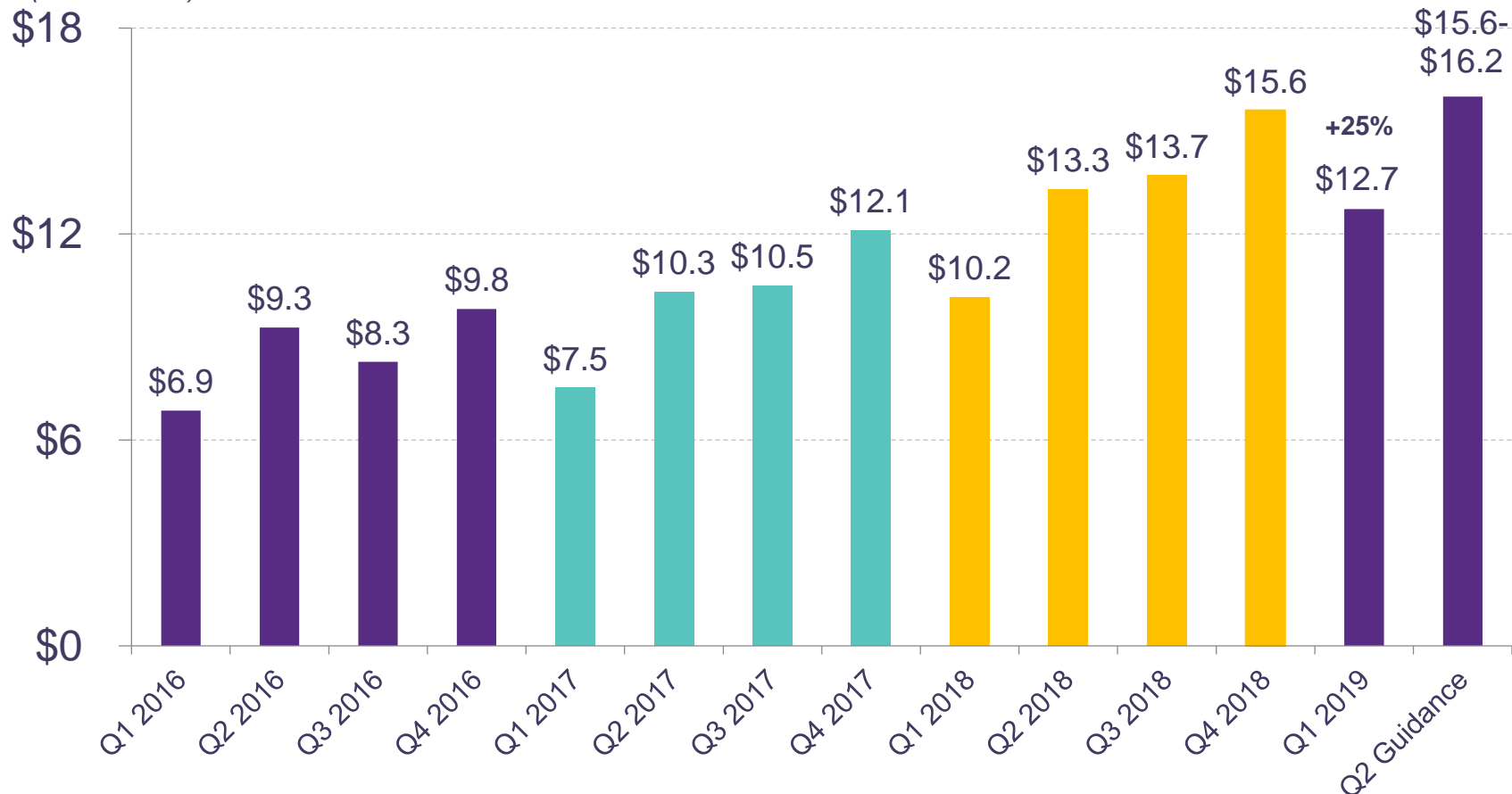
Annual Product Revenue (US)



Reaffirmed May 7, 2019

Quarterly Revenue

(\$ in millions)



Q1 2019 revenues increased 25% vs. Q1 PY.

Q2 Guidance of \$15.6M-\$16.2M represents a 18%-22% year on year growth.

Full Year Guidance of \$62.5M -\$64.5M representing a 18%-22% year on year growth.

US Systems Data

NeuroStar Advanced Therapy Systems

| | 2016 | Q1 2017 | Q2 2017 | Q3 2017 | Q4 2017 | 2017 | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 | 2018 | Q1 2019 |
|---------------------------------|--------|------------|------------|------------|------------|----------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Total NeuroStar Revenues (YoY%) | \$5.7M | \$1.3M | \$2.5M | \$2.8M | \$3.5M | \$10.1M 76% | \$2.4M 80% | \$3.6M 42% | \$3.9M 38% | \$4.8M 37% | \$14.6M 44% | \$3.4M 41% |

| NeuroStar ASP | | | | | | | | | | | | |
|-------------------|--|----|----|------|----|----|----|------|------|------|------|------|
| ASP (YoY%) | | 1% | 9% | 3% | 8% | 6% | 4% | (1%) | 1% | (4%) | (1%) | (8%) |
| ASP (Sequential%) | | 9% | 3% | (3%) | 0% | | 5% | (3%) | (1%) | (5%) | | .5% |

US Treatment Sessions Data

Treatment Sessions

| | 2016 | Q1 2017 | Q2 2017 | Q3 2017 | Q4 2017 | 2017 | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 | 2018 | Q1 2019 |
|---|---------|------------|------------|------------|------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| US Installed Base of Active NeuroStars | 647 | 671 | 690 | 725 | 752 | 752 16% | 781 16% | 816 18% | 858 18% | 907 21% | 907 21% | 931 19% |
| Total Treatment Sessions Revenues & Increase OPY | \$24.6M | \$5.7M | \$7.4M | \$7.2M | \$8.0M | \$28.4M 15% | \$7.2M 26% | \$8.9M 21% | \$9.2M 28% | \$9.9M 23% | \$35.3 24% | \$8.8M 21% |

Results of Operations

| | Year Ended December 31, | | Three Months Ended March 31, | |
|--|----------------------------|-------------------|---------------------------------|------------------|
| (\$ in thousands) | 2017 | 2018 | 2018 | 2019 |
| Revenues | \$40,433 | \$52,776 | \$10,152 | \$12,728 |
| <i>YOY Growth</i> | | 31% | | 25% |
| Gross Profit | 30,801 | 40,329 | 7,695 | 9,921 |
| <i>Gross Margin</i> | 76% | 76% | 76% | 78% |
| Operating Expenses: | | | | |
| Sales and Marketing <i>% of Revenues</i> | 27,900 69% | 38,264 73% | 8,109 80% | 9,592 75% |
| General and Administrative <i>% of Revenues</i> | 8,572 21% | 13,667 26% | 2,636 26% | 4,599 36% |
| Research and Development <i>% of Revenues</i> | 7,937 20% | 8,232 16% | 1,555 15% | 2,786 22% |
| Total Operating Expenses | 44,409 | 60,163 | 12,300 | 16,977 |
| Loss from Operations | (\$13,608) | (\$19,834) | (\$4,605) | (\$7,056) |
| <i>% of Revenues</i> | (34%) | (38%) | (45%) | (55%) |

Financial Position

| <i>(\$ in thousands)</i> | As of March 31, 2019 |
|---|-----------------------------|
| Cash and Cash Equivalents | \$96,146 |
| Other Assets | \$17,291 |
| Total Assets | \$113,437 |
| Long-Term Debt, net | \$30,572 |
| Convertible Preferred Stock Warrant Liability | \$0 |
| Convertible Preferred Stock | \$0 |
| Accumulated Deficit | (\$228,572) |
| Total Stockholders' Equity | \$65,421 |

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