



Glaukos Announces Fourth Quarter and Full Year 2023 Financial Results

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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 fourth quarter and full year ended December 31, 2023. Key highlights include:

- Record net sales of \$82.4 million in Q4 2023 increased 16% year-over-year on a reported basis and 15% year-over-year on a constant currency basis.
- Glaucoma net sales of \$60.6 million in Q4 2023 increased 15% year-over-year.
- Corneal Health net sales of \$21.8 million in Q4 2023 increased 19% year-over-year.
- Gross margin of approximately 77% and non-GAAP gross margin of approximately 84% in Q4 2023.
- Net sales of \$314.7 million in FY 2023 increased 11% year-over-year on a reported basis and 12% year-over-year on a constant currency basis.
- Reaffirmed 2024 net sales guidance of \$350 million to \$360 million.

"Our record fourth quarter results cap off a successful year of global execution and key milestone achievements, leaving us well positioned to execute our strategic plans as we enter into what we believe will be a transformative period for our company over the coming years," 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."

Fourth Quarter 2023 Financial Results

Net sales in the fourth quarter of 2023 of \$82.4 million increased 16% on a reported basis, or 15% on a constant currency basis, compared to \$71.2 million in the same period in 2022.

Gross margin for the fourth quarter of 2023 was approximately 77%, compared to approximately 76% in the same period in 2022. Non-GAAP gross margin for the fourth quarter of 2023 was approximately 84%, compared to approximately 84% in the same period in 2022.

Selling, general and administrative (SG&A) expenses for the fourth quarter of 2023 increased 21% to \$63.0 million, compared to \$51.9 million in the same period in 2022. Non-GAAP SG&A expenses for the fourth quarter of 2023 increased 22% to \$62.3 million, compared to \$51.1 million in the same period in 2022.

GAAP and non-GAAP research and development (R&D) expenses for the fourth quarter of 2023 increased 3% to \$37.1 million, compared to \$35.8 million in the same period in 2022.

Loss from operations in the fourth quarter of 2023 was \$38.6 million, compared to operating loss of \$33.7 million in the fourth quarter of 2022. Non-GAAP loss from operations in the fourth quarter of 2023 was \$32.4 million, compared to non-GAAP operating loss of \$27.4 million in the fourth quarter of 2022.

Net loss in the fourth quarter of 2023 was \$36.8 million, or (\$0.75) per diluted share, compared to net loss of \$31.5 million, or (\$0.66) per diluted share, in the fourth quarter of 2022. Non-GAAP net loss in the fourth quarter of 2023 was \$30.6 million, or (\$0.63) per diluted share, compared to non-GAAP net loss of \$25.1 million, or (\$0.53) per diluted share, in the fourth quarter of 2022.

Included in non-GAAP loss from operations, non-GAAP net loss and non-GAAP EPS for the fourth quarter of 2023 is an acquired in-process R&D (IPR&D) charge of \$2.0 million, which caused the non-GAAP loss per diluted share to have an additional loss of (\$0.05) in the fourth quarter of 2023.

Full Year 2023 Financial Results

Net sales in 2023 of \$314.7 million increased 11% on a reported basis, or 12% on a constant currency basis, compared to \$282.9 million in 2022.

Gross margin for 2023 was approximately 76%, compared to approximately 76% in 2022. Non-GAAP gross margin for 2023 was approximately 83%, compared to approximately 83% in 2022.

SG&A expenses in 2023 increased 16% to \$224.1 million, compared to \$192.9 million in 2022. Non-GAAP SG&A expenses in 2023 increased 17% to \$221.2 million, compared to \$189.6 million in 2022.

R&D expenses in 2023 rose 13% to \$138.8 million, compared to \$123.3 million in 2022. Non-GAAP R&D expenses in 2023 rose 13% to \$138.8 million, compared to \$123.1 million in 2022.

Loss from operations in 2023 was \$128.7 million, compared to operating loss of \$82.3 million in 2022. Non-GAAP loss from operations in 2023 was \$103.8 million, compared to non-GAAP operating loss of \$86.7 million in 2022.

Net loss in 2023 was \$134.7 million, or (\$2.78) per diluted share, compared to net loss of \$99.2 million, or (\$2.09) per diluted share, in 2022. Non-GAAP net loss in 2023 was \$109.7 million, or (\$2.27) per diluted share, compared to non-GAAP net loss of \$103.6 million, or (\$2.18) per diluted share, in 2022.

During 2022, the company received a \$30 million payment related to the company's settlement of patent litigation with Ivantis, Inc. This receipt was recorded as an offset to GAAP operating expenses in 2022.

Included in non-GAAP loss from operations, non-GAAP net loss and non-GAAP EPS for 2023 and 2022 are acquired IPR&D charges of \$5.0 million and \$10.0 million, respectively, which caused the non-GAAP loss per diluted share to have an additional loss of (\$0.11) and (\$0.21) in each of these respective periods.

The company ended the fourth quarter of 2023 with approximately \$301 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 \$350 million to \$360 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 Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, which was filed with the SEC on November 1, 2023, and our Annual Report on Form 10-K for the year ended December 31, 2023, which is expected to be filed with the SEC by February 29, 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		Year Ended	
	December 31,		December 31,	
	2023	2022	2023	2022
Net sales	\$ 82,365	\$ 71,227	\$ 314,711	\$ 282,862
Cost of sales	18,891	17,222	75,575	68,979
Gross profit	63,474	54,005	239,136	213,883
Operating expenses:				
Selling, general and administrative	63,034	51,927	224,068	192,925
Research and development	37,062	35,812	138,768	123,271
Acquired in-process research and development	2,000	-	5,000	10,000
Litigation-related settlement	-	-	-	(30,000)
Total operating expenses	102,096	87,739	367,836	296,196
Loss from operations	(38,622)	(33,734)	(128,700)	(82,313)
Non-operating income (expense):				
Interest income	2,912	960	9,164	2,375
Interest expense	(3,428)	(3,409)	(13,633)	(13,720)
Other income (expense), net	2,420	5,021	(558)	(4,771)
Total non-operating income (expense)	1,904	2,572	(5,027)	(16,116)
Loss before taxes	(36,718)	(31,162)	(133,727)	(98,429)
Income tax provision	61	298	934	766
Net loss	\$ (36,779)	\$ (31,460)	\$ (134,661)	\$ (99,195)
Basic and diluted net loss per share	\$ (0.75)	\$ (0.66)	\$ (2.78)	\$ (2.09)
Weighted average shares used to compute basic and diluted net loss per share	48,876	47,738	48,433	47,444

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

	December 31, 2023	December 31, 2022
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 93,467	\$ 119,525
Short-term investments	201,964	233,170
Accounts receivable, net	39,850	36,073
Inventory	41,986	37,841
Prepaid expenses and other current assets	18,194	17,250
Total current assets	<u>395,461</u>	<u>443,859</u>
Restricted cash	5,856	7,078
Property and equipment, net	103,212	94,403
Operating lease right-of-use asset	27,146	25,826
Finance lease right-of-use asset	44,180	46,601
Intangible assets, net	282,956	307,869
Goodwill	66,134	66,134
Deposits and other assets	15,469	10,613
Total assets	<u><u>\$ 940,414</u></u>	<u><u>\$ 1,002,383</u></u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 13,440	\$ 14,403
Accrued liabilities	60,574	57,956
Total current liabilities	<u>74,014</u>	<u>72,359</u>
Convertible senior notes	282,773	281,400
Operating lease liability	30,427	28,905
Finance lease liability	70,538	72,172
Deferred tax liability, net	7,144	7,264
Other liabilities	13,752	10,278
Total liabilities	<u>478,648</u>	<u>472,378</u>
Stockholders' equity:		
Preferred stock, \$0.001 par value; 5,000 shares authorized; no shares issued or outstanding as of December 31, 2023 and 2022	-	-
Common stock, \$0.001 par value; 150,000 shares authorized; 49,148 and 47,782 shares issued and 49,120 and 47,754 shares outstanding at December 31, 2023 and 2022, respectively	49	48
Additional paid-in capital	1,059,751	997,470
Accumulated other comprehensive income (loss)	1,165	(2,975)
Accumulated deficit	(599,067)	(464,406)
Less treasury stock (28 shares as of December 31, 2023 and 2022)	(132)	(132)
Total stockholders' equity	<u>461,766</u>	<u>530,005</u>
Total liabilities and stockholders' equity	<u><u>\$ 940,414</u></u>	<u><u>\$ 1,002,383</u></u>

GLAUKOS CORPORATION

GAAP to Non-GAAP Reconciliations

(in thousands, except per share amounts and percentage data)

(unaudited)

	Q4 2023			Q4 2022		
	GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
Cost of sales	\$ 18,891	\$ (5,523) (a)	\$ 13,368	\$ 17,222	\$ (5,533) (a)	\$ 11,689
Gross Margin	77.1%	6.7%	83.8%	75.8%	7.8%	83.6%
<u>Operating expenses:</u>						
Selling, general and administrative	\$ 63,034	\$ (705) (b)	\$ 62,329	\$ 51,927	\$ (782) (b)	\$ 51,145
Loss from operations	\$ (38,622)	\$ 6,228	\$ (32,394)	\$ (33,734)	\$ 6,315	\$ (27,419)
Net loss	\$ (36,779)	\$ 6,228 (c)	\$ (30,551)	\$ (31,460)	\$ 6,315 (c)	\$ (25,145)
Basic and diluted net loss per share	\$ (0.75)	\$ 0.12	\$ (0.63)	\$ (0.66)	\$ 0.13	\$ (0.53)

(a) Cost of sales adjustments related to the acquisition of Avedro, Inc. (Avedro), including amortization of developed technology intangible assets of \$5.5 million in Q4 2023 and amortization of developed technology intangible assets and stock-based compensation expense related to replacement awards, totaling \$5.5 million in Q4 2022.

(b) Avedro acquisition-related expenses, including amortization expense of customer relationship intangible assets of \$0.7 million in Q4 2023 and customer relationship intangible assets and stock-based compensation expense related to replacement awards of \$0.8 million in Q4 2022.

(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 2023 and 2022.

GLAUKOS CORPORATION

GAAP to Non-GAAP Reconciliations

(in thousands, except per share amounts and percentage data)

(unaudited)

	Full Year 2023			Full Year 2022		
	GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
Cost of sales	\$ 75,575	\$ (22,092) (a)	\$ 53,483	\$ 68,979	\$ (22,166) (a)	\$ 46,813
Gross Margin	76.0%	7.0%	83.0%	75.6%	7.8%	83.5%
<u>Operating expenses:</u>						
Selling, general and administrative	\$ 224,068	\$ (2,820) (b)	\$ 221,248	\$ 192,925	\$ (3,315) (b)	\$ 189,610
Research and development	\$ 138,768	\$ -	\$ 138,768	\$ 123,271	\$ (127) (c)	\$ 123,144
Litigation-related settlement	\$ -	\$ -	\$ -	\$ (30,000)	\$ 30,000 (d)	\$ -
Loss from operations	\$ (128,700)	\$ 24,912	\$ (103,788)	\$ (82,313)	\$ (4,392)	\$ (86,705)
Net loss	\$ (134,661)	\$ 24,912 (e)	\$ (109,749)	\$ (99,195)	\$ (4,392) (e)	\$ (103,587)
Basic and diluted						

net loss per share \$ (2.78) \$ 0.51 \$ (2.27) \$ (2.09) \$ (0.09) \$ (2.18)

- (a) Cost of sales adjustments related to the acquisition of Avedro, Inc. (Avedro), including amortization of developed technology intangible assets of \$22.1 million in 2023 and amortization of developed technology intangible assets and stock-based compensation expense related to replacement awards, totaling \$22.2 million in 2022.
- (b) Avedro acquisition-related expenses, including amortization expense of customer relationship intangible assets of \$2.8 million in 2023 and customer relationship intangible assets and stock-based compensation expense related to replacement awards of \$3.3 million in 2022.
- (c) Stock-based compensation expense related to replacement awards from the acquisition of Avedro.
- (d) Settlement proceeds received related to the Company's patent infringement litigation.
- (e) 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 2023 and 2022.

Reported Sales vs. Prior Periods (in thousands)									
				Year-over-Year Percent Change			Quarter-over-Quarter Percent Change		
	4Q 2023	4Q 2022	3Q 2023	Reported	Operations (1)	Currency (2)	Reported	Operations (1)	Currency (2)
International Glaucoma	\$21,857	\$17,530	\$20,280	24.7%	22.5%	2.2%	7.8%	9.3%	(1.5%)
Total Net Sales	\$82,365	\$71,227	\$78,048	15.6%	15.1%	0.5%	5.5%	5.9%	(0.4%)

(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

Reported Sales vs. Prior Periods (in thousands)					
			Year-over-Year Percent Change		
	2023	2022	Reported	Operations (1)	Currency (2)
International Glaucoma	\$ 85,560	\$ 69,577	23.0%	24.4%	(1.4%)
Total Net Sales	\$314,711	\$282,862	11.3%	11.6%	(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

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Source: Glaukos Corporation