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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2024
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 001-37463

GLAUKOS CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**33-0945406**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Glaukos Way **Aliso Viejo, California**	**92656**
(Address of registrant's principal executive offices)	(Zip Code)

(949) 367-9600
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	GKOS	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of ''large accelerated filer,'' ''accelerated filer,'' ''smaller reporting company'' and "emerging growth company" in Rule 12b-2 of the Exchange Act:

☒ Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company

☐ 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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 30, 2024, there were 50,367,507 shares of the registrant's Common Stock, $0.001 par value per share, outstanding.

GLAUKOS CORPORATION
Form 10-Q
For the Quarterly Period Ended March 31, 2024
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Note Regarding Forward-Looking Statements

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act) All statements other than statements of historical or current facts included in this report are forward-looking statements. In some cases, you can identify forward-looking statements by the following words: "may," "will," "could," "would," "should," "expect," "intend," "plan," "anticipate," "believe," "estimate," "predict," "project," "potential," "continue," "ongoing" or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words. Any statements in this Quarterly Report on Form 10-Q regarding future operations, including our expectations for future expenses, capital expenditures and income, our expectations regarding the impact of the macroeconomic environment, our strategy for growth, product development activities, the impact of the regulatory environment, including the timing and likelihood of regulatory approvals and the impact of new or changing regulations and pricing, and market position are forward-looking statements. These forward-looking statements are based on management's beliefs and assumptions based on the information available to management at the time of this report. Although we believe that we have a reasonable basis for each forward-looking statement contained in this report, we caution you that these forward-looking statements involve risks, uncertainties and other factors that may cause actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements.

You are urged to carefully review the disclosures we make concerning the risks we face and other factors that may affect the outcome of our forward-looking statements and our business and operating results, including the risks set forth in the "Risk Factors Summary" below and further described in the "Risk Factors" section of this report, which includes a discussion of important factors that may cause actual results to differ materially from those expressed or implied by the forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this report will prove to be accurate, and actual results may differ materially from those expressed or implied by the forward-looking statements. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. You are therefore cautioned not to place undue reliance on the forward-looking statements included in this report, which speak only as of the date of this document. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

We use *Glaukos*, our logo, *iStent*, *iStent inject*, *iStent infinite*, *iPrism*, *iDose TR*, *iPRIME, MIGS, Avedro*, *Photrexa*, *iLink*, *KXL*, *Epioxa, iLution, Retina XR* and other marks as trademarks. This report contains references to our trademarks and service marks and to those belonging to other entities. Solely for convenience, trademarks and trade names referred to in this report, including logos, artwork and other visual displays, may appear without the ® or ™ symbols, but such references are not intended to indicate in any way that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other entities' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other entity.

References throughout this document to "we," "us," "our," the "Company," or "Glaukos" refer to Glaukos Corporation and its consolidated subsidiaries.

Risk Factors Summary

Investing in our securities involves a high degree of risk. The following is a summary of the principal factors that make an investment in our securities speculative or risky, all of which are further described below in the section titled "Risk Factors" in Part I, Item 1A of this report. This summary should be read in conjunction with the "Risk Factors" section and should not be relied upon as an exhaustive summary of the material risks facing our business. In addition to the following summary, you should consider the information set forth in the "Risk Factors" section and the other information contained in this report before investing in our securities.

Risks Related to Our Business

- Failure to achieve commercial success of *iDose TR* could materially impact our business.
- Downturns or volatility in general economic conditions and public health crises could harm our business.
- Supply and/or manufacturing disruptions impacting our principal revenue-producing products could reduce our gross margins and negatively impact our operating results.
- We may not reach sustained profitability.
- We may fail to generate sufficient sales of our commercialized products or to develop and commercialize additional products.
- We are subject to a variety of risks associated with our international operations.
- We may not meet our customers' expectations for the quality or delivery of our products, which could harm our reputation and sales.
- If ophthalmic surgeons do not use or if they misuse our products, our business could be harmed.
- We may fail to manage our anticipated growth effectively and may not be able to meet customer demand.
- We may be unable to retain or recruit qualified personnel for growth.
- We have and may continue to enter into acquisitions, collaborations, in-licensing agreements, joint ventures, alliances or partnerships with third parties that could fail.
- Cybersecurity incidents, service interruptions, or data corruption could materially disrupt our operations and adversely affect our business.
- Failure to comply with data privacy and security laws could have a material adverse effect on our business.
- Our net operating loss tax carryforwards may not be available to offset future taxable income.

Risks Related to Our Indebtedness

- Our debt service obligations could limit our cash flow, and we may not have sufficient cash flow from our business to pay our debt obligations.
- The conditional conversion feature of the Convertible Notes, if triggered, may adversely affect our financial condition and operating results.
- We may fail to raise the funds necessary to settle conversions of the Convertible Notes in cash or to repurchase the Convertible Notes upon a fundamental change.
- The capped call transactions may affect the value of our common stock, and subject us to counterparty risk .

Risks Related to Our Regulatory Environment

- Compliance with applicable regulations can be costly and failure to comply with such regulations could harm our business, financial condition and operating results.
- Legislative or regulatory reform of the healthcare system could hinder or prevent our products' commercial success.
- Inadequate or inconsistent reimbursement for our products may adversely impact our business.

Risks Related to Our Intellectual Property

- Failure to protect our intellectual property could substantially impair our ability to compete.
- Intellectual property claims or litigation could be costly, time-consuming and unsuccessful and could interfere with our ability to successfully commercialize our products.

Risks Related to Our Common Stock

- Provisions in our Certificate of Incorporation and Bylaws limit the ability of stockholders to take certain actions and could delay or discourage takeover attempts.
- Our Certificate of Incorporation designates the sole and exclusive forum for certain types of actions and proceedings, which could limit our stockholders' ability to obtain a favorable judicial forum.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 2024 (unaudited)	December 31, 2023
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	388,610	395,461
Restricted cash	5,856	5,856
Property and equipment, net	101,858	103,212
Operating lease right-of-use assets	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	$ 933,338	$ 940,414
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 12,752	$ 13,440
Accrued liabilities	59,486	60,574
Total current liabilities	72,238	74,014
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	482,608	478,648
Commitments and contingencies (Note 12)		
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	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

See accompanying notes to condensed consolidated financial statements.

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	$ (40,838)	$ (34,626)
Basic and diluted net loss per share	$ (0.82)	$ (0.72)
Weighted average shares used to compute basic and diluted net loss per share	49,580	47,881

See accompanying notes to condensed consolidated financial statements.

GLAUKOS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(unaudited)
(in thousands)

	Three Months Ended March 31,	
	2024	2023
Net loss	$ (40,838)	$ (34,626)
Other comprehensive income (loss):		
Foreign currency translation income (loss)	355	(103)
Unrealized (loss) income on short-term investments	(83)	1,753
Other comprehensive income	272	1,650
Total comprehensive loss	$ (40,566)	$ (32,976)

See accompanying notes to condensed consolidated financial statements.

GLAUKOS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited)
(in thousands)

	Common stock		Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Treasury stock		Total equity
	Shares	Amount				Shares	Amount	
Balance at December 31, 2023	49,148	$ 49	$1,059,751	$ 1,165	$ (599,067)	(28)	$ (132)	$461,766
Common stock issued under stock plans, net	672	1	13,364	-	-	-	-	13,365
Asset acquisition through issuance of common stock	55	-	5,000	-	-	-	-	5,000
Stock-based compensation	-	-	11,165	-	-	-	-	11,165
Other comprehensive income	-	-	-	272	-	-	-	272
Net loss	-	-	-	-	(40,838)	-	-	(40,838)
Balance at March 31, 2024	49,875	$ 50	$1,089,280	$ 1,437	$ (639,905)	(28)	$ (132)	$450,730

	Common stock		Additional paid-in capital	Accumulated other comprehensive (loss) income	Accumulated deficit	Treasury stock		Total equity
	Shares	Amount				Shares	Amount	
Balance at December 31, 2022	47,782	$ 48	$ 997,470	$ (2,975)	$ (464,406)	(28)	$ (132)	$530,005
Common stock issued under stock plans, net	187	-	1,301	-	-	-	-	1,301
Stock-based compensation	-	-	10,184	-	-	-	-	10,184
Other comprehensive income	-	-	-	1,650	-	-	-	1,650
Net loss	-	-	-	-	(34,626)	-	-	(34,626)
Balance at March 31, 2023	47,969	$ 48	$1,008,955	$ (1,325)	$ (499,032)	(28)	$ (132)	$508,514

See accompanying notes to condensed consolidated financial statements.

GLAUKOS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	Three Months Ended March 31,	
	2024	**2023**
Operating Activities		
Net loss	$ (40,838)	$ (34,626)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	2,685	2,078
Amortization of intangible assets	6,228	6,228
Noncash lease expense	1,071	1,036
Amortization of debt issuance costs	343	343
Deferred income tax benefit	-	(5)
Gain on disposal of fixed assets	10	-
Stock-based compensation	11,165	10,184
Unrealized foreign currency losses	1,456	(186)
Amortization of premium on short-term investments	(1,111)	(55)
Other liabilities	2,526	684
Acquired in-process R&D acquired through the issuance of common stock	5,000	-
Changes in operating assets and liabilities:		
Accounts receivable, net	(7,106)	(1,651)
Inventory	(8,551)	(3,089)
Prepaid expenses and other current assets	(912)	(2,498)
Accounts payable and accrued liabilities	(3,620)	(9,266)
Other assets	(2,216)	59
Net cash used in operating activities	(33,870)	(30,764)
Investing activities		
Purchases of short-term investments	(49,250)	(96,295)
Proceeds from sales and maturities of short-term investments	21,880	89,902
Purchases of property and equipment	(968)	(6,908)
Investment in company-owned life insurance	(1,045)	(531)
Net cash used in investing activities	(29,383)	(13,832)
Financing activities		
Proceeds from exercise of stock options	13,055	675
Proceeds from share purchases under Employee Stock Purchase Plan	2,687	2,163
Payment of employee taxes related to vested restricted stock units	(2,378)	(1,537)
Principal paid on finance lease	(197)	(149)
Net cash provided by financing activities	13,167	1,152
Effect of exchange rate changes on cash and cash equivalents	(886)	317
Net decrease in cash, cash equivalents and restricted cash	(50,972)	(43,127)
Cash, cash equivalents and restricted cash at beginning of period	99,323	126,603
Cash, cash equivalents and restricted cash at end of period	$ 48,351	$ 83,476
Supplemental disclosures of cash flow information		
Taxes paid, net of refunds	$ 351	$ 255
Other interest paid	$ 1,073	$ 1,086
Supplemental schedule of noncash investing and financing activities		
Purchases of property and equipment included in accounts payable and accrued liabilities	$ 1,575	$ 2,421

See accompanying notes to condensed consolidated financial statements.

GLAUKOS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note 1. Organization and Basis of Presentation

Organization and business

Glaukos Corporation (Glaukos or the Company), incorporated in Delaware on July 14, 1998, is an ophthalmic pharmaceutical and medical technology company focused on developing novel dropless platform therapies and commercializing associated products for the treatment of glaucoma, corneal disorders, and retinal diseases. The Company first developed Micro-Invasive Glaucoma Surgery (MIGS) as an alternative to the traditional glaucoma treatment paradigm, launching its first MIGS device commercially in 2012. The Company also offers commercially a proprietary bio-activated pharmaceutical therapy for the treatment of a rare corneal disorder, keratoconus, that was approved by the United States (U.S.) Food and Drug Administration (FDA) in 2016. The Company received FDA approval in December 2023 of its first procedural pharmaceutical product, the *iDose TR*, and began commercializing the product in a controlled manner in February 2024. The Company is developing a portfolio of 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 such as keratoconus, dry eye and refractive vision correction; and retinal diseases such as neovascular age-related macular degeneration, diabetic macular edema and retinal vein occlusion.

The accompanying condensed consolidated financial statements include the accounts of Glaukos and its wholly-owned subsidiaries. The Company translates the financial statements of its foreign subsidiaries using end-of-period exchange rates for assets and liabilities and average exchange rates during each reporting period for results of operations. All intercompany balances and transactions among the consolidated entities have been eliminated in consolidation.

Basis of presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted (GAAP) in the U.S. for interim financial information and pursuant to the instructions to Form 10-Q and Article 10 of Regulation S-X.

As permitted by Form 10-Q and Article 10 of Regulation S-X, under those rules, certain footnotes and other financial information that are normally required by GAAP have been condensed or omitted. The unaudited interim financial statements have been prepared on a basis consistent with the audited financial statements. In the opinion of management, the unaudited interim financial statements reflect all adjustments necessary for the fair presentation of the Company's financial information contained herein. All such adjustments are of a normal and recurring nature. The condensed consolidated balance sheet as of December 31, 2023 has been derived from audited financial statements at that date, but excludes disclosures required by GAAP for complete financial statements. These interim financial statements do not include all disclosures required by GAAP and should be read in conjunction with the Company's financial statements and accompanying notes for the fiscal year ended December 31, 2023, which are contained in the Company's Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (SEC) on February 23, 2024. The Company's results of operations for the three months ended March 31, 2024 are not necessarily indicative of the results to be expected for the year ending December 31, 2024 or for any other interim period.

Recent developments

On March 7, 2024, the Company issued $ 5.0 million of its common stock and paid approximately $ 5.1 million in cash in connection with the acquisition of 100% of the outstanding equity interests in a clinical stage biopharma company (the Seller) focused on developing novel therapeutics for rare ophthalmic diseases, including all related patents and patent applications, technology and know-how. The Company accounted for the transaction as an asset acquisition as the set of acquired assets did not constitute a business, and the acquisition costs are recorded within acquired in-process research and development on the condensed consolidated statement of operations. Under the terms of the agreement, if these proprietary technologies are commercialized, the Company may have to make potential payments of up to $51.0 million upon the achievement of certain event-based development milestones, potential payments of up to $150.0 million upon the achievement of certain commercial sales-based milestones should annual net sales of a licensed product eventually exceed various levels, and up to a low double digit royalty on net sales. Furthermore, because the first

two development milestones are payable in either cash or Company shares at the Company's sole discretion, the Company has accrued a liability in the amount of $1.4 million related to these two milestones, which is classified as other liabilities within the condensed consolidated balance sheets, as the contingent consideration is not expected to be paid within the next twelve months. See also *Note 4, Fair Value Measurements* for additional details regarding this contingent consideration.

Effective March 17, 2023, the Company entered into a sales agreement (Sales Agreement) with Celanese Canada ULC (Celanese) under which Celanese will make available and supply to the Company certain raw materials used to create a nanoporous membrane utilized in the *iDose TR*, and authorized the Company to reference its Drug Master File (DMF) with respect to such raw materials, which is required for the Company to commercialize *iDose TR*. The term of the Sales Agreement is four years after the *iDose TR* launch date in February 2024. In exchange for the ability to obtain future raw materials and the rights related to the DMF, the Company is subject to minimum compensation payments over four years of $6.3 million and potential additional royalties based on a percentage of sales of the *iDose TR* product. The Company recognized an intangible asset related to the minimum compensation payments at fair value of $5.2 million upon the date of acquisition, which was determined to be the *iDose TR* launch date. The $5.2 million is included in Intangible Assets, Net on the condensed consolidated balance sheets and will be amortized to cost of sales over its useful life of four years, which is the initial term of the Sales Agreement. A member of the Celanese board of directors also sits on the board of directors of the Company.

Note 2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts in the condensed consolidated financial statements and accompanying notes. Actual results could differ materially from those estimates and assumptions used in the preparation of the accompanying condensed consolidated financial statements.

The Company's condensed consolidated financial statements as of and for the three months ended March 31, 2024 reflect the Company's estimates of the impact of the macroeconomic environment, including the impact of inflation, supply shortages or delays, changes in supply and demand, foreign exchange rate fluctuations and other conditions which have led to disruptions in commerce and pricing stability. While the specific impact of these factors is not readily determinable, in the past three months the Company has not experienced a material financial statement impact or business disruptions as a result of these negative macroeconomic and geopolitical trends. The Company is not aware of any specific event or circumstance that would require an update to its estimates, judgments and assumptions or a revision of the carrying value of the Company's assets or liabilities as of March 31, 2024.

Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the condensed consolidated balance sheets that equate to the amount reported in the condensed consolidated statements of cash flows as of the beginning and end of the three months ended March 31, 2024 (in thousands):

	March 31, 2024	December 31, 2023
Cash and cash equivalents	$ 42,495	$ 93,467
Restricted cash	5,856	5,856
Cash, cash equivalents and restricted cash	$ 48,351	$ 99,323

The Company's cash and cash equivalents include cash in readily available checking and money market accounts, as well as certificates of deposit. The Company maintains balances of cash and cash equivalents at one or more financial institutions that are in excess of federally insured limits.

Recently Adopted Accounting Pronouncements

The Company has not adopted any recent accounting pronouncements that had a material impact on its condensed consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* , which is intended to improve the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the effective tax rate reconciliation and income taxes paid by jurisdiction. The ASU is effective for public business entities' annual periods beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of adopting this guidance on its condensed consolidated financial statements.

In November 2023, the FASB issued ASU No. 2023-07, *Improvements to Reportable Segments Disclosures*. While ASU 2023-07 requires incremental disclosures, it does not change how an entity identifies its operating segments, aggregates those operating segments, or applies the quantitative thresholds to determine reportable segments. This ASU is effective for all public business entities for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Entities must adopt the changes to the segment reporting guidance on a retrospective basis. The Company is currently evaluating the impact of adopting this guidance on its condensed consolidated financial statements. Early adoption is permitted; however, the Company is not early adopting the standard.

Note 3. Balance Sheet Details

Short-term Investments

Short-term investments consisted of the following (in thousands):

	At March 31, 2024				
	Maturity (in years)	Amortized cost or cost	Unrealized gains	Unrealized losses	Estimated fair value
U.S. government agency bonds	less than 3	$ 21,000	$ -	$ (128)	$ 20,872
U.S. treasury securities	less than 2	156,184	57	(133)	156,108
Bank certificates of deposit	less than 2	8,920	3	(6)	8,917
Commercial paper	less than 1	3,232	-	(1)	3,231
Corporate notes	less than 3	25,338	51	(137)	25,252
Asset-backed securities	less than 2	13,068	19	(130)	12,957
Municipal bonds	less than 3	3,010	18	-	3,028
Total		$ 230,752	$ 148	$ (535)	$ 230,365

	At December 31, 2023				
	Maturity (in years)	Amortized cost or cost	Unrealized gains	Unrealized losses	Estimated fair value
U.S. government agency bonds	less than 3	$ 25,995	$ 2	$ (347)	$ 25,650
U.S. treasury securities	less than 2	124,780	274	(36)	125,018
Bank certificates of deposit	less than 1	7,100	9	-	7,109
Commercial paper	less than 1	5,679	4	(1)	5,682
Corporate notes	less than 3	21,292	77	(229)	21,140
Asset-backed securities	less than 2	12,415	41	(135)	12,321
Municipal bonds	less than 3	5,010	34	-	5,044
Total		$ 202,271	$ 441	$ (748)	$ 201,964

At each reporting date, the Company performs an evaluation of impairment to determine if any unrealized losses are the result of credit losses. Impairment is assessed at the individual security level. Factors considered in determining whether a loss resulted from a credit loss or other factors include the Company's intent and ability to hold the investment until the recovery of its amortized cost basis, the extent to which the fair value is less than the amortized

cost basis, the length of time and extent to which fair value has been less than the cost basis, the financial condition of the issuer, any historical failure of the issuer to make scheduled interest or principal payments, any changes to the rating of the security by a rating agency, any adverse legal or regulatory events affecting the issuer or issuer's industry, and any significant deterioration in economic conditions.

The credit-related portion of unrealized losses, and any subsequent improvements, are recorded in interest expense in the condensed consolidated statements of operations through an allowance for credit losses. Unrealized gains and losses that are not credit-related are included in accumulated other comprehensive loss. Unrealized losses on available-for-sale debt securities as of March 31, 2024 and December 31, 2023 were not significant and were primarily due to changes in interest rates, including market credit spreads, and not due to increased credit risks associated with specific securities. Further, the Company does not intend to sell these investments prior to maturity and it is not more likely than not that the Company will be required to sell these investments before recovery of their amortized cost basis. Accordingly, the Company did not record an allowance for credit losses with these investments as of March 31, 2024 and December 31, 2023.

Accounts Receivable, Net

Accounts receivable consisted of the following (in thousands):

	March 31, 2024	December 31, 2023
Accounts receivable	$ 47,960	$ 41,051
Allowance for credit losses	(1,415)	(1,201)
	$ 46,545	$ 39,850

The Company's allowance for credit losses represents management's estimate of current expected credit losses related to customer receivables. There were immaterial bad-debt write offs charged during the three months ended March 31, 2024.

Additionally, no customers accounted for more than 10% of net accounts receivable as of March 31, 2024 or December 31, 2023.

Inventory

Inventory consisted of the following (in thousands):

	March 31, 2024	December 31, 2023
Finished goods	$ 24,899	$ 16,699
Work in process	12,748	12,870
Raw material	12,538	12,417
	$ 50,185	$ 41,986

Accrued Liabilities

Accrued liabilities consisted of the following (in thousands):

	March 31, 2024	December 31, 2023
Accrued bonuses	$ 6,733	$ 20,588
Accrued payroll taxes	7,315	2,365
Accrued vacation benefits	5,463	5,269
Accrued sales rebates	11,338	8,935
Other accrued liabilities	28,637	23,417
	$ 59,486	$ 60,574

Note 4. Fair Value Measurements

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability.

The carrying amounts of cash equivalents, accounts receivable, accounts payable, and accrued liabilities are considered to be representative of their respective fair values because of the short-term nature of those instruments.

The valuation of assets and liabilities is subject to fair value measurements using a three-tiered approach and fair value measurements are classified and disclosed by the Company in one of the following three categories:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The following tables present information about the Company's financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2024 and December 31, 2023 indicate the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value (in thousands):

		At March 31, 2024		
	March 31, 2024	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Cash equivalents:				
Money market funds [i]	$ 5,128	$ 5,128	$ -	$ -
Available for sale securities:				
U.S. government agency bonds [ii]	$ 20,872	$ -	$ 20,872	$ -
U.S. treasury securities [ii]	156,108	-	156,108	-
Commercial paper [ii]	3,231	-	3,231	-
Bank certificates of deposit [ii]	8,917	-	8,917	-
Corporate notes [ii]	25,252	-	25,252	-
Asset-backed securities [ii]	12,957	-	12,957	-
Municipal bonds [ii]	3,028	-	3,028	-
Investments held for deferred compensation plans [iii]	12,634	-	12,634	-
Total Assets	$ 248,127	$ 5,128	$ 242,999	$ -
Liabilities				
Deferred compensation plans [iv]	$ 12,421	$ -	$ 12,421	$ -
Contingent consideration [iv]	$ 1,442	$ -	$ -	$ 1,442
Total Liabilities	$ 13,863	$ -	$ 12,421	$ 1,442

[i] Included in cash and cash equivalents with a maturity of three months or less from date of purchase on the condensed consolidated balance sheets.

[ii] Included in short-term investments on the condensed consolidated balance sheets.

[iii] Included in deposits and other assets on the condensed consolidated balance sheets.

[iv] Included in other liabilities on the condensed consolidated balance sheets.

	December 31, 2023	At December 31, 2023		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Cash equivalents:				
Money market funds [i]	$ 52,156	$ 52,156	$ -	$ -
Available for sale securities:				
U.S. government agency bonds [ii]	$ 25,650	$ -	$ 25,650	$ -
U.S. treasury securities [ii]	125,018	-	125,018	-
Commercial paper [ii]	5,682	-	5,682	-
Bank certificates of deposit [ii]	7,109	-	7,109	-
Corporate notes [ii]	21,140	-	21,140	-
Asset-backed securities [ii]	12,321	-	12,321	-
Municipal bonds [ii]	5,044	-	5,044	-
Investments held for deferred compensation plans [iii]	11,589	-	11,589	-
Total Assets	$ 265,709	$ 52,156	$ 213,553	$ -
Liabilities				
Deferred compensation plans [iv]	$ 11,294	$ -	$ 11,294	$ -
Total Liabilities	$ 11,294	$ -	$ 11,294	$ -

[i] Included in cash and cash equivalents with a maturity of three months or less from date of purchase on the condensed consolidated balance sheets.

[ii] Included in short-term investments on the condensed consolidated balance sheets.

[iii] Included in deposits and other assets on the condensed consolidated balance sheets.

[iv] Included in other liabilities on the condensed consolidated balance sheets.

Money market funds are highly-liquid investments and are actively traded. The pricing information on these investment instruments is readily available and can be independently validated as of the measurement date. This approach results in the classification of these securities as Level 1 of the fair value hierarchy.

U.S. government agency bonds, U.S. treasury securities, bank certificates of deposit, commercial paper, municipal bonds, corporate notes and asset-backed securities are measured at fair value using Level 2 inputs. The Company reviews trading activity and pricing for these investments as of each measurement date. Pursuant to the Company's deferred compensation plan (the Deferred Compensation Plan), the Company has also established a rabbi trust that serves as an investment to shadow the Deferred Compensation Plan liability. The investments of the rabbi trust and Deferred Compensation Plan liability consist of company-owned life insurance policies (COLIs) and the pricing on these investments can be independently evaluated. When sufficient quoted pricing for identical securities is not available, the Company uses market pricing and other observable market inputs for similar securities obtained from third party data providers. These inputs represent quoted prices for similar assets in active markets or these inputs have been derived from observable market data. This approach results in the classification of these securities as Level 2 of the fair value hierarchy.

The Company recorded a contingent consideration liability upon the asset acquisition, as described in Recent Developments within *Note 1, Organization and Basis of Presentation* above. The contingent consideration is measured at fair value and is based on significant inputs not observable in the market which includes the probability and timing of achieving certain future milestones, and to a lesser extent, an applicable discount rate and Glaukos' credit rating. This represents a Level 3 measurement within the fair value hierarchy. The valuation of contingent consideration uses assumptions the Company believes a market participant would make. The Company assesses these estimates on an ongoing basis as it obtains additional data impacting the assumptions. Changes in the fair value of contingent consideration related to updated assumptions and estimates are recognized within the condensed consolidated statements of operations.

There were no transfers between levels within the fair value hierarchy during the periods presented.

The Company did not have any assets or liabilities measured at fair value on a recurring basis within Level 3 fair value measurements as of December 31, 2023.

Convertible Senior Notes

As of March 31, 2024 and December 31, 2023, the fair value of the Company's 2.75% convertible notes due 2027 (Convertible Notes) was $514.6 million and $444.0 million, respectively. The fair value was determined on the basis of the market prices observable for similar instruments and is considered Level 2 in the fair value hierarchy. See *Note 9, Convertible Senior Notes* for additional information.

Note 5. Leases

The Company has operating and finance leases for facilities and certain equipment. Leases with an initial term of 12 months or less are expensed and not recorded on the condensed consolidated balance sheet. Lease expense for operating leases is recognized on a straight-line basis over the lease term.

The Company's leases have non-cancelable lease terms of approximately one year to thirteen years, some of which include options to extend the leases for up to ten years. The exercise of lease renewal options is at the Company's sole discretion. In certain of the Company's lease agreements, the rental payments are adjusted periodically to reflect actual charges incurred for common area maintenance, landlord incentives and/or inflation.

The Company's office building lease in Aliso Viejo, California (Aliso Facility) is one property containing three existing office buildings, comprising approximately 160,000 rentable square feet of space, which was accounted for as a finance lease. The term of the Aliso Facility commenced on April 1, 2019 for expense recognition and continues for thirteen years. The lease agreement contains an option to extend the lease for two additional five year periods at market rates.

The Company also leases two adjacent buildings, two office suites and a warehouse located in San Clemente, California and a facility in Burlington, Massachusetts. The total leased square footage of the San Clemente facilities equals approximately 120,000 and the two most significant leases expire on May 31, 2030. Each of these two leases contain an option to extend the lease for one additional five-year period at market rates. The total leased square footage of the Burlington facility is approximately 60,000 square feet, and the lease expires on July 31, 2033. The Burlington facility lease contains an option to extend the lease for one additional five-year period at market rates.

The Company's remaining foreign subsidiaries' leased office space totals less than 15,000 square feet.

The following table presents the maturity of the Company's operating and finance lease liabilities within the condensed consolidated balance sheets:

Maturity of Lease Liabilities (in thousands)	Operating Leases [a]	Finance Leases [b]
Remainder of 2024	$ 2,933	$ 3,917
2025	3,729	5,340
2026	3,735	5,500
2027	3,834	5,665
2028	3,929	5,835
2029	4,037	6,010
Thereafter	28,477	90,047
Total lease payments	$ 50,674	$ 122,314
Less: imputed interest	19,315	51,050
Total lease liabilities	$ 31,359	$ 71,264

[a] Operating lease payments include $22.6 million related to options to extend lease terms that are reasonably certain of being exercised.
[b] Finance lease payments include $75.8 million related to options to extend lease terms that are reasonably certain of being exercised.

Note 6. Intangible Assets and Goodwill

Intangible assets

For the three months ended March 31, 2024 and March 31, 2023, amortization expense related to the Company's finite-lived intangible assets was approximately $5.5 million and $0.7 million, recorded in cost of sales and selling, general and administrative expenses, respectively, in the condensed consolidated statements of operations.

The Company evaluated its indefinite-lived intangible assets for impairment and concluded there were no indicators of impairment as of March 31, 2024.

Goodwill

The assessment of goodwill by reporting unit is performed annually, in the fourth quarter, or more frequently if events or circumstances indicate the carrying value may no longer be recoverable and that an impairment loss may have occurred. The Company considered the current and expected future economic and market conditions and its impact on the Company's reporting unit. Based on interim assessments, the Company did not identify any "triggering" events which would indicate an impairment of goodwill is more likely than not as of March 31, 2024.

The following table presents the composition of the Company's intangible assets and goodwill (in thousands):

	Weighted-Average Amortization Period (in years)	As of March 31, 2024			As of December 31, 2023		
		Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Developed technology	11.4	$252,200	$ (96,192)	$156,008	$252,200	$ (90,670)	$161,530
Customer relationships	5.0	14,100	(12,279)	1,821	14,100	(11,574)	2,526
License	4.0	5,190	-	5,190	-	-	-
Intangible assets subject to amortization		271,490	(108,471)	163,019	266,300	(102,244)	164,056
In-process research and development	Indefinite	$118,900	$ -	$118,900	$118,900	$ -	$118,900
Total		$390,390	$ (108,471)	$281,919	$385,200	$ (102,244)	$282,956
Goodwill	Indefinite	$ 66,134	$ -	$ 66,134	$ 66,134	$ -	$ 66,134

As of March 31, 2024, expected amortization expense for unamortized finite-lived intangible assets for the next five years and thereafter is as follows (in thousands):

	Amortization Expense
Remainder of 2024	$ 19,529
2025	23,390
2026	23,390
2027	23,378
2028	21,707
Thereafter	51,625
Total amortization	$ 163,019

Actual amortization expense to be reported in future periods could differ from these estimates as a result of asset impairments, acquisitions, or other facts and circumstances.

Note 7. Revenue from Contracts with Customers

The Company's net sales are generated primarily from sales of its *iStent* family of products, *Photrexa* and associated drug formulations, KXL systems and royalty income. The Company's customers are primarily comprised of ambulatory surgery centers, hospitals and physician private practices, with third party distributors being used in certain international locations where the Company currently does not have a direct commercial presence.

The Company concluded that one performance obligation exists for the majority of its contracts with customers which is to deliver products in accordance with the Company's normal delivery times. Revenue is recognized when this performance obligation is satisfied, which is the point in time when the Company considers control of a product to have transferred to the customer. Revenue recognized reflects the consideration to which the Company expects to be entitled in exchange for those products or services. The Company has determined the transaction price to be the invoice price, net of adjustments that reduce revenue, which included estimates of commercial and governmental rebates owed, variable consideration for product returns and warranty replacements and other discounts and incentives that reduce revenue. Our process for estimating reserves established for these variable consideration components does not differ materially from historical practices. The transaction price, which includes variable consideration reflecting the impact of discounts and allowances, may be subject to constraint and is included in the net sales price only to the extent that it is probable that a significant reversal of the amount of the cumulative revenue recognized will not occur in a future period. Actual amounts may ultimately differ from our estimates. If actual results vary, we adjust these estimates, which could have an effect on earnings in the period of adjustment.

Revenue is recognized at an amount that reflects the consideration the Company expects to be entitled to in exchange for goods or services, and substantially all of the Company's net sales for the three months ended March 31, 2024 are considered revenue from contracts with customers.

Disaggregation of Revenue

The Company's revenues disaggregated by product category and geography for the three months ended March 31, 2024 and March 31, 2023 were as follows (in thousands):

	Three Months Ended March 31,					
	United States		International		Total	
	2024	2023	2024	2023	2024	2023
Glaucoma	$ 41,981	$ 35,106	$ 25,238	$ 21,118	$ 67,219	$ 56,224
Corneal Health	15,707	14,581	2,696	3,094	18,403	17,675
Total	$ 57,688	$ 49,687	$ 27,934	$ 24,212	$ 85,622	$ 73,899

Contract Balances

Contract Assets

Amounts are recorded as accounts receivable when the Company's right to consideration becomes unconditional. Payment terms on invoiced amounts are typically 30 days for glaucoma and corneal health products, though extended payment terms may be offered. However, the Company does not consider any significant financing components in customer contracts given the expected time between transfer of the promised products and the payment of the associated consideration is less than one year. As of March 31, 2024 and December 31, 2023, substantially all amounts included in accounts receivable, net on the condensed consolidated balance sheets are related to contracts with customers.

Aside from the aforementioned contract assets, the Company does not have any contract assets given that the Company does not have any unbilled receivables and sales commissions on products are expensed within selling, general and administrative expenses within the condensed consolidated statements of operations when incurred as any incremental cost of obtaining contracts with customers would have an amortization period of less than one year.

Contract Liabilities

Contract liabilities reflect consideration received from customers' purchases allocated to the Company's future performance obligations.

The Company has performance obligations to issue volume-based rebates to eligible commercial and governmental entities that may be eligible for a rebate at the conclusion of their contract terms. These performance obligations are transferred over time and the Company's method of measuring progress is the output method, whereby the progress is measured by the estimated rebate earned to date over the total rebate estimated to be earned over the contract period.

Additionally, effective in the first quarter 2024, certain product sales, primarily the Company's pharmaceutical products made under governmental pricing programs in the U.S., are subject to rebates under the Medicaid Drug Rebate Program (MDRP). The rebate accrual calculation requires management to project the volume of net sales that will be subject to these rebates. There is a significant time-lag in receiving rebate notices from each state (generally, several months or longer after a sale is recognized). Estimated MDRP rebates are recorded as a reduction of revenue in the period the related sale is recognized and were not material for the three months ended March 31, 2024.

The Company's total rebate allowance is included in accrued liabilities in the condensed consolidated balance sheets and was $11.4 million and $8.9 million as of March 31, 2024 and December 31, 2023, respectively.

During the three months ended March 31, 2024 and March 31, 2023, the Company did not recognize any revenue related to material changes in transaction prices regarding its contracts with customers and did not recognize any material changes in revenue related to amounts included in contract liabilities at the beginning of the period.

The Company's net sales within a fiscal year may be impacted seasonally, as demand for U.S. ophthalmic procedures is typically softer in the first quarter and stronger in the fourth quarter of a given year.

Note 8. Net Loss per Share

Basic net loss per share is calculated by dividing the net loss by the weighted average number of common shares that were outstanding for the period, without consideration for common stock equivalents. For periods when the Company realizes a net loss, no common stock equivalents are included in the calculation of weighted average number of dilutive common stock equivalents as the effect of applying the treasury stock method is considered anti-dilutive. For periods when the Company realizes net income, diluted net income per share is calculated by dividing the net income by the weighted average number of common shares plus the sum of the weighted average number of dilutive common stock equivalents outstanding for the period determined using the treasury stock method. Common stock equivalents are comprised of stock options outstanding and unvested restricted stock units (RSUs) under the Company's incentive compensation plans and shares issuable under the Company's Employee Stock Purchase Plan (ESPP). Due to the Company's net loss position, basic and diluted net loss per share for each of the three months ending March 31, 2024 and March 31, 2023 are the same.

The following potentially dilutive securities were not included in the calculation of diluted net loss per share because to do so would be anti-dilutive (in common stock equivalent shares, in thousands):

	Three Months Ended March 31,	
	2024	2023
Convertible senior notes	5,125	5,125
Stock options outstanding	2,219	2,298
Unvested restricted stock units	1,039	656
Employee stock purchase plan	17	22
	8,400	8,101

Note 9. Convertible Senior Notes

The Company accounts for its convertible senior notes as a single unit of accounting, a liability, because the Company concluded that there were no material conversion features that require bifurcation as a derivative and its convertible debt instruments were not issued at a substantial premium.

In June 2020, the Company issued $287.5 million in aggregate principal amount of Convertible Notes pursuant to an indenture dated June 11, 2020, between the Company and Wells Fargo Bank, National Association, as trustee (the Indenture), in a private offering to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933, as amended. The Convertible Notes are senior unsecured obligations of the Company and bear interest at a rate of 2.75% per year, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2020. The Convertible Notes will mature on June 15, 2027, unless earlier converted, redeemed or repurchased in accordance with their terms. In connection with issuing the Convertible Notes, the Company received $242.2 million in proceeds, after deducting fees and offering expenses and paying the cost of the capped call transactions described below.

The Convertible Notes may be converted at the option of the holders at any time prior to the close of business on the business day immediately preceding March 15, 2027, only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ended on September 30, 2020 (and only during such calendar quarter), if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price of $56.10 on each applicable trading day; (2) during the five business day period immediately after any ten consecutive trading day period (the Measurement Period) in which the trading price (as defined in the Indenture) per $1,000 principal amount of the Convertible Notes for each trading day of the Measurement Period was less than 98% of the product of (i) the last reported sale price of the Company's common stock and (ii) the conversion rate in effect on each such trading day; (3) with respect to any Convertible Notes the Company calls for redemption, at any time prior to the close of business on the business day immediately preceding the redemption date, even if the Convertible Notes are not otherwise convertible at such time; or (4) upon the occurrence of specified corporate events. On or after March 15, 2027, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their Convertible Notes, in multiples of $1,000 principal amount, at the option of the holder regardless of the foregoing circumstances. Upon conversion, calculated based on the per share volume-weighted average price for each of the 30 consecutive trading days during the observation period (as more fully described in the Indenture), the Company will pay or deliver, as the case may be, cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election, in the manner and subject to the terms and conditions provided in the Indenture.

As of March 31, 2024, one of the conditions allowing holders of the Convertible Notes to convert had been met. The trading price of the Company's common stock remained above 130% of the applicable $56.10 conversion price for at least 20 trading days during the 30 consecutive trading-day period ending on, and including, March 31, 2024 resulting

in the right of holders of the Convertible Notes to convert their Convertible Notes beginning April 1, 2024 through June 28, 2024 (the last business day of the quarter ending June 30, 2024).

Interest expense relating to the Convertible Notes in the condensed consolidated statements of operations for the three months ended March 31, 2024 and March 31, 2023 is summarized as follows (in thousands):

	Three months ended March 31,	
	2024	2023
Contractual interest expense	$ 1,977	$ 1,977
Amortization of debt issuance costs	343	343
Total interest expense	$ 2,320	$ 2,320

The effective interest rate on the Convertible Notes for the three months ended March 31, 2024 and March 31, 2023 was 3.2%.

As of March 31, 2024 and December 31, 2023, the Convertible Notes on the condensed consolidated balance sheets represented the carrying amount of the Convertible Notes, net of unamortized debt issuance costs, which are summarized as follows (in thousands):

	As of March 31, 2024	As of December 31, 2023
Convertible Notes	$ 287,500	$ 287,500
Less: Unamortized debt issuance costs	(4,383)	(4,727)
Carrying amount of Convertible Notes	$ 283,117	$ 282,773

Capped Call Transactions

In connection with the offering of the Convertible Notes, in June 2020 the Company entered into privately negotiated capped call transactions with certain financial institutions (the Option Counterparties) and used an aggregate $35.7 million of the net proceeds from the Convertible Notes to pay the cost of the capped call transactions. The capped call transactions are expected generally to reduce potential dilution to the Company's common stock upon any conversion of the Convertible Notes or at the Company's election (subject to certain conditions) offset any cash payments the Company is required to make in excess of the aggregate principal amount of converted Convertible Notes, as the case may be, with such reduction or offset subject to a cap based on the cap price. The cap price of the capped call transactions is initially $86.30 per share, which represents a premium of 100% over the last reported sale price of the Company's common stock on June 8, 2020, and is subject to certain adjustments under the terms of the capped call transactions. The capped calls have an initial strike price of approximately $56.10 per share, subject to certain adjustments, which corresponds to the conversion option strike price in the Convertible Notes. The capped call transactions cover, subject to customary adjustments, the number of shares of common stock initially underlying the Convertible Notes (or approximately 5.1 million shares of the Company's common stock).

The capped call transactions are separate transactions that the Company entered into with the Option Counterparties, are not part of the terms of the Convertible Notes and will not change the holders' rights under the Convertible Notes. As the capped call transactions meet certain accounting criteria, the cost of the capped call transactions of $35.7 million was recorded as a reduction in additional paid-in capital in the consolidated balance sheets and will not be remeasured to fair value as long as the accounting criteria continue to be met. As of March 31, 2024, the Company had not purchased any shares under the capped call transactions.

Note 10. Stock-Based Compensation

The following table summarizes the allocation of stock-based compensation related to stock options and RSUs in the accompanying condensed consolidated statements of operations (in thousands):

	Three Months Ended March 31,	
	2024	2023
Cost of sales	$ 726	$ 408
Selling, general and administrative	7,271	6,910
Research and development	3,168	2,866
Total	$ 11,165	$ 10,184

At March 31, 2024, the total unamortized stock-based compensation expense was approximately $ 72.1 million, of which $10.3 million and $ 61.8 million was attributable to stock options and RSUs, respectively. The Company currently issues its annual stock option and RSU grants to eligible employees during the second quarter of each year.

Of the $10.3 million related to stock options, $ 10.0 million is attributable to time-based stock options and will be recognized over the time-based stock options' remaining vesting terms of approximately 4.0 years (3.0 years on a weighted average basis). The remaining $0.3 million is attributable to performance-based options and will be recognized over the performance-based stock options' remaining vesting terms of less than one year (0.8 years on a weighted average basis).

Of the $61.8 million related to RSUs, $ 61.5 million is attributable to time-based RSUs and will be recognized over the RSUs' vesting terms of approximately 4.0 years (2.7 years on a weighted-average basis). The remaining $ 0.3 million is attributable to performance-based RSUs and will be recognized over the performance-based RSUs' remaining vesting terms of less than one year (0.7 years on a weighted average basis).

The total stock-based compensation cost capitalized in inventory was not material for the three month periods ended March 31, 2024 and March 31, 2023.

Note 11. Income Taxes

The provision for income taxes is determined using an effective tax rate. For the three months ended March 31, 2024, the Company's estimated effective tax rate of (0.93)% was lower than the U.S. federal statutory rate primarily due to the utilization of U.S. net operating loss (NOL) and generation of R&D tax credit carryforwards that are partially offset by a valuation allowance, as well as state and foreign income taxes. The effective tax rate may be subject to fluctuations during the year as new information is obtained that may affect the assumptions used to estimate the effective tax rate, including factors such as expected utilization of NOL carryforwards, changes in or the interpretation of tax laws in jurisdictions where the Company conducts business, expansion of the Company's taxable presence in domestic and foreign markets, and the amount of valuation allowances against deferred tax assets. For each of the three months ended March 31, 2024 and March 31, 2023, the Company recorded a provision for income taxes of $0.4 million, which was primarily comprised of state and foreign income tax expense.

Additionally, the Company follows an accounting standard addressing the accounting for uncertainty in income taxes that prescribes rules for recognition, measurement and classification in the financial statements of tax positions taken or expected to be taken in a tax return. As of March 31, 2024 and December 31, 2023, the Company had gross unrecognized tax benefits of $33.7 million and $ 32.8 million, respectively.

Note 12. Commitments and Contingencies

Secured Letters of Credit

The Company has a letter of credit that is related to its Aliso Facility. The letter of credit is secured with an amount of cash held in a restricted account of approximately $5.6 million as of March 31, 2024 and December 31, 2023, respectively. Beginning as of the first day of the thirty-seventh month of the lease term (which occurred during 2022), and on each twelve-month anniversary thereafter, the letter of credit will be reduced by 20% until the letter of credit amount has been reduced to $2.0 million.

Executive Deferred Compensation Plan

Pursuant to the Company's Deferred Compensation Plan, eligible senior level employees are permitted to make elective deferrals of compensation to which he or she will become entitled in the future. The Company has also established a rabbi trust that serves as an investment to shadow the Deferred Compensation Plan liability. The investments of the rabbi trust consist of COLIs. The fair value of the Deferred Compensation Plan liability, included in other liabilities on the condensed consolidated balance sheets, was approximately $12.4 million and $11.3 million as of March 31, 2024 and December 31, 2023, respectively, and the cash surrender value of the COLIs, included in deposits and other assets on the condensed consolidated balance sheets, which reflects the underlying assets at fair value, was approximately $12.6 million and $11.6 million as of March 31, 2024 and December 31, 2023, respectively.

Note 13. Business Segment Information

The Company has one business activity and operates as one operating segment: the development and commercialization of ophthalmic therapies designed to treat glaucoma, corneal disorders and retinal diseases. The Company determined its operating segment on the same basis that it uses to evaluate its performance internally. The Company's revenues disaggregated by revenue and product category are included in *Note 7, Revenue from Contracts with Customers.* The Company's chief operating decision-maker, its Chief Executive Officer, reviews its consolidated operating results for the purpose of allocating resources and evaluating financial performance.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our unaudited condensed consolidated financial statements and notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q and with our audited consolidated financial statements and notes thereto for the year ended December 31, 2023 included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 filed with the United States (U.S.) Securities and Exchange Commission (SEC) on February 23, 2024 (Annual Report). The discussion and analysis below contains forward-looking statements within the meaning of federal securities laws, and should be read in conjunction with the disclosures we make concerning risks and other factors that may affect our business and operating results. See "Note Regarding Forward-Looking Statements" preceding Part I, Item 1 in this Quarterly Report on Form 10-Q.

Overview

We are an ophthalmic pharmaceutical and medical technology company focused on developing novel, dropless platform therapies and commercializing associated products for the treatment of glaucoma, corneal disorders, and retinal disease. We first developed Micro-Invasive Glaucoma Surgery (MIGS) as an alternative to the traditional glaucoma treatment paradigm, launching our first MIGS device commercially in 2012. We also offer commercially a proprietary bio-activated pharmaceutical therapy for the treatment of a rare corneal disorder, keratoconus, that was approved by the U.S. Food and Drug Administration (FDA) in 2016. We received FDA approval in December 2023 for our first procedural pharmaceutical product, the *iDose TR*, an intracameral procedural pharmaceutical therapy designed to continuously deliver 24/7 therapeutic levels of a proprietary formulation of travoprost inside the eye for extended periods of time, and we began commercializing *iDose TR* in a controlled manner in February 2024. We are developing a portfolio of platforms to support ongoing pharmaceutical and medical device innovations. Products and 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 such as keratoconus, dry eye and refractive vision correction; and retinal diseases such as neovascular age-related macular degeneration, diabetic macular edema, and retinal vein occlusion.

Financial Overview

The most important financial indicators that we use to assess our business are net sales, gross margin, operating expenses, and cash on hand.

	Three Months Ended	
	March 31, 2024	March 31, 2023
Net sales	$ 85,622	$ 73,899
Gross margin	76 %	76 %
Operating expenses	$ 104,430	$ 88,821

	March 31, 2024	December 31, 2023
Cash, cash equivalents, short-term investments and restricted cash	$ 278,716	$ 301,287

Please see *Results of Operations* and *Liquidity and Capital Resources* below for a detailed discussion of each of the above items including analysis of the fluctuations from year to year.

We incurred net losses for each of the three months ended March 31, 2024 and March 31, 2023 of $40.8 million $34.6 million, respectively. As of March 31, 2024, we had an accumulated deficit of $639.9 million.

Recent Developments

On March 7, 2024, we issued $5.0 million of our common stock and paid approximately $5.1 million in cash in connection with the acquisition of 100% of the outstanding equity interests in a clinical stage biopharma company (the Seller) focused on developing novel therapeutics for ophthalmic diseases, including all related patents and patent applications, technology and know-how. We accounted for the transaction as an asset acquisition as the set of acquired assets did not constitute a business, and the acquisition costs are recorded within acquired in-process research and

development on the condensed consolidated statement of operations. Under the terms of the agreement, if these proprietary technologies are commercialized, we may have to make potential payments of up to $51.0 million upon the achievement of certain event-based development milestones, potential payments of up to $150.0 million upon the achievement of certain commercial sales-based milestones should annual net sales of a licensed product eventually exceed various levels, and up to a low double digit royalty on net sales. Furthermore, because the first two development milestones are payable in either cash or the Company's shares at our sole discretion, we have accrued $1.4 million related to these two milestones which is classified as an other liability within the condensed consolidated balance sheets, as the contingent consideration is not expected to be paid within the next twelve months.

Effective March 17, 2023, we entered into a sales agreement (Sales Agreement) with Celanese Canada ULC (Celanese) under which Celanese will make available and supply us certain raw materials used to create a nanoporous membrane utilized in the *iDose TR*, and authorized us to reference its Drug Master File (DMF) with respect to such raw materials, which is required for us to commercialize *iDose TR*. The term of the Sales Agreement is four years after the *iDose TR* launch date in February 2024. In exchange for the ability to obtain future raw materials and the rights related to the DMF, we are subject to minimum compensation payments over four years of $6.3 million and potential additional royalties based on a percentage of sales of the *iDose TR* product. We recognized an intangible asset related to the minimum compensation payments at fair value of $5.2 million upon the date of acquisition, which was determined to be the *iDose TR* launch date. The $5.2 million is included in Intangible Assets, Net on the condensed consolidated balance sheets and will be amortized to cost of sales over its useful life of four years, which is the initial term of the Sales Agreement.

Market and Business Update

Impact of the Current Global Economic Environment

In connection with ongoing macroeconomic conditions, including inflation, supply shortages or delays, changes in supply and demand, foreign exchange rate fluctuations and other conditions that have led to disruptions in commerce and pricing stability, some of our vendors are continuing to experience supply challenges, both in the acquisition of raw materials as well as due to labor shortages and other disruptions. As a result of these supply chain challenges and due ongoing inflationary pressures, we have experienced higher costs for certain components and raw materials. We expect some supply challenges and higher costs to continue throughout 2024. These challenges have occasionally led to longer lead times and delays of certain components needed for the manufacture of our products, in some cases requiring us to find alternative sources for materials. In the latter part of 2023 and into the first quarter of 2024, these supply challenges generally stabilized; however, if these supply issues persist or worsen in the future, they could impact our ability to ship some of our products to our customers, or bring some of our pipeline products to market, in a timely manner. Additionally, unfavorable foreign exchange rates in certain geographies in which we operate negatively impacted our sales during the three months ended March 31, 2023, and to a lesser extent, in the three months ended March 31, 2024.

Developments Impacting Reimbursement Rates and Coverage

In the U.S., healthcare providers use separate billing codes to report the provision of medical procedures and use of supplies to third-party payors, such as government programs or private insurance, and seek reimbursement for all or a portion of those costs. Physician fee payment rates for products covered by temporary Current Procedural Terminology (CPT) codes are set by the multi-state, regional contractors, or Medicare Administrative Contractors (MACs), of which there are currently seven, that are responsible for administering Medicare claims. MACs have in the past, and may in the future, change coverage terms, and there can be no assurance that coverage and adequate reimbursement will be obtained from, or maintained by, the MACs.

In October and November 2023, five of the seven MACs released final local coverage determinations (LCDs) confirming reimbursement coverage of the standalone procedure utilizing the *iStent infinite*, which received FDA clearance in August 2022, and non-coverage for certain procedures, including the ophthalmic canaloplasty procedure utilizing our *iPRIME* product. These LCDs also indicated that surgical MIGS procedures should not be performed in combination with other MIGS or surgical glaucoma procedures. In December 2023, prior to their respective effective dates, those five MACs rescinded the final LCDs and determined there would be no change in the current status of coverage for MIGS. The other two MACs have taken preliminary steps to assess coverage of *iStent infinite* through temporary local coverage article (LCA) updates. In the case of each of these seven MACs, coverage of the *iStent infinite* is determined on a case-by-case basis.

On January 1, 2024, the U.S. Centers for Medicare & Medicaid Services' (CMS') final rules on 2024 Medicare physician fee and facility fee payment rates (2024 Final Rule) became effective. The 2024 Final Rule does not materially modify the 2023 Medicare physician fee and facility fee payment rates with respect to physician fee payment rates for procedures using our *iStent* family of products in conjunction with cataract surgery but does contain increased facility fee rates for such procedures, in both the ASC and hospital settings. In addition, the 2024 Final Rule contained significant increases in the facility fee rates for ASCs and hospitals that perform *iStent infinite* procedures in a standalone setting under its temporary Category III CPT code.

On April 2, 2024, CMS assigned a unique, permanent Healthcare Common Procedure Coding System J-code for *iDose TR* indicated for the reduction of intraocular pressure in patients with open-angle glaucoma or ocular hypertension. The new J-code for *iDose TR*, J7355, is set to become effective July 1, 2024. J-codes are used by U.S. government and commercial payers, as well as surgeons, to streamline the billing and reimbursement process for procedural pharmaceuticals administered by a healthcare professional, such as *iDose TR*, along with other certain treatments. In addition to the J-code, on March 21, 2024, CMS assigned the CPT codes that are designed to be used to cover the procedural component of *iDose TR*, 0660T and 0661T, to ambulatory payment classification 5492 (Level 2 Intraocular Procedures), effective April 1, 2024. The professional fees associated with an *iDose TR* procedure will be set by each individual MAC separately.

Business Outlook

CMS physician fee payment rate decreases have disrupted traditional customer ordering patterns and have resulted in our customers' trialing and utilization of competitive products, causing reduced U.S. Glaucoma sales volumes of our *iStent* family of products used in conjunction with cataract surgery in each of the three months ended March 31, 2024 and March 31, 2023. Our corneal health sales have experienced sporadic headwinds in recent years due to U.S. commercial payer volatility. We believe investments in our market access organization were successful in reducing volatility during the three months ended March 31, 2024 and March 31, 2023, however we cannot predict whether such success will continue.

In addition to the foregoing, we had commercialized certain of our products for several years in the U.S. with few or no direct competitors. Other competitive products have now become available in the U.S. and globally that have impacted and may continue to impact adoption of or demand for our products. We are also aware of similar products being developed by third parties that could enter the market and increase the competitive pressures we face. These other products could achieve greater commercial acceptance or demonstrate better safety or effectiveness, clinical results, ease of use or lower costs than our products, which could adversely impact our net sales.

For additional information, see the section titled *Risks Related to Our Business* within Item 1A. Risk Factors of this Quarterly Report on Form 10-Q.

Components of Results of Operations

Net Sales

Our net sales are generated primarily from sales of our *iStent* family of products, *Photrexa* and other associated drug formulations, our proprietary bioactivation systems, and royalty income. Customers are primarily comprised of ambulatory surgery centers, hospitals and physician private practices, with independent distributors being used in certain international locations where we currently do not have a direct commercial presence.

We currently operate in one reportable segment and we sell the majority of our products through a direct sales organization in the United States. Internationally, we sell our products primarily through direct sales subsidiaries and through independent distributors in certain countries in which we do not have a direct presence or maintain a modest commercial presence. The primary end-user customers for our products are surgery centers, hospitals and physician private practices.

Revenue is recognized when control of the promised goods or services is transferred to the customer in an amount that reflects the consideration to which we expect to be entitled in exchange for those products or services, which includes estimates of reductions to revenue for commercial and governmental rebates owed, variable consideration for product returns and warranty replacements and other discounts and incentives.

Cost of Sales

Cost of sales reflects the aggregate costs to manufacture our products and includes raw material costs, labor costs, manufacturing overhead expenses and the effect of changes in the balance of reserves for excess and obsolete inventory.

We manufacture our *iStent* family of products and *iDose TR* at our facilities in San Clemente, California and our KXL systems at our manufacturing facility in Burlington, Massachusetts. We contract with third-party manufacturers in the U.S. and Germany to produce our *Photrexa* and other associated drug formulations. We currently intend to maintain our manufacturing facilities at our San Clemente and Burlington locations for the foreseeable future.

Cost of sales includes amortization of the $252.2 million developed technology intangible assets recorded as a result of our acquisition of Avedro, Inc. (Avedro). Amortization expense was $5.5 million for each of the three months ended March 31, 2024 and March 31, 2023.

Our future gross profit as a percentage of net sales, or gross margin, will be impacted by numerous factors including commencement of sales of products in our pipeline, or any other future products, which may have higher pricing, or conversely, higher product costs. Our gross margin will also be affected by manufacturing or supply chain disruptions or inefficiencies that we may experience as we attempt to manufacture our products on a larger scale, manufacture new products and change our manufacturing capacity, processes, or output. Additionally, our gross margin will continue to be affected by amortization of Avedro developed technology and Celanese Agreement intangible assets, the impact of government pricing programs and by royalty expenses on current or future products associated with various licensing agreements. Our gross margin in future periods may also be impacted by other factors adversely affecting our net sales in future periods such as reductions of payment rates for certain of our products and related services, and inflationary pressures.

Selling, General and Administrative

Our selling, general and administrative (SG&A) expenses primarily consist of personnel-related expenses, including salaries, sales commissions, bonuses, fringe benefits and stock-based compensation for our executive, sales, marketing, market access, financial, legal, and other administrative functions. Other significant SG&A expenses include marketing programs; advertising; post-approval clinical studies; conferences and congresses; travel expenses; costs associated with obtaining and maintaining our patent portfolio; professional fees for accounting, auditing, consulting and legal services; costs associated with our global enterprise systems and information systems; and allocated facility expenses.

We expect SG&A expenses to continue to grow as we increase our global sales and marketing infrastructure and general administration infrastructure. We also expect other non-employee-related costs, including sales and marketing program activities for new products, market access efforts, outside services, accounting services and general legal costs to increase as our overall operations grow. The timing of these increased expenditures and their magnitude are primarily dependent on the commercial success and sales growth of our products, as well as on the timing of any new product launches and other potential business and operational activities.

Research and Development

Our research and development (R&D) activities primarily consist of new product development projects, pre-clinical studies, Investigational New Drug studies, and clinical trials. Our R&D expenses primarily consist of personnel-related expenses, including salaries, fringe benefits and stock-based compensation for our R&D employees; research materials; supplies and services; in-licenses, including event-based milestones; and the costs of conducting clinical studies, which include payments to investigational sites and investigators, clinical research organizations, consultants, and other outside technical services; and the costs of materials, supplies and travel. We expense R&D costs as they are incurred. We expect our R&D expenses to continue to increase as we initiate and advance our development programs, including our expanding pharmaceutical development efforts and clinical trials across the glaucoma, corneal health and retinal disease spectrums.

Costs for our clinical development programs include expenses for all activities necessary for obtaining regulatory approvals. Our research programs vary significantly for each current and future product candidate and completion dates are difficult to predict. As a result, while we expect our R&D costs to continue to increase for the foreseeable future, we cannot estimate with any degree of certainty the timing or the amount of costs we will incur in

connection with the development of our product candidates. We anticipate we will make determinations as to which programs and product candidates to pursue and how much funding to direct to each program and product candidate on an ongoing basis in response to the scientific success of early research programs, results of ongoing and future clinical trials, the availability of funding resources, as well as ongoing assessments as to each current or future product candidate's commercial potential and our likelihood of obtaining necessary regulatory approvals. We are not currently able to fully track expenses by product candidate.

Acquired In-Process Research and Development

Our acquired in-process research and development (IPR&D) expenses generally relate to acquisitions of technologies that management determines are not a business combination and do not have any alternative future uses. Future costs to develop these assets are expensed as R&D when incurred. We may have ongoing milestone and royalty payment obligations depending on the success, development, regulatory approval and commercialization of the proprietary technologies we have acquired.

Non-Operating Expense, Net

Non-operating expense, net primarily consists of interest expense associated with our finance lease for our Aliso Facility and for our 2.75% convertible notes due 2027 (Convertible Notes), interest income derived from our short-term investments, and unrealized gains and losses arising from exchange rate fluctuations on transactions denominated in a currency other than the U.S. dollar, primarily related to intercompany loans.

Income Taxes

Our tax provision is primarily comprised of state and foreign income taxes. Our net deferred tax liability of $7.1 million at March 31, 2024 primarily represents the excess of our indefinite-lived deferred tax liabilities over our indefinite-lived deferred tax assets. We continue to provide a full valuation allowance against our other net deferred tax assets.

We record reserves for uncertain tax positions where we believe the ability to sustain the tax position does not reach a more likely than not threshold.

Results of Operations

Comparison of Three Months Ended March 31, 2024 and March 31, 2023 (in thousands):

(dollars in thousands)	Three Months Ended March 31, 2024	2023	% Increase (decrease)
Statements of operations data:			
Net sales	$ 85,622	$ 73,899	16 %
Cost of sales	20,258	18,071	12 %
Gross profit	65,364	55,828	17 %
Operating expenses:			
Selling, general and administrative	61,975	53,650	16 %
Research and development	30,726	35,171	(13)%
Acquired in-process research and development	11,729	-	NM
Total operating expenses	104,430	88,821	18 %
Loss from operations	(39,066)	(32,993)	18 %
Total non-operating expense, net	(1,395)	(1,232)	13 %
Income tax provision	377	401	(6)%
Net loss	$ (40,838)	$ (34,626)	18 %

Net Sales

Net sales for the three months ended March 31, 2024 and March 31, 2023 were $85.6 million and $73.9 million, respectively, increasing by approximately 16% primarily related to the factors listed below.

Net sales of glaucoma products in the United States were $42.0 million and $35.1 million for the three months ended March 31, 2024 and March 31, 2023, respectively, increasing by 20%. This increase is primarily due to higher volumes sold of our *iStent* family of products, primarily *iStent infinite* and early contributions from *iDose TR*.

International sales of glaucoma products for the three months ended March 31, 2024 and March 31, 2023 were $25.2 million and $21.1 million, respectively, increasing by 20%. The increase in international sales reflects continued broad-based growing volume in many key international markets for glaucoma procedures, the dollar-based results of which were modestly affected by unfavorable foreign exchange rates, primarily related to the Japanese Yen, during the quarter ended March 31, 2024, as compared to the quarter ended March 31, 2023.

Net sales of corneal health products were $18.4 million and $17.7 million for the quarter ended March 31, 2024 and March 31, 2023, respectively, increasing by 4%. Of the $0.7 million increase in net sales generated by our corneal health products, $1.0 million related to an increase in U.S. net sales of Photrexa using direct sales operations, which was positively impacted by higher realized average sales prices of Photrexa along with increases in sales to existing customers and new account starts, partially offset by accrued rebates related to the impact of our participation in the Medicaid Drug Rebate Program (MDRP). Our international corneal health sales decreased $0.4 million from net sales in countries outside the U.S. during the quarter ended March 31, 2024 as compared to the three months ended March 31, 2023.

Cost of Sales

Cost of sales for the three months ended March 31, 2024 and March 31, 2023 were $20.3 million and $18.1 million, respectively, reflecting an increase of approximately $2.1 million that is proportionate to the increase in net sales for the corresponding period, offset by certain new product launch manufacturing costs associated with *iDose TR*. Our gross margin was 76% for each of the three months ended March 31, 2024 and March 31, 2023.

Selling, General and Administrative Expenses

SG&A expenses for the three months ended March 31, 2024 and March 31, 2023 were $62.0 million and $53.7 million, respectively.

Of the total $62.0 million, we incurred approximately $36.2 million of costs associated with commercial personnel and discretionary spending during the three months ended March 31, 2024 as compared to $32.6 million during the three months ended March 31, 2023, with the increase primarily due to compensation and related employee expenses associated with growth in our commercial infrastructure in glaucoma and corneal health, along with increased travel, meetings and accompanying costs as business activities have expanded. We also incurred approximately $25.8 million of costs associated with general and administrative personnel and discretionary spending during the three months ended March 31, 2024 as compared to $21.0 million during the three months ended March 31, 2023, with the change primarily associated with increased expenses related to our ongoing administrative and support functions, inclusive of information technology and allocated facilities expenses. Of the total $8.3 million increase in SG&A expenses for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023, $4.6 million related to increased compensation and related employee costs, with $0.4 million of the incremental amount related to an increase in stock-based compensation expense.

Research and Development Expenses

R&D expenses for the three months ended March 31, 2024 and March 31, 2023 were $30.7 million and $35.2 million, respectively. R&D expenses decreased during the three months ended March 31, 2024 primarily because we made a one-time $3.2 million payment associated with our New Drug Application (NDA) for *iDose TR* submitted to the FDA and also had elevated spend around other *iDose TR* NDA activities during the three months ended March 31, 2023.

During the three months ended March 31, 2024, we incurred $18.4 million in core R&D expenses and $12.3 million in clinical expenses, comprised of $17.8 million in compensation and related employee expenses with the remaining $12.9 million spent on the continued research and development, clinical studies, regulatory activities, quality assurance, clinical inventory and supplies for surgical glaucoma product candidates and pharmaceutical projects, such as next generation *iDose* products*; Epioxa*, a pharmaceutical therapeutic system for the treatment of keratoconus without the removal of the epithelium (also referred to as “epi-on”); and our earlier stage programs for glaucoma, corneal, retinal and other therapeutic investments. For the three months ended March 31, 2023, we incurred $20.4 million in core R&D expenses and $14.8 million in clinical expenses, comprised of $18.4 million in compensation and related employee expenses with the remaining $16.8 million spent on the above-mentioned programs.

Acquired In-process Research and Development

During the three months ended March 31, 2024, we issued $5.0 million of our common stock and paid approximately $5.1 million in cash, in connection with the asset acquisition of 100% of the outstanding equity interests in a clinical stage biopharma company focused on developing novel therapeutics for ophthalmic diseases, including all related patents and patent applications, technology and know-how. We may have ongoing milestone payments based on achieving certain clinical and regulatory milestones depending on the success of the development and approval of the proprietary technologies. Also included in IPR&D for the three months ended March 31, 2024 is $1.4 million of contingent consideration related to the aforementioned asset acquisition.

Non-Operating Expense, Net

We had non-operating expense, net of $1.4 million and $1.2 million for the three months ended March 31, 2024 and March 31, 2023, respectively. The change primarily relates to increased interest income earned on investments of $1.4 million, offset by a change in other (expense) income, net of approximately $1.6 million due to recognition of higher unrealized foreign currency losses due to intercompany loan balances denominated in, and impacted by, changes in foreign currency exchange rates, as compared to the three months ended March 31, 2023.

Income Tax Provision

Our effective tax rate for the first quarter of 2024 and 2023 was (0.93)% and (1.17)%, respectively. For each of the three months ended March 31, 2024 and March 31, 2023, we recorded a provision for income taxes of $0.4 million, which was primarily comprised of state and foreign income tax expense.

Liquidity and Capital Resources

Our principal sources of liquidity are our existing cash, cash equivalents and short-term investments, and generally cash generated from operating, financing and investing activities. Our primary uses of cash have been for commercial activities, acquired in-process research and development, clinical and research and development programs, general and administrative expenses, and capital expenditures.

The following table summarizes our cash and cash equivalents, short-term investments and selected working capital data as of March 31, 2024 and December 31, 2023 (in thousands):

	March 31, 2024	December 31, 2023
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
Accounts payable	12,752	13,440
Accrued liabilities	59,486	60,574
Working capital (1)	316,372	321,447

(1) Working capital consists of total current assets less total current liabilities per our condensed consolidated balance sheets.

Main Sources of Liquidity

We plan to fund our operations, commitments for capital expenditures and other short and long-term known contractual and other obligations using existing cash and investments and, to the extent available, cash generated from commercial operations as well as cash generated from employee stock option exercises. Included within our existing cash and investments balances are the remaining net proceeds from the Convertible Notes issued in June 2020 (after payment for the related capped call transactions).

Cash, Cash Equivalents, Short-term Investments and Restricted Cash

Our cash, cash equivalents and short-term investments totaled approximately $272.9 million and our restricted cash totaled approximately $5.9 million as of March 31, 2024.

Senior Convertible Notes

Our Convertible Notes may be converted at the option of the holders at the times and under the circumstances and at the conversion rate described in *Note 9. Convertible Senior Notes* our condensed consolidated financial statements. As of March 31, 2024, one of the conditions allowing holders of the Convertible Notes to convert had been met. The conditions allowing holders of the Convertible Notes to convert are measured each quarter. The trading price of our common stock remained above 130% of the applicable $56.10 conversion price for at least 20 trading days during the 30 consecutive trading-day period ending on, and including, March 31, 2024, holders of the Convertible Notes would have the right to convert their Convertible Notes beginning April 1, 2024 through June 28, 2024 (the last business day of the quarter ending June 30, 2024). Upon conversion, we will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, in the manner and subject to the terms and conditions provided in the Indenture. Settling all or a portion of the conversion obligation in cash could adversely affect our liquidity.

We may seek to obtain additional financing in the future through other debt or equity financings. There can be no assurance that we will be able to obtain additional financing on terms acceptable to us, or at all and although we have been profitable for certain periods in our operating history, there can be no assurance that we will be profitable or generate cash from operations.

Short-term Liquidity Requirements

Our short-term liquidity requirements primarily consist of regular operating costs, interest payments related to our Convertible Notes, R&D project funding, capital expenditures as we continue the development of our manufacturing facilities and office spaces, operating and financing lease obligations, government rebate obligations and other firm purchase commitments. As of March 31, 2024, we had net working capital of $316.4 million, which indicates that our current assets are sufficient to cover our short-term liabilities.

Long-term Liquidity Requirements

Our long-term liquidity requirements primarily consist of interest and principal payments related to our Convertible Notes, capital expenditures for the continued development of our manufacturing facilities and office spaces, payments in connection with our Promissory Note with Radius, potential future payments related to our licensing agreements, and firm purchase commitments. As demand grows for our products, we will continue to expand global operations to meet demand through investments in our manufacturing capabilities.

Cash Flows

Our historical cash outflows have primarily been associated with cash used for operating activities such as the expansion of our commercial and R&D activities; purchase of and growth in inventory and other working capital needs; the acquisition of intellectual property; and expenditures related to equipment and improvements used to increase our manufacturing capacity and improve our manufacturing efficiency and for overall facility expansion.

The following table is a condensed summary of our cash flows for the periods indicated:

(in thousands)	Three Months Ended March 31, 2024	2023
Net cash (used in) provided by:		
Operating activities	$ (33,870)	$ (30,764)
Investing activities	(29,383)	(13,832)
Financing activities	13,167	1,152
Exchange rate changes	(886)	317
Net decrease in cash, cash equivalents and restricted cash	$ (50,972)	$ (43,127)

At March 31, 2024, our cash and cash equivalents were held for working capital purposes. We do not enter into investments for trading or speculative purposes. Our policy is to invest any cash in excess of our immediate requirements in investments designed to preserve the principal balance and provide liquidity.

Operating Activities

In the three months ended March 31, 2024, our operating activities used $33.9 million in net cash and in the three months ended March 31, 2023 our operating activities used $30.8 million of net cash.

For the three months ended March 31, 2024, our net cash used in operating activities reflected our net loss of $40.8 million, adjusted for non-cash items of $29.4 million, primarily consisting of stock-based compensation expense of $11.2 million, depreciation of $2.7 million, amortization of intangible assets of $6.2 million, noncash lease expense of $1.1 million, amortization of debt issuance costs of $0.3 million, other liabilities of $2.5 million, accretion of discount of $1.1 million and IPR&D acquired through issuance of common stock of $5.0 million. Additionally, changes in operating assets and liabilities resulted in a net use of cash of $22.4 million, which resulted primarily from increases in accounts receivable of $7.1 million, an increase in inventory of $8.6 million, an increase in other assets of $2.2 million, an increase in prepaid expenses and other current assets of $0.9 million, and a decrease in accounts payable and accrued liabilities of $3.6 million.

For the three months ended March 31, 2023, our net cash used in operating activities reflected our net loss of $34.6 million, adjusted for non-cash items of $20.3 million, primarily consisting of stock-based compensation expense of $10.2 million, depreciation of $2.1 million, amortization of intangible assets of $6.2 million, and amortization of lease right-of-use assets of $1.0 million. Additionally, changes in operating assets and liabilities were $16.4 million, which resulted primarily from increases in accounts receivable of $1.7 million, an increase in inventory of $3.1 million, and an increase in prepaid expenses and other current assets of $2.5 million, and a decrease in accounts payable and accrued liabilities of $9.3 million.

Investing Activities

In the three months ended March 31, 2024 and March 31, 2023 our investing activities used $29.4 million and $13.8 million of net cash, respectively.

For the three months ended March 31, 2024, we used cash of approximately $49.3 million for purchases of short-term investments, approximately $1.0 million for purchases of property and equipment, primarily related to our facilities in Aliso Viejo, California; and San Clemente, California; and approximately $1.0 million related to investments in company-owned life insurance, and we received cash of approximately $21.9 million from sales and maturities of short-term investments.

For the three months ended March 31, 2023, we used cash of approximately $96.3 million for purchases of short-term investments, approximately $6.9 million for purchases of property and equipment, primarily related to our facilities in Aliso Viejo, California; Burlington, Massachusetts; and San Clemente, California; and approximately $0.5 million related to investments in company-owned life insurance, and we received cash of approximately $89.9 million from sales and maturities of short-term investments.

We expect levels of our capital expenditures to be modestly lower for the remainder of 2024 as we wind down expansion activities related to our manufacturing facilities.

Financing Activities

In the three months ended March 31, 2024 and March 31, 2023, our financing activities provided $13.2 million and $1.2 million of net cash, respectively.

For the three months ended March 31, 2024, we received $15.7 million from the exercises of stock options and purchases of our common stock by employees pursuant to our Employee Stock Purchase Plan, used $2.4 million for payment of employee taxes related to restricted stock unit vesting and paid $0.2 million in principal on our finance lease.

For the three months ended March 31, 2023, we received $2.8 million from the exercises of stock options and purchases of our common stock by employees pursuant to our Employee Stock Purchase Plan, used $1.5 million for payment of employee taxes related to restricted stock unit vesting and paid $0.1 million in principal on our finance lease.

We do not have any off-balance sheet arrangements.

Material Cash Requirements

There have been no significant changes to our material cash requirements, including commitments for capital expenditures and known contractual and other obligations, as of March 31, 2024 from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 23, 2024.

We believe that cash from operating, financing and investing activities, together with our cash and investment balances, will be sufficient to meet ongoing operations, capital expenditures, commitments, working capital requirements and other known contractual and other obligations and satisfy our liquidity requirements for at least the next 12 months and the foreseeable future.

Critical accounting policies and significant estimates

Management's discussion and analysis of our financial condition and results of operations are based on our condensed consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The preparation of these condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities and related disclosure of contingent assets and liabilities, revenue and expenses at the date of the condensed consolidated financial statements. Generally, we base our estimates on historical experience and on various other assumptions in accordance with GAAP that we believe to be reasonable under the circumstances. Actual results may differ materially from these estimates under different assumptions or conditions and such differences could be material to our financial position and results of operations.

Our critical accounting policies and significant estimates that involve a higher degree of judgment and complexity are described under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Significant Estimates" included in Part II, Item 7 of our Annual Report. There have been no material changes to our critical accounting policies and estimates as disclosed therein, during the three months ended March 31, 2024, as compared with those disclosed in our Annual Report.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes in our exposure to market risk since December 31, 2023.

Refer to Item 7A "Quantitative and Qualitative Disclosures about Market Risk" in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 23, 2024 for further detail.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act), refers to controls and procedures that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and our management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our management, with the participation of our chief executive officer and our chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our chief executive officer and our chief financial officer concluded that our disclosure controls and procedures were effective, at a reasonable assurance level, as of March 31, 2024.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting identified by management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during our first fiscal quarter of 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

The risks and uncertainties discussed below update, supersede and replace the risks and uncertainties previously disclosed in Part I, Item IA of our Annual Report on Form 10-K for the year ended December 31, 2023, which was filed with the United States (U.S.) Securities and Exchange Commission (SEC) on February 23, 2024 (Annual Report). These risks and uncertainties are not the only ones facing our business but do represent those risks that we believe are material to us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also harm our business. Please read the cautionary notice regarding forward-looking statements preceding Part I, Item 1 in this Quarterly Report on Form 10-Q.

Risks Related to Our Business

The commercial success of our recently-approved iDose TR is dependent upon multiple factors, the failure of any one of which could materially impact the prospects of this product and our business.

Our *iDose TR* travoprost intracameral implant was approved for sale in the U.S. by the FDA in December 2023 and we began commercializing the product in a controlled manner in February 2024. Its commercial success will depend upon a number of factors, including physician adoption of the use of this product, our ability to manufacture product in volumes sufficient to meet customer demand, marketing in compliance with label restrictions, satisfactory patient outcomes, particularly at the outset of our commercial launch, product pricing, duration of efficacy, and the availability of commercial payor coverage and adequate reimbursement for the product. Our failure to successfully commercialize the *iDose TR* based upon these or other factors could materially adversely impact our net sales, our business or our financial condition.

Unfavorable global and regional conditions have adversely affected, and could in the future materially and adversely affect, our business, results of operations, financial condition, liquidity, and cash flows.

Recent geopolitical conflicts, natural disasters and the public health crises, including COVID-19, have led to or exacerbated certain unfavorable global and regional macroeconomic conditions, including inflation, volatility in the financial and credit markets, higher interest rates and capital costs, labor shortages, increased energy costs, and currency fluctuations, which have had, and could continue to have, an adverse effect on the global economy, the regional economies that we serve and our business, results of operations, financial condition, liquidity and ability to access our existing cash, cash equivalents and investments. Continuation or worsening of these unfavorable global and regional conditions, or similar new events or crises, could have a material adverse effect on our operations, including through foreign exchange rate headwinds, higher operating expenses and lower operating margins, and cause us to need to seek additional capital, which may not be available to us on favorable terms or at all.

In recent years, unfavorable economic conditions have also adversely impacted several financial institutions, including some financial institutions with whom we have banking relationships, and some banks have recently failed and gone into receivership. If banks and other financial institutions with whom we have banking relationships enter receivership or become insolvent in the future, we may be unable to access, and we may lose, some or all of our existing cash and cash equivalents to the extent those funds are not insured or otherwise protected by the FDIC.

Public health crises, such as the COVID-19 pandemic, have adversely affected, and could in the future adversely affect, our business, results of operations, financial condition, liquidity, and cash flows.

We are subject to risks associated with public heath crises, including those related to the COVID-19 pandemic. The COVID-19 pandemic has had, and could continue to have, an adverse effect on our business, results of operations, financial condition, liquidity and cash flows. Other future public health crises, such as the avian influenza, may also have a negative impact on our business. In particular, we have experienced, and may in the future experience, financial or operational impacts as a result of such public health crises which may be material, including:

- Impacts or delays to our product development efforts, including due to slowdown of new patient enrollment in clinical trials such as we experienced in our 2020 and 2021 *iDose* clinical trial, or regulatory clearances and approvals;
- Costs associated with protecting the health of our employees and adhering to any guidance or orders of various governmental authorities, such as masking, testing, and social distancing requirements;
- Risks associated with remote work, including increased cybersecurity risk;
- Widespread staffing shortages and turnover, including in ambulatory surgery centers, and mandatory and voluntary quarantining, which may impact elective procedures;
- Outbreaks of disease in our facilities, which could require us to temporarily shut down manufacturing operations or cause a disruption to, or shortage in, our workforce;
- Delays in shipments of our products, which could harm our customer relations and adversely impact our competitive positioning and sales, including as a result of longer lead times, delays, higher prices and unfulfilled deliveries of our supply chain and development partners, each of which we continued to experience in 2023 and anticipate will continue into the near future;
- Restrictions on our personnel's ability to access customers and clinical sites for training and support; and
- Volatility in credit or financial markets.

If the supply and/or manufacture of our principal revenue-producing products, the iStent family of products, our Photrexa therapies, or that of our newly-commercialized iDose TR is materially disrupted, it may adversely affect our ability to manufacture products and could reduce our gross margins and negatively impact our operating results.

Our sole manufacturing location for our *iStent* and *iDose* products is an approximately 120,000 square foot campus located in San Clemente, California, where we manufacture, inspect, package, release and ship nearly all of our implanted device products. We conduct substantially all of our research and development (R&D) activities, customer and technical support, and management and administrative functions at our corporate headquarters in Aliso Viejo, California (Aliso Facility). If either of our San Clemente or Aliso Facility suffers a crippling event or a natural disaster such as an earthquake, fire or flood, this could materially impact our ability to operate.

Additionally, we rely on a limited number of third-party suppliers, in some cases sole suppliers, to supply components for the *iStent*, the *iStent inject* models, the *iStent infinite*, the *iDose TR*, and our other pipeline products. If any one or more of our suppliers cease to provide us with sufficient quantities of components or drugs in a timely manner or on terms acceptable to us, we would have to seek alternative sources of supply. Because of factors such as the proprietary nature of our products, our domestic and international quality control standards and regulatory requirements including the FDA's Quality System Regulation, the European Union's Medical Device Regulation, and Current Good Manufacturing Practices regulations, we may be unable to obtain components or quickly engage replacement suppliers, who may not have access to previous suppliers' proprietary processes, if our component suppliers are found to be in violation of such standards, which could delay or impact our business, including regulatory approval timelines. If our manufacturing facilities or those of any of our component suppliers or contract facilities are found to be in violation of applicable laws and regulations or fail to adequately remediate any issues discovered during an audit, the FDA or other regulatory bodies could take enforcement action. Despite our efforts to maintain an adequate supply of inventory, the loss of these suppliers, or their inability to provide us with an adequate supply of components or products, could cause delay in the manufacture of our products, thereby impairing our ability to meet the demand of our customers and causing significant harm to our business. Any disruption of this nature or increased expense could harm our commercialization efforts and adversely affect our operating results.

Our corneal health *Photrexa* therapies are produced by a small number of contract manufacturing organizations. The systems that bio-activate our *Photrexa* therapies are primarily manufactured in Burlington, Massachusetts. Any material disruption to the manufacture of these corneal health products could also adversely affect our operating results and clinical efforts.

We have incurred significant losses since inception and our operating results can be unpredictable and may fluctuate significantly from quarter to quarter, requiring substantial capital and operating expenditures for our business to operate and grow. These factors could adversely affect our business, financial condition, results of operations and the trading price of our common stock, and limit our ability to reach sustained profitability.

Since the Company's inception in 1998, we have incurred significant operating losses. Although we have been profitable for certain periods in our operating history, there can be no assurance that we will be profitable or generate cash from operations in the future. As of March 31, 2024, we had an accumulated deficit of approximately

$639.9 million, principally comprised of costs incurred in our clinical trials, R&D programs, our selling, general and administrative expenses, and from amortization expense related to our acquired developed technology intangible assets included in cost of sales. We have funded our operations to date from the sale of equity securities, including our June 2015 initial public offering, the issuance of notes payable, cash exercises of stock options and warrants to purchase equity securities, cash generated from commercial operations and the issuance of the Company's 2.75% convertible notes due 2027 (Convertible Notes). Our operations to date have been, and our future growth and success will be, impacted by our ability to expand our business, including the success of our marketing and sales efforts, our timely satisfaction of regulatory requirements, and our overall ability to maintain a competitive position. To implement our global business strategies we have made, and expect to continue to make, significant investments in R&D activities, clinical studies, expanding our manufacturing capabilities, growing our sales and marketing organization, engaging in market access activities, enforcing and defending our intellectual property rights, acquiring companies or in-license products and intellectual property, building our general and administrative infrastructure, and obtaining regulatory clearance or approval to commercialize our pipeline product globally and expand our existing products into international markets or products We expect our expenses will continue to increase as we pursue these objectives. While we believe we have sufficient cash to fund our operations for at least the next 12 months from the date our condensed consolidated financial statements for the quarter ended March 31, 2024 are made publicly available, our ability to reach sustained profitability and generate positive cash flow in the future is highly uncertain.

Additionally, our net sales may experience volatility due to a number of factors, many of which are beyond our control, including, among other things, fluctuating demand, pricing pressures applicable to our products, changes in foreign currency exchange rates, Medicare payment rates established by U.S. Centers for Medicare & Medicaid Services (CMS) or Medicare Administrative Contractors (MACs), commercialization of our new products, the marketing of competitive products, results of clinical research and trials, regulatory approval requirements and timings, legislative changes affecting our products, variances in the sales terms, an increase in demand for our patient assistance and/or free drug programs, supply chain and inventory management, shortage of raw materials, seasonality in the timing or volume of customer orders, the length of our sales cycle, and reductions in revenue associated with our participation in Medicaid Drug Rebate Program (MDRP), which varies and may be unpredictable. As a result, you should not rely solely on our results in any past period as an indication of future results and you should anticipate that fluctuations in our quarterly and annual operating results may continue and could generate volatility in the price of our common stock. We believe that quarterly comparisons of our financial results should not be relied upon as an indication of our future performance.

Our success depends on our ability to continue to generate sales of our commercialized products and develop and commercialize additional products, which we may not be able to accomplish.

Our primary sales-generating commercial products have been the *iStent*, the *iStent inject* and its successor, the *iStent inject W*, as well as our *Photrexa* therapies, which we acquired in connection with our acquisition of Avedro, Inc. (Avedro) in 2019. While we expect to continue to derive a significant portion of our net sales from the *iStent,* the *iStent inject* models, the *iStent infinite* and the *Photrexa* therapies, as well as our *iDose TR* product, which was approved by the FDA in December 2023 and which we began commercializing in a controlled manner in February 2024**,** it is important that we continue to build a more complete product offering. Developing additional products is expensive and time-consuming. Our research programs may fail to yield product candidates for clinical development despite showing initial promise. If we are unable to successfully commercialize additional products, our business prospects would be materially affected. Even if we are successful in developing our additional pipeline products, the success of our new product offerings is inherently uncertain and our products may not receive regulatory approval, may receive approval that requires restrictive labeling, or may not be profitable. Any current or new products could also quickly be rendered obsolete by changing customer preferences, third party payor reimbursement levels, or the introduction of competing products that (i) embody superior technologies, features, safety, quality or efficacy, (ii) reflect a broader label indication, or (iii) are available at lower prices. Our competitors include large publicly traded companies or divisions thereof and have more resources, greater name recognition, longer operating histories, more established relationships with healthcare professionals, customers and third-party payors, broader products lines, more established sales and marketing programs and distribution networks, and greater experience in obtaining regulatory clearance or approval. Additionally, the period of orphan drug exclusivity with respect to our *Photrexa* pharmaceutical therapy expired in 2023, which could allow competitive products to enter that market.

As our growth strategy turns increasingly global, we are, and will continue to be, subject to a variety of risks associated with our international operations, which could adversely impact our results of operations and financial condition.

Our existing foreign operations, as well as our planned international growth, expose us to additional uncertainty and risks beyond regulatory authorization and reimbursement levels. We sell our products through direct sales organizations and a network of third-party distribution partners in other markets. These international operations expose us and our subsidiaries and third-party distributors to a variety of risks including, without limitation, the following:

- different, and in some cases more exacting and lengthy, regulatory approval processes, regulations and laws, and pricing and reimbursement systems applicable to us, our suppliers and distributors;
- reduced or varied protection for intellectual property rights or difficulties enforcing our intellectual property rights and defending against third-party threats and intellectual property enforcement actions against us, our distributors, or any of our third-party suppliers;
- pricing pressure or longer sales and payment cycles;
- different competitive dynamics, including smaller market sizes, which we may not be able to fully appreciate before entering certain foreign markets;
- a shortage of qualified sales personnel and distributors;
- the challenges of managing foreign operations;
- relative disadvantages compared to competitors with more recognizable names, longer operating histories and better established distribution networks and customer relationships;
- political and economic instability, international terrorism and anti-U.S. sentiment, or the imposition of U.S. or international sanctions that could restrict or prohibit continued business;
- changes in duties and tariffs, license obligations, importation laws and other non-tariff barriers to trade;
- scrutiny of foreign tax authorities that could result in significant fines, penalties and additional taxes;
- different cultural norms which may impact how business is conducted;
- laws and business practices favoring local companies;
- difficulties in maintaining consistency and compliance with our internal guidelines;
- difficulties in enforcing agreements and collecting receivables through foreign legal systems;
- risks of money laundering, bribery and corruption practices, off-label promotion or breach of sanction regulations by our personnel or distributors, which may be difficult for us to discover or prevent;
- failures by our third-party partners to properly assist us with local guidance on operations, financial and other reporting, accounting, tax, payroll, legal and regulatory matters; and
- costly and complex export requirements and restrictions, particularly relating to technology.

If we experience any of these risks, our sales in non-U.S. jurisdictions may be harmed, our results of operations would suffer, and our reputation and business prospects would be negatively impacted. Additionally, we are exposed to changes in foreign currencies relative to the U.S. dollar, which are references to the differences between the foreign-exchanges rates we use to convert the financial results of our international operations from local currencies into U.S. dollars for financial reporting purposes. This impact of foreign-exchange rate changes is calculated based on the difference between the current period's currency exchange rates and that of the comparable prior period. Further, significant foreign exchange rate fluctuations resulting in a decline in the respective local currency may decrease our revenues and earnings from our foreign operations. As a result of our global operations, our revenue, gross margins, operating expense and operating income in some international markets have been and may continue to be affected by foreign currency fluctuations.

If the quality or delivery of our products does not meet our customers' expectations, our reputation could suffer and ultimately our sales and operating earnings could be negatively impacted.

As a manufacturer, we have addressed and must continue to address quality issues associated with our products, including in our engineering, design, manufacturing and delivery processes, as well as issues with third-party pharmaceuticals or components included in our products. Because our products are highly complex, the occurrence of performance issues may increase as we continue to introduce new products and rapidly scale up manufacturing to meet increased demand. Although we have established internal procedures to minimize risks that may arise from product quality issues, there can be no assurance that we will be able to eliminate or mitigate occurrences of these issues and associated liabilities. In addition, identifying the root cause of performance or quality issues, particularly those affecting

third-party components or other elements, may be difficult, which increases the time needed to address quality issues as they arise and increases the risk that similar problems could recur. Finding solutions to quality issues can be expensive and we may incur significant costs, lost revenue or reputational damage in connection with, for example, shipment holds, product recalls and warranty or other service obligations. Quality issues can also impair our relationships with new or existing customers or result in product liability suits against us, which may be expensive to defend and could impact the reimbursement coverage of our products, our product liability insurance rates and/or our cash reserves in the event our existing insurance coverage is insufficient. The occurrence of any of the foregoing could harm our reputation as a producer of high-quality products and could adversely affect our business, financial condition or results of operations.

Ophthalmic surgeons may not use our products if they do not believe they are safe, efficient, effective and preferable alternatives to other treatment solutions in the market or may use our products without being adequately trained, which could result in inferior clinical outcomes.

We believe that ophthalmic surgeons will not use our products unless they conclude that our products provide a safe, efficient, effective and preferable alternative to currently available treatment options. Publications of clinical results by us, our competitors and other third parties may impact whether, and the degree to which, our products are used by physicians and the procedures and treatments those physicians choose to administer to their patients. If ophthalmic surgeons determine that any of our products are not sufficiently effective, efficient or safe, whether based on longer-term patient studies or clinical experience or unsatisfactory patient outcomes or patient injury, our sales would be harmed. Surgeons may base such determination on patient outcomes that are the result of other unqualified surgeons performing procedures for which they haven't been trained. It is also possible that as our products become more widely used, latent defects could be identified, creating negative publicity and liability problems for us and adversely affecting demand for our products. If an increasing number of ophthalmic surgeons do not continue to adopt the use of our products, our operating and financial results will be negatively impacted.

If we fail to manage our anticipated growth effectively, we may not be able to meet customer demand for our products and our business could suffer.

Since the commercial launch of the *iStent* in 2012, we have seen significant period-to-period growth in our business, both organically and through transactions, and we must continue to grow in order to meet our business and financial objectives. However, continued growth creates numerous challenges, including, among others, new and increased responsibilities for our management team; increased competition; increased and, with respect to new products such as the *iDose TR*, uncertain product demand which could strain our manufacturing capacity or create product shortages; the management of an increasing number of customer, supplier and other relationships; increased pressure on our operating, financial and reporting systems; entry into new international territories with unfamiliar regulations and business approaches; and the need to hire, train and manage additional qualified personnel. If we fail to manage any of these challenges effectively, our business may be harmed.

If we are unable to retain or recruit qualified personnel for growth, our business results could suffer.

We have benefited substantially from the leadership and performance of our senior management and other key employees. For example, our chief executive officer, as well as other key members of our senior management, has experience successfully developing novel technologies and scaling early-stage medical device and pharmaceutical companies to achieve profitability. We also rely on our qualified sales representatives and on consultants and advisors in our research, operations, clinical and commercial efforts to grow our business, develop and commercialize new products and implement our business strategies. Our success will depend on our ability to retain our current management and key employees, consultants and advisors, and to attract and retain qualified personnel in the future, including by providing competitive compensation and benefit programs, flexible work arrangements, career advancement prospects and sufficient opportunities to develop leadership, managerial and other valuable skills. The loss of services of these personnel, which could occur without notice and without cause, could prevent or delay our growth plans and the implementation of our strategic objectives, or divert management's attention to seeking qualified replacements. Our U.S. employees, including our senior management, are not subject to non-competition agreements. Accordingly, the adverse effect of losing key personnel could be compounded by our inability to prevent them from competing with us.

We have and may continue to enter into acquisitions, collaborations, in-licensing agreements, joint ventures, alliances or partnerships with third parties that could fail.

We have and may continue to enter into acquisitions, collaborations, in-licensing agreements, joint ventures and partnerships in order to retain our competitive position within the marketplace, develop new products or expand into new markets. Examples include our acquisitions of DOSE Medical and Avedro, as well as our licensing of Santen's PRESERFLO® Microshunt® (Preserflo MicroShunt), the Intratus drug delivery platform and the Attillaps, iVeena, Stuart and Ripple pharmaceutical compounds and our collaboration agreement with Radius XR to market its wearable patient engagement and diagnostic system. However, we cannot assure you that we will be able to successfully complete any future acquisition we may pursue, or that we will be able to successfully integrate any acquired business, product or technology in a cost-effective and non-disruptive manner. Our future successes will depend, in part, on our ability to manage an expanded business, which may pose substantial challenges for our management, such as increased costs and complexity. There can be no assurances that we will be successful in managing such expanded business or that we will realize the expected economies of scale, synergies and other benefits currently anticipated from recent or future acquisitions or strategic transactions. Additionally, these collaborations, joint ventures, and partnerships may fail to result in any commercialized product, including due to delays in or failures to obtain regulatory approvals, such as the failure to receive approval of the PreserFlo MicroShunt in the U.S., and could require us to invest a substantial amount of resources only to ultimately change regulatory strategies or to fail. In addition, these arrangements may be terminated before we are able to realize net sales to sufficiently cover the costs associated therewith, which could materially impact our business. We cannot assure you that any such transaction would result in the benefits expected from the transaction, including revenue growth, increased profitability or an enhancement in our business prospects. Further, pursuing acquisitions, collaborations, in-licensing agreements, joint ventures, alliances or partnerships with third parties, whether or not completed, is costly and time-consuming and could distract Company management from the operation of the business, which could negatively impact our operating results.

Failure to protect our information systems against cybersecurity threats, cybersecurity incidents, service interruptions, or data corruption could materially disrupt our operations and adversely affect our business, operating results, or the effectiveness of our internal controls over financial reporting.

The efficient operation of our global business depends on our information systems, including telecommunications, the internet, network communications, email and various computer hardware and software applications. We rely on our information systems to effectively manage sales and marketing data, accounting and financial functions, inventory management, product development tasks, clinical data, quality systems, customer service and technical support functions. Our information systems are vulnerable to damage or interruption from earthquakes, fires, floods and other natural disasters, terrorist attacks, power losses, computer system or data network failures, data corruption and security breaches or other cybersecurity incidents, some of which we have experienced and which we continue to monitor. Cybersecurity incidents can include ransomware, computer denial-of-service attacks, worms, and other malicious software programs introduced to our computers and networks, including intrusions that are designed to evade detection for an extended period of time, phishing attacks, social engineering attacks, and efforts to discover and exploit any design flaws, bugs, security vulnerabilities or weaknesses, as well as intentional or unintentional acts by employees or other insiders with access privileges, intentional acts of vandalism or fraud by third parties and sabotage. Additionally, cybersecurity threats and the techniques used in cyberattacks change, develop and evolve rapidly, including from emerging technologies, such as advanced forms of AI and quantum computing. While none of the cybersecurity incidents or service interruptions that we have experienced to date have had a material adverse impact on our business, financial condition or operations, the preventative measures we have implemented to date may not be sufficient to prevent, mitigate or offset a future incident that may materially and adversely impact us and the cybersecurity insurance we have obtained may or may not cover such an incident. In addition, some of our software systems are cloud-based data management applications, hosted by third-party service providers whose security and information technology systems are subject to similar risks. The failure to protect either our or our service providers' information technology infrastructure could disrupt our entire operation, resulting in decreased sales, increased overhead costs, product shortages, or loss or misuse of intellectual property or proprietary, confidential, sensitive or personal information, all of which could have a material adverse effect on our reputation, business, financial condition and operating results or result in investigations, claims and administrative penalties by regulators.

Our enterprise resource planning (ERP) system is integral to our ability to accurately and efficiently maintain our books and records, record transactions, and prepare our financial statements. Any disruptions or difficulties that may occur in connection with our ERP system (whether in connection with the regular operation, periodic enhancements or

upgrades of such systems, or due to cybersecurity incidents) could adversely affect our ability to provide services, fulfill contractual obligations, file reports with the SEC in a timely manner, operate our business or otherwise affect our controls environment. If our independent registered public accounting firm determines that we have a material weakness in our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, and we could be subject to sanctions or investigations by the New York Stock Exchange, the SEC, or other regulatory authorities. Any of these events could have an adverse effect on our operating results and financial condition.

Failure to comply with data privacy and security laws could have a material adverse effect on our business.

We are subject to state, federal and foreign laws relating to data privacy and security in the conduct of our business, including state breach notification laws, the Health Insurance Portability and Accountability Act, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, the European Union's General Data Protection Regulation (GDPR), the U.K. Data Protection Act and the U.K. GDPR, the California Consumer Privacy Act, and the California Privacy Rights Act, among others. These laws affect how we collect and use data of our employees, consultants, customers and other parties, including patients treated with our products. They may further restrict our transfer and use of such data, and may allow individuals to make requests or exercise rights that could limit use of data and require the expenditure of significant resources and time and effort to address. These laws, as well as similar laws being enacted by other states and countries, impose substantial requirements that involve the expenditure of significant resources and the investment of significant time and effort to comply. We also rely on third parties to host or otherwise process some of this data. In some instances, these third parties have experienced failures to protect data privacy. Our failure or the failure of these third parties to comply with these laws or prevent security breaches of such data could result in significant liability, fines and penalties under applicable data privacy laws, cause disruption to our business, harm our reputation and have a material adverse effect on our business.

We cannot be certain that our net operating loss tax carryforwards will be available to offset future taxable income.

At December 31, 2023, we had approximately $463.1 million, $355.3 million and $9.4 million of net operating loss (NOL) carryforwards for federal, state and foreign purposes, respectively. A portion of federal NOL carryforwards incurred prior to 2018 will expire annually, if unused, while $257.6 million will not expire but can only be used to offset 80 percent of federal taxable income. Additionally, portions of state and foreign NOL carryforwards will expire annually, if unused.

At December 31, 2023, we had federal and state R&D credit carryforwards of approximately $43.8 million and $25.0 million, respectively. Portions of federal and $4.4 million of state credits will expire annually, if unused, while $20.6 million of state credits carry forward indefinitely. Additionally, as of December 31, 2023, we expect to be awarded a total of $3.0 million in California economic development credits which can be used to offset California taxable income. These credits begin to expire in 2028, if unused.

We continue to provide a valuation allowance against a portion of these tax attributes because we believe that uncertainty exists with respect to their future realization. Utilization of these tax attributes may be subject to annual limitations under IRC Sections 382 and 383 if the Company experiences an ownership change. To the extent available, we intend to use these NOL and credit carryforwards to offset future taxable income and/or income tax liabilities associated with our operations. There can be no assurance that we will generate sufficient taxable income in the carryforward period to utilize the remaining tax attributes before they expire.

Risks Related to Our Indebtedness

The requirement that we service our indebtedness could limit the cash flow available for our operations and have other consequences that could adversely affect our business, and we may not have sufficient cash flow from our business to pay our debt obligations.

As of December 31, 2023, we had $287.5 million in principal amount of indebtedness as a result of the issuance of the Convertible Notes. We may also incur additional indebtedness to meet future financing needs. Interest payments, fees, covenants and restrictions under agreements governing our current or future indebtedness, including the indenture governing the Convertible Notes, could have significant consequences, including the following: impairing our ability to successfully continue to commercialize our current or future products; limiting our ability to obtain additional financing

on satisfactory terms; increasing our vulnerability to general economic downturns, competition and industry conditions; requiring the dedication of a substantial portion of our cash flow from operations to service our indebtedness; inhibiting our flexibility to plan for, or react to, changes in our business; and diluting the interests of our existing stockholders if we issue shares of our common stock upon conversion of the Convertible Notes. The occurrence of any one of these events could have an adverse effect on our business, financial condition, operating results or cash flows and ability to satisfy our obligations under the indenture governing the Convertible Notes and any other indebtedness.

Our ability to make scheduled payments of the principal and interest on, or to refinance the amounts payable under, our current or future indebtedness, including the Convertible Notes, while still making necessary investments in our business, will depend on our operating and financial performance, including our ability to generate sufficient cash flow from operations, which may be subject to economic, financial, competitive and other factors beyond our control. If we are unable to generate such cash flow, we may be required to sell assets, restructure existing debt or obtain additional debt financing or equity capital on terms that may be onerous or highly dilutive. Our ability to refinance any future indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or secure desirable terms, which could result in a default on our debt obligations.

The conditional conversion feature of the Convertible Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the Convertible Notes is triggered, as it was for the quarter ended March 31, 2024, holders of the Convertible Notes will have the option to convert the Convertible Notes at any time during specified periods. If one or more holders elect to convert their Convertible Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity.

We may not have the ability to raise the funds necessary to settle conversions of the Convertible Notes in cash or to repurchase the Convertible Notes upon a fundamental change, and our future debt may contain limitations on our ability to pay cash upon conversion or repurchase of the Convertible Notes.

Noteholders may require us to repurchase their Convertible Notes upon the occurrence of a fundamental change at a repurchase price equal to 100% of the aggregate principal amount of the Convertible Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase date. In addition, upon conversion of the Convertible Notes, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the Convertible Notes being converted. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of the Convertible Notes surrendered or Convertible Notes being converted. In addition, our ability to repurchase the Convertible Notes or to pay cash upon conversions of the Convertible Notes may be limited by law, by regulatory authority or by agreements governing our future indebtedness. Our failure to repurchase Convertible Notes, or to pay any cash payable on future conversions of the Convertible Notes as required by the indenture governing the Convertible Notes would constitute a default under the indenture governing the Convertible Notes, which event, or the occurrence of the fundamental change itself, may lead to a default under any future credit facility or other agreements governing our future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the Convertible Notes or make cash payments upon conversions thereof.

The capped call transactions may affect the value of our common stock, and subject us to counterparty risk.

In connection with the issuance of the Convertible Notes, we entered into capped call transactions with certain option counterparties. The capped call transactions cover, subject to customary adjustments, the number of shares of common stock initially underlying the Convertible Notes. The capped call transactions are expected generally to reduce the potential dilution of our common stock upon any conversion of the Convertible Notes or at our election (subject to certain conditions), offset any cash payments we are required to make in excess of the aggregate principal amount of converted Convertible Notes, as the case may be, with such reduction or offset subject to a cap. We have been advised that the option counterparties or their respective affiliates have established initial hedges of the capped call transaction, and may modify their hedge positions by entering into or unwinding various derivative transactions with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market

transactions prior to the maturity of the Convertible Notes (and are likely to do so on each exercise date of the capped call transactions, which are expected to occur during the 40 trading day period beginning on the 41st scheduled trading day prior to the maturity date of the Convertible Notes, or following any termination of any portion of the capped call transactions in connection with any repurchase, redemption or early conversion of the Convertible Notes). This activity could impact the market price of our common stock.

The option counterparties to the capped call transactions are financial Institutions, and we are subject to the risk that any or all of them might default under the capped call transactions. Our exposure to the credit risk of the option counterparties is not secured by any collateral. Past global economic conditions have resulted in the actual or perceived failure or financial difficulties of many financial institutions. If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the capped call transactions with such option counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price subject to the cap and in the volatility of our common stock. In addition, upon a default by an option counterparty, we may suffer more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the option counterparties.

Risks Related to Our Regulatory Environment

Our business, products and processes are subject to extensive regulation both in the U.S. and abroad and it can be costly to comply with these regulations. Any failure to adhere to applicable regulations could harm our business, financial condition and operating results.

Our medical devices, drugs, drug/device combination products and other products are subject to extensive government regulation in the U.S. by the FDA, state regulatory authorities and foreign regulatory authorities in the countries in which we conduct business. These regulations relate to, among other things, approval or clearance of our products for sale, R&D, labeling, advertising, promotion, pricing and discounts, recordkeeping, reporting, import and export, post-approval studies and the sale and distribution of our products. See Item 1, Business, “Government Regulation – U.S. Regulation & Reimbursement” and “International Regulation & Reimbursement” in our Annual Report for additional information. Our failure to comply with applicable regulatory requirements could result in enforcement action by the FDA, or state or foreign regulatory authorities, which may include, among other things, warning letters, fines, injunctions, recalls, refusals to grant or delays in granting requests, civil fines and penalties, operating restrictions, withdrawal of approvals and even criminal prosecution.

The process of obtaining clearances or approvals to market our products can be expensive and lengthy, and we cannot guarantee that our current products will receive clearance or approval for additional indications or that our future products will receive clearance or approval on a timely basis, or without restrictions, if at all. Additionally, based upon a recent FDA determination, our pipeline products that are determined to be drug-device combination products, such as our *iDose TR* product, will require review and coordination by each of FDA’s drug and device centers prior to approval, which may delay approval. In some instances, we or our partners have pursued, and may in the future pursue, a regulatory clearance or approval that proves unsuccessful, such as the FDA’s recent failure to approve the *PreserFlo Microshunt* in the U.S. and our determination to conduct a second pivotal confirmatory study of our *Epioxa* pharmaceutical therapy based on recommendations from the FDA in pre-NDA submission meetings. When this occurs, the time and financial resources required to obtain FDA or other regulatory approval may substantially increase or new competitive products could reach the market faster than our product candidate, which could materially adversely impact our competitive position and prospects. We cannot assure you that we will receive the requisite approvals to sell our product candidates on our anticipated timeline or at all.

Before we can obtain regulatory approval for any product candidate, we may have to undertake complex, time-consuming and expensive clinical testing in humans to demonstrate safety and efficacy, the outcomes of which are inherently uncertain and may never result in approved products or commercial sales. We have experienced in the past, and could experience in the future, delays in the commencement or completion of clinical trials or testing that could significantly affect our product development costs. We do not know whether planned clinical trials will begin on time, need to be redesigned, enroll an adequate number of patients in a timely manner or be completed on schedule, if at all, or be deemed insufficient by the FDA, which may require additional lengthy, time-consuming and expensive trials, which would further delay approval. We may suffer significant setbacks in clinical trials, even after earlier trials showed promising results, and failure can occur at any time during the clinical trial process. We, the clinical trial investigators, the independent review board overseeing the trial, the FDA, or another regulatory authority may suspend, delay or

terminate clinical trials at any time due to a number of factors, including failure to conduct the trial in accordance with applicable regulatory requirements or trial protocols, failure to demonstrate a benefit from using the product, lack of sufficient funding, medical device product malfunctions, adverse events, or to avoid exposing trial participants to unacceptable health risks. Any delay or failure in clinical trials would delay or prevent our ability to obtain necessary regulatory approvals, which would have a material adverse effect on our business, financial condition and prospects.

As part of the PMA regulatory application and approval process, the FDA will generally conduct a pre-approval inspection of the applicant or its third-party manufacturers' or suppliers' manufacturing facilities to ensure compliance with the FDA's Quality System Regulation (QSR) for medical devices or current Good Manufacturing Practice (cGMP) regulations for drug and combination products, such as our *iDose TR* product. If our facilities, or those of our third-party manufacturers or suppliers, fail to meet the QSR or cGMP regulations, as applicable, or other standards required by the FDA, we could experience a delay in obtaining the necessary regulatory clearances or approvals to commercialize our pipeline products, which could have a material adverse effect on our business and financial condition and results.

Even after we have obtained the proper regulatory clearance or approval to market a product, we have ongoing responsibilities under FDA regulations and applicable foreign laws and regulations. We may also be required to seek additional regulatory approvals to modify our approved products or their manufacturing processes or indications, which may entail significant time and expense. We and our suppliers are subject to extensive post-marketing regulatory requirements including post-marketing studies, and failure to comply with applicable requirements in a timely manner could subject us to enforcement actions, including recall or product approval withdrawals. Compliance with applicable regulatory requirements is subject to continual review and is monitored rigorously through periodic inspections by the FDA. Other post-market requirements on our products include establishment registration and device listing, quality system and good manufacturing requirements, reporting of adverse events and device malfunctions, product tracing, reporting of corrections and removals (recalls), labeling requirements, and promotional restrictions. Under FDA regulations, combination products are subject to the quality system and good manufacturing requirements applicable to both drugs and medical devices. Our products could malfunction, cause unexpected adverse events, or experience performance problems that require review and possible corrective action by us or a component supplier, including a recall or market withdrawal. Any recall or product withdrawal, whether required by the FDA or another regulatory authority or initiated by us, could harm our reputation with customers, cause us to incur significant expense and negatively affect our sales.

In addition, our promotional materials, sales techniques, pricing programs and training methods must comply with FDA and other applicable laws and regulations, including the prohibition of the promotion of a drug or medical device for a use that has not been cleared or approved by the FDA or other regulatory authorities, also known as an "off-label" use. The FDA or other regulatory authorities may limit the indications for use of our products, thereby restricting our ability to promote the drug or device. Physicians may use our products, particularly newly-approved products, off-label or in combination with other products that are not indicated or appropriate, as the FDA does not restrict or regulate a physician's choice of treatment within the practice of medicine. However, if the FDA determines that our promotional materials, sales techniques, pricing programs or training constitutes promotion of an off-label use or encourages over-utilization of our products or use of our products in combinations that are not indicated or appropriate, it could request that we modify our materials, techniques, programs or training or subject us to enforcement actions.

We are subject to healthcare fraud and abuse, anti-kickback, false claims and transparency laws and regulations, among others, which are enforced by federal, state and international governments with respect to our marketing, training, customer arrangements, discount, rebate and pricing programs, product bundling, financial arrangements with physicians, patient assistance programs, reimbursement support services, and other practices. See Item 1, Business, "Government Regulation – U.S. Regulation & Reimbursement" and "International Regulation & Reimbursement" contained in our Annual Report for additional information about the laws and regulations which apply to us. The U.S. Department of Justice has increased its scrutiny of interactions between manufacturers and healthcare providers, as well as various patient, product and reimbursement support programs and speaker bureaus, which has led to a number of investigations, prosecutions, convictions and settlements in the healthcare industry. Although we try to structure our arrangements within available safe harbors whenever possible, we may nevertheless become subject to government scrutiny or investigation. Violations may result in civil monetary penalties, criminal penalties, and exclusion from participation in government healthcare programs, including Medicare and Medicaid, all of which would have an adverse effect on our business.

We are also subject to compliance with various anti-bribery laws and regulations, including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and similar anti-bribery laws in other jurisdictions, which generally prohibit companies and their agents from making bribes or other improper payments to officials for the purpose of obtaining or retaining business. We are also subject to limitations on trade with persons in sanctioned countries. Our sales in international markets increase the inherent risks of encountering such issues. While our employees, distributors and agents are required to comply with these laws and regulations, no assurance can be given that our training efforts and internal policies and procedures will prevent violations of these laws. Any actual or alleged violations of these laws and regulations could subject us to government investigations, criminal sanctions, severe fines and penalties that could have a material adverse impact on our reputation, financial condition, results of operations and cash flows.

The scope and enforcement of each of the laws applicable to our business and products is uncertain and subject to rapid change in the current environment of healthcare reform. If our operations are found to be in violation of any of the government regulations that apply to us, we may be subject to civil and criminal penalties, damages, fines, disgorgement, imprisonment, exclusion from participation in federal and state healthcare programs and the curtailment or restricting of our operations, any of which could harm our ability to operate our business and our financial results. Responding to a government investigation is time and resource intensive, and may cause harm to our business and reputation even if we are able to successfully defend against it. Additionally, resolution of any such investigation may require agreement to onerous corporate integrity agreements or other compliance or reporting requirements, which may negatively affect our business.

Legislative or regulatory reform of the healthcare system could hinder or prevent our products' commercial success.

In the U.S. and in certain states and foreign jurisdictions, there have been a number of legislative and regulatory proposals and adoptions to change the healthcare systems in ways that could impact our ability to sell our products profitably, if at all. In addition, new regulations and interpretations of existing healthcare statutes and regulations are frequently adopted and we may not be able to comply with the changed laws, they could increase the cost of manufacturing, marketing or selling our product, could make approvals of pipeline products more difficult or prevent us from selling at all. We expect there will continue to be a number of legislative and regulatory changes to the U.S. health care system that could significantly change the statutory provisions governing the regulatory approval, manufacture and marketing of regulated products or the reimbursement thereof and may impose additional costs or lengthen review times of planned or future products. It is also difficult to predict whether and how the policies and priorities of a new administration could materially impact the regulation governing our products.

In 2017, the EU adopted Medical Devices Regulation 2017/745 (MDR), which repealed and replaced the Medical Device Directive (MDD). MDR went into effect in May 2021 and provides for stricter controls of medical devices than did MDD. Under provisions that govern the transition from MDD to MDR, qualifying medical devices with notified body certificates issued under the MDD prior to May 2021 may continue to be marketed and sold through 2028. After the expiration of any applicable transitional period, only devices that have been CE marked under MDR may be placed on the market in the EU. Additionally, the bio-activated therapy used with our crosslinking device to treat keratoconus in international markets, which is currently classified as a medical device in the EU and certain other countries, could be reclassified as a drug product, which would impose an entirely new regulatory framework on us and our contract manufacturers for this product, and compliance may prove costly and difficult or may not be achievable at all. Our failure, or the failure of our contract manufacturers, to obtain CE marks for all of our products under MDR on a timely basis, or to comply with MDR or applicable European Medicines Agency regulations regarding drug products, could restrict our ability to sell our products in the EU or other parts of the world, which would have a material adverse effect on our business and financial results.

From time to time, we increase the prices of our products, as we have previously done with our *Photrexa* therapies. Drug pricing by pharmaceutical manufacturers is subject to federal and state reporting requirements and is currently, and is expected to continue to be, under close scrutiny, including with respect to manufacturers that increase the price of products after acquiring those products from other companies. In some cases, such scrutiny has resulted in congressional inquiries and federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturers' patient support programs, and reform government program reimbursement methodologies for products. Although our price increases have been based upon third party studies of the projected economic value of our products to the healthcare system, they may still become subject to such scrutiny.

As a condition of having our recently-approved *iDose TR* product covered under certain federal healthcare programs such as Medicare and Medicaid, we are required to participate in the MDRP with respect to all of our pharmaceutical products, which requires us to calculate and report certain pricing metrics to the government, comply with certain pricing limitations any pay a rebate to each state Medicaid program for our covered products based on utilization of our products by Medicaid beneficiaries. Any company that participates in the MDRP also must participate in the 340B drug pricing program (the "340B program"). The 340B program, which is administered by the Health Resources and Services Administration, requires participating companies to agree to charge statutorily defined covered entities no more than the 340B "ceiling price" for covered outpatient drugs. The 340B ceiling price is calculated using a statutory formula, which is based on pricing data calculated under the MDRP. Additionally, the U.S. Inflation Reduction Act of 2022, which is designed to, among other things, have a direct impact on drug prices and reduce drug spending by the federal government, requires drug manufacturers to pay rebates to Medicare if they increase prices faster than inflation for certain drugs used by Medicare beneficiaries. The expansion of inflation-based rebates may complicate our pricing strategies. To the extent applicable, these and other similar legislation or regulations will reduce the prices we can charge, and impact the rebate amount we must pay, on sales of our products subject to that act, particularly on sales to our customers if they qualify as covered entities eligible to receive the discounted 340B ceiling price. Compliance with these laws and programs may reduce our net sales, and could require significant resources, which would reduce our profitability. Additionally, we cannot predict how our participation in, or how future CMS guidance or rules governing, MDRP will affect our profitability (including the potential for increases in our overall Medicaid rebate liability and the obligation to charge reduced prices to covered entities). Any changes to the limitations, calculations, or scope of these programs could negatively impact the results of our operations.

If we cannot sell our products profitably, whether due to our own inability to comply with, or the inability of other economic operators in our supply chain to qualify under, any legislative reform or pricing programs, our business would be harmed. In addition, any change in the laws or regulations that govern the clearance and approval processes relating to our current and future products could make it more difficult and costly to obtain clearance or approval for new products, or to produce, market and distribute existing products.

Inadequate or inconsistent reimbursement for our products may adversely impact our business.

Our ability to successfully commercialize and achieve market acceptance of our products and compete against other therapies designed to address the same disease states depends in significant part on adequate financial coverage and reimbursement from third party payors, including governmental payors (such as the Medicare and Medicaid programs in the U.S.), managed care organizations and private health insurers. See Item 1, Business, "Government Regulation – U.S. Regulation & Reimbursement" and "International Regulation & Reimbursement" contained in our Annual Report for additional information. Payors continually review the clinical evidence for new therapies and can change their coverage policies without notice or deny payment if the product was not used in accordance with the payor's coverage policy. Therefore, coverage for our products can differ significantly from payor to payor. In addition, payors continually review new therapies for possible coverage and can, without notice, deny coverage for these products and procedures. As a result, the coverage determination process is often time-consuming and costly and requires us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage will be obtained or will be maintained once it is obtained.

In addition to uncertainties surrounding coverage policies, there are uncertainties regarding appropriate reimbursement for the procedures associated with our new products like *iAccess,* a precision blade, *iPRIME,* a viscoelastic delivery system, and *iStent infinite* as well as sporadic volatility in reimbursement levels of existing products, including our *Photrexa* therapy and the procedures associated with our existing products, such as our *iStent* family of products. For example, in 2022 the CMS' payment rates significantly lowered the Medicare physician fee payment rates and slightly lowered the Medicare facility fee payment rates related to the implantation of trabecular bypass stents, such as our *iStent* family of products, in conjunction with cataract surgery, furnished in the ambulatory surgery center (ASC) setting, which we believe disrupted traditional customer ordering patterns and resulted in our customers' trialing and utilization of competitive products, causing reduced glaucoma sales volumes in the U.S. in 2022 and 2023. Additionally, the facility fee payment rates for the standalone procedure that hospitals and ambulatory surgery centers will use with Glaukos' *iStent infinite* product were lower than anticipated for 2022 and were not significantly modified by CMS for 2023 facility fee payment rates. While CMS' 2024 Medicare payment rates increased facility fee payment rates related to the implantation of trabecular bypass stents, such as our *iStent* family of products, both in conjunction with cataract surgery and as a standalone procedure, in both the ASC and hospital setting, we expect the reduced physician fee payment rates to have an adverse impact on procedural *iStent* family product volumes, in

conjunction with cataract surgery and on a stand-alone basis, in 2024 as well as on our U.S. combo-cataract glaucoma revenues, gross profit, and net income.

The demand for, and the profitability of, our products could be materially harmed if the Medicaid program, Medicare program, other healthcare programs in the U.S. or elsewhere, or third party commercial payors in the U.S. or elsewhere, deny reimbursement for our products, limit the indications for which our products will be reimbursed, are unclear on appropriate reimbursement codes or provide reimbursement only on unfavorable terms. For example, in June 2023 five MACs, which set physician fee payment rates for products covered by temporary CPT Category III codes, published proposed local coverage determinations (LCDs) that deemed certain ophthalmic procedures, including the procedures using our *iAccess* and *iPRIME* products, investigational and therefore not covered by Medicare and not reimbursed, which LCD was ultimately adopted and then reversed by these MACs. Also, when procedures associated with our products transition from temporary CPT Category III codes to permanent CPT Category I codes, the physician and facility reimbursement levels associated with the procedures using these products could be decreased, such as the decreased payment rates for procedures using our *iStent*-related products, in conjunction with cataract surgery, established by CMS for 2022 and 2023, as discussed above. Even when a permanent billing code has been assigned to a product, there is no guarantee that coverage will be provided. If we are unable to maintain our existing codes or obtain new permanent codes for procedures using our products, use existing codes for new products or obtain new reimbursement codes for our products in development, we may be subject to significant pricing pressure, that could harm our results of operations, financial condition and prospects. In the foreign markets in which we operate, different pricing and reimbursement systems, could result in lower reimbursement, harming our ability to operate our business.

We cannot predict to what extent current global economic conditions may disrupt healthcare systems and access to our products or result in a widespread loss of individual health insurance coverage due to unemployment, a shift from commercial payor coverage to government payor coverage, or an increase in demand for patient assistance or free drug programs, any of which could adversely affect our net revenue. In addition, payers consistently engage in cost containment efforts, which could result in decreased reimbursement levels for prescription drugs and the imposition of prior authorization for the use of our products. We cannot predict actions that third party payors may take, including limiting access to or the level of reimbursement for our products or refusal to provide any approvals or coverage.

Risks Related to Our Intellectual Property

If we are unable to adequately protect our intellectual property, our competitors and other third parties could develop and commercialize products similar or identical to ours, which would substantially impair our ability to compete.

Our success and ability to compete depends significantly upon our ability to obtain, maintain and protect our proprietary rights and licensed intellectual property rights to the technologies and inventions used in or embodied by our products. We rely on a combination of patents and trademark rights, and to a lesser extent on trade secrets and copyrights, together with licenses and nondisclosure agreements to protect our technologies. These legal means, however, afford only limited protection and may not adequately protect our business. We also have not pursued or maintained, and may not pursue or maintain in the future, patent protection for our products in every country or territory in which we sell or will in the future sell our products. In addition, we cannot be sure that any of our pending patent applications or pending trademark applications will issue or issue in a form that will be advantageous to us.

Despite our efforts, we cannot guarantee that we will be able to adequately protect our proprietary rights, which could substantially impair our ability to compete. Our patents may be challenged and held invalid or we may be unable to extend the protection on products with expiring patents. Moreover, our competitors may independently develop equivalent knowledge, methods and know-how. Competitors could purchase our products and attempt to replicate some or all of the competitive advantages we derive from our development efforts, infringe our intellectual property rights, design around our protected technology or develop their own competitive technologies that fall outside of our intellectual property rights. Further, although it is our policy to require each of our employees, consultants and any other parties who may be involved in the development of intellectual property on our behalf to execute proprietary information and inventions agreements, we may be unsuccessful in doing so with each party who in fact develops intellectual property that we regard as our own. The relevant assignment provisions may not be self-executing or may be breached, resulting in ownership disputes and/or litigation.

We have many foreign patents and patent applications, and expect to pursue patent protection in the most significant markets in which we do business. The laws of other countries in which our products are or may be sold may not protect our product offerings and intellectual property to the same extent as U.S. laws, if at all. Many companies

have encountered significant difficulties in obtaining, protecting and defending such rights in international markets. In addition, many countries limit the enforceability of patents against other parties, including government agencies or government contractors. In these countries, the patent owner may have limited remedies, and certain countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to other parties. We also may be unable to protect our rights in trade secrets and unpatented proprietary technology in these countries. If we encounter such difficulties or are otherwise precluded from effectively protecting our intellectual property rights in these countries, our business, financial condition and results of operations could be substantially harmed.

We may not be able to accurately estimate or control our future operating expenses in relation to obtaining, enforcing and/or defending intellectual property, which could lead to cash shortfalls. Our operating expenses may fluctuate significantly in the future as a result of the costs of preparing, filing, prosecuting, defending and enforcing patent claims and other patent related costs, including litigation costs and the results of such litigation or costs associated with administrative proceedings and the results of such proceedings.

We have been and may in the future become involved in patent and other intellectual property litigation or administrative proceedings relating to our intellectual property rights, which could be costly, time consuming and unsuccessful and could interfere with our ability to successfully commercialize our products.

Intellectual property rights are essential to our business. We have asserted and may in the future need to assert claims of infringement against third parties to protect our rights, or to invalidate or challenge the intellectual property rights of a third party, including those rights owned by our competitors. Additionally, third parties could assert infringement or misappropriation claims against us with respect to our current or future commercial products and seek to invalidate one or more of our patents or trademarks. Such claims could arise in situations where certain employees, consultants or contractors were previously, or are currently, employed by other medical device, biotechnology or pharmaceutical companies, including our competitors or potential competitors; we may be subject to claims that we or these individuals have, inadvertently or otherwise, misappropriated the intellectual property or disclosed the alleged trade secrets or other proprietary information, of these other employers.

There is no guarantee that we would be successful enforcing or defending our intellectual property rights in court. A court could hold that some or all of our asserted intellectual property rights are not infringed, or could invalidate our rights, hold our rights unenforceable, or substantially narrow the scope of protection. Further, we could be prohibited from manufacturing or selling our products or a court could order us to pay substantial compensatory damages as well as other penalties and fines. Any such adverse result would undermine our competitive position. Regardless of the final outcome, any litigation to enforce our intellectual property rights in patents, copyrights, trade secrets or trademarks is highly unpredictable and could result in substantial costs and diversion of resources, which could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Common Stock

Anti-takeover provisions in our Charter and Bylaws and under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.

Provisions in our Restated Certificate of Incorporation (Charter) and amended and restated bylaws (Bylaws) may have the effect of delaying or preventing a change of control or changes in our management. Our Charter and Bylaws include provisions that:

- authorize our board of directors to issue, without further action by the stockholders, up to 5,000,000 shares of undesignated preferred stock;
- require that any action to be taken by our stockholders be affected at a duly called annual or special meeting and not by written consent;
- specify that special meetings of our stockholders may be called only by our board of directors, the chairman of the board of directors, the chief executive officer or the president;
- establish an advance notice procedure for stockholder approvals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our board of directors;
- divide our board of directors into three classes, with each class serving staggered three year terms;
- provide that our directors may be removed only for cause by a supermajority vote of our stockholders;

- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- specify that no stockholder is permitted to cumulate votes at any election of directors; and
- require a supermajority vote of the stockholders and a majority vote of the board to amend certain of the above-mentioned provisions and our Bylaws.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which limits the ability of stockholders owning in excess of 15% of our outstanding voting stock to merge or combine with us.

The exclusive forum provisions in our organizational documents could limit our stockholders' ability to bring a claim in a judicial forum that it finds favorable for disputes with the Company or its directors, officers or other employees.

Our Charter and Bylaws provide that, unless the Company consents in writing, the Court of Chancery of the State of Delaware is the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Company or its stockholders, (iii) any action or proceeding asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our Charter or Bylaws, or (iv) any action or proceeding asserting a claim governed by the internal affairs doctrine (the Delaware Exclusive Forum Provision). The Delaware Exclusive Forum Provision is intended to apply to claims arising under Delaware state law and would not apply to claims brought pursuant to the Exchange Act or the Securities Act, or any other claim for which the federal courts have exclusive jurisdiction.

Further, our Bylaws provide that the federal district courts of the U.S. will, to the fullest extent permitted by law, be the exclusive forum for resolving any complaint asserting a cause of action under the Securities Act (the Federal Forum Provision). Our decision to adopt the Federal Forum Provision followed a decision by the Supreme Court of the State of Delaware holding that such provisions are facially valid under Delaware law and means that suits brought by stockholders to enforce any duty or liability created under the Securities Act must be brought in federal court and cannot be brought in state court.

The exclusive forum provisions in our Charter and Bylaws will not relieve us of our duties to comply with the federal securities laws and the rules and regulations thereunder and, accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must be brought in federal courts. Our stockholders will not be deemed to have waived our compliance with these laws, rules and regulations. The exclusive forum provisions in our Charter and Bylaws may limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with the Company or its directors, officers or other employees, which may discourage such lawsuits. In addition, stockholders who do bring a claim in the Court of Chancery of the State of Delaware pursuant to the Delaware Exclusive Forum Provision could face additional litigation costs in pursuing any such claim, particularly if they do not reside in or near Delaware. The court in the designated forum under our exclusive forum provisions may also reach different judgments or results than would other courts, including courts where a stockholder would otherwise choose to bring the action, and such judgments or results may be more favorable to the Company than to our stockholders. Further, the enforceability of similar exclusive forum provisions in other companies' organizational documents has been challenged in legal proceedings, and it is possible that a court could find any of our exclusive forum provisions to be inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings. If a court were to find all or any part of our exclusive forum provisions to be inapplicable or unenforceable in an action, we might incur additional costs associated with resolving such action in other jurisdictions.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On March 7, 2024, the Company issued 54,543 shares of its common stock (Purchase Price Shares) to the owners of all of the outstanding shares of a corporation (Acquired Corporation) in connection with the acquisition of all of such outstanding shares. The Acquired Corporation owns or controls certain intellectual property rights, including patents and patent applications, technology and know-how, relating to certain formulations and methods for the treatment of an ophthalmic disorder. The Purchase Price Shares were issued pursuant to the exemption from registration under Section 4(a)(2) of the Securities Act.

Item 5. Other Information

Insider Trading Arrangements

On March 4, 2024, Joseph E. Gilliam, the Company's President and Chief Operating Officer, adopted a 10b5-1 trading plan (the "Trading Plan"). The Trading Plan is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act. The Trading Plan provides for the potential sale of 101,157 shares of the Company's common stock commencing June 3, 2024. The Trading Plan terminates on the earlier of May 30, 2025 or the date all shares are sold. On March 15, 2024, Gilbert H. Kliman, M.D., a member of the Company's Board of Directors, adopted a 10b5-1 trading plan (the "Trading Plan"). The Trading Plan is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act. The Trading Plan provides for the potential sale of 10,000 shares of the Company's common stock commencing June 17, 2024. The Trading Plan terminates on the earlier of February 14, 2025 or the date all shares are sold.

Item 6. Exhibits

Exhibit No.	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	Restated Certificate of Incorporation of the Registrant	8-K	1-37463	3.1	06/30/2015
3.2	Amended and Restated Bylaws of the Registrant	8-K	1-37463	3.1	12/21/2022
10.1+*	Directors' Compensation Policy adopted March 14, 2024				
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document				
101.SCH*	XBRL Taxonomy Schema Linkbase Document				
101.CAL*	XBRL Taxonomy Calculation Linkbase Document				
101.DEF*	XBRL Taxonomy Definition Linkbase Document				
101.LAB*	XBRL Taxonomy Labels Linkbase Document				
101.PRE*	XBRL Taxonomy Presentation Linkbase Document				
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document				

\+ Indicates a management contract or compensatory plan or arrangement
* Filed Herewith.
** Furnished Herewith.

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, thereunto duly authorized, in the City of Aliso Viejo, State of California, on May 2, 2024.

GLAUKOS CORPORATION

By: /s/ THOMAS W. BURNS
Thomas W. Burns
Chairman and Chief Executive Officer (Principal Executive Officer; Duly Authorized Officer)

By: /s/ ALEX R. THURMAN
Alex R. Thurman
Senior Vice President & Chief Financial Officer (Principal Accounting and Financial Officer)

Exhibit 10.1

GLAUKOS CORPORATION

DIRECTORS' COMPENSATION POLICY

(Effective December 13, 2017, Amended and Restated March 14, 2024)

Directors of Glaukos Corporation, a Delaware corporation (the "Company"), who are not employed by the Company or one of its subsidiaries ("Non-Employee Directors") are entitled to the compensation set forth below for their service as a member of the Board of Directors (the "Board") of the Company. The Board has the right to amend this policy from time to time.

Cash Compensation	
Annual Retainer	$ 50,000
Annual Committee Member Retainer	$ 10,000
Annual Lead Independent Director Retainer	$ 40,000
Annual Committee Chair Retainers	
Audit Committee Chair	$ 12,500
Compensation, Nominating and Governance	
Committee Chair	$ 12,500
Equity Compensation	
Annual RSU Award	$ 190,000
Annual Stock Option Award	$ 75,000
Initial Equity Award	$ 300,000

Cash Compensation

Each Non-Employee Director will be entitled to an annual cash retainer while serving on the Board in the amount set forth above (the "Annual Cash Retainer"). A Non-Employee Director who serves as a member of any standing committee of the Board will be entitled to an additional annual cash retainer for each such committee on which they are serving in the amount set forth above (the "Annual Committee Member Retainer"). The Non-Employee Director who serves as the Lead Independent Director of the Board will be entitled to an additional annual cash retainer while service in that position in the amount set forth above (the "Annual LID Retainer"). A Non-Employee Director who serves as the Chairperson of the Audit Committee will be entitled to an additional annual cash retainer while serving in that position in the amount set forth above (the "Annual Audit Committee Chairperson Retainer"). A Non-Employee Director who serves as the Chairperson of the Compensation, Nominating and Governance Committee will be entitled to an additional annual cash retainer while serving in that position in the amount set forth above (the "Annual Compensation Committee Chairperson Retainer").

The amounts of the Annual Cash Retainer, Annual Committee Member Retainer, Annual LID Retainer, Annual Audit Committee Chairperson Retainer and Annual Compensation Committee Chairperson Retainer are expressed as annualized amounts. These retainers will be paid on a quarterly basis, at the end of each quarter in arrears, and will be pro-rated if a Non-Employee Director serves (or serves in the corresponding position, as the case may be) for only a portion of the quarter (with the proration based on the number of calendar days in the quarter that the director served as a Non-Employee Director or held the particular position, as the case may be).

Equity Awards

Initial Equity Awards

For each new Non-Employee Director appointed or elected to the Board, on the date that the new Non-Employee Director first becomes a member of the Board, the new Non-Employee Director will automatically be granted an initial equity award consisting of restricted stock units with respect to a number of shares of the Company's common stock determined by dividing (1) the initial equity award amount set forth above by (2) the per-

share closing price of the Company's common stock on the date the new Non-Employee Director first becomes a member of the Board, with the result rounded to the nearest whole unit (the "Initial Equity Award"). The Initial Equity Award shall vest in substantially equal annual installments on each of the first three annual anniversaries of the grant date, subject to the Non-Employee Director's continued service through each vesting date. The unvested portion of the Initial Equity Award shall also become vested if the Non-Employee Director's service on the Board terminates as a result of the director's death or total and permanent disability. The Initial Equity Award shall be payable in shares of common stock and the Non-Employee Director may elect to be paid (1) as soon as practicable (and no later than 30 days) after each applicable vesting date or (2) on the earlier of (A) the fifth (5th) anniversary of the Initial Equity Award grant date or (B) a Separation from Service (as defined below), in each case, subject to the Election Form (defined below).

An employee or former employee of the Company or one of its subsidiaries who ceases or has ceased to be so employed and becomes a Non-Employee Director will not be eligible for an initial equity award grant, but will be eligible for cash compensation and annual equity awards on the same basis as other Non-Employee Directors.

Annual Equity Awards for Continuing Board Members

On the date of each annual meeting of the Company's stockholders beginning with the annual meeting that occurs in the 2024 calendar year, each Non-Employee Director then in office following the meeting will automatically be granted an annual equity award (the "Annual Equity Award") consisting of (A) restricted stock units with respect to a number of shares of the Company's common stock determined by dividing (1) the annual RSU award amount set forth above by (2) the per-share closing price of the Company's common stock on the date of the applicable annual meeting, with the result rounded to the nearest whole unit, and (B) stock options with respect to a number of shares of the Company's common stock determined by dividing (1) the annual Stock Option award amount set forth above by (2) the fair value of an option to purchase a share of the Company's common stock on the date of the applicable annual meeting, with the result rounded to the nearest whole option. The Annual Equity Award shall vest in one annual installment on the first anniversary of the grant date (or on the date of the annual meeting in the following calendar year, if earlier), subject to the Non-Employee Director's continued service through the vesting date. The unvested portion of the Annual Equity Award shall also become vested if the Non-Employee Director's service on the Board terminates as a result of the director's death or total and permanent disability. The annual RSU award shall be payable in shares of common stock and the Non-Employee Director may elect to be paid (1) as soon as practicable (and no later than 30 days) after the applicable vesting date or (2) on the earlier of (A) the fifth (5th) anniversary of the Annual Equity Award grant date or (B) a Separation from Service, in each case, subject to the Election Form. Stock options will have an exercise price equal to the per-share closing price of the Company's common stock on the grant date.

In the event that more than one annual meeting of the Company's stockholders occurs during a given calendar year, Annual Equity Awards will be made only in connection with the first such meeting to occur in that year.

Beginning after the annual meeting of the Company's stockholders that occurs in the 2024 calendar year, for each new Non-Employee Director appointed or elected to the Board other than on the date of an annual meeting of the Company's stockholders, on the date that the new Non-Employee Director first becomes a member of the Board, the new Non-Employee Director will automatically be entitled to a pro-rata portion of the Annual Equity Award (a "Pro-Rata Annual Award") determined by dividing (1) a pro-rata portion of the Annual Equity Award grant value set forth above by (2) the per-share closing price of the Company's common stock on the date the new Non-Employee Director first becomes a member of the Board (in the case of restricted stock units) or the fair value of an option to purchase a share of the Company's common stock on the date the new Non-Employee Director first becomes a member of the Board (in the case of stock options). The pro-rata portion of the Annual Equity Award grant value for purposes of a Pro-Rata Annual Award will equal the Annual Equity Award grant value set forth above multiplied by a fraction (not greater than one), the numerator of which is 12 minus the number of whole months that as of the particular grant date had elapsed since the Company's last annual meeting of stockholders at which Annual Equity Awards were granted, and the denominator of which is 12, with the result to be rounded to the nearest whole unit or option. Each Pro-Rata Annual Award will vest on the same terms and otherwise be subject to the same terms set forth above for the Annual Equity Award. Stock options will have an exercise price equal to the fair market value of a share of the Company's common stock on the grant date.

Elective Grants of Equity Awards

Non-Employee Directors may elect, prior to the start of each applicable calendar year, to convert all or a portion of their Annual Cash Retainer, Annual Committee Member Retainer, Annual LID Retainer, Annual Audit Committee Chairperson Retainer, and Annual Compensation Committee Chairperson Retainer (collectively, the "Retainers") payable with respect to the particular calendar year into the right to receive an award of restricted stock units of the Company (an "Elective Restricted Stock Unit Award"). The Elective Restricted Stock Unit Award shall automatically be granted on the first business day of each calendar year in an amount determined by dividing (1) the amount of the Retainers elected to be so converted multiplied by 115% (one hundred fifteen percent) by (2) the per-share closing price of the Company's common stock on the first business day of the year (rounded to the nearest whole share). Each Elective Restricted Stock Unit Award will vest in one annual installment on the first anniversary of the grant date, subject to the Non-Employee Director's continued service through the vesting date. The Elective Restricted Stock Unit Award shall be payable in shares of common stock and the Non-Employee Director may elect to be paid (1) as soon as practicable (and no later than 30 days) after the applicable vesting date or (2) on the earlier of (A) the fifth (5th) anniversary of the Elective Restricted Stock Unit Award grant date or (B) a Separation from Service, in each case, subject to the Election Form.

Election Form

In order to elect to receive an Initial Equity Award, Annual Equity Award, Pro-Rata Annual Award or Elective Restricted Stock Unit Award, as applicable, Non-Employee Directors must complete an election form in such form as the Board may prescribe from time to time (an "Election Form"), and file such completed form with the Company prior to the start of the applicable calendar year, or, with respect to the Initial Equity Award, within 30 days of becoming an Non-Employee Director. Once an Election Form is validly filed with the Company, it shall automatically continue in effect for future calendar years unless the Non-Employee Director changes or revokes his or her Election Form prior to the beginning of any such future calendar years.

Provisions Applicable to All Outside Director Equity Awards

Each equity award will be made under and subject to the terms and conditions of the Company's 2015 Omnibus Incentive Compensation Plan (the "Plan") or any successor equity compensation plan approved by the Company's stockholders and in effect at the time of grant, and will be evidenced by, and subject to the terms and conditions of, any applicable award agreement form approved by the Board to evidence such type of grant pursuant to this policy.

Definitions

As used herein, a "Separation from Service" occurs when a Non-Employee Director dies, retires, or otherwise has a termination of service with the Company that constitutes a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h), without regard to the optional alternative definitions available thereunder. Notwithstanding the foregoing, in the event a Non-Employee Director is a "specified employee" (within the meaning of Treasury Regulation Section 1.409A-1(i)) on the date of a Non-Employee Director's Separation from Service, the Non-Employee Director shall not be entitled to payment of any equity awards that would otherwise be paid in connection with his or her Separation from Service until the earlier of (A) the date which is six (6) months after his or her Separation from Service with the Company for any reason other than death, or (B) the date of the Non-Employee Director's death (and, in either case, payment will be made within 30 days following that event); provided that this six-month delay shall apply only to the extent such delay in payment is required to comply with, and avoid the imputation of any tax, penalty or interest under, Section 409A of the Internal Revenue Code.

Expense Reimbursement

All Non-Employee Directors will be entitled to reimbursement from the Company for their reasonable travel (including airfare and ground transportation), lodging and meal expenses incident to meetings of the Board or committees thereof or in connection with other Board related business.

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a) OF THE SECURITIES EXCHANGE ACT, AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas W. Burns, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Glaukos Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2024

/s/ THOMAS W. BURNS
Name: Thomas W. Burns
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a) OF THE SECURITIES EXCHANGE ACT, AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Alex R. Thurman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Glaukos Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2024

/s/ ALEX R. THURMAN
Name: Alex R. Thurman
Senior Vice President & Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas W. Burns, Chairman and Chief Executive Officer of Glaukos Corporation (the "Company"), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 2, 2024

/s/ THOMAS W. BURNS
Name: Thomas W. Burns
Chairman and Chief Executive Officer

This certification accompanies and is being "furnished" with this Report, shall not be deemed "filed" by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that Section and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Report, irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Alex R. Thurman, Senior Vice President & Chief Financial Officer of Glaukos Corporation (the "Company"), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 2, 2024

/s/ ALEX R. THURMAN
Name: Alex R. Thurman
Senior Vice President & Chief Financial Officer

This certification accompanies and is being "furnished" with this Report, shall not be deemed "filed" by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that Section and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Report, irrespective of any general incorporation language contained in such filing.