

**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**

Date of Report (Date of earliest event reported): February 24, 2020

Tandem Diabetes Care, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)
11075 Roselle Street

001-36189
(Commission
File Number)

20-4327508
(I.R.S. Employer
Identification No.)
92121

San Diego California
(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (858) 366-6900

N/A

(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:

- 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:

<u>Title of Each Class</u>	<u>Symbol</u>	<u>Name of Exchange on Which Registered</u>
Common Stock, par value \$0.001 per share	TNDM	NASDAQ Global Market

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 February 24, 2020, we issued a press release reporting our financial results for the fourth quarter and full year ended December 31, 2019, and providing guidance for the year ending December 31, 2020. This press release has been furnished as Exhibit 99.1 to this report and is incorporated herein by this reference.

The information under this Item 2.02 and Exhibit 99.1 hereto is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, or otherwise subject to the liabilities of that section, nor shall they be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

Departure of Director

On February 21, 2020, Howard E. Greene Jr. notified the Board of Directors (the “**Board**”) of his decision not to stand for re-election at the Company’s 2020 Annual Meeting of Stockholders (the “**2020 Annual Meeting**”). Mr. Greene has served on the Board since January 2008 and is currently serving as a Class I director with a term that will end concurrent with the 2020 Annual Meeting. The decision by Mr. Greene not to stand for re-election did not involve a disagreement with the Company on any matter relating to the Company’s operations, policies or practices.

Appointment of Chairman of the Board

On February 21, 2020, the Board approved that following March 6, 2020, Kim Blickenstaff will transition to the position of Chairman of the Board as a director of the Company and will cease to be an employee. Mr. Blickenstaff has served as the Company’s Executive Chairman since March 2019, and as President and Chief Executive Officer and as one of the Company’s directors since September 2007.

No Arrangements or Understandings

There are no arrangements or understandings pursuant to which Mr. Blickenstaff was appointed to Chairman of the Board.

Family Relationships

John Sheridan, the Company’s president and Chief Executive Officer and Leigh A. Vosseller, the Company’s Executive Vice President, Chief Financial Officer and Treasurer, are involved in a personal relationship and share a primary residence. Ms. Vosseller reports directly to Mr. Sheridan. Our board of directors is informed of the relationship and due to the direct reporting arrangement, we have taken appropriate actions to ensure compliance with Company policies and procedures. Mr. Sheridan and Ms. Vosseller will not be involved in setting compensation or benefits for one another, which will continue to be determined by our Compensation Committee (the “**Compensation Committee**”). In addition, our Audit Committee of the Board of Directors considered whether additional internal disclosure controls and procedures are appropriate in light of the circumstances and, as a result, certain additional internal controls were implemented during the year ended December 31, 2019.

No Related Party Transactions

Except as described above, there are no family relationships between any of our directors and executive officers.

Compensatory Arrangements of Board of Directors and Certain Officers

On February 21, 2020, the Compensation Committee approved the compensatory arrangements described below following their annual review of benchmark data provided by the Company’s independent compensation consultant.

2020 Compensation for Board of Directors

In Mr. Blickenstaff's role as Chairman of the Board he will be eligible to participate in the director compensation plans and arrangements available to the Company's other independent directors, including a \$45,000 annual cash retainer. His additional annual cash compensation for serving as Chairman, in which he will provide traditional responsibilities of the role in addition to select strategic and investor facing duties, will be \$115,000. The Company will also pay Mr. Blickenstaff's COBRA subsidy, which is currently approximately \$1,834 per month, and subject to change based on future plan rates and plan fee adjustment. Mr. Blickenstaff will be eligible for future equity compensation awards in accordance with the Company's compensation practices for other non-employee directors.

In addition, the following changes were made to the annual cash retainers for service on the Company's Board effective January 1, 2020:

Name	2019 Cash Retainer	2020 Cash Retainer
Board Member	\$ 44,000	\$ 45,000
Nominating & Corporate Governance Chair (additional)	\$ 9,000	\$ 10,000
Audit committee member (additional)	\$ 8,500	\$ 10,000
Compensation committee member (additional)	\$ 6,000	\$ 7,750

Annual cash retainers are pro-rated and paid on a quarterly basis.

2020 Base Salary for Named Executive Officers

Mr. Sheridan will receive a 20% market adjustment for his position of President and Chief Executive Officer. In addition, a merit increase of approximately 3% for fiscal year 2020 base salary compensation will be made for each of David B. Berger, the Company's Executive Vice President and Chief Legal and Compliance Officer, Brian B. Hansen, the Company's Executive Vice President and Chief Commercial Officer, and Ms. Vosseller, the Company's Executive Vice President, Chief Financial Officer and Treasurer. The base salary amounts received for fiscal year 2019 and to be received for fiscal year 2020 by Messrs. Sheridan, Berger and Hansen and Ms. Vosseller are set forth opposite their names in the table below:

Name	2019 Base Salary	2020 Base Salary ⁽¹⁾
John F. Sheridan	\$ 500,000	\$ 600,000
David B. Berger	\$ 400,000	\$ 412,000
Brian B. Hansen	\$ 400,000	\$ 412,000
Leigh A. Vosseller	\$ 400,000	\$ 412,000

(1) Increases effective on February 24, 2020.

2020 Cash Bonus Plan for Executive Officers

On February 21, 2021, the Compensation Committee approved the adoption of a cash incentive bonus plan that will be utilized to calculate the cash bonuses that may become payable to the Company's executive officers and other senior management personnel with respect to fiscal year 2020 (the "2020 Cash Bonus Plan"). The 2020 Cash Bonus Plan is designed to align the interests of plan participants with the Company's business goals and strategies, and to further the objectives of the Company's executive compensation program. As discussed below, the 2020 Cash Bonus Plan is intended to reward plan participants for their individual contributions to the Company's achievement of pre-established Company financial performance objectives for fiscal year 2020, significant product development milestones and other key customer-related objectives.

Target Cash Bonus Amount

The target cash bonus amount for each plan participant is set as a percentage of the participant's base salary as determined by the Board. The 2020 base salary, target percentage and resulting target cash bonus amount for each named executive officer is set forth in the table below:

Name	2020 Base Salary	Target Percentage	Target Cash Bonus
John F. Sheridan	\$ 600,000	100%	\$ 600,000
David B. Berger	\$ 412,000	60%	\$ 247,200
Brian B. Hansen	\$ 412,000	60%	\$ 247,200
Leigh A. Vosseller	\$ 412,000	60%	\$ 247,200

Company Performance Objectives

Cash bonuses may be earned under the 2020 Cash Bonus Plan based on the achievement by the Company of specified financial performance objectives and product development milestones. The percentage of the target cash bonus for each named executive officer that is subject to the financial performance objectives, product development milestones and customer-related objectives, respectively, is set forth in the table below:

2020 Cash Bonus Plan Components	Percentage of Target Bonus
Financial Performance Objectives	80%
Product Development Milestones	10%
Customer-related Objectives	10%
TOTAL	100%

Bonus payments under the 2020 Cash Bonus Plan, if any, will be made at the discretion of the Compensation Committee. Each of the three components of the 2020 Cash Bonus Plan may be earned independent of one another. If the Company does not achieve any portion of the financial performance components, product development components, or customer-related objectives components of the 2020 Cash Bonus Plan, no payouts will be made unless the Compensation Committee, in its sole discretion, determines that there are other factors that merit consideration in the determination of bonus awards, which may be determined on an individual basis.

Company Financial Performance Objectives

The portion of the cash bonuses that relate to the Company financial performance objectives may be earned based on the Company's actual revenue for fiscal year 2020 as compared to a pre-established 2020 revenue target (the "**Revenue Target**"), provided that the Company also achieves at least a minimum adjusted Earnings before Interest, Taxes, Depreciation and Amortization (and further excluding non-cash stock based compensation expense and any payment pursuant to the 2020 Cash Bonus Plan) ("**EBITDA**") margin percentage (the "**Minimum Operating Percentage Target**"). Subject to the foregoing, the Company financial performance objective portion of the cash bonuses may be earned under the 2020 Cash Bonus Plan as follows:

- A minimum percentage growth rate over the Company's actual 2019 revenue, which places the Company's revenue for 2020 at 75% of the Revenue Target (the "**Minimum Revenue Target**"), must be achieved for any bonus to be earned under the financial performance objectives portion of the 2020 Cash Bonus Plan.
- If the Company's actual revenues are between the Minimum Revenue Target and the Revenue Target, the goal achievement for the financial performance objectives will be calculated proportionately on a straight-line basis from 0% to 100%. If the Company's actual revenues exceed the Revenue Target, the goal achievement for the financial performance objectives will be calculated proportionately as a percentage of the Revenue Target.

Potential Incremental Bonus

If the Company's actual revenues are above 105% of the Revenue Target, and the Minimum Operating Percentage Target is achieved, then the 2020 Cash Bonus Plan has two levels of potential incremental overall goal achievement:

- If the Company's actual revenues are above 105% of the Revenue Target and up to 115% of the Revenue Target, the percentage of overall goal achievement with respect to the Company financial performance objectives under the 2020 Cash Bonus Plan will first be calculated as described above, and then the overall goal achievement under the 2020 Cash Bonus Plan will be multiplied by an amount equal to 100% plus one times each percent of revenue achievement above 105% of the Revenue Target and up to 115% of the Revenue Target, and the cash bonus will be calculated based on this modified level of goal achievement; or
- If the Company's actual revenues are above 115% of the Revenue Target, the percentage of overall goal achievement with respect to the Company financial performance objectives under the 2020 Cash Bonus Plan will first be calculated as described above, and then the overall goal achievement under the 2020 Cash Bonus Plan will be multiplied by an amount equal to 100% plus two times each percent of revenue achievement above 105% of the Revenue Target, and the cash bonus will be calculated based on this modified level of goal achievement.
- If revenue is greater than 105% but an EBITDA margin percentage target that is incrementally higher than the EBITDA margin percentage defined in the financial objectives is not met, then financial achievement will be calculated as percent to plan.

Company Product Development Milestones

The portion of the cash bonuses that relates to the Company product development milestones generally requires the Company submitting certain products under development for regulatory clearance and the manufacturing readiness of those products. Subject to the Compensation Committee's final discretion, an individual product development milestone must be achieved within a required time period for the applicable portion of the 2020 Cash Bonus Plan to be achieved. Overall goal achievement of the Company's product development milestones will be based on the portion of the product development milestones that the Company actually achieves during fiscal year 2020.

Customer-Related Objectives

The portion of the cash bonuses that relates to the Company key customer-related objectives generally requires the Company to achieve a minimum annual metric related to customer support and services, and achieve a minimum annual percentage of current customers eligible for insurance reimbursement to purchase a new insulin pump. Overall goal achievement is subject to the Compensation Committee's final discretion, and determination of the Company's customer related objectives will be based on the level of achievement by the Company during fiscal year 2020.

The foregoing summary of the terms of the 2020 Cash Bonus Plan does not purport to be complete and is qualified in its entirety by the terms of the 2020 Cash Bonus Plan, which the Company will file as an exhibit to its Form 10-Q for the fiscal quarter ended March 31, 2020.

2019 Cash Bonus for Named Executive Officers

On February 21, 2020, the Board approved the payout of a cash incentive bonus with respect to the fiscal year ending December 31, 2019 for Messrs. Blickenstaff, Sheridan, Berger and Hansen and Ms. Vosseller, pursuant to the previously-disclosed 2019 Cash Bonus Plan.

The amounts awarded to Messrs. Blickenstaff, Sheridan, Berger and Hansen and Ms. Vosseller are set forth opposite their names in the table below:

Name	2019 Cash Bonus
Kim D. Blickenstaff	\$ 796,792
John F. Sheridan	\$ 738,225
David B. Berger	\$ 368,110
Brian B. Hansen	\$ 368,110
Leigh A. Vosseller	\$ 368,110

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

<u>Number</u>	<u>Description</u>
----------------------	---------------------------

99.1	Press release of Tandem Diabetes Care, Inc. dated February 24, 2020.
------	--

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.

Tandem Diabetes Care, Inc.

By: /s/ David B. Berger
David B. Berger
Executive Vice President, Chief Legal & Compliance
Officer

Date: February 24, 2020

**Media Contact:**

Steve Sabicer
714-907-6264
ssabicer@thesabicergroup.com

Investor Contact:

Susan Morrison
858-366-6900 x7005
IR@tandemdiabetes.com

FOR IMMEDIATE RELEASE

**Tandem Diabetes Care Announces Fourth Quarter and Full Year 2019 Financial Results
and 2020 Financial Guidance**

San Diego, February 24, 2020 - Tandem Diabetes Care, Inc. (NASDAQ: TNDM), a leading insulin delivery and diabetes technology company, today reported its financial results for the quarter and year ended December 31, 2019 and financial guidance for the year ending December 31, 2020.

In comparing the year ended December 31, 2019 to the same period of 2018:

- Worldwide pump shipments increased 113 percent to 73,431 pumps from 34,493 pumps
- Sales increased 97 percent to \$362.3 million from \$183.9 million
- Gross margin increased 5 points to 54 percent of sales from 49 percent
- Adjusted EBITDA (see "Non-GAAP Financial Measures" below) improved to 13 percent of sales from negative 8 percent of sales

In comparing the fourth quarter of 2019 to the same period of 2018:

- Worldwide pump shipments increased 21 percent to 19,602 pumps from 16,168 pumps
- Sales increased 42 percent to \$108.4 million from \$76.2 million
- Gross margin improved 1 point to 56 percent of sales from 55 percent
- Adjusted EBITDA improved to 21 percent of sales from 16 percent of sales

“In 2019, we more than doubled our year-over-year shipments, primarily based on the strength of our Basal-IQ technology adoption. We also pioneered two new device categories with the FDA and received clearance for t:slim X2 with Control-IQ technology, the most advanced automated insulin delivery system available,” said John Sheridan, president and chief executive officer. “As we look to the year ahead, we’ll be working to bring the benefits of our t:slim X2 systems to more people with diabetes worldwide, while advancing our robust product pipeline, furthering our scalability efforts and driving the Company to sustained profitable growth.”

Full Year 2019 Results

Domestic pump shipments increased 78 percent to 53,735 pumps from 30,205 pumps in the same period of 2018. Domestic sales were \$302.1 million, or an increase of 73 percent compared to \$174.2 million for the year ended 2018. International operations commenced in the third quarter of 2018. International pump shipments increased 359 percent to 19,696 pumps in 2019 from 4,288 pumps in 2018. International sales were \$60.2 million, or an increase of 522 percent compared to \$9.7 million in 2018.

Gross profit for the year ended 2019 increased 116 percent to \$194.2 million, compared to \$89.8 million in 2018. This included a non-cash charge of \$6.4 million, or 2 percent of sales, for stock-based compensation for the year ended 2019, compared to \$2.6 million, or 1 percent sales, for the comparable period of 2018. Gross margin was 54 percent, compared to 49 percent in the same period of 2018.

For the year ended 2019, operating expenses totaled \$210.9 million compared to \$134.5 million for the same period of 2018. Operating expenses included a non-cash charge for stock-based compensation of \$51.7 million, compared to stock-based compensation of \$21.2 million for the same period of 2018. Operating loss totaled \$16.7 million compared to \$44.6 million for the same period of 2018. Operating margin for the year ended 2019 improved to negative 5 percent compared to negative 24 percent for the same period of 2018. For the year ended 2019, adjusted EBITDA was \$47.4 million, or 13 percent of sales, compared to negative \$15.1 million, or negative 8 percent of sales, for the same period of 2018.

Net loss for the year ended 2019 was \$24.8 million, which included non-cash charges of \$58.1 million for stock-based compensation and \$11.1 million for the change in fair value of certain outstanding warrants. This compares to a net loss of \$122.6 million for the year ended 2018, which included non-cash charges of \$23.7 million for stock-based compensation and \$66.5 million for the change in fair value of certain outstanding warrants at that time, as well as a \$5.3 million charge associated with the full repayment of the Company's term loan agreement in August 2018.

Fourth Quarter 2019 Financial Results

Domestic pump shipments increased 35 percent to 17,453 pumps in the fourth quarter of 2019 from 12,935 pumps in the same period of 2018. Domestic sales were \$98.2 million, or an increase of 42 percent compared to \$69.1 million in the fourth quarter of 2018. International pump shipments decreased 34 percent to 2,149 pumps in the fourth quarter of 2019 from 3,233 pumps in the same period of 2018. International sales were \$10.2 million, or an increase of 43 percent compared to \$7.1 million in the fourth quarter of 2018.

Gross profit for the fourth quarter of 2019 increased 45 percent to \$60.3 million, compared to \$41.5 million for the same period of 2018. Gross margin was 56 percent, compared to 55 percent in the same period of 2018. These included a non-cash stock-based compensation charge of \$2.2 million in the fourth quarter of 2019 compared to \$1.5 million for the same period of 2018, or 2 percent of sales in both periods.

For the fourth quarter of 2019, operating expenses totaled \$58.1 million, compared to \$41.0 million for the same period of 2018. Operating expenses included a non-cash charge for stock-based compensation of \$16.4 million, compared to stock-based compensation of \$8.9 million for the same period of 2018. Operating income totaled \$2.1 million, compared to \$0.6 million for the same period of 2018. Operating margin for the fourth quarter of 2019 was 2 percent compared to 1 percent for the same period of 2018. For the fourth quarter of 2019, adjusted EBITDA was \$22.5 million, or 21 percent of sales, compared to \$12.3 million, or 16 percent of sales, for the same period of 2018.

Net income for the fourth quarter of 2019 was \$2.7 million, which included non-cash charges of \$18.7 million for stock-based compensation and \$0.2 million for the change in fair value of certain outstanding warrants. This compared to net income of \$3.7 million for the fourth quarter of 2018, which included a \$10.3 million non-cash charge for stock-based compensation and a \$2.5 million non-cash gain for the change in fair value of certain warrants outstanding at that time.

Cash Balance and Liquidity

As of December 31, 2019, the Company had \$176.5 million in cash, cash equivalents and short-term investments. This represents a \$19.5 million increase in the fourth quarter of 2019 and a \$47.4 million increase since December 31, 2018.

2020 Annual Guidance

For the year ending December 31, 2020, the Company is providing its financial guidance as follows:

- Sales are estimated to be in the range of \$450 million to \$465 million, which represents an annual sales growth of 24 percent to 28 percent compared to 2019
 - Includes international sales of approximately \$70 million to \$75 million
- Gross margin is estimated to be approximately 54 percent
- Adjusted EBITDA is estimated to be 12 percent to 14 percent
- Non-cash charges included in cost of goods sold and operating expenses are estimated to be approximately \$60 million, which include:
 - Approximately \$50 million in non-cash, stock-based compensation expense
 - Approximately \$10 million of depreciation and amortization

Non-GAAP Financial Measures

Certain non-GAAP financial measures are presented in this press release, including adjusted EBITDA, to provide information that may assist investors in understanding the Company's financial results and assessing its prospects for future performance. We believe these non-GAAP financial measures are important indicators of our operating performance because they exclude items that are unrelated to, and may not be indicative of, our core operating results. These non-GAAP financial measures, as we calculate them, may not necessarily be comparable to similarly titled measures of other companies and may not be appropriate measures for comparing the performance of other companies relative to the Company. These non-GAAP financial results are not intended to represent, and should not be considered to be more meaningful measures than, or alternatives to, measures of operating performance as determined in accordance with GAAP. To the extent we utilize such non-GAAP financial measures in the future, we expect to calculate them using a consistent method from period to period. A reconciliation of each of the GAAP financial measures to the most directly comparable non-GAAP financial measures has been provided under the heading "Reconciliation of GAAP versus Non-GAAP Financial Results" in the financial statement tables attached to this press release. Consistent with SEC regulations, we have not provided a reconciliation of forward-looking non-GAAP financial measures to the most directly comparable GAAP financial measures in reliance on the "unreasonable efforts" exception set forth in the applicable regulations, because there is substantial uncertainty associated with predicting any future adjustments that we may make to our GAAP financial measures in calculating our non-GAAP financial measures.

Conference Call

The Company will hold a conference call and simultaneous webcast today at 4:30pm Eastern Time (1:30pm Pacific Time). The link to the webcast will be available by accessing the Events & Presentations tab in the Investor Center of the Tandem Diabetes Care website at <http://investor.tandemdiabetes.com>, and will be archived for 30 days. To listen to the conference call via phone, please dial 855-427-4396 (U.S./Canada) or 484-756-4261 (International) and use the participant code "4065427".

About Tandem Diabetes Care, Inc.

Tandem Diabetes Care, Inc. (www.tandemdiabetes.com) is a medical device company dedicated to improving the lives of people with diabetes through relentless innovation and revolutionary customer experience. The Company takes an innovative, user-centric approach to the design, development and commercialization of products for people with diabetes who use insulin. Tandem's flagship product, the t:slim X2 insulin pump, is capable of remote software updates using a personal computer and features integrated continuous glucose monitoring. Tandem is based in San Diego, California.

Tandem Diabetes Care is a registered trademark and t:slim X2 and Control-IQ are trademarks of Tandem Diabetes Care, Inc.

Follow Tandem Diabetes Care on Twitter [@tandemdiabetes](https://twitter.com/tandemdiabetes); use #tslimX2 and \$TNDM.

Follow Tandem Diabetes Care on Facebook at www.facebook.com/TandemDiabetes.

Follow Tandem Diabetes Care on LinkedIn at <https://www.linkedin.com/company/tandemdiabetes>.

Forward-Looking Statements

This press release contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that concern matters that involve risks and uncertainties that could cause actual results to differ materially from those anticipated or projected in the forward-looking statements. These forward-looking statements include statements regarding, among other things, the Company’s projected financial results and the Company’s ability make pipeline advancements, scale operations and drive towards sustained profitable growth. The Company’s actual results may differ materially from those indicated in these forward-looking statements due to numerous risks and uncertainties. For instance, the Company’s ability to achieve projected financial results, including its sales and profitability goals, will be impacted by the Company’s ability to obtain regulatory approvals for new products and products under development and the timing of any such approvals; market acceptance of the Company’s existing products and products under development by physicians and people with diabetes; the Company’s ability to establish and sustain operations to support international sales, including expansion into additional geographies; the Company’s ability to meet increasing operational and infrastructure requirements from higher customer interest and a larger base of existing customers; and the potential that newer products, or other technological breakthroughs for the monitoring, treatment or prevention of diabetes, may render the Company’s products obsolete or less desirable. Other risks and uncertainties include the Company’s ability to manufacture products at quantities at higher volumes at an acceptable cost and in accordance with quality requirements; the Company’s ability to contract with third-party payors for reimbursement of the Company’s products; and other risks identified in the Company’s most recent Annual Report on Form 10-K, Quarterly Report on Form 10-Q, and other documents that the Company files with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. Tandem undertakes no obligation to update or review any forward-looking statement in this press release because of new information, future events or other factors.

###

TANDEM DIABETES CARE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents and short-term investments	\$ 176,458	\$ 129,027
Accounts receivable, net	46,585	35,193
Inventories, net	49,073	19,896
Other current assets	4,025	3,769
Total current assets	276,141	187,885
Property and equipment, net	32,923	17,151
Operating lease right-of-use assets	15,561	—
Other long term assets	1,485	1,258
Total assets	\$ 326,110	\$ 206,294
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable, accrued expenses and employee-related liabilities	\$ 54,079	\$ 34,784
Deferred revenue	3,869	4,600
Common stock warrants	23,509	17,926
Operating lease liabilities	6,320	—
Other current liabilities	11,619	8,978
Total current liabilities	99,396	66,288
Operating lease liabilities - long-term	14,063	—
Other long-term liabilities	17,672	8,731
Total liabilities	131,131	75,019
Total stockholders' equity	194,979	131,275
Total liabilities and stockholders' equity	\$ 326,110	\$ 206,294

TANDEM DIABETES CARE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

(Unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Sales	\$ 108,398	\$ 76,199	\$ 362,305	\$ 183,866
Cost of sales	48,126	34,664	168,093	94,044
Gross profit	60,272	41,535	194,212	89,822
Operating expenses:				
Selling, general and administrative	45,561	32,178	165,735	105,226
Research and development	12,567	8,797	45,199	29,227
Total operating expenses	58,128	40,975	210,934	134,453
Operating income (loss)	2,144	560	(16,722)	(44,631)
Total other income (expense), net	585	3,177	(7,882)	(77,929)
Income (loss) before income taxes	2,729	3,737	(24,604)	(122,560)
Income tax expense	77	51	149	51
Net income (loss)	\$ 2,652	\$ 3,686	\$ (24,753)	\$ (122,611)
Net income (loss) per share, basic	\$ 0.04	\$ 0.06	\$ (0.42)	\$ (2.55)
Net income (loss) per share, diluted	\$ 0.04	\$ 0.02	\$ (0.42)	\$ (2.55)
Weighted average shares used to compute basic net income (loss) per share	59,219	57,434	58,507	48,129
Weighted average shares used to compute diluted net income (loss) per share	62,883	60,874	58,507	48,129

Reconciliation of GAAP versus Non-GAAP Financial Results

<i>(in thousands)</i>	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
GAAP net income (loss)	\$ 2,652	\$ 3,687	\$ (24,753)	\$ (122,611)
Income tax expense	77	51	149	51
Change in fair value of stock warrants	226	(2,548)	11,075	66,494
Other (income) expense, net ⁽¹⁾	(811)	(630)	(3,194)	11,435
Depreciation and amortization	1,643	1,467	6,072	5,821
EBITDA	3,787	2,027	(10,651)	(38,810)
Stock-based compensation expense	18,684	10,309	58,071	23,736
Adjusted EBITDA	\$ 22,471	\$ 12,336	\$ 47,420	\$ (15,074)

(1) Includes \$5.3 million loss on extinguishment of debt for the year ended December 31, 2018.