
**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

May 4, 2021

Date of Report (Date of earliest event reported)

Penumbra, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

001-37557
(Commission File No.)

05-0605598
(I.R.S. employer identification number)

One Penumbra Place
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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common Stock, Par value \$0.001 per share

Trading Symbol
PEN

Name of each exchange on which registered
The New York Stock Exchange

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 4, 2021, Penumbra, Inc. issued a press release announcing financial results for the first fiscal quarter ended March 31, 2021. 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, regardless of any general incorporation language in such a filing, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release of Penumbra, Inc. dated May 4, 2021.
104	Cover Page Interactive Data File (formatted as Inline Extensible Business Reporting Language).

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: May 4, 2021

By: /s/ Maggie Yuen
Maggie Yuen
Chief Financial Officer



Press Release

Penumbra, Inc. Reports First Quarter 2021 Financial Results

ALAMEDA, Calif., May 4, 2021 (PR Newswire) - Penumbra, Inc. (NYSE: PEN), a global healthcare company focused on innovative therapies, today reported financial results for the first quarter ended March 31, 2021.

- **Revenue of \$169.2 million in the first quarter of 2021, an increase of 23.2%, or 21.5% in constant currency¹, compared to the first quarter of 2020.**

First Quarter 2021 Financial Results

Total revenue increased to \$169.2 million for the first quarter of 2021 compared to \$137.3 million for the first quarter of 2020, an increase of 23.2%, or 21.5% on a constant currency basis. The United States represented 71% of total revenue and international represented 29% of total revenue for the first quarter of 2021.

Revenue from sales of vascular products grew to \$89.2 million for the first quarter of 2021, an increase of 50.5%, or 49.1% on a constant currency basis. Revenue from sales of neuro products grew to \$80.0 million for the first quarter of 2021, an increase of 2.5%, or 0.6% on a constant currency basis.

Gross profit was \$111.3 million, or 65.8% of total revenue, for the first quarter of 2021, compared to \$88.0 million, or 64.1% of total revenue, for the first quarter of 2020.

Total operating expenses for the first quarter of 2021 were \$97.9 million, or 57.8% of total revenue. This compares to total operating expenses of \$87.4 million, or 63.6% of total revenue, for the first quarter of 2020. R&D expenses were \$18.1 million for the first quarter of 2021, compared to \$12.9 million for the first quarter of 2020. SG&A expenses were \$79.8 million for the first quarter of 2021, compared to \$74.5 million for the first quarter of 2020.

Operating income for the first quarter of 2021 was \$13.5 million. This compares to an operating income of \$0.6 million for the first quarter of 2020.

Updated Full Year 2021 Financial Outlook

The Company is increasing its guidance for 2021 total revenue to be in the range of \$695 million to \$705 million, which represents growth of 24% to 26% over 2020 revenue of \$560.4 million. This new range compares to the previous range of \$675 million to \$685 million.

Webcast and Conference Call Information

Penumbra, Inc. will host a conference call to discuss the first quarter 2021 financial results after market close on Tuesday, May 4, 2021 at 4:30 PM Eastern Time. The conference call can be accessed live over the phone by dialing (833) 350-1434 for domestic and international callers (conference id: 6645719), or the webcast can be accessed on the "Events" section under the "Investors" tab of the Company's website at: www.penumbrainc.com. The webcast will be available on the Company's website for at least two weeks following the completion of the call.

About Penumbra

Penumbra, Inc., headquartered in Alameda, California, is a global healthcare company focused on innovative therapies. Penumbra designs, develops, manufactures and markets novel products and has a broad portfolio that addresses challenging medical conditions in markets with significant unmet need. Penumbra sells its products to hospitals and healthcare providers primarily through its direct sales organization in the United States, most of Europe, Canada and Australia, and through distributors in select international markets. The Penumbra logo is a trademark of Penumbra, Inc. For more information, visit www.penumbrainc.com.

¹See "Non-GAAP Financial Measures" for important information about our use of non-GAAP measures.

Non-GAAP Financial Measures

In addition to financial measures prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), the Company uses the following non-GAAP financial measures in this press release: a) non-GAAP net income (loss) and non-GAAP diluted earnings per share (“EPS”) and b) constant currency.

Non-GAAP net income (loss) and non-GAAP diluted EPS. The Company defines non-GAAP net income (loss) as net income attributable to Penumbra, Inc. excluding the effects of the excess tax benefits associated with share-based compensation arrangements. The Company defines non-GAAP diluted EPS as GAAP diluted EPS, excluding the effects of the same item above.

Constant Currency. The Company’s 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.

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. In addition, non-GAAP financial measures enable comparison of the Company’s financial results with other public companies.

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 actual results to differ from those projected include, but are not limited to: the impact of the COVID-19 pandemic on our business, results of operations and financial condition; 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 Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on February 23, 2021. 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.

Penumbra, Inc.
Condensed Consolidated Balance Sheets
(unaudited)
(in thousands)

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 55,632	\$ 69,670
Marketable investments	186,977	195,162
Accounts receivable, net	126,415	114,608
Inventories	245,321	219,527
Prepaid expenses and other current assets	20,782	18,735
Total current assets	635,127	617,702
Property and equipment, net	50,314	48,169
Operating lease right-of-use assets	40,691	41,192
Finance lease right-of-use assets	37,697	38,065
Intangible assets, net	10,097	10,639
Goodwill	8,006	8,372
Deferred taxes	48,978	50,139
Other non-current assets	9,914	8,705
Total assets	<u>\$ 840,824</u>	<u>\$ 822,983</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 15,389	\$ 14,109
Accrued liabilities	90,214	85,795
Current operating lease liabilities	4,822	4,697
Current finance lease liabilities	1,437	1,331
Total current liabilities	111,862	105,932
Non-current operating lease liabilities	43,525	44,183
Non-current finance lease liabilities	27,000	27,066
Other non-current liabilities	7,966	8,014
Total liabilities	190,353	185,195
Stockholders' equity:		
Common stock	36	36
Additional paid-in capital	603,022	598,299
Accumulated other comprehensive (loss) income	(425)	2,541
Retained earnings	52,458	40,622
Total Penumbra, Inc. stockholders' equity	655,091	641,498
Non-controlling interest	(4,620)	(3,710)
Total stockholders' equity	650,471	637,788
Total liabilities and stockholders' equity	<u>\$ 840,824</u>	<u>\$ 822,983</u>

Penumbra, Inc.
Condensed Consolidated Statements of Operations
(unaudited)
(in thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2021	2020
Revenue	\$ 169,204	\$ 137,329
Cost of revenue	57,867	49,320
Gross profit	111,337	88,009
Operating expenses:		
Research and development	18,076	12,946
Sales, general and administrative	79,798	74,453
Total operating expenses	97,874	87,399
Income from operations	13,463	610
Interest income, net	480	299
Other income, net	(1,476)	(1,655)
Income (loss) before income taxes	12,467	(746)
Provision for (benefit from) income taxes	1,541	(1,634)
Consolidated net income	\$ 10,926	\$ 888
Net loss attributable to non-controlling interest	(910)	(537)
Net income attributable to Penumbra, Inc.	\$ 11,836	\$ 1,425
Net income attributable to Penumbra, Inc. per share:		
Basic	\$ 0.32	\$ 0.04
Diluted	\$ 0.32	\$ 0.04
Weighted average shares outstanding:		
Basic	36,455,712	35,042,912
Diluted	37,533,520	36,362,726

Penumbra, Inc.
Reconciliation of GAAP Net Income and GAAP Diluted EPS to Non-GAAP Net Income (Loss) and Non-GAAP Diluted EPS¹
(unaudited)
(in thousands, except per share amounts)

	Three Months Ended March 31, 2021		Three Months Ended March 31, 2020	
	Net (loss) income	Diluted EPS	Net income	Diluted EPS
GAAP net income	\$ 11,836	\$ 0.32	\$ 1,425	\$ 0.04
GAAP net income includes the effect of the following items:				
Excess tax benefits related to stock compensation awards	(1,784)	(0.05)	(1,482)	(0.04)
Non-GAAP net income (loss)	\$ 10,052	\$ 0.27	\$ (57)	\$ 0.00

Penumbra, Inc.
Reconciliation of Revenue Growth by Geographic Regions to Constant Currency Revenue Growth¹
(unaudited)
(in thousands)

	Three Months Ended March 31,		Reported Change		FX Impact	Constant Currency Change	
	2021	2020	\$	%	\$	\$	%
United States	\$ 120,070	\$ 95,774	\$ 24,296	25.4 %	\$ —	\$ 24,296	25.4 %
International	49,134	41,555	7,579	18.2 %	(2,299)	5,280	12.7 %
Total	\$ 169,204	\$ 137,329	\$ 31,875	23.2 %	\$ (2,299)	\$ 29,576	21.5 %

Penumbra, Inc.
Reconciliation of Revenue Growth by Product Categories to Constant Currency Revenue Growth¹
(unaudited)
(in thousands)

	Three Months Ended March 31,		Reported Change		FX Impact	Constant Currency Change	
	2021	2020	\$	%	\$	\$	%
Vascular	\$ 89,165	\$ 59,253	\$ 29,912	50.5 %	\$ (813)	\$ 29,099	49.1 %
Neuro	80,039	78,076	1,963	2.5 %	(1,486)	477	0.6 %
Total	\$ 169,204	\$ 137,329	\$ 31,875	23.2 %	\$ (2,299)	\$ 29,576	21.5 %

¹See “Non-GAAP Financial Measures” above for important information about our use of non-GAAP measures and further information about our non-GAAP net income (loss) and, non-GAAP diluted EPS measures and our use of constant currency.