

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 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): February 14, 2017

TRUPANION, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation)

001-36537

(Commission
File Number)

83-0480694

(IRS Employer
Identification No.)

6100 4th Avenue S, Suite 200

Seattle, Washington 98108

(Address of principal executive offices, including zip code)

(855) 727 - 9079

(Registrant's telephone number, including area code)

(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 Instruction 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))
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Item 2.02 Results of Operations and Financial Condition.

On February 14th, Trupanion, Inc. (the "Company") issued a press release and will hold a conference call regarding the Company's financial results for the fourth quarter and twelve months ended December 31, 2016. A copy of the Company's press release is attached hereto as Exhibit 99.1.

The information furnished with this report, including Exhibit 99.1, 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 Exchange Act or under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
Exhibit 99.1	Press release issued by Trupanion Inc. dated February 14, 2017

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.

TRUPANION, INC.

By: /s/ Tricia Plouf

Name: Tricia Plouf

Title: Chief Financial
Officer

Date: February 14, 2017



Trupanion Reports Fourth Quarter and Full Year 2016 Results

- *Total revenue of \$188.2 million in 2016, up 28% year-over-year*

SEATTLE, WA. February 14, 2017 -- [Trupanion](#), Inc. (Nasdaq: TRUP), a leading provider of medical insurance for cats and dogs, today announced financial results for the fourth quarter and full year ended December 31, 2016.

“I am pleased with our results in 2016, highlighted by consistent revenue growth and achieving positive free cash flow,” said Darryl Rawlings, CEO of Trupanion. “In 2017, we will continue our focus on optimizing our LVP to PAC by sub-category, testing initiatives to bolster same store sales, expanding the footprint of our direct pay initiative, investing in direct to consumer testing and exploring additional revenue opportunities within our other business segment.”

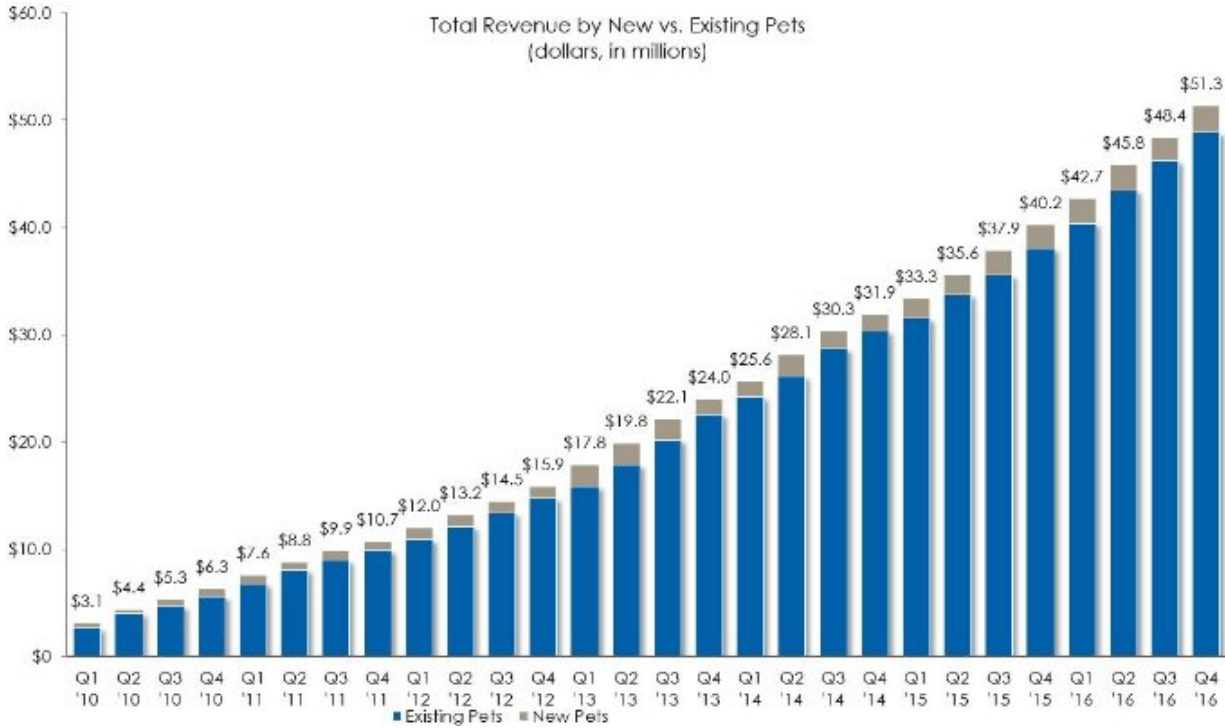
Full Year 2016 Financial and Business Highlights

- Total revenue was \$188.2 million, an increase of 28% compared to full year 2015.
- Total enrolled pets (including pets from our other business segment) was 343,649 at December 31, 2016, up 18% over the prior year period.
- Subscription business revenue was \$173.4 million, an increase of 30% compared to the full year 2015.
- Subscription pets enrolled was 323,233 at December 31, 2016, up 19% over the prior year period.
- Net loss was \$(6.9) million, compared to a net loss of \$(17.2) million in the full year 2015.
- Adjusted EBITDA was \$0.1 million, compared to a loss of \$(11.3) million in the full year 2015.
- Positive operating cash flow of \$5.0 million and free cash flow of \$3.1 million in 2016, compared to negative operating cash flow of \$10.4 million and negative free cash flow of \$15.3 million in 2015.
- As of December 31, 2016, there were 29.5 million basic shares outstanding and 33.0 million shares outstanding on a fully diluted basis.

Fourth Quarter 2016 Financial and Business Highlights

- Total revenue was \$51.3 million, an increase of 28% compared to the fourth quarter of 2015.
 - Subscription business revenue was \$47.4 million, an increase of 29% compared to the fourth quarter of 2015.
 - Net loss was \$(1.7) million, compared to a net loss of \$(3.0) million in the fourth quarter of 2015.
 - Adjusted EBITDA was \$0.3 million, compared to a loss of \$(1.6) million in the fourth quarter of 2015.
 - Positive operating cash flow of \$3.4 million and free cash flow of \$3.0 million, compared to negative operating cash flow of \$0.7 million and negative free cash flow of \$1.7 million in the fourth quarter of 2015.
 - During the quarter, the Company increased and extended its credit facility. In the agreement, Bridge Bank, a division of Western Alliance Bank, joined existing lender Square 1 Bank, a division of Pacific Western Bank, in a newly created syndicate.
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Revenue by Quarter



Conference Call

Trupanion's management will host a conference call today to review its fourth quarter and full year 2016 results. The call is scheduled to begin shortly after 1:30 p.m. PT/ 4:30 p.m. ET. A live webcast will be accessible through the Investor Relations section of Trupanion's website at <http://investors.trupanion.com> and will be archived online for 3 months upon completion of the conference call. Participants can access the conference call by dialing 1-877-407-0784 (United States) or 1-201-689-8560 (International). A telephonic replay of the call will also be available, one hour after the completion of the call, by dialing 1-844-512-2921 (United States) or 1-412-317-6671 (International) and entering the replay pin number: 13652718.

About Trupanion

Trupanion is a leading provider of medical insurance for cats and dogs throughout the United States and Canada. For almost two decades, Trupanion has given pet owners peace of mind so they can focus on their pet's recovery, not financial stress. Trupanion is committed to providing pet owners with the highest value in pet medical insurance. Trupanion is listed on the Nasdaq Stock Exchange under the symbol TRUP. The company was founded in 2000 and is headquartered in Seattle, WA. Trupanion policies are issued, in the United States, by its wholly-owned insurance entity American Pet Insurance Company and, in Canada, by Omega General Insurance Company. For more information please visit Trupanion.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 relating to, among other things, expectations, plans, prospects and financial results for Trupanion, including, but not limited to, its expectations regarding its ability to execute its business plans and financial objectives and its future operating results and expenditures. These forward-looking statements are based upon the current expectations and beliefs of Trupanion's management as of the date of this press release, and are subject to certain risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. All forward-looking statements made in this press release are based on information available to Trupanion as of the date hereof, and Trupanion has no obligation to update these forward-looking statements.

In particular, the following factors, among others, could cause results to differ materially from those expressed or implied by such forward-looking statements: the ability to achieve or maintain profitability and/or appropriate levels of cash flow in future periods; the accuracy of assumptions used in determining appropriate member acquisition expenditures; the severity and frequency of claims; the ability to maintain high retention rates; the accuracy of assumptions used in pricing medical plan subscriptions and the ability to accurately estimate the impact of new products or offerings on claims frequency; actual claims expense exceeding estimates; regulatory and other constraints on the ability to institute, or the decision to otherwise delay, pricing modifications in response to changes in actual or estimated claims expense; the effectiveness and statutory or regulatory compliance of our Territory Partner model and of our Territory Partners, veterinarians and other third parties in recommending medical plan subscriptions to potential members; the ability to increase the number of Territory Partners and active hospitals; compliance by us and those referring us members with laws and regulations that apply to our business, including the sale of a pet medical plan; fluctuations in the Canadian currency exchange rate; the ability to protect our proprietary and member information; the ability to maintain our culture and team; the ability to maintain the requisite amount of risk-based capital; the ability to protect and enforce Trupanion's intellectual property rights; third-party claims including litigation and regulatory actions; and the ability to recognize benefits from investments in new solutions and enhancements to Trupanion's technology platform and website.

For a detailed discussion of these and other cautionary statements, please refer to the risk factors discussed in filings with the Securities and Exchange Commission (SEC), including but not limited to, Trupanion's Annual Report on Form 10-K for the year ended December 31, 2015 and any subsequently filed reports on Forms 10-Q and 8-K. All documents are available through the SEC's Electronic Data Gathering Analysis and Retrieval system at www.sec.gov or the Investor Relations section of Trupanion's website at <http://investors.trupanion.com>.

Non-GAAP Financial Measures

Trupanion's stated results may include certain non-GAAP financial measures, including, without limitation, free cash flow, acquisition cost, net acquisition cost, cost of goods, variable expenses, fixed expenses, non-GAAP subscription gross profit, non-GAAP gross profit, and adjusted EBITDA. Adjusted EBITDA is a non-GAAP financial measure that Trupanion defines as net loss excluding stock-based compensation expense, depreciation and amortization expense, interest income, interest expense, income tax expense (benefit), and loss (income) from equity method investment.

Trupanion's non-GAAP financial measures may not provide information that is directly comparable to that provided by other companies in its industry as other companies in its industry may calculate or use non-GAAP financial measures differently. In addition, there are limitations in using non-GAAP financial measures because the non-GAAP financial measures are not prepared in accordance with GAAP, may be different from non-GAAP financial measures used by other companies and exclude expenses that may have a material impact on Trupanion's reported financial results. Further, stock-based compensation expense and other items used in the calculation of various metrics have been and will continue to be for the foreseeable future significant recurring expenses in Trupanion's business. The presentation and utilization of non-GAAP financial measures is not meant to be considered in isolation or as a substitute for the directly comparable financial measures prepared in accordance with GAAP. Trupanion urges its investors to review the reconciliation of its non-GAAP financial measures to the most directly comparable GAAP financial measures in its consolidated financial statements, and not to rely on any single financial or operating measure to evaluate its business. These reconciliations are included below and on [Trupanion's Investor Relations website](#).

Because of varying available valuation methodologies, subjective assumptions and the variety of equity instruments that can impact a company's non-cash expenses, Trupanion believes that providing various non-GAAP financial measures that exclude stock-based compensation expense allows for more meaningful comparisons between its operating results from period to period. Trupanion calculates non-GAAP gross profit by subtracting cost of goods and variable expenses from revenue. Cost of goods and variable expenses used in this calculation are non-GAAP measures which exclude stock-based compensation expense. Fixed expenses is a non-GAAP measure which excludes stock-based compensation expense and depreciation and amortization expense. Trupanion excludes sign-up fee revenue from the calculation of net acquisition cost because it collects sign-up fee revenue from new members at the time of enrollment and considers it to be an offset to a portion of Trupanion's sales and marketing expenses. Trupanion believes this allows it to calculate and present acquisition cost, net acquisition cost and the related financial measures it derives from them, as well as adjusted EBITDA, in a consistent manner across periods. Trupanion's management believes that the non-GAAP financial measures and the related financial measures derived from them are important tools for financial and operational decision-making and for evaluating operating results over different periods of time.

Trupanion, Inc.
Consolidated Statements of Operations
(in thousands, except for share and per share data)

	Three Months Ended December 31,		Years Ended December 31,	
	2016	2015	2016	2015 <i>(audited)</i>
Revenue:				
Subscription business	\$ 47,422	\$ 36,722	\$ 173,356	\$ 133,406
Other business	3,918	3,479	14,874	13,557
Total revenue	<u>51,340</u>	<u>40,201</u>	<u>188,230</u>	<u>146,963</u>
Cost of revenue:				
Subscription business ⁽¹⁾	38,528	29,856	141,321	109,428
Other business	3,594	3,075	13,621	12,306
Total cost of revenue ⁽²⁾	<u>42,122</u>	<u>32,931</u>	<u>154,942</u>	<u>121,734</u>
Gross profit:				
Subscription business	8,894	6,866	32,035	23,978
Other business	324	404	1,253	1,251
Total gross profit	<u>9,218</u>	<u>7,270</u>	<u>33,288</u>	<u>25,229</u>
Operating expenses:				
Sales and marketing ⁽¹⁾	3,951	3,919	15,247	15,231
Technology and development ⁽¹⁾	2,744	2,533	9,534	11,215
General and administrative ⁽¹⁾	4,177	3,798	15,205	15,558
Total operating expenses	<u>10,872</u>	<u>10,250</u>	<u>39,986</u>	<u>42,004</u>
Operating loss	(1,654)	(2,980)	(6,698)	(16,775)
Interest expense	81	26	218	325
Other income, net	(19)	(17)	(58)	(9)
Loss before income taxes	(1,716)	(2,989)	(6,858)	(17,091)
Income tax expense	7	12	38	114
Net loss	<u>\$ (1,723)</u>	<u>\$ (3,001)</u>	<u>\$ (6,896)</u>	<u>\$ (17,205)</u>
Net loss per share:				
Basic and diluted	<u>\$ (0.06)</u>	<u>\$ (0.11)</u>	<u>\$ (0.24)</u>	<u>\$ (0.62)</u>
Weighted-average shares used to compute net loss per share:				
Basic and diluted	<u>29,020,559</u>	<u>27,856,450</u>	<u>28,527,602</u>	<u>27,638,443</u>

⁽¹⁾ Includes stock-based compensation expense as follows:

	Three Months Ended December 31,		Years Ended December 31,	
	2016	2015	2016	2015
Cost of revenue	\$ 60	\$ 68	\$ 275	\$ 263
Sales and marketing	113	104	532	446
Technology and development	88	93	246	404
General and administrative	470	388	1,893	1,889
Total stock-based compensation expense	<u>\$ 731</u>	<u>\$ 653</u>	<u>\$ 2,946</u>	<u>\$ 3,002</u>

⁽²⁾ The breakout of cost of revenue between claims and other cost of revenue is as follows:

	Three Months Ended December 31,		Years Ended December 31,	
	2016	2015	2016	2015
Claims expense	\$ 36,211	\$ 27,883	\$ 133,534	\$ 103,324
Other cost of revenue	5,911	5,048	21,408	18,410
Total cost of revenue	<u>\$ 42,122</u>	<u>\$ 32,931</u>	<u>\$ 154,942</u>	<u>\$ 121,734</u>

Trupanion, Inc.
Consolidated Balance Sheets
(in thousands, except for share data)

	Years Ended December 31,	
	2016	2015 <i>(audited)</i>
Assets		
Current assets:		
Cash and cash equivalents	\$ 23,637	\$ 17,956
Short-term investments	29,570	25,288
Accounts and other receivables	10,118	8,196
Prepaid expenses and other assets	2,062	2,193
Total current assets	65,387	53,633
Restricted cash	600	-
Long-term investments, at fair value	2,579	2,388
Equity method investment	271	300
Property and equipment, net	8,464	9,719
Intangible assets, net	4,910	4,854
Other long term assets	134	23
Total assets	<u>\$ 82,345</u>	<u>\$ 70,917</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 2,006	\$ 1,289
Accrued liabilities	4,322	4,189
Claims reserve	9,521	6,274
Deferred revenue	13,463	11,042
Deferred tax liabilities	251	169
Other payables	1,094	654
Total current liabilities	30,657	23,617
Long-term debt	4,767	-
Deferred tax liabilities	1,372	1,433
Other liabilities	834	511
Total liabilities	37,630	25,561
Stockholders' equity:		
Common stock, \$0.00001 par value per share, 100,000,000 shares authorized at December 31, 2016 and 200,000,000 shares authorized at December 31, 2015, 30,156,247 and 29,498,947 shares issued and outstanding at December 31, 2016, 29,017,168 and 28,396,189 shares issued and outstanding at December 31, 2015	-	-
Preferred stock: \$0.00001 par value per share, 10,000,000 shares authorized at December 31, 2016 and December 31, 2015, and 0 shares issued and outstanding at September 30, 2016 and December 31, 2015	-	-
Additional paid-in capital	129,574	122,844
Accumulated other comprehensive loss	(377)	(502)
Accumulated deficit	(81,281)	(74,385)
Treasury stock, at cost: 657,300 shares at December 31, 2016, and 620,979 shares at December 31, 2015	(3,201)	(2,601)
Total stockholders' equity	44,715	45,356
Total liabilities and stockholders' equity	<u>\$ 82,345</u>	<u>\$ 70,917</u>

Trupanion, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Three Months Ended December 31,		Years Ended December 31,	
	2016	2015	2016	2015 <i>(audited)</i>
Operating activities				
Net loss	\$ (1,723)	\$ (3,001)	\$ (6,896)	\$ (17,205)
Adjustments to reconcile net loss to cash provided by (used in) operating activities:				
Depreciation and amortization	1,229	741	3,846	2,542
Stock-based compensation expense	731	653	2,946	3,002
Other, net	(114)	18	104	(68)
Changes in operating assets and liabilities:				
Accounts and other receivables	193	176	(1,830)	(328)
Prepaid expenses and other assets	(169)	(37)	48	(905)
Accounts payable	683	(18)	652	(347)
Accrued liabilities	875	(2)	175	51
Claims reserve	1,183	114	3,226	1,241
Deferred revenue	319	470	2,398	1,779
Other payables	231	228	337	(187)
Net cash provided by (used in) operating activities	<u>3,438</u>	<u>(658)</u>	<u>5,006</u>	<u>(10,425)</u>
Investing activities				
Purchases of investment securities	(15,624)	(8,718)	(31,616)	(24,800)
Maturities of investment securities	14,670	6,600	27,247	20,180
Purchases of property and equipment	(395)	(1,077)	(1,941)	(4,894)
Equity method investment	-	-	-	(300)
Other	(68)	(109)	(198)	(109)
Net cash used in investing activities	<u>(1,417)</u>	<u>(3,304)</u>	<u>(6,508)</u>	<u>(9,923)</u>
Financing activities				
Tax withholding on restricted stock	-	-	(662)	(643)
Proceeds from exercise of stock options	1,009	421	3,745	1,335
Proceeds from (repayment of) debt financing	1,000	-	4,988	(14,900)
Payments on capital lease obligations	(94)	-	(204)	-
Other financing costs	(195)	-	(195)	-
Net cash provided by (used in) financing activities	<u>1,720</u>	<u>421</u>	<u>7,672</u>	<u>(14,208)</u>
Effect of foreign exchange rates on cash, net	(130)	(191)	111	(586)
Net change in cash, cash equivalents, and restricted cash	3,611	(3,732)	6,281	(35,142)
Cash, cash equivalents, and restricted cash at beginning of period	20,626	21,688	17,956	53,098
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 24,237</u>	<u>\$ 17,956</u>	<u>\$ 24,237</u>	<u>\$ 17,956</u>

The following tables set forth our key financial and operating metrics:

	Years Ended December 31,	
	2016	2015
Total pets enrolled (at period end)	343,649	291,818
Total subscription pets enrolled (at period end)	323,233	272,636
Monthly average revenue per pet	\$ 47.82	\$ 45.04
Lifetime value of a pet (LVP)	\$ 631	\$ 591
Average pet acquisition cost (PAC)	\$ 123	\$ 132
Average monthly retention	98.60%	98.64%
Adjusted EBITDA (in thousands)	\$ 62	\$(11,297)

	Three Months Ended							
	Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016	Mar. 31, 2016	Dec. 31, 2015	Sept. 30, 2015	Jun. 30, 2015	Mar. 31, 2015
Total pets enrolled (at period end)	343,649	334,070	320,896	307,298	291,818	276,988	259,948	246,106
Total subscription pets enrolled (at period end)	323,233	312,282	299,856	287,123	272,636	258,546	241,808	228,409
Monthly average revenue per pet	\$ 49.17	\$ 48.37	\$ 47.39	\$ 46.12	\$ 45.48	\$ 45.15	\$ 45.10	\$ 44.34
Lifetime value of a pet (LVP)	\$ 631	\$ 624	\$ 622	\$ 603	\$ 591	\$ 591	\$ 570	\$ 567
Average pet acquisition cost (PAC)	\$ 133	\$ 120	\$ 118	\$ 123	\$ 132	\$ 129	\$ 133	\$ 134
Average monthly retention	98.60%	98.61%	98.64%	98.65%	98.64%	98.66%	98.67%	98.66%
Adjusted EBITDA (in thousands)	\$ 302	\$ 304	\$ 522	\$ (1,066)	\$ (1,588)	\$ (3,211)	\$ (3,165)	\$ (3,333)

The following table reflects the reconciliation of cash provided by (used in) operating activities to free cash flow (in thousands):

	Three Months Ended December 31,		Years Ended December 31,	
	2016	2015	2016	2015
Net cash provided by (used in) operating activities	\$ 3,438	\$ (658)	\$ 5,006	\$ (10,425)
Purchases of property and equipment	(395)	(1,077)	(1,941)	(4,894)
Free cash flow	\$ 3,043	\$ (1,735)	\$ 3,065	\$ (15,319)

The following table reflects the reconciliation of GAAP measures to non-GAAP measures (in thousands, except percentages):

	Three Months Ended December 31,		Years Ended December 31,	
	2016	2015	2016	2015
Claims expense	\$ 36,211	\$ 27,883	\$ 133,534	\$ 103,324
Stock-based compensation expense	(45)	(59)	(234)	(219)
Cost of goods	\$ 36,166	\$ 27,824	\$ 133,300	\$ 103,105
<i>% of revenue</i>	70.4%	69.2%	70.8%	70.2%
Other cost of revenue	\$ 5,911	\$ 5,048	\$ 21,408	\$ 18,410
Stock-based compensation expense	(15)	(9)	(41)	(44)
Variable expenses	\$ 5,896	\$ 5,039	\$ 21,367	\$ 18,366
<i>% of revenue</i>	11.5%	12.5%	11.4%	12.5%
Subscription business gross profit	\$ 8,894	\$ 6,866	\$ 32,035	\$ 23,978
Stock-based compensation expense	60	68	275	263
Non-GAAP subscription business gross profit	\$ 8,954	\$ 6,934	\$ 32,310	\$ 24,241
<i>% of subscription revenue</i>	18.9%	18.9%	18.6%	18.2%
Gross profit	\$ 9,218	\$ 7,270	\$ 33,288	\$ 25,229
Stock-based compensation expense	60	68	275	263
Non-GAAP gross profit	\$ 9,278	\$ 7,338	\$ 33,563	\$ 25,492
<i>% of revenue</i>	18.1%	18.3%	17.8%	17.3%
General and administrative expense	\$ 4,177	\$ 3,798	\$ 15,205	\$ 15,558
Technology and development expense	2,744	2,533	9,534	11,215
Depreciation and amortization expense	(1,229)	(741)	(3,846)	(2,542)
Stock-based compensation expense	(558)	(481)	(2,139)	(2,293)
Fixed expenses	\$ 5,134	\$ 5,109	\$ 18,754	\$ 21,938
<i>% of revenue</i>	10.0%	12.7%	10.0%	14.9%
Sales and marketing expense	\$ 3,951	\$ 3,919	\$ 15,247	\$ 15,231
Stock-based compensation expense	(113)	(104)	(532)	(446)
Acquisition cost	\$ 3,838	\$ 3,815	\$ 14,715	\$ 14,785
<i>% of revenue</i>	7.5%	9.5%	7.8%	10.1%

The following tables reflect the reconciliation of acquisition cost and net acquisition cost to sales and marketing expense (in thousands):

	Years Ended December 31,	
	2016	2015
Sales and marketing expenses	\$ 15,247	\$ 15,231
Excluding:		
Stock-based compensation expense	(532)	(446)
Acquisition cost	14,715	14,785
Net of:		
Sign-up fee revenue	(2,073)	(1,983)
Other business segment sales and marketing	(218)	(80)
Net acquisition cost	\$ 12,424	\$ 12,722

	Three Months Ended							
	Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016	Mar. 31, 2016	Dec. 31, 2015	Sept. 30, 2015	Jun. 30, 2015	Mar. 31, 2015
Sales and marketing expenses	\$ 3,951	\$ 3,892	\$ 3,564	\$ 3,840	\$ 3,919	\$ 4,128	\$ 3,533	\$ 3,651
Excluding:								
Stock-based compensation expense	(113)	(172)	(165)	(82)	(104)	(102)	(110)	(130)
Acquisition cost	3,838	3,720	3,399	3,758	3,815	4,026	3,423	3,521
Net of:								
Sign-up fee revenue	(526)	(525)	(495)	(527)	(506)	(542)	(451)	(484)
Other business segment sales and marketing	(62)	(63)	(55)	(38)	(8)	(16)	(30)	(26)
Net acquisition cost	\$ 3,250	\$ 3,132	\$ 2,849	\$ 3,193	\$ 3,301	\$ 3,468	\$ 2,942	\$ 3,011

The following tables reflect the reconciliation of adjusted EBITDA to net loss (in thousands):

	Years Ended December 31,	
	2016	2015
Net loss	\$ (6,896)	\$ (17,205)
Excluding:		
Stock-based compensation expense	2,946	3,002
Depreciation and amortization expense	3,846	2,542
Interest income	(119)	(75)
Interest expense	218	325
Income tax expense (benefit)	38	114
Loss (income) from equity method investment	29	-
Adjusted EBITDA	\$ 62	\$ (11,297)

	Three Months Ended							
	Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016	Mar. 31, 2016	Dec. 31, 2015	Sept. 30, 2015	Jun. 30, 2015	Mar. 31, 2015
Net loss	\$ (1,723)	\$ (1,637)	\$ (964)	\$ (2,572)	\$ (3,001)	\$ (4,643)	\$ (4,625)	\$ (4,936)
Excluding:								
Stock-based compensation expense	731	776	743	696	653	749	897	703
Depreciation and amortization expense	1,229	1,093	739	785	741	672	563	566
Interest income	(41)	(29)	(26)	(23)	(19)	(19)	(18)	(19)
Interest expense	81	66	41	30	26	14	40	245
Income tax expense (benefit)	7	13	4	14	12	16	(22)	108
Loss (income) from equity method investment	18	22	(15)	4	-	-	-	-
Adjusted EBITDA	\$ 302	\$ 304	\$ 522	\$ (1,066)	\$ (1,588)	\$ (3,211)	\$ (3,165)	\$ (3,333)

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