Nevro Reports First Quarter 2017 Financial Results

Redwood City, Calif., May 8, 2017 - Nevro Corp. (NYSE: NVRO), a global medical device company that is providing innovative evidence-based solutions for the treatment of chronic pain, today reported financial results for the three months ended March 31, 2017.

First Quarter Highlights:

- Achieved revenue of $68.4 million in the first quarter of 2017, an increase of 64% as reported, over the same period of the prior year
    - U.S. revenue of $53.1 million in the first quarter of 2017, an increase of 80% over the prior year
    - International revenue of $15.3 million in the first quarter of 2017, an increase of 30% in constant currency and 26% on an as-reported basis, both over the same period of the prior year
- Initiated controlled commercial launch of Surpass™ surgical leads for the Senza® Spinal Cord Stimulation (SCS) System
- Presented on clinical and scientific progress at the 2017 North American Neuromodulation Society (NANS) meeting

First Quarter Financial Results

Revenue for the three months ended March 31, 2017 was $68.4 million versus $41.7 million during the same period of the prior year, representing 64% growth as reported. U.S. revenue for the three months ended March 31, 2017 was $53.1 million, representing 80% growth as reported. International revenue was $15.3 million, representing growth of 30% in constant currency and 26% on an as-reported basis. The increase in revenue was primarily attributable to the continued adoption of the Senza system.

Gross profit for the three months ended March 31, 2017 was $46.4 million, representing a 68% gross margin, up from $26.0 million, representing a 62% gross margin, in the same period of the prior year.

Operating expenses for the three months ended March 31, 2017 were $59.4 million compared to $35.0 million in the same period of the prior year, representing an increase of 70%. The increase in operating expenses was driven primarily by increased headcount and related personnel costs.

Loss from operations for the first quarter of 2017 was $13.1 million compared to $9.0 million for the same period of the prior year.

Revenue Guidance for Full Year 2017

Nevro reiterates its expectations for worldwide revenue for 2017 to be in the range of $310 to $320 million.

Webcast and Conference Call Information

Management will host a conference call today beginning at 1:30 p.m. PT / 4:30 p.m. ET. Individuals interested in listening to the conference call may dial (877) 201-0168 for domestic callers, or (647) 788-4901 for international callers (Conference ID: 6073641), or access the webcast on the "Investors" section of the company's web site at: www.nevro.com/investors.

About Nevro

Headquartered in Redwood City, California, Nevro is a global medical device company focused on providing innovative products that improve the quality of life of patients suffering from debilitating chronic pain. Nevro has developed and commercialized the Senza spinal cord stimulation (SCS) system, an evidence-based neuromodulation platform for the treatment of chronic pain. The Senza system is the only SCS system that delivers Nevro's proprietary HF10 therapy. Senza, HF10, Nevro and the Nevro logo are trademarks of Nevro.

Forward-Looking Statements

In addition to historical information, this press release contains forward-looking statements with respect to our business, capital resources, revenue projections, strategic initiatives and growth, reflecting the current beliefs and expectations of management made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including continuing adoption of, and interest in, Senza in the U.S. and international markets and our expectations for worldwide revenue for the full year 2017. These forward-looking statements are based upon information that is currently available to us or our current expectations, speak only as of the date hereof, and are subject to numerous risks and uncertainties, including our ability to successfully commercialize our products; our ability to manufacture our products to meet demand; the level and availability of third-party payor reimbursement for our products; our ability to effectively manage our anticipated growth; our ability to protect our intellectual property rights and proprietary technologies; our ability to operate our business without infringing the intellectual property rights and proprietary technology of third parties; competition in our industry; additional capital and credit availability; our ability to attract and retain qualified personnel; and product liability claims. These factors, together with those that are described in greater detail in our Annual Report on Form 10-K filed on February 23, 2017 and our Quarterly Report on Form 10-Q that we expect to file on May 8, 2017, as well as any reports that we may file with the SEC in the future, may cause our actual results, performance or achievements to differ materially and adversely from those anticipated or implied by our forward-looking statements. We expressly disclaim any obligation, except as required by law, or undertaking to update or revise any such forward-looking statements. Our results for the quarter ended March 31, 2017 are not necessarily indicative of our operating results for any future periods.

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Nevro Corp.
Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except share and per share data)

	Three Months Ended March 31,	
	2017	2016
	(unaudited)	
Revenue	$ 68,439	$ 41,651
Cost of revenue	22,071	15,664
Gross profit	46,368	25,987
Operating expenses:		
Research and development	8,699	6,361
Sales, general and administrative	50,720	28,643
Total operating expenses	59,419	35,004
Loss from operations	(13,051)	(9,017)
Other income (expense):		
Interest income (expense), net	(1,726)	(427)
Other income (expense), net	531	490
Loss before income taxes	(14,246)	(8,954)
Provision for income taxes	261	334
Net loss	(14,507)	(9,288)
Changes in foreign currency translation adjustment	(222)	(279)
Changes in unrealized gains on short-term investments	44	54
Net change in other comprehensive loss	(178)	(225)
Comprehensive loss	$ (14,685)	$ (9,513)
Net loss per share, basic and diluted	$ (0.50)	$ (0.33)
Weighted average shares used to compute net loss per share, basic and diluted	29,159,509	28,194,457

Nevro Corp.
Consolidated Balance Sheets
(in thousands, except share and per share data)

	March 31, 2017 (unaudited)	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	$ 19,196	$ 41,406
Short-term investments	244,952	234,951
Accounts receivable, net	50,824	52,818
Inventories, net	84,735	85,221
Prepaid expenses and other current assets	7,652	5,895
Total current assets	407,359	420,291
Property and equipment, net	7,390	7,132
Other assets	2,310	2,354
Restricted cash	806	806
Total assets	$ 417,865	$ 430,583
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$ 12,095	$ 16,162
Accrued liabilities and other	22,109	26,036
Total current liabilities	34,204	42,198
Long-term debt	139,820	138,140
Other long-term liabilities	1,307	1,211
Total liabilities	175,331	181,549
Stockholders' equity		
Common stock, $0.001 par value, 290,000,000 shares authorized, 29,264,423 and 28,886,862 shares issued and outstanding at March 31, 2017 and December 31, 2016, respectively	29	29
Additional paid-in capital	479,055	470,869
Accumulated other comprehensive loss	(857)	(678)
Accumulated deficit	(235,693)	(221,186)
Total stockholders' equity	242,534	249,034
Total liabilities and stockholders' equity	$ 417,865	$ 430,583

SOURCE Nevro Corp.