

**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): November 1, 2016

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 November 1, 2016, Trupanion, Inc. (the "Company") issued a press release and will hold a conference call regarding the Company's financial results for the third quarter ended September 30, 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 November 1, 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.

TRUPANION, INC.

By: /s/ Tricia Plouf

Name: Tricia Plouf

Title: Chief Financial
Officer

Date: November 1, 2016



Trupanion Reports Third Quarter 2016 Results

- *Total revenue of \$48.8 million, up 28% year-over-year*
- *334,070 total enrolled pets at quarter-end, up 21% year-over-year*

SEATTLE, WA. November 1, 2016 -- [Trupanion](#), Inc. (Nasdaq: TRUP), a leading provider of medical insurance for cats and dogs, today announced financial results for the third quarter ended September 30, 2016.

“Our third quarter financial performance reflects our continued focus on balancing revenue growth against return on investment spend,” said Darryl Rawlings, CEO of Trupanion. “We again realized positive free cash flow in the quarter. Our strong financial position enables us to invest in the continued growth of Trupanion through cost effective pet acquisition and by improving the customer experience.”

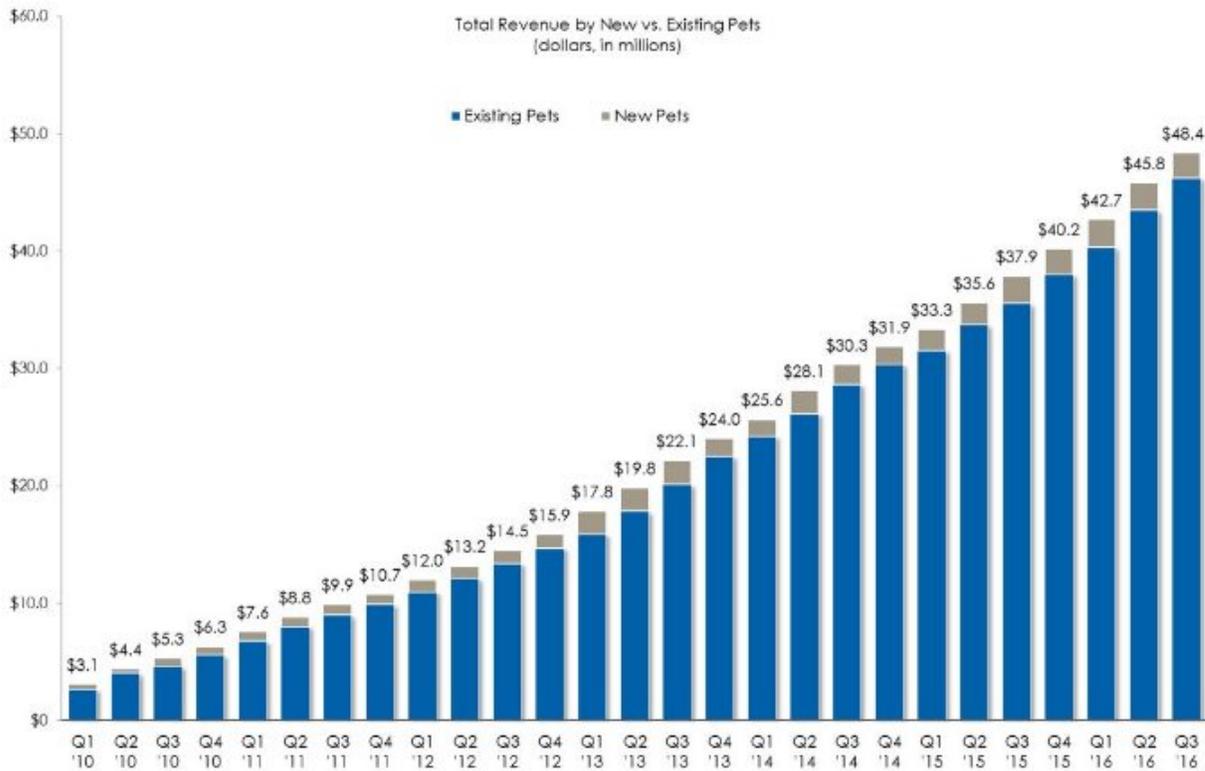
Third Quarter 2016 Financial and Business Highlights

- Total revenue was \$48.4 million, an increase of 28% compared to the third quarter of 2015.
- Total enrolled pets (including pets from our other business segment) was 334,070 at September 30, 2016, up 21% over the prior year period.
- Subscription business revenue was \$44.6 million, an increase of 30% compared to the third quarter of 2015.
- Subscription pets enrolled was 312,282 at September 30, 2016, up 21% over the prior year period.
- Net loss was \$(1.6) million, compared to a net loss of \$(4.6) million in the third quarter of 2015.
- Adjusted EBITDA was \$0.3 million, compared to a loss of \$(3.2) million in the third quarter of 2015.

Year-to-date 2016 Financial and Business Highlights

- Total revenue was \$136.9 million, an increase of 28% compared to the first nine months of 2015 (29% on a constant currency basis).
 - Subscription business revenue was \$125.9 million, an increase of 30% compared to the first nine months of 2015 (32% on a constant currency basis).
 - Net loss was \$(5.2) million, compared to a net loss of \$(14.2) million in the first nine months of 2015.
 - Adjusted EBITDA was a loss of \$(0.2) million, compared to a loss of \$(9.7) million in the first nine months of 2015.
 - As of September 30, 2016 there were 29.2 million basic shares outstanding and 33.1 million shares outstanding on a fully diluted basis.
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Revenue by Quarter



Conference Call

Trupanion's management will host a conference call today to review its third quarter 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: 13646031.

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, which are included below and on [Trupanion's Investors 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 September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	<i>(unaudited)</i>			
Revenue				
Subscription business	\$ 44,629	\$ 34,420	\$ 125,934	\$ 96,684
Other business	3,730	3,445	10,956	10,078
Total revenue	<u>48,359</u>	<u>37,865</u>	<u>136,890</u>	<u>106,762</u>
Cost of revenue				
Subscription business ⁽¹⁾	36,432	28,146	102,793	79,572
Other business	3,427	3,128	10,027	9,231
Total cost of revenue ⁽²⁾	<u>39,859</u>	<u>31,274</u>	<u>112,820</u>	<u>88,803</u>
Gross profit:				
Subscription business	8,197	6,274	23,141	17,112
Other business	303	317	929	847
Total gross profit	<u>8,500</u>	<u>6,591</u>	<u>24,070</u>	<u>17,959</u>
Operating expenses:				
Sales and marketing ⁽¹⁾	3,892	4,128	11,296	11,312
Technology and development ⁽¹⁾	2,339	3,005	6,790	8,683
General and administrative ⁽¹⁾	3,811	4,067	11,028	11,760
Total operating expenses	<u>10,042</u>	<u>11,200</u>	<u>29,114</u>	<u>31,755</u>
Operating loss	(1,542)	(4,609)	(5,044)	(13,796)
Interest expense	66	14	137	298
Other expense (income), net	16	4	(39)	8
Loss before income taxes	(1,624)	(4,627)	(5,142)	(14,102)
Income tax expense	13	16	31	102
Net loss	<u>\$ (1,637)</u>	<u>\$ (4,643)</u>	<u>\$ (5,173)</u>	<u>\$ (14,204)</u>
Net loss per share:				
Basic and diluted	<u>\$ (0.06)</u>	<u>\$ (0.17)</u>	<u>\$ (0.18)</u>	<u>\$ (0.52)</u>
Weighted-average shares used to compute net loss per share:				
Basic and diluted	<u>28,732,417</u>	<u>27,755,310</u>	<u>28,362,084</u>	<u>27,564,975</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Cost of revenue	\$ 83	\$ 68	\$ 215	\$ 195
Sales and marketing	172	102	419	342
Technology and development	67	97	158	311
General and administrative	454	482	1,423	1,501
Total stock-based compensation expense	<u>\$ 776</u>	<u>\$ 749</u>	<u>\$ 2,215</u>	<u>\$ 2,349</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Claims expense	\$ 34,253	\$ 26,604	\$ 97,323	\$ 75,442
Other cost of revenue	5,606	4,670	15,497	13,361
Total cost of revenue	<u>\$ 39,859</u>	<u>\$ 31,274</u>	<u>\$ 112,820</u>	<u>\$ 88,803</u>

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

	<u>September 30, 2016</u>	<u>December 31, 2015</u>
	<i>(unaudited)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 20,626	\$ 17,956
Short-term investments	28,720	25,288
Accounts and other receivables	10,286	8,196
Prepaid expenses and other assets	1,919	2,193
Total current assets	<u>61,551</u>	<u>53,633</u>
Long-term investments, at fair value	2,500	2,388
Equity method investment	289	300
Property and equipment, net	9,188	9,719
Intangible assets, net	4,894	4,854
Other long term assets	89	23
Total assets	<u>\$ 78,511</u>	<u>\$ 70,917</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 1,284	\$ 1,289
Accrued liabilities	3,489	4,189
Claims reserve	8,362	6,274
Deferred revenue	13,171	11,042
Deferred tax liabilities	169	169
Other payables	987	654
Total current liabilities	<u>27,462</u>	<u>23,617</u>
Long-term debt	3,969	-
Deferred tax liabilities	1,433	1,433
Other liabilities	858	511
Total liabilities	<u>33,722</u>	<u>25,561</u>
Stockholders' equity:		
Common stock, \$0.00001 par value per share, 100,000,000 shares authorized at September 30, 2016 and 200,000,000 shares authorized at December 31, 2015, 29,870,771 and 29,249,792 shares issued and outstanding at September 30, 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 September 30, 2016 and December 31, 2015, and 0 shares issued and outstanding at September 30, 2016 and December 31, 2015	-	-
Additional paid-in capital	127,213	122,844
Accumulated other comprehensive loss	(265)	(502)
Accumulated deficit	(79,558)	(74,385)
Treasury stock, at cost: 620,979 shares at September 30, 2016 and December 31, 2015	<u>(2,601)</u>	<u>(2,601)</u>
Total stockholders' equity	<u>44,789</u>	<u>45,356</u>
Total liabilities and stockholders' equity	<u>\$ 78,511</u>	<u>\$ 70,917</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	<i>(unaudited)</i>			
Operating activities				
Net loss	\$ (1,637)	\$ (4,643)	\$ (5,173)	\$ (14,204)
Adjustments to reconcile net loss to cash provided by (used in) operating activities:				
Depreciation and amortization	1,093	673	2,617	1,800
Stock-based compensation expense	776	749	2,215	2,349
Other, net	179	26	218	(86)
Changes in operating assets and liabilities:				
Accounts and other receivables	(1,029)	419	(2,023)	(504)
Prepaid expenses and other assets	(246)	(488)	217	(868)
Accounts payable	429	223	(31)	(329)
Accrued liabilities	450	670	(700)	53
Claims reserve	799	413	2,043	1,127
Deferred revenue	795	561	2,079	1,310
Other payables	(301)	526	106	(416)
Net cash provided by (used in) operating activities	<u>1,308</u>	<u>(871)</u>	<u>1,568</u>	<u>(9,768)</u>
Investing activities				
Purchases of investment securities	(4,769)	(5,016)	(15,992)	(16,082)
Maturities of investment securities	3,239	3,313	12,577	13,580
Purchases of property and equipment	(456)	(1,171)	(1,546)	(3,816)
Equity method investment	-	(300)	-	(300)
Other	(61)	-	(130)	-
Net cash used in investing activities	<u>(2,047)</u>	<u>(3,174)</u>	<u>(5,091)</u>	<u>(6,618)</u>
Financing activities				
Tax withholding on restricted stock	(662)	(259)	(662)	(643)
Proceeds from exercise of stock options	951	113	2,736	914
Proceeds from (repayment of) debt financing	3,002	-	3,988	(14,900)
Payments on capital lease obligations	(37)	-	(110)	-
Net cash provided by (used in) financing activities	<u>3,254</u>	<u>(146)</u>	<u>5,952</u>	<u>(14,629)</u>
Effect of foreign exchange rates on cash, net	(96)	(278)	241	(395)
Net change in cash and cash equivalents	<u>2,419</u>	<u>(4,469)</u>	<u>2,670</u>	<u>(31,410)</u>
Cash and cash equivalents at beginning of period	<u>18,207</u>	<u>26,157</u>	<u>17,956</u>	<u>53,098</u>
Cash and cash equivalents at end of period	<u>\$ 20,626</u>	<u>\$ 21,688</u>	<u>\$ 20,626</u>	<u>\$ 21,688</u>

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

	Nine Months Ended	
	September 30,	
	2016	2015
Total pets enrolled (at period end)	334,070	276,988
Total subscription pets enrolled (at period end)	312,282	258,546
Monthly average revenue per pet	\$ 47.33	\$ 44.88
Lifetime value of a pet (LVP)	\$ 624	\$ 591
Average pet acquisition cost (PAC)	\$ 120	\$ 132
Average monthly retention	98.61%	98.66%
Adjusted EBITDA (in thousands)	\$ (240)	\$ (9,711)

	Three Months Ended							
	Sep. 30,	Jun. 30,	Mar. 30,	Dec. 31,	Sept. 30,	Jun. 30,	Mar. 31,	Dec. 31,
	2016	2016	2016	2015	2015	2015	2015	2014
Total pets enrolled (at period end)	334,070	320,896	307,298	291,818	276,988	259,948	246,106	232,450
Total subscription pets enrolled (at period end)	312,282	299,856	287,123	272,636	258,546	241,808	228,409	215,491
Monthly average revenue per pet	\$ 48.37	\$ 47.39	\$ 46.12	\$ 45.48	\$ 45.15	\$ 45.10	\$ 44.34	\$ 44.79
Lifetime value of a pet (LVP)	\$ 624	\$ 622	\$ 603	\$ 591	\$ 591	\$ 570	\$ 567	\$ 591
Average pet acquisition cost (PAC)	\$ 120	\$ 118	\$ 123	\$ 132	\$ 129	\$ 133	\$ 134	\$ 145
Average monthly retention	98.61%	98.64%	98.65%	98.64%	98.66%	98.67%	98.66%	98.69%
Adjusted EBITDA (in thousands)	\$ 304	\$ 522	\$ (1,066)	\$ (1,588)	\$ (3,211)	\$ (3,165)	\$ (3,333)	\$ (2,903)

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Net cash provided by (used in) operating activities	\$ 1,308	\$ (871)	\$ 1,568	\$ (9,768)
Purchases of property and equipment	(456)	(1,171)	(1,546)	(3,816)
Free cash flow	\$ 852	\$ (2,042)	\$ 22	\$ (13,584)

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Claims expense	\$ 34,253	\$ 26,604	\$ 97,323	\$ 75,442
Stock-based compensation expense	(74)	(58)	(189)	(160)
Cost of goods	\$ 34,179	\$ 26,546	\$ 97,134	\$ 75,282
<i>% of revenue</i>	70.7%	70.1%	71.0%	70.5%
Other cost of revenue	\$ 5,606	\$ 4,670	\$ 15,497	\$ 13,361
Stock-based compensation expense	(9)	(10)	(26)	(35)
Variable expenses	\$ 5,597	\$ 4,660	\$ 15,471	\$ 13,326
<i>% of revenue</i>	11.6%	12.3%	11.3%	12.5%
Subscription business gross profit	\$ 8,197	\$ 6,274	\$ 23,141	\$ 17,112
Stock-based compensation expense	83	68	215	195
Non-GAAP subscription business gross profit	\$ 8,280	\$ 6,342	\$ 23,356	\$ 17,307
<i>% of subscription revenue</i>	18.6%	18.4%	18.5%	17.9%
Gross profit	\$ 8,500	\$ 6,591	\$ 24,070	\$ 17,959
Stock-based compensation expense	83	68	215	195
Non-GAAP gross profit	\$ 8,583	\$ 6,659	\$ 24,285	\$ 18,154
<i>% of revenue</i>	17.7%	17.6%	17.7%	17.0%
General and administrative expense	\$ 3,811	\$ 4,067	\$ 11,028	\$ 11,760
Technology and development expense	2,339	3,005	6,790	8,683
Depreciation and amortization expense	(1,093)	(673)	(2,617)	(1,800)
Stock-based compensation expense	(521)	(579)	(1,581)	(1,812)
Fixed expenses	\$ 4,536	\$ 5,820	\$ 13,620	\$ 16,831
<i>% of revenue</i>	9.4%	15.4%	9.9%	15.8%
Sales and marketing expense	\$ 3,892	\$ 4,128	\$ 11,296	\$ 11,312
Stock-based compensation expense	(172)	(102)	(419)	(342)
Acquisition cost	\$ 3,720	\$ 4,026	\$ 10,877	\$ 10,970
<i>% of revenue</i>	7.7%	10.6%	7.9%	10.3%

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

	Nine Months Ended	
	September 30,	
	2016	2015
Sales and marketing expenses	\$ 11,296	\$ 11,312
Excluding:		
Stock-based compensation expense	(419)	(342)
Acquisition cost	10,877	10,970
Net of:		
Sign-up fee revenue	(1,547)	(1,477)
Other business segment sales and marketing expense	(156)	(72)
Net acquisition cost	\$ 9,174	\$ 9,421

	Three Months Ended							
	Sep. 30,	Jun. 30,	Mar. 31,	Dec. 31,	Sept. 30,	Jun. 30,	Mar. 31,	Dec. 31,
	2016	2016	2016	2015	2015	2015	2015	2014
Sales and marketing expenses	\$ 3,892	\$ 3,564	\$ 3,840	\$ 3,919	\$ 4,128	\$ 3,533	\$ 3,651	\$ 3,218
Excluding:								
Stock-based compensation expense	(172)	(165)	(82)	(104)	(102)	(110)	(130)	(147)
Acquisition cost	3,720	3,399	3,758	3,815	4,026	3,423	3,521	3,071
Net of:								
Sign-up fee revenue	(525)	(495)	(527)	(506)	(542)	(451)	(484)	(363)
Other business segment sales and marketing expense	(63)	(55)	(38)	(8)	(16)	(30)	(26)	(30)
Net acquisition cost	\$ 3,132	\$ 2,849	\$ 3,193	\$ 3,301	\$ 3,468	\$ 2,942	\$ 3,011	\$ 2,678

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

	Nine Months Ended	
	September 30,	
	2016	2015
Net loss	\$ (5,173)	\$ (14,204)
Excluding:		
Stock-based compensation expense	2,215	2,349
Depreciation and amortization expense	2,617	1,800
Interest income	(78)	(56)
Interest expense	137	298
Income tax expense (benefit)	31	102
Loss (income) from equity method investment	11	-
Adjusted EBITDA	\$ (240)	\$ (9,711)

	Three Months Ended							
	Sep. 30,	Jun. 30,	Mar. 31,	Dec. 31,	Sept. 30,	Jun. 30,	Mar. 31,	Dec. 31,
	2016	2016	2016	2015	2015	2015	2015	2014
Net loss	\$ (1,637)	\$ (964)	\$ (2,572)	\$ (3,001)	\$ (4,643)	\$ (4,625)	\$ (4,936)	\$ (4,276)
Excluding:								
Stock-based compensation expense	776	743	696	653	749	897	703	890
Depreciation and amortization expense	1,093	739	785	741	672	563	566	441
Interest income	(29)	(26)	(23)	(19)	(19)	(18)	(19)	(18)
Interest expense	66	41	30	26	14	40	245	103
Income tax expense (benefit)	13	4	14	12	16	(22)	108	(43)
Loss (income) from equity method investment	22	(15)	4	-	-	-	-	-
Adjusted EBITDA	\$ 304	\$ 522	\$ (1,066)	\$ (1,588)	\$ (3,211)	\$ (3,165)	\$ (3,333)	\$ (2,903)

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