



NxStage Medical, Inc.
Consolidated Statements of Operations

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2006	2005	2006	2005
Revenues	\$ 4,546,273	\$ 1,403,383	\$ 7,946,995	\$ 2,437,175
Cost of revenues	6,003,629	2,061,377	10,860,883	3,843,543
Gross profit (deficit)	<u>(1,457,356)</u>	<u>(657,994)</u>	<u>(2,913,888)</u>	<u>(1,406,368)</u>
Operating expenses:				
Selling and marketing	3,758,537	1,580,370	6,951,520	2,901,410
Research and development	1,576,295	1,623,732	3,355,189	3,055,772
Distribution	1,518,685	476,739	2,808,284	785,664
General and administrative	2,149,016	1,177,945	4,123,745	2,202,961
Total operating expenses	<u>9,002,533</u>	<u>4,858,786</u>	<u>17,238,738</u>	<u>8,945,807</u>
Loss from operations	<u>(10,459,889)</u>	<u>(5,516,780)</u>	<u>(20,152,626)</u>	<u>(10,352,175)</u>
Other income (expense):				
Interest income	607,921	77,700	1,203,328	149,786
Interest expense	(535,863)	(167,572)	(693,503)	(313,396)
	<u>72,058</u>	<u>(89,872)</u>	<u>509,825</u>	<u>(163,610)</u>
Net loss	<u>\$ (10,387,831)</u>	<u>\$ (5,606,652)</u>	<u>\$ (19,642,801)</u>	<u>\$ (10,515,785)</u>
Net loss per share, basic and diluted	<u>\$ (0.46)</u>	<u>\$ (2.18)</u>	<u>\$ (0.90)</u>	<u>\$ (4.10)</u>
Weighted average shares outstanding, basic and diluted	22,440,529	2,566,539	21,815,098	2,566,470

NxStage Medical, Inc.
Consolidated Balance Sheets

	June 30, 2006	December 31, 2005
Assets		
Current assets:		
Cash and cash equivalents	\$ 57,661,718	\$ 61,223,377
Short-term investments	29,463,588	—
Accounts receivable, net	3,421,342	1,367,860
Inventory	8,451,332	5,956,336
Prepaid expenses and other current assets	483,103	523,160
Total current assets	99,481,083	69,070,733
Property and equipment, net	2,560,554	2,070,387
Field equipment, net	11,313,710	4,843,398
Other assets	427,335	446,508
Total assets	\$ 113,782,682	\$ 76,431,026
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 5,248,933	\$ 3,027,524
Accrued expenses	3,024,274	2,344,318
Deferred rent obligation	84,997	84,997
Current portion of long-term debt	1,133,333	1,513,480
Total current liabilities	9,491,537	6,970,319
Deferred rent obligation	432,065	473,268
Long-term debt	2,266,667	1,633,070
Total liabilities	12,190,269	9,076,657
Commitments and contingencies		
Stockholders' equity:		
Undesignated preferred stock: par value \$0.001, 5,000,000 shares authorized; zero shares issued and outstanding as of June 30, 2006 and December 31, 2005, respectively	—	—
Common stock: par value \$0.001, 100,000,000 shares authorized; 27,750,761 and 21,176,554 shares issued and outstanding as of June 30, 2006 and December 31, 2005, respectively	27,751	21,177
Additional paid-in-capital	205,232,078	151,675,548
Deferred compensation	—	(259,910)
Accumulated deficit	(103,653,470)	(84,010,669)
Accumulated other comprehensive loss	(13,946)	(71,777)
Total stockholders' equity	101,592,413	67,354,369
Total liabilities and stockholders' equity	\$ 113,782,682	\$ 76,431,026

Revenue by market:

	Three-months ended		Six-months ended	
	June 30,		June 30,	
	2006	2005	2006	2005
Chronic Market	\$ 2,665,075	\$ 594,332	\$ 4,482,200	\$ 966,355
Critical Care Market	1,881,198	809,051	3,464,795	1,470,820
Total	\$ 4,546,273	\$ 1,403,383	\$ 7,946,995	\$ 2,437,175

Business metrics:

	<u>June 30, 2006</u>	<u>December 31, 2005</u>	<u>June 30, 2005</u>
Chronic patients on therapy	663	292	141
Dialysis centers with System One	126	70	34