

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): May 12, 2022

NEUROPACE, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction  
of Incorporation)

001-40337

(Commission File Number)

22-3550230

(IRS Employer  
Identification No.)

455 N. Bernardo Avenue  
Mountain View, CA

(Address of principal executive offices)

94043

(Zip Code)

(650) 237-2700

Registrant's telephone number, including area code

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 (see General Instructions A.2. below):

- 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
Common Stock, \$0.001 par value per share	NPCE	Nasdaq Global Market

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.

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

On May 12, 2022, NeuroPace, Inc. issued a press release announcing its financial results for the fiscal quarter ended March 31, 2022. A copy of the press release dated May 12, 2022, is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The foregoing information (including the exhibit hereto) is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
<a href="#">99.1</a>	Press release dated May 12, 2022
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, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**NeuroPace, Inc.**

Dated: May 12, 2022

By: /s/ Rebecca Kuhn

Rebecca Kuhn

Chief Financial Officer and Vice President, Finance and  
Administration



## NeuroPace Reports First Quarter 2022 Financial Results

**Mountain View, Calif.** –May 12, 2022 – NeuroPace, Inc. (Nasdaq: NPCE), a commercial-stage medical device company focused on transforming the lives of people suffering from epilepsy, today reported financial results for the quarter ending March 31, 2022.

### Recent Highlights

- Total revenue of \$11.4 million for the first quarter of 2022
- Initial implant revenue of \$8.8 million for the first quarter of 2022
- Replacement implant revenue of \$2.6 million for the first quarter of 2022
- On track to enroll first patients in NAUTILUS trial for generalized epilepsy indication expansion around the middle of the year

“Given the COVID-19 related challenges faced in the early part of the quarter, we are pleased with our performance and strong growth exiting March” said Mike Favet, Chief Executive Officer of NeuroPace. “In anticipation of an improving operating environment, with increasing Epilepsy Monitoring Unit, or EMU, patient volumes leading to more patients being deemed candidates for our RNS System, we have accelerated growth of our commercial organization with a focus on increasing awareness and demand generation.”

### First Quarter 2022 Financial Results

Total revenue was \$11.4 million in the first quarter of 2022, compared to \$11.2 million in the prior year period. Initial implant revenue was \$8.8 million, compared to \$8.1 million in the prior year period. Growth in the quarter was driven primarily by an increase in the number of initial implant procedures, despite headwinds from the Omicron variant in January through mid-February. Replacement implant revenue was \$2.6 million, compared to \$3.1 million in the prior year period. This reduction in replacement implant revenue was expected. Replacement implant revenue will generally continue to decrease until a significant number of devices with the longer lasting battery reach end of service. More than 90% of patients have had their NeuroPace device replaced when the battery reaches end of service, so replacement implant revenue is primarily a function of when the batteries in the previously implanted devices reach end of service.

Gross margin for the first quarter of 2022 was 73% compared to 76% in the first quarter of 2021. The decline in gross margin was primarily due to an increase in indirect labor costs, including stock-based compensation and reduced production volume as a result of the increased volatility resulting from the COVID-19 pandemic.

Total operating expenses in the first quarter of 2022 were \$18.0 million, compared with \$12.4 million in the prior year period. R&D expense in the first quarter was \$5.6 million compared with \$4.1 million in the prior year period. The increase in R&D expense was primarily driven by an increase in personnel related expenses, product development and clinical study expenses. SG&A expense in the first quarter of 2022 was \$12.4 million compared with \$8.3 million in the prior year period. The increase in SG&A expense was primarily driven by increased costs associated with operating as a public company, personnel related expenses, and increased sales and marketing costs to support commercial expansion initiatives.

Net loss was \$11.5 million for the first quarter of 2022, compared to a net loss of \$8.8 million in the prior year period. Interest expense in the first quarter of 2022 was \$1.8 million, which was even compared to the prior year period.

Cash, cash equivalents and marketable securities were \$103.2 million down from \$115.6 million at December 31, 2021, and long-term borrowings were \$50.1 million as of March 31, 2022.

## 2022 Financial Guidance

- Total revenue of \$45 million to \$48 million
- Initial implant revenue of \$39 million to \$42 million
- Centers actively implanting the RNS System to increase approximately 10% compared to 2021
- Replacement implant revenue of approximately \$6 million
- Gross margin in the mid-70% range
- Total operating expenses of \$74 million to \$76 million, which includes approximately \$8 million to \$9 million of non-cash stock-based compensation expense

## Webcast and Conference Call Information

NeuroPace will host a conference call to discuss the first quarter 2022 financial results after market close on Thursday, May 12, 2022, at 4:30 P.M. Eastern Time. Investors interested in listening to the conference call may do so by dialing (844) 955-2173 for domestic callers or (914) 987-7949 for international callers, using conference ID: 8334327. Live audio of the webcast will be available on the “Investors” section of the company’s website at: <https://investors.neuropace.com/>. The webcast will be archived and available for replay for at least 90 days after the event.

## About NeuroPace, Inc.

Based in Mountain View, Calif., NeuroPace is a commercial-stage medical device company focused on transforming the lives of people suffering from epilepsy by reducing or eliminating the occurrence of debilitating seizures. Its novel and differentiated RNS System is the first and only commercially available, brain-responsive platform that delivers personalized, real-time treatment at the seizure source. This platform can drive a better standard of care for patients suffering from drug-resistant epilepsy and has the potential to offer a more personalized solution and improved outcomes to the large population of patients suffering from other brain disorders.

## Forward Looking Statements

In addition to background and historical information, this press release contains “forward-looking statements” based on NeuroPace’s current expectations, forecasts and beliefs, including the statements under the caption “2022 Financial Guidance” above. These forward-looking statements are subject to inherent uncertainties, risks, and assumptions that are difficult to predict. Actual outcomes and results could differ materially due to a number of factors, including the ongoing uncertainty of the impact of the COVID-19 pandemic, as well as COVID recovery impact, on its business. These and other risks and uncertainties include those described more fully in the section titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operation” and elsewhere in its public filings with the U.S. Securities and Exchange Commission (SEC), including its Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC on March 10, 2022 and its quarterly report on Form 10-Q to be filed with the SEC on May 12, 2022, as well as any reports that it may file with the SEC in the future. Forward-looking statements contained in this announcement are based on information available to NeuroPace as of the date hereof. NeuroPace undertakes no obligation to update such information except as required under applicable law. These forward-looking statements should not be relied upon as representing NeuroPace’s views as of any date subsequent to the date of this press release and should not be relied upon as prediction of future events. In light of the foregoing, investors are urged not to rely on any forward-looking statement in reaching any conclusion or making any investment decision about any securities of NeuroPace.

## Investor Contact:

Gilmartin Group  
Matt Bacso, CFA

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**NeuroPace, Inc.**  
**Condensed Statements of Operations**  
**(unaudited)**

<i>(in thousands, except share and per share amounts)</i>	Three Months Ended March 31,	
	2022	2021
Revenue	\$ 11,374	\$ 11,217
Cost of goods sold	3,115	2,724
Gross profit	8,259	8,493
<b>Operating expenses</b>		
Research and development	5,577	4,100
Selling, general and administrative	12,444	8,267
Total operating expenses	18,021	12,367
Loss from operations	(9,762)	(3,874)
Interest income	134	26
Interest expense	(1,830)	(1,849)
Other income (expense), net	(3)	(3,113)
Net loss	\$ (11,461)	\$ (8,810)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.47)	\$ (32.73)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	24,307,485	269,178

**NeuroPace, Inc.**  
**Condensed Balance Sheets**  
**(unaudited)**

<i>(in thousands, except share and per share amounts)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 7,489	\$ 19,187
Short-term investments	95,686	96,397
Accounts receivable	9,061	7,091
Inventory	8,103	7,822
Prepaid expenses and other current assets	2,081	2,319
Total current assets	122,420	132,816
Property and equipment, net	860	603
Operating lease right-of-use asset	5,559	—
Restricted cash	122	122
Other assets	21	21
Total assets	\$ 128,982	\$ 133,562
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Accounts payable	\$ 2,228	\$ 1,378
Accrued liabilities	6,961	7,923
Operating lease liability	2,868	—
Total current liabilities	12,057	9,301
Deferred rent, noncurrent	—	911
Long-term debt	50,115	49,847
Operating lease liability, net of current portion	3,987	—
Total liabilities	66,159	60,059
Stockholders' equity		
Common stock, \$0.001 par value	24	24
Additional paid-in capital	499,013	497,522
Accumulated other comprehensive income	(982)	(272)
Accumulated deficit	(435,232)	(423,771)
Total stockholders' equity	62,823	73,503
Total liabilities and stockholders' equity	\$ 128,982	\$ 133,562