

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-40587

SIGHT SCIENCES, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

4040 Campbell Ave, Suite 100

Menlo Park, CA

(Address of principal executive offices)

80-0625749

(I.R.S. Employer  
Identification No.)

94025

(Zip Code)

Registrant's telephone number, including area code: (877) 266-1144

N/A

(Former name, former address and former fiscal year, if changed since last report)

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, par value \$0.001 per share	SGHT	The Nasdaq Global Select Market

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, 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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 the close of business on May 1, 2024, the registrant had 49,756,252 shares of Common Stock, par value \$0.001 per share, outstanding.

## Table of Contents

	<u>Page</u>
<a href="#"><u>Special Note Regarding Forward-Looking Statements</u></a>	3
<b>PART I.</b> <a href="#"><u>FINANCIAL INFORMATION</u></a>	5
Item 1. <a href="#"><u>Condensed Consolidated Financial Statements</u></a>	5
<a href="#"><u>Condensed Consolidated Balance Sheets (Unaudited)</u></a>	5
<a href="#"><u>Condensed Consolidated Statements of Operations and Comprehensive Loss (Unaudited)</u></a>	6
<a href="#"><u>Condensed Consolidated Statements of Stockholders' Equity (Unaudited)</u></a>	7
<a href="#"><u>Condensed Consolidated Statements of Cash Flows (Unaudited)</u></a>	8
<a href="#"><u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u></a>	9
Item 2. <a href="#"><u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u></a>	21
Item 3. <a href="#"><u>Quantitative and Qualitative Disclosures About Market Risk</u></a>	29
Item 4. <a href="#"><u>Controls and Procedures</u></a>	29
<b>PART II.</b> <a href="#"><u>OTHER INFORMATION</u></a>	29
Item 1. <a href="#"><u>Legal Proceedings</u></a>	29
Item 1A. <a href="#"><u>Risk Factors</u></a>	30
Item 2. <a href="#"><u>Unregistered Sales of Equity Securities and Use of Proceeds</u></a>	32
Item 3. <a href="#"><u>Defaults Upon Senior Securities</u></a>	32
Item 4. <a href="#"><u>Mine Safety Disclosures</u></a>	32
Item 5. <a href="#"><u>Other Information</u></a>	32
Item 6. <a href="#"><u>Exhibits</u></a>	33
<a href="#"><u>Signatures</u></a>	34

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

*Unless the context otherwise requires, references in this Quarterly Report on Form 10-Q to the "Company," "Sight Sciences," "we," "us" and "our" refer to Sight Sciences, Inc.*

This Quarterly Report on Form 10-Q for the fiscal period ended March 31, 2024 (this "Quarterly Report") contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts contained in this Quarterly Report, including statements regarding our future results of operations or financial condition, business strategy and plans, and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "hope," "intend," "may," "might," "objective," "ongoing," "plan," "potential," "predict," "project," "should," "target," "will," or "would" or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- our ability to obtain and maintain sufficient reimbursement for our products, including our ability to successfully protect reimbursement for our Surgical Glaucoma products;
- estimates of our total addressable market, future revenue, expenses, capital requirements, and our needs for additional financing;
- our ability to enter into and compete in new markets;
- our ability to compete effectively with existing competitors and new market entrants;
- the impact of the strategic realignment of our operations, including our reduction in workforce and related cost-savings initiatives;
- our ability to maintain compliance with, and retain favorable payment terms under, our current secured credit facility;
- factors and trends impacting our financial results, including our product development approach, market education, and our ability to achieve operating and financial milestones with optimal capital efficiency;
- our ability to scale our infrastructure to achieve our business objectives;
- our ability to manage and grow our business by expanding our sales to existing customers or introducing our products to new customers;
- our ability to establish and maintain intellectual property protection for our products or avoid claims of infringement;
- potential effects of extensive government regulation;
- our ability to protect and scale our intellectual property portfolio;
- our ability to hire and retain key personnel;
- our ability to obtain financing in future offerings;
- the volatility of the trading price of our common stock;
- our expectation regarding the time during which we will be an emerging growth company under the Jumpstart Our Business Startups Act (the "JOBS Act"); and
- our ability to maintain proper and effective internal controls.

Actual events or results may differ from those expressed in forward-looking statements. As such, you should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, operating results, prospects, strategy, and financial needs. The outcome of the events described in these forward-looking statements is subject to risks,

uncertainties, assumptions, and other factors described in the section titled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the Securities and Exchange Commission (the "SEC") on March 13, 2024 (our "Annual Report"), and elsewhere in this Quarterly Report. Moreover, we operate in a highly competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements in this Quarterly Report are based upon information available to us as of the date of this Quarterly Report. While we believe that such information provides a reasonable basis for these statements, such information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

You should read this Quarterly Report and the documents that we reference in this Quarterly Report and have filed as exhibits to this Quarterly Report with the understanding that our actual future results, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. The forward-looking statements made in this Quarterly Report relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report to reflect events or circumstances after the date of this Quarterly Report or to reflect new information, actual results, revised expectations, or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements.

**PART 1. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**SIGHT SCIENCES, INC.**  
**Condensed Consolidated Balance Sheets (Unaudited)**  
*(in thousands, except share and per share data)*

	March 31, 2024	December 31, 2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 127,284	\$ 138,129
Accounts receivable, net of allowance for credit losses of \$1,019 and \$1,186 at March 31, 2024 and December 31, 2023, respectively	15,643	14,289
Inventory, net	6,871	7,849
Prepaid expenses and other current assets	2,291	2,604
Total current assets	152,089	162,871
Property and equipment, net	1,550	1,640
Operating lease right-of-use assets	1,297	1,458
Other noncurrent assets	624	682
Total assets	\$ 155,560	\$ 166,651
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 1,666	\$ 1,731
Accrued compensation	4,028	4,528
Accrued and other current liabilities	5,999	3,774
Current portion - long-term debt, net	—	2,219
Total current liabilities	11,693	12,252
Long-term debt	33,697	31,708
Other noncurrent liabilities	961	2,476
Total liabilities	46,351	46,436
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Preferred stock, par value \$0.001 per share; 10,000,000 shares authorized; no shares issued and outstanding as of March 31, 2024 and December 31, 2023	—	—
Common stock, par value \$0.001 per share; 200,000,000 shares authorized; 49,565,200 and 49,131,363 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	50	49
Additional paid-in-capital	420,215	414,956
Accumulated deficit	(311,056)	(294,790)
Total stockholders' equity	109,209	120,215
Total liabilities and stockholders' equity	\$ 155,560	\$ 166,651

The accompanying notes are an integral part of these condensed consolidated financial statements.

**SIGHT SCIENCES, INC.**  
**Condensed Consolidated Statements of Operations and Comprehensive Loss (Unaudited)**  
*(in thousands, except share and per share data)*

	Three Months Ended March 31,	
	2024	2023
Revenue	\$ 19,265	\$ 18,824
Cost of goods sold	2,793	3,048
Gross profit	16,472	15,776
Operating expenses:		
Research and development	4,636	4,669
Selling, general and administrative	26,559	28,675
Total operating expenses	31,195	33,344
Loss from operations	(14,723)	(17,568)
Investment income	1,648	1,810
Interest expense	(1,204)	(1,276)
Loss on debt extinguishment	(1,962)	—
Other expense, net	(8)	(19)
Loss before income taxes	(16,249)	(17,053)
Provision for income taxes	17	14
Net loss and comprehensive loss	\$ (16,266)	\$ (17,067)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.33)	\$ (0.35)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	49,486,263	48,405,271

The accompanying notes are an integral part of these condensed consolidated financial statements.

**SIGHT SCIENCES, INC.**  
**Condensed Consolidated Statements of Stockholders' Equity (Unaudited)**  
*(in thousands, except share data)*

	Three Months Ended March 31, 2024				
	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
<b>Balance at December 31, 2023</b>	49,131,363	\$ 49	\$ 414,956	\$ (294,790)	\$ 120,215
Issuance of common stock upon exercise of stock options	132,958	—	145	—	145
Issuance of common stock upon vesting of restricted stock units	300,879	1	(1)	—	—
Warrant issuance	—	—	609	—	609
Stock-based compensation expense	—	—	4,506	—	4,506
Net loss	—	—	—	(16,266)	(16,266)
<b>Balance at March 31, 2024</b>	<u>49,565,200</u>	<u>50</u>	<u>420,215</u>	<u>(311,056)</u>	<u>109,209</u>

	Three Months Ended March 31, 2023				
	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
<b>Balance at December 31, 2022</b>	48,298,138	\$ 48	\$ 399,271	\$ (239,243)	\$ 160,076
Issuance of common stock upon exercise of stock options	46,208	—	49	—	49
Issuance of common stock upon vesting of restricted stock units	106,032	—	—	—	—
Withholding taxes on net share settlement of restricted stock units	—	—	(205)	—	(205)
Stock-based compensation expense	—	—	3,523	—	3,523
Net loss	—	—	—	(17,067)	(17,067)
<b>Balance at March 31, 2023</b>	<u>48,450,378</u>	<u>48</u>	<u>402,638</u>	<u>(256,310)</u>	<u>146,376</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**SIGHT SCIENCES, INC.**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**  
*(in thousands)*

	Three Months Ended	
	March 31,	
	2024	2023
<b>Cash flows from operating activities</b>		
Net loss	\$ (16,269)	\$ (17,067)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	192	146
Accretion of debt discount and amortization of debt issuance costs	94	144
Stock-based compensation expense	4,506	3,523
Provision for credit losses	36	(250)
Provision for excess and obsolete inventories	(25)	12
Noncash operating lease expense	160	242
Loss on disposal of property and equipment	—	66
Noncash loss on extinguishment of debt	1,033	—
Changes in operating assets and liabilities:		
Accounts receivable	(1,390)	(959)
Inventory	1,003	(1,036)
Prepaid expenses and other current assets	317	593
Other noncurrent assets	12	(13)
Accounts payable	371	878
Accrued compensation	(501)	(2,394)
Accrued and other current liabilities	2,116	(1,345)
Other noncurrent liabilities	(1,441)	77
<b>Net cash used in operating activities</b>	<b>(9,786)</b>	<b>(17,383)</b>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(117)	(126)
<b>Net cash used in investing activities</b>	<b>(117)</b>	<b>(126)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from Hercules Loan Agreement	34,526	—
Repayment of MidCap Term Loan	(35,375)	—
Debt issuance costs	(238)	—
Taxes paid on the net share settlement of restricted stock units	—	(205)
Proceeds from exercise of common stock options	145	49
<b>Net cash used in financing activities</b>	<b>(942)</b>	<b>(156)</b>
<b>Net change in cash and cash equivalents</b>	<b>(10,845)</b>	<b>(17,665)</b>
Cash and cash equivalents at beginning of period	138,129	185,000
Cash and cash equivalents at end of period	\$ 127,284	\$ 167,335
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	\$ 1,054	\$ 1,002
<b>Supplemental noncash disclosure of investing and financing activities</b>		
Acquisition of property and equipment included in accounts payable and accrued liabilities	\$ —	\$ 10
Common stock warrants issued upon execution of term loan agreement	\$ 609	\$ —

The accompanying notes are an integral part of these condensed consolidated financial statements.



**SIGHT SCIENCES, INC.**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**Note 1. Company and Nature of Business**

*Description of Business*

Sight Sciences, Inc. (the "Company") was incorporated in the State of Delaware in 2010 and is headquartered in Menlo Park, California. The Company is an ophthalmic medical device company focused on the development and commercialization of surgical and nonsurgical technologies for the treatment of prevalent eye diseases. The Company's mission is to develop transformative, interventional technologies that allow eyecare providers to procedurally elevate the standards of care—empowering people to keep seeing.

The Company's product portfolio aligns with its two reportable operating segments: Surgical Glaucoma and Dry Eye. The products for the Surgical Glaucoma segment include the OMNI® Surgical System ("OMNI"), which is an implant-free, handheld, single-use, therapeutic technology that enables ophthalmic surgeons to perform a comprehensive procedure to reduce intraocular pressure in adult glaucoma patients, the world's leading cause of irreversible blindness, and the SION® Surgical Instrument ("SION"), a bladeless, manually operated device used in ophthalmic surgical procedures to excise trabecular meshwork. The product portfolio for the Dry Eye segment consists of the TearCare® System ("TearCare") for ophthalmologists and optometrists. TearCare is a proprietary, interventional, dry eye device designed to melt and facilitate the comprehensive removal of meibomian gland obstructions and restore gland functionality and healthy oil production for adult patients with evaporative dry eye disease due to meibomian gland dysfunction ("MGD") when used in conjunction with manual expression of the meibomian glands, enabling clearance of gland obstructions by physicians to address the leading cause of dry eye disease.

*Significant Risks and Uncertainties*

Since inception, the Company has incurred losses and negative cash flows from operations. As of March 31, 2024, the Company had an accumulated deficit of \$311.1 million and recorded a net loss of \$16.3 million for the three months then ended and expects to incur additional losses in the future. If the Company's revenue levels from its products are not sufficient or if the Company is unable to secure additional funding when desired, the Company may need to delay the development of its products, scale back its business and operations, or change its business strategy.

The Company believes that its existing sources of liquidity will satisfy its working capital and capital requirements for at least 12 months from the issuance of its unaudited condensed consolidated financial statements. Any failure to generate increased revenue, achieve improved gross margins, or control operating costs could require the Company to raise additional capital through equity or debt financing. Such additional financing may not be available on acceptable terms, or at all, and could require the Company to modify, delay, or abandon some of its planned future expansion or expenditures or reduce some of its ongoing operating costs, which could harm its business, operating results, financial condition, and ability to achieve its intended business objectives.

**Note 2. Summary of Significant Accounting Policies**

*Basis of Presentation*

The condensed consolidated financial statements are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") applicable to interim periods and pursuant to the instructions to Form 10-Q and Article 10 of Regulation S-X. The Company's consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Sight Sciences UK, Ltd and Sight Sciences GmbH. All intercompany balances and transactions have been eliminated in consolidation.

The unaudited condensed consolidated financial statements have been prepared on a basis consistent with the audited consolidated financial statements. In the opinion of management, the unaudited condensed consolidated financial statements reflect all adjustments, which include only normal recurring adjustments, necessary for the fair presentation of the Company's financial information contained herein. The condensed consolidated balance sheet as of December 31, 2023 is derived from the Company's consolidated audited financial statements as of that date.

These interim condensed consolidated financial statements do not include all disclosures required by US GAAP and should be read in conjunction with the Company's audited consolidated financial statements and the accompanying notes thereto for the fiscal year ended December 31, 2023, which are contained in the Annual Report. 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.

### ***Use of Estimates***

The preparation of the unaudited condensed consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expense during the reporting period. The most significant estimates related to the provision for credit losses, inventory excess and obsolescence, determination of the fair value of stock option grants, and provisions for income taxes and contingencies. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, and makes adjustments when facts and circumstances dictate. These estimates are based on information available as of the date of the financial statements. Actual results could differ from these estimates and such differences could be material to the Company's financial position and results of operations.

### ***New Accounting Pronouncements***

#### ***Accounting Standards Adopted***

During the three month-month period ended March 31, 2024, there were no significant Accounting Standard Updates ("ASUs") issued that were adopted.

#### ***Accounting Standards Not Yet Adopted***

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosure*. The ASU updates reportable segment disclosure requirements, primarily through requiring enhanced disclosures about significant segment expenses and information used to assess segment performance. The ASU is effective for fiscal years beginning after December 15, 2023, and interim period within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASU on its disclosures.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The ASU includes amendments requiring enhanced income tax disclosures, primarily related to standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The guidance is effective for fiscal years beginning after December 15, 2024, with early adoption permitted, and should be applied either prospectively or retrospectively. The Company is currently evaluating the impact of adopting this ASU on its disclosures.

As of March 31, 2024, there are no additional ASUs issued and not yet adopted that are expected to have a material impact on the Company's financial statements and related disclosures.

### **Note 3. Fair Value Measurements**

The Company reports all financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The authoritative guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1—Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2—Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities.

Level 3—Inputs are unobservable inputs for the asset or liability. The level in the fair value hierarchy within which a fair value measurement in its entirety is based on the lowest-level input that is significant to the fair value measurement in its entirety.

The Company's cash and cash equivalents included Level 1 investments in treasury securities of \$102.4 million and \$129.1 million as of March 31, 2024 and December 31, 2023, respectively. These securities are classified as held-to-maturity and all have been purchased with original maturities of 90 days or less. Held-to-maturity debt securities are recorded at amortized cost in the financial statements.

	March 31, 2024			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Aggregate Fair Value
U.S. treasury securities	\$ 102,377	\$ 6	\$ —	\$ 102,383

  

	December 31, 2023			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Aggregate Fair Value
U.S. treasury securities	\$ 129,113	\$ 28	\$ —	\$ 129,141

The Company measures the fair value of outstanding debt for disclosure purposes on a recurring basis. As of March 31, 2024 and December 31, 2023, total debt of \$33.7 million and \$33.9 million is reported at amortized cost, respectively. This outstanding debt is classified as Level 2 as it is not actively traded. The amortized cost of the outstanding debt approximates the fair value.

The Company measures the fair value of the unissued common stock warrants using the Black-Scholes option pricing method. These are classified as Level 3 liabilities, with an overall value of less than \$0.1 million as of March 31, 2024. The unissued warrants are remeasured at each reporting date after the issuance of Hercules Capital Loan Agreement.

The financial statements as of March 31, 2024 and December 31, 2023 do not include any assets or liabilities that are measured at fair value on a nonrecurring basis.

#### Note 4. Balance Sheet Components

##### *Property and Equipment, Net*

Property and equipment, net consist of the following (in thousands):

	As of March 31, 2024	As of December 31, 2023
Tools and equipment	\$ 2,010	\$ 2,010
Computer equipment and software	37	37
Furniture and fixtures	323	323
Leasehold improvements	38	38
Construction in process	915	859
	3,323	3,267
Less: Accumulated depreciation	(1,773)	(1,627)
Property and equipment, net	\$ 1,550	\$ 1,640

Depreciation expense was \$0.1 million for both the three months ended March 31, 2024 and 2023.

### *Accrued and Other Current Liabilities*

Accrued and other current liabilities consist of the following (in thousands):

	As of March 31, 2024	As of December 31, 2023
Accrued expenses	\$ 3,570	\$ 1,639
Current portion of lease liabilities	509	573
Short term interest payable	327	375
Other accrued liabilities	1,593	1,187
Total accrued and other current liabilities	<u>\$ 5,999</u>	<u>\$ 3,774</u>

### *Other Noncurrent Liabilities*

Other noncurrent liabilities consist of the following (in thousands):

	As of March 31, 2024	As of December 31, 2023
Long term interest payable	\$ 84	\$ 1,524
Noncurrent portion of lease liabilities	802	914
Other noncurrent liabilities	75	38
Total other noncurrent liabilities	<u>\$ 961</u>	<u>\$ 2,476</u>

## **Note 5. Debt**

### *Hercules Capital Loan Agreement*

In January 2024, the Company entered into a Loan and Security Agreement (the “Hercules Loan Agreement”), with Hercules Capital, Inc. (“Hercules”) and certain of its affiliates (collective with Hercules, the “Lenders”), which provides for a senior secured term loan facility in the aggregate principal amount of up to \$65.0 million credit facility. An initial tranche of \$35.0 million (the “Initial Loan”) was funded under the Hercules Loan Agreement on January 22, 2024 (the “Closing Date”). In addition to the Initial Loan, the Hercules Loan Agreement provides for additional tranches as follows: \$5.0 million available in a single draw through December 15, 2024, \$10.0 million available to draw upon the achievement of certain performance milestones through September 15, 2025, and \$15.0 million available for the Company to draw on through the interest only period in increments of \$5.0 million, subject to the sole approval of Hercules' investment committee (such tranche loans together with the Initial Loan, the “Term Loans”).

The Hercules Loan Agreement includes a maturity date of July 1, 2028, with an interest only period running for 30 months, extendable for an additional 6 months for a total of 36 months upon the achievement of certain milestones. The Term Loans accrue interest at a floating annual rate of the greater of 10.35% or the Wall Street Journal prime rate plus 2.35%, with the initial interest rate under the Term Loans equal to 10.85%. The final payment fee is set at 5.95% of the funded balance, which has been partially accrued and recorded as a long-term interest payable in other noncurrent liabilities of \$0.1 million as of March 31, 2024. In conjunction with the funding of the Initial Loan, the Company issued warrants to the Lenders to purchase up to an aggregate of 135,686 shares of our common stock at an exercise price of \$5.159 per share, which were recorded and classified as equity. Each warrant is exercisable for a period of seven years from the date of issuance and is tradeable in accordance with the provision of Rules 144 of the Securities Act.

The obligations under the Hercules Loan Agreement are guaranteed by the Company and its future subsidiaries, subject to exceptions for certain foreign subsidiaries. The obligations under the agreement are secured by substantially all of the Company's assets, including its material intellectual property. Additionally, the Company is subject to customary affirmative and negative covenants, including covenants that limit or restrict the ability of the Company to, among other things, incur indebtedness, grant liens, merge or consolidate, make investments, dispose of assets, make acquisitions, pay dividends or make distributions, repurchase stock and enter into certain transactions with affiliates, in each case subject to certain exceptions. The Company is also subject to certain

minimum cash and revenue covenants under the Hercules Loan Agreement. The Company was in compliance with all covenants as of March 31, 2024.

#### **MidCap Loan Agreement**

The Company had credit and security agreements with certain entities affiliated with MidCap Financial Services (such entities collectively, “MidCap”), which provided for a \$35.0 million senior secured term loan (the “MidCap Term Loan”). In January 2024, the Company terminated the Amended and Restated Credit and Security Agreement (Term Loan) (the “MidCap Term Loan Agreement”) evidencing the MidCap Term Loan and paid off in full the secured obligations thereunder in connection with its entry into the Hercules Loan Agreement. The Company recorded a loss on the extinguishment of debt of \$2.0 million during the three months ended March 31, 2024.

The commitment obligations under the MidCap Term Loan Agreement) were guaranteed by the Company’s current and future subsidiaries, subject to exceptions for certain foreign subsidiaries, and secured by substantially all assets of the Company, including material intellectual property. The MidCap Term Loan Agreement had a maturity date of November 1, 2025, and principal payments under the Term Loan were scheduled to commence in December 2024. In addition, the MidCap Term Loan Agreement included a stated floating interest rate that was reserve-adjusted Secured Overnight Finance Rate, plus 7.00%, and a provision for a final payment fee of 6.0% of the \$35.0 million MidCap Term Loan balance, which had been partially accrued and recorded as a long-term interest payable in other noncurrent liabilities of \$1.5 million as of December 31, 2023.

#### **Maturities Schedule**

Long-term and short-term debt as of March 31, 2024 and December 31, 2023, respectively, was as follows (in thousands):

	As of March 31, 2024	As of December 31, 2023
Hercules Initial Loan	\$ 35,000	\$ —
MidCap Term Loan	—	35,000
Total principal payments due	35,000	35,000
Less: debt discount related to warrant liability and issuance costs	(1,303)	(1,073)
Total amounts outstanding	33,697	33,927
Less: current portion	—	(2,219)
Total accrued and other current liabilities	\$ 33,697	\$ 31,708

The repayment schedule relating to the Hercules Initial Loan as of March 31, 2024, is as follows (in thousands):

	Amount
2024 (remainder)	—
2025	—
2026	6,651
2027	17,283
Thereafter	11,066
Total repayments	\$ 35,000

#### **Note 6. Commitments and Contingencies**

##### **Operating Lease Obligations**

The Company’s leases include facility leases and storage leases. In determining the present value of lease payments, the Company uses its incremental borrowing rate based on the information available at the lease commencement date if the rate implicit in the lease is not readily determinable. The Company’s incremental borrowing rate represents the interest rate that the Company would expect to incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis with similar terms and payments, in an

economic environment where the leased asset is located. In determining the lease term, the Company includes all renewal options that are reasonably probable to be executed.

The Company leases its corporate headquarters in Menlo Park, California. The lease commenced in August 2021 and was originally for a term of 37 months from the commencement date. In December 2023, the Company entered into an amendment to the lease, extending the lease term an additional 26 months. Upon signing the amendment, the Company recorded an aggregate lease right-of-use ("ROU") asset and lease liability of \$1.2 million. The lease ROU asset and corresponding liability were estimated using a weighted-average incremental borrowing rate of 11.40%. Total base rent for the remaining 34 months under the amended lease agreement is approximately \$1.5 million.

During the fourth quarter of 2022, the Company entered into a supply agreement that was expected to last approximately 18 months. In January 2024, the term was extended through December 31, 2024. The supply agreement contained provisions that, when evaluated, indicated an embedded lease was present within the agreement and the Company recorded an aggregate lease ROU asset and lease liability of \$0.7 million. The lease ROU asset and corresponding lease liability were estimated using a weighted-average incremental borrowing rate of 10.75%. Total base rent under the agreement is approximately \$0.7 million.

The Company recognizes rent expense on a straight-line basis over the noncancelable lease term. The Company's rent expense was \$0.2 million and \$0.3 million for the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024, the weighted average remaining lease term for the leases was 2.2 years.

Operating lease expense and supplemental cash flow information related to operating leases for the three months ended March 31, 2024 and 2023 were as follows (in thousands):

	Three Months Ended March 31,	
	2024	2023
Operating lease expense	\$ 195	\$ 293
Cash paid for operating leases	210	297

Aggregate future minimum lease payments as of March 31, 2024, under these noncancelable operating leases were as follows (in thousands):

	As of March 31, 2024
2024 (remainder)	490
2025	548
2026	468
2027	0
Total future minimum lease payments	\$ 1,506
Less: imputed interest	(195)
Present value of future minimum lease payments	\$ 1,311
Less: current portion of operating lease liability	(509)
Operating lease liabilities – noncurrent	\$ 802

### Legal Proceedings

On September 16, 2021, the Company filed suit in the U.S. District Court for the District of Delaware (C.A. No. 1:21-cv-01317) (the "Court") alleging that Ivantis, Inc. ("Ivantis") directly and indirectly infringes the Company's U.S. Patent Nos. 8,287,482, 9,370,443, 9,486,361, and 10,314,742 by making, using, selling, and offering for sale the Hydrus® Microstent. The Company's complaint seeks money damages and injunctive relief. On January 24, 2022, Ivantis asserted counterclaims requesting declaratory judgments that the Company's asserted patents-in-suit are not infringed and/or invalid. On August 1, 2022, the Company filed an amended complaint alleging that Alcon Inc., Alcon Vision, LLC and Alcon Research, LLC (collectively, "Alcon") infringe the four originally asserted patents by making, using, selling, and offering for sale the Hydrus® Microstent, and that all defendants also infringe U.S. Patent No. 11,389,328. The defendants asserted counterclaims requesting declaratory

judgments that the Company's asserted patents-in-suit are not infringed and/or are invalid. In September 2022, Ivantis and Alcon filed petitions with the U.S. Patent Office seeking inter partes review of U.S. Patent Nos. 8,287,482, 9,370,443, 9,486,361, and 10,314,742 (IPR2022-01529, IPR2022-01530, IPR2022-01533, IPR2022-01540), each of which the U.S. Patent Office denied for raising prior art references and invalidity arguments that were cumulative of those previously considered by the U.S. Patent Office. On April 26, 2024, at the conclusion of a five-day jury trial, the Company was awarded a positive jury trial verdict of \$34 million, comprised of \$5.5 million in lost profits damages and \$28.5 million in royalty damages for commercial sales of the Hydrus Microstent for the period between its commercial launch through trial. The patents at issue were U.S. Patent Nos. 8,287,482, 9,370,443, and 11,389,328. The Court will entertain post-trial briefings by both parties, including with respect to potential enhancements to the damages and other remedies, and the Court's final judgment will be subject to appeal. The Company is presently unable to predict the outcome of this lawsuit or to reasonably estimate the potential financial impact of the lawsuit on the Company, if any.

The Company is subject to claims and assessments from time to time in the ordinary course of business. Accruals for litigation and contingencies are reflected in the financial statements based on management's assessment, including the advice of legal counsel, of the expected outcome of litigation or other dispute resolution proceedings, and/or the expected resolution of contingencies. Liabilities for estimated losses are accrued if the potential losses from any claims or legal proceedings are considered probable and the amounts can be reasonably estimated. Significant judgment is required in both the determination of probability of loss and the determination as to whether the amount can be reasonably estimated. Accruals are based only on information available at the time of the assessment due to the uncertain nature of such matters. As additional information becomes available, management reassesses potential liabilities related to pending claims and litigation and may revise its previous estimates, which could materially affect the Company's results of operations in a given period. As of March 31, 2024 and December 31, 2023, the Company was not involved in any material legal proceedings except as described above.

### ***Indemnification***

In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties and provide for general indemnifications. The Company's exposure under these agreements is unknown because it involves claims that may be made against the Company in the future, but that have not yet been made. To date, the Company has not paid any claims or been required to defend any action related to its indemnification obligations. However, the Company may record charges in the future as a result of these indemnification obligations.

The Company indemnifies each of its directors and officers for certain events or occurrences, subject to certain limits, while the director is or was serving at the Company's request in such capacity, as permitted under Delaware law and in accordance with its certificate of incorporation and bylaws. The term of the indemnification period lasts as long as a director may be subject to any proceeding arising out of acts or omissions of such director in such capacity. The maximum amount of potential future indemnification is unlimited; however, the Company currently holds director liability insurance. This insurance allows the transfer of risk associated with the Company's exposure and may enable it to recover a portion of any future amounts paid. The Company believes that the fair value of these indemnification obligations is minimal. Accordingly, the Company has not recognized any liabilities relating to these obligations as of March 31, 2024 and December 31, 2023.

## **Note 7. Stockholders' Equity**

### ***Common Stock***

The Company's certificate of incorporation provides for 200,000,000 authorized shares of common stock, par value \$0.001 per share, and 10,000,000 authorized shares of preferred stock, par value \$0.001 per share. The holders of common stock are entitled to receive dividends whenever funds are legally available, when and if declared by the board of directors. As of March 31, 2024, no dividends have been declared. Each share of common stock is entitled to one vote.

At March 31, 2024 and December 31, 2023, the Company had reserved common stock for future issuances as follows:

	March 31, 2024	December 31, 2023
Common stock available for future grant	5,939,266	6,033,176
Common stock options issued and outstanding	4,737,879	4,980,190
Restricted stock units outstanding	5,079,498	2,721,361
Shares available for future purchase under ESPP	1,979,540	1,488,227
<b>Total</b>	<b>17,736,183</b>	<b>15,222,954</b>

### ***Common Stock Warrants***

In conjunction with the funding of the Initial Loan under the Hercules Loan Agreement, the Company issued common stock warrants to the Lenders to purchase up to an aggregate of 135,686 shares of our common stock at an exercise price of \$5.159 per share. Each warrant is exercisable for up to seven years from the date of issuance. The warrants are classified as equity. During the three months ended March 31, 2024, the fair value of the issued warrants recorded was \$0.6 million, which was calculated using the Black-Scholes-Merton (“Black-Scholes”) option pricing model. These warrants were recorded at fair value upon their issuance in additional paid-in capital in the condensed consolidated balance sheet. The warrants are not remeasured after the issuance date.

If the additional Term Loans are funded, the Company will be obligated to issue to the Lenders additional warrants to purchase common stock in an amount equal to 2.0% of the funded balance of each tranche, divided by the exercise price on the date the Company draws funds from such tranche, or the issuance date. The exercise price will be calculated using the five-day volume-weighted average stock price as of such date.

The unissued warrants do not meet the requirements for classification in equity, and are recorded as liabilities in other noncurrent liabilities in the financial statements. The fair value of the unissued common stock warrants was calculated using the Black-Scholes option pricing method and they were recorded at fair value upon the funding of the Hercules Loan Agreement. According to the fair value measurement criteria, the unissued warrants are considered Level 3 liabilities, with an overall value of less than \$0.1 million as of March 31, 2024. The unissued warrants are remeasured at each reporting date after the issuance date.

### **Note 8. Equity Incentive Plans**

#### ***2011 Stock Option Plan and 2021 Incentive Award Plan***

In 2011, the Company established its 2011 Stock Option Plan (the “2011 Plan”) that provided for the granting of stock options to employees and nonemployees of the Company.

In July 2021, the board of directors and stockholders adopted and approved the 2021 Incentive Award Plan, (the “2021 Plan”). Under the 2021 Plan, the Company has the ability to issue incentive stock options (“ISOs”), nonqualified stock options (“NSOs”), stock appreciation rights, dividend equivalent rights, restricted stock awards, and restricted stock unit awards (“RSUs”). Options under the 2021 Plan can typically be granted for periods of up to ten years. For stock options granted to a grantee who, at the time the option is granted, owned stock representing more than 10% of the voting power of all classes of stock of the Company (or any parent or subsidiary of the Company), the term of the stock option may be granted for periods of up to five years. The ISOs and NSOs will be granted at a price per share not less than the fair value at the date of grant. The exercise price of a stock option granted to a 10% stockholder shall be not less than 110% of the grant date fair value of the shares. Options granted to new hires generally vest over a four-year period, with 25% of the shares vesting on the first anniversary of the grant date and the remaining shares vesting in 36 equal monthly installments thereafter; options granted as merit awards generally vest in 48 equal monthly installments following the grant date. RSUs granted generally vest over a four-year period with straight-line vesting in equal amounts.

The Company initially reserved 5,200,000 shares of common stock for future issuance under the 2021 Plan. This initial reserve is subject to annual increase on the first day of each calendar year beginning on January 1, 2022 and ending on and including January 1, 2031. These annual increases are equal to the lesser of (i) 5% of the



aggregate number of shares of common stock outstanding on the final day of the immediately preceding calendar year and (ii) such smaller number of shares of common stock as determined by the Board, subject to certain limitations. Pursuant to the evergreen provision, the initial share reserve was increased by 2,456,568 shares and 2,414,907 shares on January 1, 2024 and 2023, respectively.

The 2011 Plan was superseded by the 2021 Plan at the time of the IPO and no further grants have been made under the 2011 Plan from the date the 2021 Plan became effective. The terms under the 2011 Plan are consistent with those described above for the 2021 Plan.

As of March 31, 2024 and December 31, 2023 there were 5,939,266 shares and 6,033,176 shares, respectively, of common stock available for issuance under the 2021 Plan.

### *Stock Option Awards*

The following table summarizes stock option activity under the 2021 Plan during the periods presented:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Contractual Term (in years)	Average Intrinsic Value (in thousands)
<b>Balances as of December 31, 2023</b>	4,980,190	\$ 9.00	7.4	\$ 5,924
Grants	7,377	4.43		
Forfeited/cancelled	(116,730)	8.41		
Exercised/released	(132,958)	1.09		
<b>Balances as of March 31, 2024</b>	<u>4,737,879</u>	\$ 9.23	7.5	\$ 5,363
Vested and exercisable as of March 31, 2024	2,662,119	\$ 9.22	6.7	\$ 3,283
Vested and expected to vest as of March 31, 2024	4,737,879	\$ 9.23	7.5	\$ 5,363

During the three months ended March 31, 2024 and 2023, the Company recorded stock-based compensation expense of \$1.9 million and \$2.2 million related to stock option awards, respectively. The weighted-average grant-date fair values of options granted during the three months ended March 31, 2024 and 2023 was \$2.71 and \$6.91 per share, respectively.

The aggregate intrinsic value of options exercised was \$0.5 million during the three months ended March 31, 2024. The aggregate intrinsic value was calculated as the difference between the exercise prices of the underlying options and the estimated fair value of the common stock on the date of exercise. As of March 31, 2024, the unrecognized stock-based compensation expense relating to unvested options was \$12.2 million, which is expected to be recognized over a weighted-average period of 1.6 years.

### *Determination of Fair Value*

The Company estimated the grant date fair value of stock options using the Black-Scholes option-pricing model, which requires the use of high subjective and complex valuation assumptions to determine the fair value of stock-based awards, including the option's expected term, the expected volatility of the underlying stock, the risk-free interest rate, and the expected dividend yield. For the purposes of the Black-Scholes valuation model, the Company used the simplified method for determining the expected term of the granted options. The simplified method was used since the Company does not have adequate historical data to utilize in calculating the expected term of options. The fair value for options granted was calculated using the following weighted average assumptions:

	Three Months Ended March 31,	
	2024	2023
Expected term (in years)	6.13	5.60 – 6.02
Expected volatility	61.67%	79.73%
Risk-free interest rate	4.28%	3.66% – 3.67%
Dividend yield	–	–

### *Restricted Stock Units*

RSUs are share awards that entitle the holder to receive shares of common stock upon vesting. The RSUs cannot be transferred, and the awards are subject to forfeiture if the holder’s employment terminates prior to the release of the vesting restrictions. The RSUs generally vest over a four-year period with straight-line vesting in equal amounts, provided the employee remains continuously employed with the Company. The fair value of the RSUs is equal to the closing price of the Company’s common stock on the grant date.

The following table summarizes restricted share award activity:

	Number of Shares	Weighted-Average Grant Date Fair Value Per Share
<b>Outstanding, December 31, 2023</b>	2,721,361	\$ 7.61
Grants	2,700,788	4.29
Forfeited/cancelled	(40,957)	7.64
Vested	(301,694)	11.86
<b>Outstanding, March 31, 2024</b>	<u>5,079,498</u>	<u>\$ 5.58</u>

During the three months ended March 31, 2024 and 2023, the Company recorded stock-based compensation expense of \$2.3 million and \$1.1 million, respectively, related to the RSUs. As of March 31, 2024, there was \$25.2 million of total unrecognized stock-based compensation expense relating to the RSUs that is expected to be recognized over a weighted-average period of 3.1 years.

### *Employee Stock Purchase Plan*

In July 2021, the board of directors and stockholders adopted and approved the 2021 Employee Stock Purchase Plan (the “ESPP”). The Company initially reserved 850,000 shares of common stock for future issuance under the ESPP. This initial reserve is subject to annual increase on the first day of each calendar year beginning on January 1, 2022 and ending on and including January 1, 2031. These annual increases shall be equal to the lesser of (i) 1% of the aggregate number of shares of common stock outstanding on the final day of the immediately preceding calendar year and (ii) such smaller number of shares of common stock as determined by the Board, subject to certain limitations. Pursuant to the evergreen provision, the initial share reserve was increased by 491,313 and 482,981 shares on January 1, 2024 and 2023, respectively.

The Company has two offering periods annually, running for six-months, with the first offering period beginning in the second quarter, and the second offering period beginning in the fourth quarter. The purchase of shares for participants in the ESPP occurs at the conclusion of each offering period.

During the three months ended, March 31, 2024, there were no purchases made under the ESPP. As of March 31, 2024, the Company has collected payroll withholdings of \$0.4 million in the current offering period for the purchase of shares under the ESPP. The Company recorded stock-based compensation expense associated with the ESPP of \$0.2 million and \$0.2 million for the three months ended March 31, 2024 and 2023, respectively.

As of March 31, 2024, there were 1,979,540 shares of common stock available for issuance under the ESPP.

The fair value of shares to be issued under the ESPP was estimated using the Black-Scholes valuation model with the following assumptions for the three months ended March 31, 2024 and 2023, respectively:

	Three Months Ended March 31,	
	2024	2023
Expected term (in years)	0.49	0.48
Expected volatility	197.51%	97.38%
Risk-free interest rate	5.40%	4.62%
Dividend yield	—	—

#### **Stock-Based Compensation**

The following is a summary of stock-based compensation expense by function (in thousands):

	Three Months Ended March 31,	
	2024	2023
Cost of goods sold	\$ 106	\$ 59
Research and development	605	529
Selling, general and administrative	3,795	2,935
Total stock-based compensation expense	<u>\$ 4,506</u>	<u>\$ 3,523</u>

#### **Note 9. Net Loss per Share Attributable to Common Stockholders**

Basic net loss per share is computed by dividing the net loss by the weighted-average number of common shares outstanding for the period. As the Company reported a net loss for the three months ended March 31, 2024 and 2023, basic net loss per share is the same as diluted net loss per share for each of the reported periods.

The following table sets forth the computation of basic and diluted net loss per share attributable to common stockholders for the periods presented (in thousands, except share and per share data):

	Three Months Ended March 31,	
	2024	2023
<b>Numerator:</b>		
Net loss attributable to common stockholders	\$ (16,266)	\$ (17,067)
<b>Denominator:</b>		
Weighted-average shares of common stock outstanding—basic and diluted	49,486,263	48,405,271
Net loss per share attributable to common stockholders—basic and diluted	<u>\$ (0.33)</u>	<u>\$ (0.35)</u>

The following potentially dilutive issued and outstanding securities were excluded from the computation of diluted net loss per share attributable to common stockholders for the period presented because including them would have been antidilutive as a result of the net loss position:

	March 31,	
	2024	2023
Stock option awards	4,737,879	5,095,956
Restricted stock units	5,079,498	1,840,324
Common stock warrants	135,686	—
Total	<u>9,953,063</u>	<u>6,936,280</u>

## Note 10. Segment Information

The Company has two reportable operating segments which are determined on the basis of the product portfolio: Surgical Glaucoma and Dry Eye. The operating and reportable segments were determined based on how the Company's Chief Executive Officer, its Chief Operating Decision Maker ("CODM"), views and evaluates the Company's operations. The CODM allocates resources to and evaluates the financial performance of each operating segment primarily based on gross profit and gross profit margin.

The Surgical Glaucoma segment includes sales of the Company's OMNI® Surgical System and SION® Surgical Instrument for use in minimally invasive glaucoma procedures. The Dry Eye segment includes sales of the Company's TearCare® System and related components.

The following table summarizes select operating results information for each reportable segment (in thousands):

	Three Months Ended March 31,	
	2024	2023
<b>Revenue</b>		
Surgical Glaucoma	\$ 18,257	\$ 17,334
Dry Eye	1,008	1,490
Total	19,265	18,824
<b>Cost of goods sold</b>		
Surgical Glaucoma	2,209	2,362
Dry Eye	584	686
Total	2,793	3,048
<b>Gross profit</b>		
Surgical Glaucoma	16,048	14,972
Dry Eye	424	804
Total	16,472	15,776
Operating expense	31,195	33,344
<b>Loss from operations</b>	(14,723)	(17,568)
Investment income	1,648	1,810
Interest expense	(1,204)	(1,276)
Loss on debt extinguishment	(1,962)	—
Other expense, net	(8)	(19)
<b>Loss before income tax</b>	\$ (16,249)	\$ (17,053)

The Company does not allocate any income and expenses beyond revenue and cost of goods sold to the reportable operating segments in its reporting to the CODM. No asset information is provided for reportable operating segments because they are not reviewed by the CODM on a segment basis. Substantially all of the Company's revenue is generated from sales in the United States.

## Note 11. Subsequent Events

The Company is plaintiff in a suit against Ivantis, Inc., Alcon Research LLC, Alcon Vision, LLC, and Alcon Inc. (collectively, "Alcon") in the U.S. District Court for the District of Delaware (the "Court"). On April 26, 2024, the Company received a positive jury trial verdict of \$34 million finding that Alcon willfully infringed, directly and indirectly, three of the Company's asserted patents. The monetary damages comprised \$5.5 million in lost profits damages and \$28.5 million in royalty damages for commercial sales of the Hydrus Microstent for the period between its commercial launch through trial. The patents at issue were U.S. Patent Nos. 8,287,482, 9,370,443, and 11,389,328. The Court will entertain post-trial briefings by both parties, including with respect to potential enhancements to the damages and other remedies, and the Court's final judgment will be subject to appeal.

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

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and the related notes and other financial information included in Part I, Item 1, “Financial Statements,” within this Quarterly Report and our audited consolidated financial statements and related notes included in Part II, Item 8, “Financial Statements and Supplementary Data,” in our Annual Report. Certain statements included in this discussion and analysis constitute “forward-looking statements” that are subject to considerable risks and uncertainties. Please see the information under the heading “Special Note Regarding Forward-Looking Statements” in this Quarterly Report.*

### Overview

Sight Sciences’ mission is to develop transformative, interventional technologies that allow eyecare providers to procedurally elevate the standards of care – empowering people to keep seeing. We are passionate about improving patients’ lives by helping them preserve their sight. Our objective is to develop and market products for use in new treatment paradigms and to create an interventional mindset in eyecare whereby our products may be used in procedures which supplant conventional outdated approaches. Our business philosophy is grounded in the following principles:

- comprehensively understanding disease physiology;
- developing products that are intended to preserve, protect, and restore natural physiological functionality to diseased eyes;
- developing and marketing products with proven clinical evidence that achieve superior effectiveness versus current treatment paradigms while minimizing complications or side effects;
- providing intuitive, patient-friendly, interventional solutions to ophthalmologists and optometrists (together, "ECPs"); and
- delivering compelling economic value to all stakeholders, including patients, providers and third-party payors such as Medicare and commercial insurers.

Our initial product development has focused on the treatment of two of the world’s most prevalent and underserved eye diseases, glaucoma and dry eye disease (“DED”). We have commercialized products in each of our two reportable operating segments, Surgical Glaucoma and Dry Eye. Our Surgical Glaucoma segment consists of sales of the OMNI® Surgical System ("OMNI") and the SION® Surgical Instrument ("SION"), while our Dry Eye segment includes sales of the TearCare® System ("TearCare"), and related components and accessories. Each product is primarily sold through a highly involved direct sales model that offers intensive education, training and customer service. We believe this philosophy and model not only enable us to differentiate our products and company from competitors, but also expand our addressable market by educating ECPs, patients and other stakeholders on our products and evolving treatment paradigms. Outside of the U.S., we have established direct commercial operations in the United Kingdom and Germany. We sell OMNI in several other countries through distributors.

We sell OMNI and SION to facilities where ophthalmic surgeons perform outpatient procedures, such as ambulatory service centers ("ASCs") and hospital outpatient departments ("HOPDs"), which are typically reimbursed by Medicare or private payors for procedures using our products. We sell TearCare to ECPs. Currently, there is no meaningful reimbursement coverage by Medicare or private payors for meibomian gland disease ("MGD") procedures, including TearCare, and patients typically pay out-of-pocket for TearCare, although some payors may agree to provide case-based coverage outside of a formal policy. We are continuing our controlled commercial launch and are focused on our comprehensive, clinical data-driven long-term market development plan that aims to improve awareness and patient access to TearCare. We have dedicated meaningful resources to execute our commercial strategy as we reduce operating expenses and improve cost efficiencies to better align our operating structure for long-term, profitable growth. The overall success of our approach to eyecare to date is evidenced by over 230,000 estimated uses of Surgical Glaucoma products and their predicates in over 1,900 hospitals and ASCs in the U.S. and Europe, and over 55,000 estimated uses of TearCare in over 1,500 eyecare facilities in the U.S. through March 31, 2024.

We do not currently operate any manufacturing facilities and instead contract with third parties for our production requirements. We believe our suppliers will be able to meet our current and anticipated manufacturing needs across all our products. We plan to continue to utilize third party contract manufacturers for our products and any related components.

Revenue in our Surgical Glaucoma segment for the three-months ended March 31, 2024 and 2023 was \$18.3 million and \$17.3 million, respectively, with gross margins for the same periods of 87.9% and 86.4%, respectively. Revenue in our Dry Eye segment for the three-months ended March 31, 2024 and 2023 was \$1.0 million and \$1.5 million, respectively, with gross margins for the same periods of 42.1% and 54.0%, respectively. Given the earlier stage of TearCare's commercial development, we expect our Dry Eye segment's gross margins to be lower than our Surgical Glaucoma segment's gross margins for the near- and medium-term due to the allocation of fixed labor and overhead costs to the segment's cost of goods sold. In the first quarter of 2024, approximately 95% of our revenue was generated from customers in the U.S.

We believe in the importance of continued strategic investment in initiatives that:

- further demonstrate our products' clinical effectiveness and safety to potential customers, patients, payors and regulators including establishing OMNI and SION as the standards of care of interventional glaucoma treatment among MIGS-trained surgeons, develop the standalone MIGS market, and pursue coverage and equitable reimbursement for TearCare;
- enhance our commercial capabilities and expertise, including resources dedicated to sales, marketing and education;
- ensure the broadest possible patient access to the treatment alternatives that our products are cleared to offer; enhance and improve upon our existing product technologies;
- develop our existing international markets and expand into new international markets; and
- allow us to create transformational and interventional technology innovation with new products, devices or drugs, in glaucoma and ocular surface disease or in new eye disease areas.

As a result, we intend to continue to invest in clinical studies, sales and marketing, education initiatives, market access, and product development. However, we are also focused on disciplined expenditures, and seek to grow our operating expenses at a lower rate than revenue. Because of these and other factors, we expect to continue to incur net losses for at least the next several years, and we may seek additional debt and equity financing to fund our operations and planned growth.

To date, our primary sources of capital have been private placements of redeemable convertible preferred stock, debt financing agreements, the sale of common stock in our IPO, and revenue from the sale of our products. As of March 31, 2024, we had an outstanding term loan balance of \$35.0 million (excluding debt discount and amortized debt issuance costs), cash and cash equivalents of \$127.3 million and an accumulated deficit of \$311.1 million.

### **Factors Affecting Our Business and Results of Operations**

We believe there are several important factors that have impacted and that will continue to impact our business, financial condition, and results of operations. Except as described in Part II, Item 1A, "Risk Factors," of this Quarterly Report, there have been no material changes to such factors from those described in our Annual Report under the heading "Factors Affecting Our Business and Results of Operations."

### **Components of Our Results of Operations**

#### ***Revenue***

We currently derive the majority of our U.S. revenue from the sale of our OMNI and SION products to ASCs and HOPDs and our TearCare products to ECPs. To date, the revenue from our Surgical Glaucoma segment has accounted for over 90% of our total revenue, substantially all of which was generated from sales within the U.S. Our Surgical Glaucoma customers place orders based on their expected procedure volume and reorder as needed, typically on a biweekly, monthly or bimonthly basis. Our TearCare customers typically purchase a TearCare System which consists of one or more TearCare SmartHubs™ ("SmartHubs"), multiple single-use TearCare SmartLids®

("SmartLids") and other accessories. After utilizing their initial inventory, customers can reorder SmartLids as needed. No single customer accounted for 10% or more of our revenue for the three months ended March 31, 2024 and 2023.

The growth in our revenue is driven by the demand for elective surgery and treatment utilizing our products in the United States and Europe. Such demand is often lower during summer months because of ECP vacations and in winter months because of fewer business or surgery days due to holidays and adverse weather conditions.

### ***Cost of Goods Sold and Gross Margin***

Our components and products are produced by third-party suppliers and manufacturers. Our cost of goods sold consists primarily of amounts paid for our products to third-party manufacturers, and our manufacturing overhead costs, which consist primarily of personnel expenses, including salaries, benefits and stock-based compensation, and reserves for excess, obsolete and non-sellable inventory. Cost of goods sold also includes depreciation expenses for production equipment which we provide to our third-party manufacturers and certain direct costs, such as shipping and handling costs.

We calculate gross margin as gross profit divided by revenue. Our gross margin has been and we believe it will continue to be, affected by a variety of factors, including differences in segment gross margins, changes in average selling prices, product sales mix, production and ordering volumes, manufacturing costs, product yields, and headcount. In general, we expect our gross margins to increase over the long term to the extent our production and ordering volumes increase and as we spread the fixed portion of our overhead costs over a larger number of units produced. We intend to use our design, engineering and manufacturing know-how and capabilities to further advance and improve the efficiency of our suppliers' manufacturing processes, which we believe will reduce costs and increase our gross margins. Our gross margins could fluctuate from quarter to quarter as we transition to new suppliers, introduce new products, and adopt new manufacturing processes and technologies.

### ***Research and Development Expenses***

Research and development ("R&D") expenses consist primarily of costs associated with engineering, product development, clinical studies to develop and support our products, including clinical trial design, clinical trial site initiation and study costs, internal and external costs associated with our regulatory compliance and quality assurance functions, medical affairs, cost of products used for clinical trials and other costs associated with products and technologies – either new or enhancements of existing platforms – that are in development. These expenses also include personnel expenses, including salaries, benefits and stock-based compensation, supplies, consulting, prototyping, testing, materials, travel expenses, depreciation expenses for equipment and an allocation of information technology ("IT") and facility overhead expenses. Our R&D expenses as a percentage of revenue may vary over time depending on the level and timing of new product development efforts, as well as clinical development, clinical trial and other related activities. We expect our R&D expenses to increase for the next several years as we continue to invest in our active clinical trial programs, develop new products, and improve our existing products.

### ***Selling, General and Administrative Expenses***

Selling, general and administrative ("SG&A") expenses consist primarily of personnel expenses, including salaries, benefits and stock-based compensation related to selling, marketing and corporate functions, allocation of IT and facility overhead expenses, bad debt expense, finance, legal and human resource costs. Other SG&A expenses include training, travel expenses, promotional activities, marketing initiatives, market research and analysis, conferences and trade shows, professional services fees (including external legal, audit, consulting and tax fees), insurance costs, and general corporate expenses.

### ***Investment Income***

Investment income primarily consists of interest and amortization on held-to-maturity investments in treasury securities.

### Interest Expense

Interest expense consists primarily of interest incurred on our outstanding indebtedness and non-cash interest related to the accretion of debt discount and amortization of debt issuance costs associated with our term loan agreement

### Loss on Debt Extinguishment

The loss on debt extinguishment is associated with the Company's termination and settlement of the MidCap Term Loan.

### Other Expense, Net

Other expense, net primarily consists of income and expenses that do not originate from the Company's primary business.

## Results of Operations

### Comparison of the Three Months Ended March 31, 2024 and 2023 (dollars in thousands)

	Three Months Ended March 31,		Change	
	2024	2023	\$	%
(unaudited)				
<b>Revenue</b>				
Surgical Glaucoma	\$ 18,257	\$ 17,334	\$ 923	5.3%
Percentage of total revenue	94.8%	92.1%		
Dry Eye	1,008	1,490	(482)	(32.3)
Percentage of total revenue	5.2%	7.9%		
Total	19,265	18,824	441	2.3
<b>Cost of goods sold</b>				
Surgical Glaucoma	2,209	2,362	(153)	(6.5)
Dry Eye	584	686	(102)	(14.9)
Total	2,793	3,048	(255)	(8.4)
<b>Gross profit</b>				
Surgical Glaucoma	16,048	14,972	1,076	7.2
Dry Eye	424	804	(380)	47.3
Total	16,472	15,776	696	4.4
<b>Gross margin</b>				
Surgical Glaucoma	87.9%	86.4%		
Dry Eye	42.1%	54.0%		
Total	85.5%	83.8%		
<b>Operating expenses</b>				
Research and development	4,636	4,669	(33)	(0.7)
Selling, general and administrative	26,559	28,675	(2,116)	(7.4)
Total operating expenses	31,195	33,344	(2,149)	(6.4)
<b>Loss from operations</b>	(14,723)	(17,568)	2,845	16.2
Investment income	1,648	1,810	(162)	9.0
Interest expense	(1,204)	(1,276)	72	5.6
Loss on debt extinguishment	(1,962)	—	(1,962)	n.m.
Other expense, net	(8)	(19)	11	57.9
<b>Loss before income tax</b>	(16,249)	(17,053)	804	4.7
Provision for income tax	17	14	3	21.4
<b>Net loss and comprehensive loss</b>	<u>\$ (16,266)</u>	<u>\$ (17,067)</u>	<u>\$ 801</u>	<u>4.7%</u>

*Revenue.* Revenue for the three months ended March 31, 2024 was \$19.3 million, an increase of \$0.4 million, or 2.3%, from the prior year comparable period. The overall increase in Surgical Glaucoma revenue was primarily



attributable to an increase in the number of OMNI and SION units sold in the three months ended March 31, 2024. This growth in units sold was driven by a growth in the number of facilities ordering OMNI and SION and an increase in unit utilization per ordering facility, partially offset by a lower average selling price due to product mix. Our Dry Eye revenue decreased 32.3% in the three months ended March 31, 2024 versus the prior year comparable period primarily due to fewer new customers added in the period, which led to lower SmartHub revenue and fewer SmartLids purchased, partially offset by a higher average selling price for SmartHubs. Surgical Glaucoma sales represented 94.8% and 92.1% of our total revenue generated in the three months ended March 31, 2024 and 2023, respectively.

*Cost of Goods Sold.* Cost of goods sold was \$2.8 million during the three months ended March 31, 2024, a decrease of \$0.2 million from \$3.0 million in the prior year comparable period. Our Surgical Glaucoma cost of goods sold decreased \$0.2 million as compared to the prior year comparable period. The decrease was primarily driven by product sales mix and a one-time prior year inventory scrap expense. Dry Eye cost of goods sold decreased \$0.1 million in the three months ended March 31, 2024 compared to the comparable period in 2023, primarily driven by lower sales volumes and product mix.

*Gross Profit.* Our total gross profit was \$16.5 million in the three months ended March 31, 2024, an increase of \$0.7 million from the prior year comparable period. Our total gross margin for the three months ended March 31, 2024 increased to 85.5%, up from 83.8% in the prior year comparable period. Gross margin in our Surgical Glaucoma segment was 87.9% for the quarter ended March 31, 2024, an increase from 86.4% for the prior year comparable period, primarily due to a one-time prior year inventory scrap expense. In our Dry Eye segment, gross margin decreased from 54.0% in the first quarter of 2023 to 42.1% in the first quarter ended March 31, 2024, primarily due to lower sales and higher overhead costs per unit due to lower volumes.

*Research and Development Expenses.* R&D expenses during the three months ended March 31, 2024 was flat compared to the three months ended March 31, 2023. A decrease of \$0.3 million in payroll expenses was offset by a \$0.4 million increase in professional and outside services.

*Selling, General, and Administrative Expenses.* SG&A expenses were \$26.6 million for the three months ended March 31, 2024, a decrease of \$2.1 million from the prior year comparable period. The decrease was primarily driven by a \$3.0 million decrease in personnel expenses, including lower commissions during the current period. In addition, the Company saw a \$1.0 million decrease in marketing expenses, a \$0.5 million decrease in consulting and recruiting expenses, and a \$0.5 million decrease in sales training, events, and demo expenses. These decreases were partially offset by a \$2.7 million increase in legal expenses and a \$0.9 million increase in stock-based compensation.

*Investment Income.* Investment income was \$1.6 million for the three months ended March 31, 2024, a decline of \$0.2 million from the prior year comparable period. The decline was due to lower investment balances during the current year.

*Interest Expense.* Interest expense decreased \$0.1 million, due to a lower lending rates associated with the refinanced debt agreement during the three months ended March 31, 2024 compared to the three months ended March 31, 2023.

*Loss on Debt Extinguishment.* Loss on debt extinguishment was \$2.0 million for the three months ended March 31, 2024 as compared to \$0.0 million in the three months ended March 31, 2023. The increase in the current year is driven by the Company's loss on the termination and settlement of the MidCap Term Loan.

*Other Expense, Net.* Other expense, net was expense of \$0.0 million for both the three months ended March 31, 2024 and 2023.

## Cash Flows

The following table summarizes our cash flows for the periods indicated (in thousands):

	Three Months Ended March 31,	
	2024	2023
Net cash used in operating activities	\$ (9,786)	\$ (17,383)
Net cash used in investing activities	\$ (117)	\$ (126)
Net cash used in financing activities	\$ (942)	\$ (156)
Net (decrease) increase in cash	\$ (10,845)	\$ (17,665)

### *Net Cash Used in Operating Activities.*

Net cash used in operating activities for the three months ended March 31, 2024 was \$9.8 million, consisting primarily of a net loss of \$16.3 million, partially offset by a net change in our operating assets and liabilities of \$0.5 million and non-cash charges of \$6.0 million. The net change in our operating assets and liabilities was primarily due to a \$2.1 million increase in accrued and other current liabilities and a \$1.0 million decrease in inventory. Other noncurrent liabilities decreased by \$1.4 million, driven by the \$2.1 million settlement of the final payment fee under the MidCap Term Loan Agreement. In addition, we had a \$1.4 million decrease in accounts receivable, while accrued compensation increased by \$0.5 million. The non-cash charges primarily consisted of \$4.5 million related to stock-based compensation, \$1.0 million noncash loss on the extinguishment of debt, and \$0.2 million of noncash operating lease expense.

Net cash used in operating activities for the three months ended March 31, 2023 was \$17.4 million, consisting primarily of a net loss of \$17.1 million and a net change in our operating assets and liabilities of \$4.2 million, partially offset by non-cash charges of \$3.9 million. The net change in our operating assets and liabilities was primarily due to a \$1.0 million increase in accounts receivable and a \$1.0 million increase in inventory to support the continued growth of our operations. We had a \$0.9 million decrease in accounts payable, while accrued compensation and accrued and other current liabilities decreased by an aggregate of \$3.7 million, primarily driven by the timing of payments on invoices and bonuses. The non-cash charges primarily consisted of \$3.5 million related to stock-based compensation, \$0.2 million of noncash operating lease expense, \$0.1 million of depreciation, and \$0.1 million of accretion of debt discount and amortization of debt issuance costs.

### *Net Cash Used in Investing Activities.*

Net cash used in investing activities for the three months ended March 31, 2024 and 2023 was \$0.1 million and \$0.1 million, respectively, in both cases for purchases of property and equipment.

### *Net Cash Used in Financing Activities.*

Net cash used in financing activities in the three months ended March 31, 2024 was \$0.9 million, consisting primarily of the costs associated with the refinancing of the outstanding term loan agreement. Net cash used in financing activities in the three months ended March 31, 2023 was \$0.2 million, primarily relating to taxes paid on the net share settlement of restricted stock units, partially offset by proceeds from stock option exercises.

## Liquidity and Capital Resources

### *Sources of Liquidity*

To date, our primary sources of capital have been private placements of redeemable convertible preferred stock, debt financing agreements, the sale of common stock in our IPO, and revenue from the sale of our products. Since our inception, we have raised an aggregate of approximately \$402.4 million in net proceeds from sales of our redeemable convertible preferred stock and common stock and borrowed \$32.9 million of net proceeds under our term loans. In January 2024, we entered into a Loan and Security Agreement (the "Hercules Loan Agreement") with Hercules Capital, Inc ("Hercules") and certain of its affiliates (collectively with Hercules, the "Lenders"), which provides for a senior secured term loan facility in the aggregate principal amount of up to \$65.0 million. We used the proceeds from an initial \$35.0 million tranche funded under the Hercules Loan Agreement to discharge our

indebtedness under our prior secured credit facility with MidCap Financial Services and certain of its affiliates (the “Prior Lenders”). While our indebtedness to Lenders remains outstanding, we are required to use commercially reasonable efforts to grant to Lenders the option to invest up to \$3.0 million in our next round of equity financing, if any, broadly marketed to multiple investors on the same terms, conditions and pricing offered to investors in such subsequent equity financing.

As of March 31, 2024, we had cash and cash equivalents of \$127.3 million, an accumulated deficit of \$311.1 million and \$35.0 million outstanding under our term loan agreement (before debt discount) with Hercules. Based on our current planned operations, we expect our cash and cash equivalents and additional borrowings available under the Hercules Loan Agreement will enable us to fund our operations for at least the next 12 months and the foreseeable future.

### ***Hercules Capital Loan Agreement***

The Hercules Loan Agreement provides for a senior secured term loan facility in the aggregate principal amount of up to \$65.0 million. An initial tranche of \$35.0 million (the “Initial Loan”) was funded under the Hercules Loan Agreement on January 22, 2024 (the “Closing Date”). In addition to the Initial Loan, the Hercules Loan Agreement provides for additional tranches as follows: \$5.0 million available in a single draw through December 15, 2024, \$10.0 million available to draw upon the achievement of certain performance milestones through September 15, 2025, and \$15.0 million available for us to draw on through the interest only period in increments of \$5.0 million, subject to the sole approval of Hercules' investment committee (the “Tranche Loans,” and together with the Initial Loan, the “Term Loans”).

The Hercules Loan Agreement includes a maturity date of July 1, 2028, with an interest only period running for 30 months, extendable for an additional 6 months for a total of 36 months upon the achievement of certain milestones. The Term Loans accrue interest at a floating annual rate of the greater of 10.35% or the Wall Street Journal prime rate plus 2.35%, with the initial interest rate under the Term Loans equal to 10.85%. The final payment fee is set at 5.95% of the funded balance. In conjunction with the funding of the Initial Loan, we issued warrants to the Lenders to purchase up to an aggregate of 135,686 shares of our common stock at an exercise price of \$5.159 per share. Each warrant is exercisable for a period of seven years from the date of issuance and is tradeable in accordance with the provisions of Rule 144 of the Securities Act.

Our obligations under the Hercules Loan Agreement are guaranteed by us and our future subsidiaries, subject to exceptions for certain foreign subsidiaries. Our obligations under the agreement are secured by substantially all of our assets, including our material intellectual property. Additionally, we are subject to customary affirmative and negative covenants, including covenants that limit or restrict the ability of us to, among other things, incur indebtedness, grant liens, merge or consolidate, make investments, dispose of assets, make acquisitions, pay dividends or make distributions, repurchase stock and enter into certain transactions with affiliates, in each case subject to certain exceptions. We are also subject to certain minimum cash and revenue covenants under the Hercules Loan Agreement. To date, our primary sources of capital have been private placements of redeemable convertible preferred stock, debt financing agreements, the sale of common stock in our IPO, and revenue from the sale of our products. Since our inception, we have raised an aggregate of approximately \$402.4 million in net proceeds from sales of our redeemable convertible preferred stock and common stock and borrowed \$32.9 million of net proceeds under our term loans.

### ***MidCap Loan Agreements***

In January 2019, we entered into credit and security agreements with the Prior Lenders. These agreements were amended and restated in November 2020, providing for a maximum \$40.0 million credit facility consisting of a \$35.0 million senior secured term loan (the “2020 Term Loan”) and a \$5.0 million revolving loan (the “2020 Revolver” and together with the 2020 Term Loan, the “MidCap Credit Facility”). In July 2023, we terminated the 2020 Revolver. In January 2024, we terminated the Amended and Restated Credit and Security Agreement (Term Loan) “(the “MidCap Term Loan Agreement”) and paid off in full the secured obligations thereunder in connection with our entry into the Hercules Loan Agreement.

The MidCap Term Loan Agreement extended the maturity date of the 2020 Term Loan to November 1, 2025 and adjusted the stated floating interest rate to reserve-adjusted SOFR, plus 7.00%. Principal payments under the MidCap Term Loan Agreement were extended and scheduled to begin in December 2024. The final payment fee was amended to 6.0%.

Our obligations under the MidCap Term Loan Agreement were guaranteed by us and our future subsidiaries, subject to exceptions for certain foreign subsidiaries. Our obligations under the agreements were secured by substantially all of our assets, including our material intellectual property. Additionally, we were subject to customary affirmative and negative covenants, including covenants that limited or restricted our ability to, among other things, incur indebtedness, grant liens, merge or consolidate, make investments, dispose of assets, make acquisitions, pay dividends or make distributions, repurchase stock and enter into certain transactions with affiliates, in each case subject to certain exceptions.

The MidCap Credit Term Loan Agreement contained events of default that included, among others, non-payment of principal, interest or fees, breach of covenants, inaccuracy of representations and warranties, cross-defaults and bankruptcy and insolvency events.

### ***Leases***

Our corporate headquarters are located in Menlo Park, California, where we lease approximately 11,000 square feet of office, research and development, engineering and laboratory space pursuant to a lease that commenced on August 1, 2021, and expires on October 31, 2026. We also lease approximately 2,040 square feet of office space, which is primarily used by our commercial leadership team, in Southlake, Texas, pursuant to a lease that commenced on April 30, 2019. The lease was amended in April 2024, extending the lease expiration date to May 15, 2026.

### **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements.

### **Critical Accounting Estimates**

Our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. Our estimates are based on our historical experience and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions and any such differences may be material.

An accounting estimate is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, if different estimates reasonably could have been used, or if changes in the estimate that are reasonably possible could materially impact the financial statements. We believe that the assumptions and estimates associated with stock-based compensation has the greatest potential impact on our condensed consolidated financial statements. Therefore, we consider this to be a critical accounting estimate.

There have been no material changes to our critical accounting estimates as compared to the critical accounting estimates described in our audited consolidated financial statements for the year ended December 31, 2023, included under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates” in our Annual Report.

### **JOBS Act Accounting Election**

The JOBS Act permits an “emerging growth company” such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We have elected to use this extended transition period under the JOBS Act. As a result, our financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies, which may make comparison of our financial statements to those of other public companies more difficult.

### **Recently Issued Accounting Pronouncements**

See Note 2, Summary of Significant Accounting Policies, in the notes to our unaudited condensed consolidated financial statements in this Quarterly Report for recent accounting pronouncements not yet adopted as of the date hereof.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

We are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate risk. There have been no material changes to such risks from those described in our Annual Report under the heading "Quantitative and Qualitative Disclosures About Market Risk."

### **Item 4. Controls and Procedures.**

#### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation and supervision of our principal executive officer and our principal financial and accounting officer, evaluated our disclosure controls and procedures. The term "disclosure controls and procedures," (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) means controls and other procedures of a company 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 officer, and principal financial and accounting officer, as appropriate to allow timely decisions regarding required disclosure.

Based on this evaluation, our principal executive officer and principal financial and accounting officer concluded that, as of the end of the period covered by this Quarterly Report, our disclosure controls and procedures were effective at a reasonable assurance level.

#### **Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended March 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **PART II—OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

Except as set forth in Note 6, Commitments and Contingencies, in the notes to the unaudited condensed consolidated financial statements in this Quarterly Report, we do not believe we are currently a party to any legal proceedings, regulatory matters, or other disputes or claims which, if determined adversely to us, would, individually or taken together, have a material adverse effect on our business, financial condition, operating results, liquidity or future prospects. However, we may, in the ordinary course of business, face various claims brought by third parties, and we may, from time to time, make claims or take legal actions to assert our rights, including intellectual property rights as well as claims relating to employment matters and the safety or effectiveness of our products. Any of these claims could subject us to costly litigation, and, while we generally believe that we have adequate insurance to cover many different types of liabilities, our insurance carriers may deny coverage, may be inadequately capitalized to pay on valid claims, or our policy limits may be inadequate to fully satisfy any damage awards or settlements. If this were to happen, the payment of any such awards could have a material adverse effect on our business, financial condition and results of operations. Additionally, any such claims, whether or not successful, could damage our reputation and business, and may have an adverse impact on us as a result of defense and settlement costs, diversion of management time and resources, and other factors.

## Item 1A. Risk Factors.

Except as set forth below, we are not aware of any material changes to the risk factors set forth under the heading "Risk Factors" in our Annual Report, which are incorporated herein by reference. The risks described below and in our Annual Report are not the only ones we face. Additional risks we currently do not know about or that we currently believe to be immaterial may also impair our business, financial condition, operating results, liquidity, and future prospects.

### Risks Related to Our Intellectual Property

*We may become a party to intellectual property litigation or administrative proceedings that could be costly, time-consuming, unsuccessful, and could interfere with our ability to sell and market our products.*

Competitors may infringe our patents, or we may be required to enforce our patents to protect our technology. We may also be required to file suit to protect our trade secrets, or may be involved in litigation defending against claims of infringement of the rights of others. In addition, our patents also may become involved in inventorship, priority or validity disputes. To counter or defend against such claims can be expensive and time-consuming and could divert our attention from other functions and responsibilities. In an infringement proceeding, a court may decide that a patent owned by us is invalid or unenforceable. Furthermore, even if our patents are found to be valid and infringed, a court may refuse to grant injunctive relief against the infringer and instead grant us monetary damages and/or ongoing royalties. Such monetary compensation may be insufficient to adequately offset the damage to our business caused by the infringer's competition in the market. Adverse determinations against us in defending against infringement could subject us to significant liabilities to third parties, require us to seek licenses from third parties and prevent us from manufacturing, selling or using the product, any of which could severely harm our business. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during litigation.

Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses and could distract our management and other personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on our common stock price. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. We may not have sufficient financial or other resources to conduct such litigation or proceedings adequately. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace. Any of the foregoing could have a material adverse effect on our business, financial condition or results of operations.

On September 16, 2021, we filed suit in the U.S. District Court for the District of Delaware (the "Court")(C.A. No. 1:21-cv-01317) alleging that Ivantis, Inc. directly or indirectly infringes U.S. Patent Nos. 8,287,482, 9,370,443, 9,486,361, and 10,314,742 previously issued to us by making, using, selling, and offering for sale the Hydrus® Microstent. On August 1, 2022, we filed an amended complaint adding Alcon Inc., Alcon Vision LLC, and Alcon Research, LLC (collectively, "Alcon") as defendants and alleging that all defendants also directly or indirectly infringe U.S. Patent No. 11,389,328. The defendants filed counterclaims seeking declaratory judgments that the patents-in-suit are invalid or not infringed upon. In September 2022, Ivantis and Alcon filed petitions with the USPTO seeking inter partes review of U.S. Patent Nos. 8,287,482, 9,370,443, 9,486,361, and 10,314,742 (IPR2022-01529, IPR2022-01530, IPR2022-01533, IPR2022-01540), each of which the U.S. Patent Office denied for raising prior art references and invalidity arguments that were cumulative of those previously considered by the Office. On April 26, 2024, at the conclusion of a five-day jury trial, the jury awarded us a positive trial verdict of \$34 million, comprised of \$5.5 million in lost profits damages and \$28.5 million in royalty damages for commercial sales of the Hydrus Microstent for the period between its commercial launch through trial. The patents at issue were U.S. Patent Nos. 8,287,482, 9,370,443, and 11,389,328. The Court will entertain post-trial briefings by both parties, including with respect to potential enhancements to the damages and other remedies, and the Court's final judgment will be subject to appeal. We have expended significant cash resources on this litigation to date, and we expect that we will

incur significant additional costs prosecuting our case through completion of the appellate process. There is no guarantee that the positive verdict that we received at trial, or any other remedies that we may hereafter be awarded, will be upheld. Among other things, it is possible that the jury verdict, and any other cash or non-cash remedies that we may be awarded, may be reversed or reduced by the district court in its final judgment or by the appellate court upon appeal. We are presently unable to predict the outcome of this lawsuit, or to reasonably estimate the potential financial impact of the lawsuit, which exposes us to the intellectual property litigation risk factors described herein.

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

On July 14, 2021, our registration statement on Form S-1 (File No. 333-257320) relating to our initial public offering ("IPO") of common stock became effective. The IPO closed on July 15, 2021, at which time we issued 11,500,000 shares of our common stock at a price of \$24.00 per share.

There has been no material change in the planned use of proceeds from our IPO as described in our final prospectus dated July 14, 2021 and filed with the SEC on July 15, 2021 pursuant to Rule 424(b) under the Securities Act.

**Recent Sales of Unregistered Securities**

There were no sales of unregistered equity securities during the three months ended March 31, 2024 that were not previously reported in a Current Report on Form 8-K.

In connection with the Hercules Loan Agreement, dated January 22, 2024, with the Lenders, we issued warrants to the Lenders to purchase an aggregate of 135,686 shares of our common stock, equal to 2.0% of the Initial Loan, or \$700,000. Each warrant is exercisable for a period of seven years from the date of issuance at an exercise price of \$5.159 per share and is tradeable in accordance with the provisions of Rule 144 of the Securities Act. The warrants were issued pursuant to an exemption from the registration requirements under Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder.

**Issuer Repurchases of Equity Securities**

None.

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.****Trading Plans**

During the quarter ended March 31, 2024, no director or Section 16 officer adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements.



**Item 6. Exhibits.**

The following exhibits are filed or furnished as a part of, or incorporated by reference into, this Quarterly Report.

Exhibit Number	Exhibit Description	Incorporated by Reference		Exhibit	Filing Date	Filed/Furnished Herewith
		Form	File No.			
3.1	<a href="#">Restated Certificate of Incorporation of Sight Sciences, Inc.</a>	8-K	001-40587	3.1	7/19/21	
3.2	<a href="#">Amended and Restated Bylaws of Sight Sciences, Inc.</a>	8-K	001-40587	3.2	7/19/21	
4.1	<a href="#">Form of Warrant</a>	8-K	001-40587	4.1	1/23/24	
10.1+	<a href="#">Loan and Security Agreement, by and among Sight Sciences, Inc., certain affiliates of Hercules Capital, Inc., and Hercules Capital, Inc., dated January 22, 2024</a>	8-K	001-40587	10.1	1/23/24	
31.1	<a href="#">Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act</a>					*
31.2	<a href="#">Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act</a>					*
32.1	<a href="#">Certification of the Chief Executive Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>					**
32.2	<a href="#">Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>					**
101.INS	Inline XBRL Instance Document					*
101.SCH	Inline XBRL Taxonomy Extension Schema Document					*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					*

\* Filed herewith.

\*\* Furnished herewith.

+ Portions of this exhibit are redacted in accordance with Item 601(b)(10)(iv) of Regulation S-K. The Company agrees to furnish an unredacted copy of such exhibit, or a copy of any omitted schedule or exhibit, to the SEC upon request.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

SIGHT SCIENCES, INC

Date: May 6, 2024

By: /s/ Alison Bauerlein

Alison Bauerlein

Chief Financial Officer (Principal Financial Officer and  
Principal Accounting Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Paul Badawi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 of Sight Sciences, Inc.;
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 6, 2024

/s/ Paul Badawi  
**Paul Badawi**  
**Chief Executive Officer**  
*(Principal Executive Officer)*



**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Alison Bauerlein, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 of Sight Sciences, Inc.;
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 6, 2024

/s/ Alison Bauerlein  
**Alison Bauerlein**  
**Chief Financial Officer**  
*(Principal Financial Officer and Principal Accounting Officer)*



**Certification of Chief Executive Officer**

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Sight Sciences, Inc. (the “Company”) hereby certifies that, to his knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2024 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, 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.

Dated: May 6, 2024

/s/ Paul Badawi

Paul Badawi

Chief Executive Officer (Principal Executive Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

---

**Certification of Chief Financial Officer**

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Sight Sciences, Inc. (the “Company”) hereby certifies that, to her knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2024 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, 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.

Dated: May 6, 2024

/s/ Alison Bauerlein

Alison Bauerlein

Chief Financial Officer (Principal Financial Officer and  
Principal Accounting Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

---



