NEWS RELEASE

Nevro Reports Third Quarter 2018 Financial Results

11/5/2018

REDWOOD CITY, Calif., Nov. 5, 2018 /PRNewswire/ -- 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 and nine months ended September 30, 2018.

Third Quarter Financial Results

Revenue for the three months ended September 30, 2018 was $95.6 million versus $82.3 million during the same period of the prior year, representing 16% growth as reported. U.S. revenue for the three months ended September 30, 2018 was $79.6 million, representing 20% growth. International revenue was $16.0 million, representing growth of 4% in constant currency. The increase in revenue was primarily attributable to the continued adoption of the Senza system.

Gross profit for the three months ended September 30, 2018 was $67.2 million, representing a 70% gross margin, up from $57.9 million, representing a 70% gross margin, in the same period of the prior year.

Operating expenses for the three months ended September 30, 2018 were $76.5 million compared to $62.4 million in the same period of the prior year, representing an increase of 23%. The increase in operating expenses was driven primarily by increased headcount and related personnel costs, as we continue to development our U.S. sales force, as well as an increase in development expenses.

Net loss from operations for the third quarter of 2018 was $9.2 million compared to $4.4 million for the same period of the prior year.

Revenue Guidance for Full Year 2018

Nevro expects worldwide revenue to be at the low end of its previously stated range of $385.0 million to $390.0 million for 2018.

Webcast and Conference Call Information

Management will host a conference call today beginning at 1:30 p.m. PT / 4:30 p.m. ET. Investors interested in listening to the conference call may do so by dialing (833) 286-5807 for U.S. callers, or (647) 689-4452 for international callers (Conference ID: 3989464), or from the webcast on the "Investors" section of the Company's website at **www.nevro.com/investors**. Following the call, a replay will be available on the Investor Events and Presentations webpage of the Company's website.

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, non-pharmacologic neuromodulation platform for the treatment of chronic pain. The Senza® System and Senza II™ System are the only SCS systems that deliver Nevro's proprietary HF10® therapy. Senza, Senza II, HF10, Nevro and the Nevro logo are trademarks of Nevro Corp.

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 2018. 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 22, 2018 and our Quarterly Report on Form 10-Q that we expect to file on November 5, 2018, 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 September 30, 2018 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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(unaudited)		(unaudited)	
Revenue	$ 95,630	$ 82,256	$ 279,345	$ 228,711
Cost of revenue	28,382	24,316	82,175	70,530
Gross profit	67,248	57,940	197,170	158,181
Operating expenses:				
	12,478	9,381	34,979	27,617
Research and development	64,007	52,977	195,331	157,971
Sales, general and administrative	76,485	62,358	230,310	185,588
Total operating expenses	(9,237)	(4,418)	(33,140)	(27,407)
Loss from operations				
Other income (expense):				
	(1,347)	(1,689)	(4,336)	(5,122)
Interest income (expense), net	(130)	251	(845)	1,198
Other income (expense), net				
Loss before income taxes	(10,714)	(5,856)	(38,321)	(31,331)
Provision for income taxes	551	374	1,277	1,016
Net loss	(11,265)	(6,230)	(39,598)	(32,347)
	(155)	165	104	(41)

Changes in foreign currency translation adjustment	269	13	191	107
Changes in unrealized gains on short-term investments	114	178	295	66
Net change in other comprehensive loss	$ (11,151)	$ (6,052)	$ (39,303)	$ (32,281)
Comprehensive Loss	$ (0.37)	$ (0.21)	$ (1.32)	$ (1.10)
Net loss per share, basic and diluted	30,123,188	29,513,842	29,997,201	29,342,883
Weighted average shares used to compute net loss per share, basic and diluted				

Nevro Corp.

Consolidated Balance Sheets

(in thousands, except share and per share data)

	September 30, 2018	December 31, 2017
	(unaudited)	
Assets		
Current assets		
Cash and cash equivalents	$ 21,377	$ 42,845
Short-term investments	236,615	226,467
Accounts receivable, net	73,993	67,287
Inventories, net	93,606	98,119
Prepaid expenses and other current assets	7,226	6,463
Total current assets	432,817	441,181
Property and equipment, net	13,312	8,819
Other assets	4,315	3,250
Restricted cash	606	806
	$ 451,050	$ 454,056

Total assets		
Liabilities and stockholders' equity		
Current liabilities		
	$ 20,173	$ 18,492
Accounts payable	33,622	39,512
Accrued liabilities and other	53,795	58,004
Total current liabilities		
Long-term debt	150,508	145,019
Other long-term liabilities	2,445	1,861
	206,748	204,884
Total liabilities		
Stockholders' equity		
	30	30
Common stock, $0.001 par value, 290,000,000 shares authorized, 30,150,577 and 29,737,561 shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively	541,695	508,228
Additional paid-in capital	(948)	(1,242)
Accumulated other comprehensive loss	(296,475)	(257,844)
Accumulated deficit	244,302	249,172
Total stockholders' equity		
Total liabilities and stockholders' equity	$ 451,050	$ 454,056

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