**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**

**March 8, 2016**

**Date of Report (Date of earliest event reported)**



**Penumbra, Inc.**

**(Exact name of registrant as specified in its charter)**



**Delaware**

**001-37557**

**05-0605598**

**(State or other jurisdiction of incorporation or**

**(Commission File No.)**

**(I.R.S. employer identification number)**

**organization)**

**One Penumbra Place**

**1351 Harbor Bay Parkway**

**Alameda, CA 94502**

**(Address of principal executive offices, including zip code)**

**(510) 748-3200**

**(Registrant’s telephone number, including area code)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

* 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))



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

On March 8, 2016, Penumbra, Inc. issued a press release announcing financial results for the fourth fiscal quarter and year ended December 31, 2015.

A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information furnished on this Current Report on Form 8-K, including the attached exhibit, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any other filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

|  |  |
| --- | --- |
| **Item 9.01.** | **Financial Statements and Exhibits.** |
| Exhibit Number |  |  | Description |
|  |  |  |  |  |
| 99.1 |  |  | Press release of Penumbra, Inc. dated March 8, 2016. |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**Penumbra, Inc.**

Date: March 8, 2016 By: /s/ Sri Kosaraju



Sri Kosaraju

Chief Financial Officer and Head of Strategy

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | **EXHIBIT INDEX** |
| Exhibit Number |  | Description |
|  |  |  |  |
| 99.1 |  | Press release of Penumbra, Inc. dated March 8, 2016. |

**Exhibit 99.1**



**Penumbra, Inc. Reports Fourth Quarter and Full Year 2015 Financial Results**

ALAMEDA, Calif., March 8, 2016 (PR Newswire) - Penumbra, Inc. **(NYSE: PEN)**, a global interventional therapies company, today reported financial results for the fourth quarter and full year ended December 31, 2015.

* **Revenue of $54.4 million in the fourth quarter of 2015, an increase of 53.7%, or 58.5% in constant currency1, over the fourth quarter of 2014.**
* **Revenue of $186.1 million in 2015, an increase of 48.3%, or 53.9% in constant currency1, over the prior year.**

**Fourth Quarter 2015 Financial Results**

Total revenue grew to $54.4 million for the fourth quarter of 2015 compared to $35.4 million for the fourth quarter of 2014, an increase of 53.7%, or 58.5% on a constant currency basis. The U.S. represented 69.7% of total revenue and international represented 30.3% of total revenue for the fourth quarter of 2015. Revenue from sales of neuro products grew to $39.0 million for the fourth quarter of 2015, an increase of 33.8%, or 38.9% on a constant currency basis. Revenue from sales of peripheral vascular products grew to $15.4 million for the fourth quarter of 2015, an increase of 147.2%, or 150.5% on a constant currency basis.

Gross profit was $36.5 million, or 67.0% of total revenue, for the fourth quarter of 2015, compared to $23.9 million, or 67.5% of total revenue, for the fourth quarter of 2014.

Total operating expenses were $34.6 million, or 63.7% of total revenue, for the fourth quarter of 2015, compared to $23.6 million, or 66.6% of total revenue, for the fourth quarter of 2014. R&D expenses were $5.5 million for the fourth quarter of 2015, compared to $4.1 million for the fourth quarter of 2014. The increase was primarily due to increases in headcount and related compensation expense. SG&A expenses were $29.2 million for the fourth quarter of 2015, compared to $19.4 million for the fourth quarter of 2014. The increase was primarily due to increases in headcount and related compensation expense as well as increases associated with operating as a public company.

Net income for the fourth quarter of 2015 was $1.6 million, compared to $0.4 million for the fourth quarter of 2014.

As of December 31, 2015, cash and cash equivalents and marketable investments totaled $148.8 million.

**Full Year 2015 Financial Results**

Total revenue grew to $186.1 million for the year ended December 31, 2015, compared to $125.5 million for 2014, an increase of 48.3%, or 53.9% on a constant currency basis. The U.S. represented 68.4% of total revenue and international represented 31.6% of total revenue for the year ended December 31, 2015. Revenue from sales of neuro products grew to $141.4 million for 2015, an increase of 33.1%, or 39.2% on a constant currency basis. Revenue from sales of peripheral vascular products grew to $44.7 million for 2015, an increase of 131.9%, or 134.9% on a constant currency basis.

Gross profit was $124.1 million, or 66.7% of total revenue, for the year ended December 31, 2015, compared to $82.8 million, or 66.0% of total revenue, for the year ended December 31, 2014.

Total operating expenses were $119.9 million, or 64.4% of total revenue, for the year ended December 31, 2015, compared to $79.8 million, or 63.6% of total revenue, for the year ended December 31, 2014. R&D expenses were $18.0 million for the year ended December 31, 2015, compared to $15.6 million for the year ended December 31, 2014. The increase was primarily due to increases in headcount and related compensation expense. SG&A expenses were $101.9 million for the year ended December 31, 2015, compared to $64.3 million for the year ended December 31, 2014. The increase was primarily due to increases in headcount and related compensation expense as well as increases associated with operating as a public company.

* Constant currency results are non-GAAP financial measures. Please refer to “Non-GAAP Financial Measures” below for important information about our use of constant currency results and other non-GAAP financial measures (including reconciliations to the most comparable GAAP measures).



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Net income for the year ended December 31, 2015 was $2.4 million, compared to $2.2 million for the year ended December 31, 2014.

**Full Year 2016 Financial Outlook**

Penumbra projects total revenue for 2016 to be in the range of $230 to $235 million.

**Webcast and Conference Call Information**

Penumbra, Inc. will host a conference call to discuss the fourth quarter and full year 2015 financial results after market close on Tuesday, March 8, 2016 at 4:30 PM Eastern Time. The conference call can be accessed live over the phone by dialing (877) 201-0168 for domestic callers or (647) 788-4901 for international callers (conference id: 31760674), or the webcast can be accessed on the “Investors” section of the Company’s website at: www.penumbrainc.com. The webcast will be available on the Company’s website for two weeks following the completion of the call.

**About Penumbra**

Penumbra, Inc., headquartered in Alameda, California is a global interventional therapies company that designs, develops, manufactures and markets innovative medical devices. The company has a broad portfolio of products that address challenging medical conditions and significant clinical needs across two major markets, neuro and peripheral vascular. Penumbra sells its products to hospitals primarily through its direct sales organization in the U.S., most of Europe, Canada and Australia, and through distributors in select international markets. Penumbra and the Penumbra logo are trademarks of Penumbra, Inc.

**Non-GAAP Financial Measures**

In addition to financial measures prepared in accordance with U.S. generally accepted accounting principles (GAAP), the Company has disclosed the following non-GAAP financial measures in this press release: constant currency revenue, non-GAAP net income per share (basic and diluted), non-GAAP net income attributable to common stockholders and non-GAAP weighted average shares used to compute non-GAAP net income per share (basic and diluted).

Our constant currency revenue disclosures estimate the impact of changes in foreign currency rates on the translation of the Company’s current period revenue as compared to the applicable comparable period in the prior year. This impact is derived by taking the current local currency revenue and translating it into U.S. Dollars based upon the foreign currency exchange rates used to translate the local currency revenue for the applicable comparable period in the prior year, rather than the actual exchange rates in effect during the current period. It does not include any other effect of changes in foreign currency rates on the Company’s results or business.

Non-GAAP net income per share (basic and diluted) and its components, non-GAAP net income attributable to common stockholders and non-GAAP weighted average shares used to compute non-GAAP net income per share (basic and diluted), (1) exclude the effect of allocating net income (loss) between common stock and participating convertible preferred stock under the two-class method to allocate earnings, and (2) reflect the conversion of our outstanding convertible preferred stock upon the closing of our IPO as if such conversion occurred on a one-for-one basis as of the beginning of the applicable period(s).

Full reconciliation of these non-GAAP measures to the most comparable GAAP measures is set forth in the tables below.

Our management believes the non-GAAP financial measures disclosed in this press release are useful to investors in assessing the operating performance of our business and provide meaningful comparisons to prior periods and thus a more complete understanding of our business than could be obtained absent this disclosure. Specifically, we consider the change in constant currency revenue as a useful metric as it provides an alternative framework for assessing how our underlying business performed excluding the effect of foreign currency rate fluctuations. We consider non-GAAP net income per share (basic and diluted), and its components, as useful metrics as they provide an alternative framework for assessing our profitability as compared to periods prior to our IPO.

The non-GAAP financial measures included in this press release may be different from, and therefore may not be comparable to, similarly titled measures used by other companies. These non-GAAP measures should not be considered in isolation or as alternatives to GAAP measures. We urge investors to review the reconciliation of these non-GAAP financial measures to the comparable GAAP financial measures included in this press release, and not to rely on any single financial measure to evaluate our business.

**Forward-Looking Statements**

Except for historical information, certain statements in this press release are forward-looking in nature and are subject to risks, uncertainties and assumptions about us. Our business and operations are subject to a variety of risks and uncertainties and, consequently, actual results may differ materially from those projected by any forward-looking statements. Factors that could cause

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actual results to differ from those projected include, but are not limited to: failure to sustain or grow profitability or generate positive cash flows; failure to effectively introduce and market new products; delays in product introductions; significant competition; inability to further penetrate our current customer base, expand our user base and increase the frequency of use of our products by our customers; inability to achieve or maintain satisfactory pricing and margins; manufacturing difficulties; permanent write-downs or write-offs of our inventory; product defects or failures; unfavorable outcomes in clinical trials; inability to maintain our culture as we grow; fluctuations in foreign currency exchange rates; and potential adverse regulatory actions. These risks and uncertainties, as well as others, are discussed in greater detail in our filings with the Securities and Exchange Commission, including our prospectus dated September 17, 2015. There may be additional risks of which we are not presently aware or that we currently believe are immaterial which could have an adverse impact on our business. Any forward-looking statements are based on our current expectations, estimates and assumptions regarding future events and are applicable only as of the dates of such statements. We make no commitment to revise or update any forward-looking statements in order to reflect events or circumstances that may change.

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**Penumbra, Inc.**

**Consolidated Balance Sheets**

**(unaudited)**

**(in thousands)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **December 31,** |  |  |
|  |  |  |  |  |  |  |
|  |  | **2015** |  |  | **2014** |  |
|  |  |  |  |  |  |  |
| **Assets** |  |  |  |  |  |  |
| Current assets: |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Cash and cash equivalents | $ | 19,547 |  | $ | 3,290 |  |
| Marketable investments |  | 129,257 |  |  | 48,253 |  |
|  |  |  |  |  |  |  |
| Accounts receivable, net of doubtful accounts of $589 and $602 |  | 29,444 |  |  | 18,912 |  |
| Inventories |  | 56,761 |  |  | 33,451 |  |
|  |  |  |  |  |  |  |
| Deferred taxes |  | — |  | 6,280 |  |
| Prepaid expenses and other current assets |  | 9,352 |  |  | 5,115 |  |
|  |  |  |  |  |  |  |
| Total current assets |  | 244,361 |  |  | 115,301 |  |
| Property and Equipment, net |  | 8,951 |  |  | 5,181 |  |
|  |  |  |  |  |  |  |
| Deferred taxes |  | 10,143 |  |  | 571 |  |
| Other non-current assets |  | 393 |  |  | 328 |  |
|  |  |  |  |  |  |  |
| Total assets | $ | 263,848 |  | $ | 121,381 |  |
| **Liabilities, Convertible Preferred Stock and Stockholders’ Equity (Deficit)** |  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Current Liabilities: |  |  |  |  |  |  |
| Accounts payable | $ | 2,567 |  | $ | 2,348 |  |
|  |  |  |  |  |  |  |
| Accrued liabilities |  | 25,581 |  |  | 18,475 |  |
| Total current liabilities |  | 28,148 |  |  | 20,823 |  |
|  |  |  |  |  |  |  |
| Other non-current liabilities |  | 3,178 |  |  | 1,461 |  |
| Total liabilities |  | 31,326 |  |  | 22,284 |  |
|  |  |  |  |  |  |  |
| Convertible preferred stock |  | — |  | 111,467 |  |
| Stockholders’ Equity (Deficit): |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Common stock |  | 30 |  |  | 5 |  |
| Additional paid-in capital |  | 252,087 |  |  | 8,446 |  |
|  |  |  |  |  |  |  |
| Notes receivable from stockholders |  | (5) |  |  | (117) |  |
| Accumulated other comprehensive loss |  | (2,115) |  |  | (864) |  |
|  |  |  |  |  |  |  |
| Accumulated deficit |  | (17,475) |  |  | (19,840) |  |
| Total stockholders’ equity (deficit) |  | 232,522 |  |  | (12,370) |  |
|  |  |  |  |  |  |  |
| Total liabilities, convertible preferred stock and stockholders’ equity (deficit) | $ | 263,848 |  | $ | 121,381 |  |
|  |  |  |  |  |  |  |

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**Penumbra, Inc.**

**Consolidated Statements of Operations**

**(unaudited)**

**(in thousands, except share and per share amounts)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Three Months Ended December 31,** |  | **Year Ended December 31,** |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **2015** |  |  | **2014** |  |  | **2015** |  |  | **2014** |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenue | $ | 54,416 |  | $ | 35,403 |  | $ | 186,095 |  | $ | 125,510 |  |
| Cost of revenue |  | 17,958 |  |  | 11,512 |  |  | 62,037 |  |  | 42,668 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gross profit |  | 36,458 |  |  | 23,891 |  |  | 124,058 |  |  | 82,842 |  |
| Operating expenses: |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Research and development |  | 5,484 |  |  | 4,140 |  |  | 18,027 |  |  | 15,575 |  |
| Sales, general and administrative |  | 29,154 |  |  | 19,429 |  |  | 101,852 |  |  | 64,258 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total operating expenses |  | 34,638 |  |  | 23,569 |  |  | 119,879 |  |  | 79,833 |  |
| Income from operations |  | 1,820 |  |  | 322 |  |  | 4,179 |  |  | 3,009 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest income (expense), net |  | 139 |  |  | 256 |  |  | 541 |  |  | 439 |  |
| Other income (expense), net |  | (83) |  |  | (161) |  |  | (696) |  |  | (309) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income before provision for income taxes |  | 1,876 |  |  | 417 |  |  | 4,024 |  |  | 3,139 |  |
| Provision for income taxes |  | 243 |  |  | 1 |  |  | 1,659 |  |  | 894 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income | $ | 1,633 |  | $ | 416 |  | $ | 2,365 |  | $ | 2,245 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income (loss) attributable to common stockholders | $ | 1,633 |  | $ | 81 |  | $ | 1,084 |  | $ | (833) |  |
| Net income (loss) per share attributable to common stockholders | $ | 0.05 |  | $ | 0.02 |  | $ | 0.09 |  | $ | (0.18) |  |
| —Basic |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| —Diluted | $ | 0.05 |  | $ | 0.01 |  | $ | 0.08 |  | $ | (0.18) |  |
| Weighted average shares used to compute net income (loss) per |  |  |  |  |  |  |  |  |  |  |  |  |
| share attributable to common stockholders |  | 29,890,944 |  |  | 4,701,999 |  |  | 11,993,429 |  |  | 4,609,375 |  |
| —Basic |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| —Diluted |  | 32,321,410 |  |  | 7,102,885 |  |  | 14,219,650 |  |  | 4,609,375 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |

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**Penumbra, Inc.**

**Reconciliation of Revenue Growth by Geographic Regions to Constant Currency Revenue Growth1**

**(unaudited)**

**(in thousands)**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Three Months Ended December 31,** |  |  | **Reported Change** |  | **FX Impact** |  | **Constant Currency Change** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | **2015** |  |  | **2014** |  |  | **$** |  | **%** |  |  | **$** |  |  | **$** | **%** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| United States | $ | 37,947 |  | $ | 23,684 | $ | 14,263 |  | 60.2% |  | $ | — | $ | 14,263 | 60.2% |
| International |  | 16,469 |  |  | 11,719 |  |  | 4,750 |  | 40.5% |  |  | 1,706 |  |  | 6,456 | 55.1% |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total | $ | 54,416 |  | $ | 35,403 | $ | 19,013 |  | 53.7% |  | $ | 1,706 |  | $ | 20,719 | 58.5% |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  | **Penumbra, Inc.** |  |  |  |  |  |  |  |  |  |
|  |  |  | **Reconciliation of Revenue Growth by Product Categories to Constant Currency Revenue Growth1** |  |  |
|  |  |  |  |  |  |  |  | **(unaudited)** |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **(in thousands)** |  |  |  |  |  |  |  |  |  |
|  |  |  | **Three Months Ended December 31,** |  |  | **Reported Change** |  | **FX Impact** |  | **Constant Currency Change** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | **2015** |  |  | **2014** |  |  | **$** |  | **%** |  |  | **$** |  |  | **$** | **%** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Neuro | $ | 39,047 |  | $ | 29,186 | $ | 9,861 |  | 33.8% |  | $ | 1,504 |  | $ | 11,365 | 38.9% |
| Peripheral Vascular |  | 15,369 |  |  | 6,217 |  |  | 9,152 |  | 147.2% |  |  | 202 |  |  | 9,354 | 150.5% |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total |  | $ | 54,416 |  | $ | 35,403 |  | $ | 19,013 |  | 53.7% |  | $ | 1,706 |  | $ | 20,719 | 58.5% |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  | **Penumbra, Inc.** |  |  |  |  |  |  |  |  |  |
|  |  | **Reconciliation of Revenue Growth by Geographic Regions to Constant Currency Revenue Growth1** |  |  |
|  |  |  |  |  |  |  |  | **(unaudited)** |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **(in thousands)** |  |  |  |  |  |  |  |  |  |
|  |  |  | **Year Ended December 31,** |  |  | **Reported Change** |  | **FX Impact** |  | **Constant Currency Change** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | **2015** |  |  | **2014** |  |  | **$** |  | **%** |  |  | **$** |  |  | **$** | **%** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| United States | $ | 127,311 |  | $ | 82,965 | $ | 44,346 |  | 53.5% |  | $ | — | $ | 44,346 | 53.5% |
| International |  | 58,784 |  |  | 42,545 |  |  | 16,239 |  | 38.2% |  |  | 7,065 |  |  | 23,304 | 54.8% |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total | $ | 186,095 |  | $ | 125,510 |  | $ | 60,585 |  | 48.3% |  | $ | 7,065 |  | $ | 67,650 | 53.9% |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  | **Penumbra, Inc.** |  |  |  |  |  |  |  |  |  |
|  |  |  | **Reconciliation of Revenue Growth by Product Categories to Constant Currency Revenue Growth1** |  |  |
|  |  |  |  |  |  |  |  | **(unaudited)** |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **(in thousands)** |  |  |  |  |  |  |  |  |  |
|  |  |  | **Year Ended December 31,** |  |  | **Reported Change** |  | **FX Impact** |  | **Constant Currency Change** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | **2015** |  |  | **2014** |  |  | **$** |  | **%** |  |  | **$** |  |  | **$** | **%** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Neuro | $ | 141,410 |  | $ | 106,242 | $ | 35,168 |  | 33.1% |  | $ | 6,496 |  | $ | 41,664 | 39.2% |
| Peripheral Vascular |  | 44,685 |  |  | 19,268 |  |  | 25,417 |  | 131.9% |  |  | 569 |  |  | 25,986 | 134.9% |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total | $ | 186,095 |  | $ | 125,510 | $ | 60,585 |  | 48.3% |  | $ | 7,065 |  | $ | 67,650 | 53.9% |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

1See “Non-GAAP Financial Measures” above for important information about our use of non-GAAP measures and further information about our calculation of constant currency results.

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**Penumbra, Inc.**

**Reconciliation of Net Income (Loss) Attributable to Common Stockholders to Non-GAAP Net Income Attributable to Common Stockholders2**

**(unaudited)**

**(in thousands, except per share amounts)**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Three Months Ended December 31,** |  | **Year Ended December 31,** |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | **2015** |  |  |  | **2014** |  |  | **2015** |  |  | **2014** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Net income (loss) attributable to common stockholders3 | $ | 1,633 |  | $ | 81 |  | $ | 1,084 |  | $ | (833) |
| Add: Deemed dividend paid to preferred stockholders upon |  |  |  |  |  |  |  |  |  |  |  |
| redemption |  | — |  | — |  | — |  | 6,344 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Undistributed income attributable to preferred stockholders |  | — |  | 335 |  |  | 1,281 |  |  | — |
| Less: Undistributed loss attributable to preferred stockholders |  | — |  | — |  | — |  | (3,266) |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Net income attributable to common stockholders—Non-GAAP | $ | 1,633 |  | $ | 416 |  | $ | 2,365 |  | $ | 2,245 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Basic net income per share—Non-GAAP | $ | 0.05 |  | $ | 0.02 |  | $ | 0.09 |  | $ | 0.09 |
| Diluted net income per share—Non-GAAP | $ | 0.05 |  | $ | 0.02 |  | $ | 0.08 |  | $ | 0.08 |
|  |  |  |  |  |  |  |  |  |  |  |  |

**Penumbra, Inc.**

**Reconciliation of Weighted Average Shares Used to Compute Basic Net Income (Loss) per Share to Weighted Average Shares Used to Compute Basic and Diluted Non-GAAP Net Income per Share (unaudited)**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Three Months Ended December 31,** | **Year Ended December 31,** |  |
|  |  |  |  |  |  |  |  |  |
|  | **2015** |  | **2014** |  | **2015** |  | **2014** |  |
|  |  |  |  |  |  |  |  |  |
| Weighted average shares used to compute basic net income (loss) |  |  |  |  |  |  |  |  |
| per share | 29,890,944 |  | 4,701,999 |  | 11,993,429 |  | 4,609,375 |  |
| Less: Conversion of preferred shares on a weighted average basis |  |  |  |  |  |  |  |  |
| upon closing of IPO | — | — | (5,345,318) |  | — |  |
|  |  |  |  |  |  |  |  |  |
| Add: Conversion of preferred shares on a one-for-one basis at the |  |  |  |  |  |  |  |  |
| beginning of the period | — | 19,510,410 |  | 19,510,410 |  | 19,510,410 |  |
| Weighted average shares used to compute non-GAAP net income |  |  |  |  |  |  |  |  |
| per share—Basic | 29,890,944 |  | 24,212,409 |  | 26,158,521 |  | 24,119,785 |  |
|  |  |  |  |  |  |  |  |  |
| Potential dilutive options | 2,033,521 |  | 2,177,861 |  | 1,959,226 |  | 2,161,246 |  |
| Potential dilutive restricted stock and restricted stock units | 396,945 |  | 149,599 |  | 266,995 |  | 118,897 |  |
|  |  |  |  |  |  |  |  |  |
| Potential dilutive common warrants | — | 73,426 |  | — | 76,611 |  |
| Weighted average shares used to compute non-GAAP net income | 32,321,410 |  | 26,613,295 |  | 28,384,742 |  | 26,476,539 |  |
| per share—Diluted |  |  |  |  |
|  |  |  |  |  |  |  |  |  |

2See “Non-GAAP Financial Measures” above for important information about our use of non-GAAP measures and further information about our calculation of non-GAAP net income per share and its components.

* We calculate GAAP net income (loss) attributable to common stockholders under the two-class method required for companies with participating securities.

Investor Relations

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**Source: Penumbra, Inc.**

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