



Glaukos Announces First Quarter 2024 Financial Results

2024-05-01

ALISO VIEJO, Calif.--(BUSINESS WIRE)-- Glaukos Corporation (NYSE: GKOS), an ophthalmic pharmaceutical and medical technology company focused on novel therapies for the treatment of glaucoma, corneal disorders and retinal diseases, today announced financial results for the first quarter ended March 31, 2024. Key highlights include:

- Record net sales of \$85.6 million in Q1 2024 increased 16% year-over-year.
- Glaucoma record net sales of \$67.2 million in Q1 2024 increased 20% year-over-year.
- Corneal Health net sales of \$18.4 million in Q1 2024 increased 4% year-over-year.
- Gross margin of approximately 76% and non-GAAP gross margin of approximately 83% in Q1 2024.
- Raised 2024 net sales guidance to \$357 to \$365 million, compared to \$350 million to \$360 million previously.

"Our record first quarter results reflect successful global execution of our key strategic plans," said Thomas Burns, Glaukos chairman and chief executive officer. "We continue to successfully advance our robust pipeline of novel, dropless platform technologies designed to meaningfully advance the standard of care and improve outcomes for patients suffering from chronic eye diseases."

First Quarter 2024 Financial Results

Net sales in the first quarter of 2024 of \$85.6 million increased 16% on a reported and constant currency basis, compared to \$73.9 million in the same period in 2023.

Gross margin for the first quarter of 2024 was approximately 76%, compared to approximately 76% in the same period in 2023. Non-GAAP gross margin for the first quarter of 2024 was approximately 83%, compared to approximately 83% in the same period in 2023.

Selling, general and administrative (SG&A) expenses for the first quarter of 2024 increased 16% to \$62.0 million, compared to \$53.6 million in the same period in 2023. Non-GAAP SG&A expenses for the first quarter of 2024 increased 16% to \$61.3 million, compared to \$52.9 million in the same period in 2023.

GAAP and non-GAAP research and development (R&D) expenses for the first quarter of 2024 decreased 13% to \$30.7 million, compared to \$35.2 million in the same period in 2023.

Loss from operations in the first quarter of 2024 was \$39.1 million, compared to operating loss of \$33.0 million in the first quarter of 2023. Non-GAAP loss from operations in the first quarter of 2024 was \$32.8 million, compared to non-GAAP operating loss of \$26.8 million in the first quarter of 2023.

Net loss in the first quarter of 2024 was \$40.8 million, or (\$0.82) per diluted share, compared to net loss of \$34.6 million, or (\$0.72) per diluted share, in the first quarter of 2023. Non-GAAP net loss in the first quarter of 2024 was \$34.6 million, or (\$0.70) per diluted share, compared to non-GAAP net loss of \$28.4 million, or (\$0.59) per diluted share, in the first quarter of 2023.

Included in non-GAAP loss from operations, non-GAAP net loss and non-GAAP EPS for the first quarter of 2024 is an acquired in-process R&D (IPR&D) charge of \$11.7 million, which caused the non-GAAP loss per diluted share to have an additional loss of (\$0.24) in the first quarter of 2024.

The company ended the first quarter of 2024 with approximately \$279 million in cash and cash equivalents, short-term investments and restricted cash.

2024 Revenue Guidance

The company expects 2024 net sales to be in the range of \$357 million to \$365 million based on the latest foreign currency exchange rates.

Webcast & Conference Call

The company will host a conference call and simultaneous webcast today at 1:30 p.m. PT (4:30 p.m. ET) to discuss the results and provide additional information about the company's financial outlook. A link to the webcast is available on the company's website at <http://investors.glaukos.com>. To participate in the conference call, please dial 888-210-2212 (U.S.) or 646-960-0390 (international) and enter Conference ID 7935742. A replay of the webcast will be archived on the company's website following completion of the call.

Quarterly Summary Document

The company has posted a document on its Investor Relations website under the "Financials & Filings – Quarterly Results" section titled "Quarterly Summary." This Quarterly Summary document is designed to provide the investment community with a summarized and easily accessible reference document that details the key facts associated with the quarter, the state of the company's business objectives and strategies and any forward statements or guidance the company may make. This document is provided alongside the company's earnings press release and is designed to be read by investors before the regularly scheduled quarterly conference call. As such, today's conference call will be in a format primarily consisting of a questions and answers session, during which Glaukos will address any queries investors have regarding the company's results. It is the company's goal that this format will make its quarterly earnings process more efficient and impactful for the investment community going forward.

About Glaukos

Glaukos (www.glaukos.com) is an ophthalmic pharmaceutical and medical technology company focused on developing and commercializing novel therapies for the treatment of glaucoma, corneal disorders and retinal diseases. Glaukos first developed Micro-Invasive Glaucoma Surgery (MIGS) as an alternative to the traditional glaucoma treatment paradigm, launching its first MIGS device commercially in 2012, and continues to develop a portfolio of technologically distinct and leverageable

platforms to support ongoing pharmaceutical and medical device innovations. Products or product candidates for each of these platforms are designed to advance the standard of care through better treatment options across the areas of glaucoma, corneal disorders and retinal diseases.

Forward-Looking Statements

This communication contains “forward-looking statements” within the meaning of federal securities laws. All statements other than statements of historical facts included in this press release that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. These statements are based on management’s current expectations, assumptions, estimates and beliefs. Although we believe that we have a reasonable basis for forward-looking statements contained herein, we caution you that they are based on current expectations about future events affecting us and are subject to risks, uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control, that may cause our actual results to differ materially from those expressed or implied by forward-looking statements in this press release. These potential risks and uncertainties that could cause actual results to differ materially from those described in forward-looking statements include, without limitation, uncertainties regarding the impact of the COVID-19 pandemic or other future public health crises on our business; the impact of general macroeconomic conditions including foreign currency fluctuations; the reduced physician fee and ASC facility fee reimbursement rate finalized by CMS for 2022 and 2023 for procedures utilizing the Company’s iStent family of products and its impact on our U.S. combo-cataract glaucoma revenue; our ability to continue to generate sales of our commercialized products and develop and commercialize additional products; our dependence on a limited number of third-party suppliers, some of which are single-source, for components of our products; the occurrence of a crippling accident, natural disaster, or other disruption at our primary facility, which may materially affect our manufacturing capacity and operations; securing or maintaining adequate coverage or reimbursement by third-party payors for procedures using the *iStent*, the *iStent inject W*, *iAccess*, *iPRIME*, *iStent infinite*, *iDose TR*, our corneal cross-linking products or other products in development; our ability to properly train, and gain acceptance and trust from ophthalmic surgeons in the use of our products; our ability to compete effectively in the medical device industry and against current and future technologies (including MIGS technologies); our compliance with federal, state and foreign laws and regulations for the approval and sale and marketing of our products and of our manufacturing processes; the lengthy and expensive clinical trial process and the uncertainty of timing and outcomes from any particular clinical trial or regulatory approval processes; the risk of recalls or serious safety issues with our products and the uncertainty of patient outcomes; our ability to protect, and the expense and time-consuming nature of protecting our intellectual property against third parties and competitors and the impact of any claims against us for infringement or misappropriation of third party intellectual property rights and any related litigation; and our ability to service our indebtedness. These and other known risks, uncertainties and factors are described in detail under the caption “Risk Factors” and elsewhere in our filings with the Securities and Exchange Commission (SEC), including in our Annual Report on Form 10-K for the year ended December 31, 2023, which was filed with the SEC on February 23, 2024, and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, which is expected to be filed with the SEC by May 10, 2024. Our filings with the SEC are available in the Investor Section of our website at www.glaukos.com or at www.sec.gov. In addition, information about the risks and benefits of our products is available on our website at www.glaukos.com. All forward-looking statements included in this press release are expressly qualified in their entirety by the foregoing cautionary statements. You are cautioned not to place undue reliance on the forward-looking statements in this press release, which speak only as of the date hereof. We do not undertake any obligation to update, amend or clarify these forward-looking statements whether as a result of new information, future events or otherwise, except as may be required under applicable securities law.

Statement Regarding Use of Non-GAAP Financial Measures

To supplement the consolidated financial results prepared in accordance with Generally Accepted Accounting Principles ("GAAP"), the Company uses certain non-GAAP historical financial measures. Management makes adjustments to the GAAP measures for items (both charges and gains) that (a) do not reflect the core operational activities of the Company, (b) are commonly adjusted within the Company's industry to enhance comparability of the Company's financial results with those of its peer group, or (c) are inconsistent in amount or frequency between periods (albeit such items are monitored and controlled with equal diligence relative to core operations). The Company uses the term "Non-GAAP" to exclude external acquisition-related costs incurred to effect a business combination; amortization of intangible assets acquired in a business combination, asset purchase transaction or other contractual relationship; impairment of goodwill and intangible assets; certain in-process R&D charges; fair value adjustments to contingent consideration liabilities and pre-acquisition contingencies arising from a business combination; integration and transition costs related to business combinations; fair market value adjustments to inventories acquired in a business combination or asset purchase transaction; restructuring charges, duplicative operating expenses, or asset write-offs (or reversals) associated with exiting or significantly downsizing a business; gain or loss from the sale of a business; gain or loss on the mark-to-market adjustment, impairment, or sale of long-term investments; mark-to-market adjustments on derivative instruments that hedge income or expense exposures in a future period; significant legal litigation costs and/or settlement expenses or proceeds legal and other associated expenses that are both unusual and significant related to governmental or internal inquiries; and significant discrete income and other tax adjustments related to transactions as well as changes in estimated acquisition-date tax effects associated with business combinations, and the impact from implementation of tax law changes and settlements. See "GAAP to Non-GAAP Reconciliations" for a reconciliation of each non-GAAP measure presented to the comparable GAAP financial measure.

In addition, in order to remove the impact of fluctuations in foreign currency exchange rates, the Company also presents certain net sales information on a constant currency basis, which represents the outcome that would have resulted had exchange rates in the current period been the same as the average exchange rates in effect in the comparable prior period. See "Reported Sales vs. Prior Periods" for a presentation of certain net sales information on a reported, GAAP and a constant currency basis.

GLAUKOS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except per share amounts)

	Three Months Ended March 31,	
	2024	2023
Net sales	\$ 85,622	\$ 73,899
Cost of sales	20,258	18,071
Gross profit	65,364	55,828
Operating expenses:		
Selling, general and administrative	61,975	53,650
Research and development	30,726	35,171
Acquired in-process research and development	11,729	-
Total operating expenses	104,430	88,821
Loss from operations	(39,066)	(32,993)
Non-operating expense:		
Interest income	3,083	1,648

Interest expense	(3,450)	(3,408)
Other (expense) income, net	(1,028)	528
Total non-operating expense	(1,395)	(1,232)
Loss before taxes	(40,461)	(34,225)
Income tax provision	377	401
Net loss	<u>\$ (40,838)</u>	<u>\$ (34,626)</u>
Basic and diluted net loss per share	<u>\$ (0.82)</u>	<u>\$ (0.72)</u>
Weighted average shares used to compute basic and diluted net loss per share	<u>49,580</u>	<u>47,881</u>

GLAUKOS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except par values)

	March 31, 2024	December 31, 2023
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 42,495	\$ 93,467
Short-term investments	230,365	201,964
Accounts receivable, net	46,545	39,850
Inventory	50,185	41,986
Prepaid expenses and other current assets	19,020	18,194
Total current assets	<u>388,610</u>	<u>395,461</u>
Restricted cash	5,856	5,856
Property and equipment, net	101,858	103,212
Operating lease right-of-use asset	26,683	27,146
Finance lease right-of-use asset	43,575	44,180
Intangible assets, net	281,919	282,956
Goodwill	66,134	66,134
Deposits and other assets	18,703	15,469
Total assets	<u>\$ 933,338</u>	<u>\$ 940,414</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 12,752	\$ 13,440
Accrued liabilities	59,486	60,574
Total current liabilities	<u>72,238</u>	<u>74,014</u>
Convertible senior notes	283,117	282,773
Operating lease liability	30,110	30,427
Finance lease liability	70,289	70,538
Deferred tax liability, net	7,144	7,144
Other liabilities	19,710	13,752
Total liabilities	<u>482,608</u>	<u>478,648</u>
Stockholders' equity:		
Preferred stock, \$0.001 par value; 5,000 shares authorized; no shares issued or outstanding	-	-
Common stock, \$0.001 par value; 150,000 shares authorized; 49,875 and 49,148 shares issued and 49,847 and 49,120 shares outstanding as of March 31, 2024 and December 31, 2023, respectively	50	49

Additional paid-in capital	1,089,280	1,059,751
Accumulated other comprehensive income (loss)	1,437	1,165
Accumulated deficit	(639,905)	(599,067)
Less treasury stock (28 shares as of March 31, 2024 and December 31, 2023)	(132)	(132)
Total stockholders' equity	450,730	461,766
Total liabilities and stockholders' equity	\$ 933,338	\$ 940,414

GLAUKOS CORPORATION
GAAP to Non-GAAP Reconciliations
(in thousands, except per share amounts and percentage data)
(unaudited)

	Q1 2024			Q1 2023		
	GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
Cost of sales	\$ 20,258	\$ (5,523) (a)	\$ 14,735	\$ 18,071	\$ (5,523) (a)	\$ 12,548
Gross Margin	76.3%	6.5%	82.8%	75.5%	7.5%	83.0%
<u>Operating expenses:</u>						
Selling, general and administrative	\$ 61,975	\$ (705) (b)	\$ 61,270	\$ 53,650	\$ (705) (b)	\$ 52,945
Loss from operations	\$(39,066)	\$ 6,228	\$(32,838)	\$(32,993)	\$ 6,228	\$(26,765)
Net loss	\$(40,838)	\$ 6,228 (c)	\$(34,610)	\$(34,626)	\$ 6,228 (c)	\$(28,398)
Basic and diluted net loss per share	\$ (0.82)	\$ 0.12	\$ (0.70)	\$ (0.72)	\$ 0.13	\$ (0.59)

- (a) Cost of sales adjustments related to the acquisition of Avedro, Inc. (Avedro) for amortization of developed technology intangible assets of \$5.5 million in Q1 2024 and Q1 2023.
- (b) Avedro acquisition-related expenses for amortization expense of customer relationship intangible assets of \$0.7 million in Q1 2024 and Q1 2023.
- (c) Includes total tax effect for non-GAAP pre-tax adjustments. For non-GAAP adjustments associated with the U.S., the tax effect is \$0 given the Company's U.S. taxable loss positions in both 2024 and 2023.

Reported Sales vs. Prior Periods (in thousands)									
				Year-over-Year Percent Change			Quarter-over-Quarter Percent Change		
	1Q 2024	1Q 2023	4Q 2023	Reported	Operations (1)	Currency (2)	Reported	Operations (1)	Currency (2)
International Glaucoma	\$25,238	\$21,118	\$21,857	19.5%	21.4%	(1.9%)	15.5%	14.5%	1.0%
Total Net Sales	\$85,622	\$73,899	\$82,365	15.9%	16.4%	(0.5%)	4.0%	3.7%	0.3%

(1) Operational growth excludes the effect of translational currency

(2) Calculated by converting the current period numbers using the prior period's average foreign exchange rates

Chris Lewis

Vice President, Investor Relations & Corporate Affairs

(949) 481-0510

clewis@glaukos.com

Source: Glaukos Corporation