

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

March 22, 2021

(Date of Report (date of earliest event reported))

IRIDEX CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	0-27598	77-0210467
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification Number)

1212 Terra Bella Avenue
Mountain View, California 94043

(Address of principal executive offices, including zip code)

(650) 940-4700

(Registrant's telephone number, including area
code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Title of Class	Trading Symbol	Name of Exchange on Which Registered
Common Stock, par value \$0.01 per share	IRIX	Nasdaq Global Market

Item 2.02. Results of Operations and Financial Condition.

On March 22, 2021, IRIDEX Corporation issued a press release discussing its financial results for its fourth fiscal quarter and fiscal year 2020, which ended on January 2, 2021. The press release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

This information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated March 22, 2021.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

IRIDEX CORPORATION

By: /s/ David I. Bruce
David I. Bruce
President and Chief Executive Officer

Date: March 22, 2021



Iridex Announces Fourth Quarter and Full Year 2020 Financial Results

MOUNTAIN VIEW, Calif., March 22, 2021 -- Iridex Corporation (Nasdaq: IRIX) today reported financial results for the fourth quarter and year ended January 2, 2021.

Fourth Quarter Highlights

- Total revenue in the fourth quarter increased 5% to \$12.3 million year-over-year
- Sold 13,500 Cyclo G6® probes, same as the prior year, despite continued impacts from COVID-19
 - US Sales of Cyclo G6 probes increased by 8%, setting a quarterly record
 - Sold 57 Cyclo G6 Glaucoma Laser Systems, compared to 107 the prior year, attributed to the Company's strategic shift toward probe utilization and continued COVID-related capital purchase deferrals
- Retina related product revenue grew nearly 11% year-over-year
 - Recently released product enhancements drove capture of previously deferred customer orders
- Fourth quarter gross margin increased by over 400 bps to 45.4% compared to the prior year
 - Increased average selling prices combined with further efficiencies in manufacturing and overhead
- Cash burn in the fourth quarter was \$0.3 million, resulting in ending cash of \$11.6 million
 - 9% reduction in operating expenses versus prior year
- MicroPulse® Transscleral Laser Therapy (TLT) was included in the European Glaucoma Society (EGS) Terminology and Guidelines for Glaucoma and presented at its Annual Meeting in December
- Subsequent to quarter end, the Company entered into a strategic collaboration with Topcon Corporation resulting in \$19.5 million cash to Iridex
 - Topcon purchased distribution rights in certain Asia Pacific and EMEA markets
 - Iridex purchased the PASCAL® product line
 - Topcon purchased approximately 10% of Iridex equity

“Despite the challenges relating to COVID-19, our strategic initiatives generated increased demand for Iridex products that has enabled us to exceed our pre-COVID-19 revenue from the fourth quarter of the prior year,” said David I. Bruce, President and CEO of Iridex. “We saw upside in the fourth quarter from demand due to recently launched product improvements and some rebound of capital equipment purchases in the retina business. In glaucoma, US probe sales grew 8%, despite continued COVID-19 impact. We’re pleased to see the positive response to our new products and that momentum carrying into the first quarter of 2021.”

Mr. Bruce continued, “Our efforts on product improvements has steadily strengthened our competitive position, from the well-received improvements to our MicroPulse® P3 probe, to the fourth-quarter introduction of our LIO Plus Laser Indirect Ophthalmoscope (LIO) and continuing into 2021 with the

launch of a new 810 wavelength laser, the first in a family of new lasers offering substantial savings in manufacturing costs and gross margin improvement.”

“We are confident that our new alliance with Topcon Corporation will further improve Iridex’s strategic positioning. Thanks to increased capital to drive new growth initiatives, increased revenue and scale from the purchase of the PASCAL® line and expanded distribution network throughout Asia Pacific and key EMEA regions, we expect the partnership to help significantly increase the market penetration of Iridex’s industry leading retina products and innovative non-incisional glaucoma therapy,” Mr. Bruce concluded.

Fourth Quarter 2020 Financial Results

Revenue for the three months ended January 2, 2021 increased 5% to \$12.3 million from \$11.8 million during the same period of the prior year. The increase in revenue was driven primarily by growth in the Company’s retina business.

Gross profit for the fourth quarter of 2020 increased to \$5.6 million, or 45.4% gross margin, compared to \$4.9 million, or 41.2% gross margin, in the same period of the prior year.

Operating expenses for the fourth quarter of 2020 decreased 9% to \$5.9 million compared to \$6.5 million in the same period of the prior year. This is the result of ongoing efforts to reduce operating expenses in response to COVID-19-related temporary revenue reductions during 2020.

Net Loss for the fourth quarter of 2020 was reduced to \$179,000, compared to \$1.6 million in the same period of the prior year. Net Loss on a per share basis was reduced to \$0.01 versus \$0.11 last year.

Full Year 2020 Financial Results

Revenue for the year ended January 2, 2021 decreased \$7.1 million to \$36.3 million from \$43.4 million in 2019. The decrease was driven primarily by challenges associated with COVID-19.

Gross profit for the full year 2020 was \$15.6 million, or 42.8% gross margin, compared to \$17.9 million, or 41.3% gross margin, during the prior year.

Operating expenses for 2020 were reduced 18% to \$22.1 million compared to \$26.9 million in the prior year. This decrease is primarily from reduction in sales and marketing expenses during the COVID-19 slowdown in travel, tradeshows, and other sales and marketing activities.

Net loss for 2020 was reduced to \$6.3 million, compared \$8.8 million in the prior year.

Cash and cash equivalents were \$11.6 million as of January 2, 2021.

Guidance for Full Year 2021

Given the continuing uncertainty in product demand due to COVID-19, combined with variability introduced by the Topcon collaboration affecting revenue recognition, sales transition effects and integration costs for the PASCAL product line, Iridex cannot provide meaningful financial guidance for 2021 at this time.

Webcast and Conference Call Information

Iridex's management team will host a conference call today beginning at 2:00 p.m. PT / 5:00 p.m. ET. Investors interested in listening to the conference call may do so by dialing (844) 707-0665 for domestic callers or (703) 326-3030 for international callers, using conference ID: 1137827. A live and archived webcast of the event will be available on the "Investors" section of the Company's website at: www.iridex.com.

About Iridex

Iridex Corporation is a worldwide leader in developing, manufacturing, and marketing innovative and versatile laser-based medical systems, delivery devices and consumable instrumentation for the ophthalmology market. The Company's proprietary MicroPulse® technology delivers a differentiated treatment that provides safe, effective, and proven treatment for targeted sight-threatening eye conditions. Iridex's current product line is used for the treatment of glaucoma and diabetic macular edema (DME) and other retinal diseases. Iridex products are sold in the United States through a direct sales force and internationally primarily through a network of independent distributors into more than 100 countries. For further information, visit the Iridex website at www.iridex.com.

Safe Harbor Statement

This announcement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934, as amended, including those statements concerning the future momentum, demand and utilization of the Company's products, expected cost reductions and gross margin improvements and benefits from the Topcon partnership. These statements are not guarantees of future performance and actual results may differ materially from those described in these forward-looking statements as a result of a number of factors. Please see a detailed description of these and other risks contained in our Annual Report on Form 10-K for the fiscal year ended December 29, 2018, and Quarterly Reports on Form 10-Q for subsequent fiscal quarters, each of which was filed with the Securities and Exchange Commission. Forward-looking statements contained in this announcement are made as of this date and will not be updated.

Investor Relations Contact

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IRIDEX Corporation
Condensed Consolidated Statements of Operations
(In thousands, except per share data)
(unaudited)

	<u>Three Months Ended</u>		<u>Twelve Months</u>	
	<u>January 2,</u> <u>2021</u>	<u>December 28,</u> <u>2019</u>	<u>January 2,</u> <u>2021</u>	<u>2020</u>
Total revenues	\$ 12,304	\$ 11,762	\$ 36,347	\$ 36,347
Cost of revenues	<u>6,722</u>	<u>6,912</u>	<u>20,789</u>	<u>20,789</u>
Gross profit	<u>5,582</u>	<u>4,850</u>	<u>15,558</u>	<u>15,558</u>
Operating expenses:				
Research and development	887	788	3,282	3,282
Sales and marketing	3,435	3,791	12,239	12,239
General and administrative	<u>1,560</u>	<u>1,888</u>	<u>6,620</u>	<u>6,620</u>
Total operating expenses	<u>5,882</u>	<u>6,467</u>	<u>22,141</u>	<u>22,141</u>
Loss from operations	(300)	(1,617)	(6,583)	(6,583)
Other income, net	<u>127</u>	<u>82</u>	<u>280</u>	<u>280</u>
Loss from operations before provision for income taxes	(173)	(1,535)	(6,303)	(6,303)
Provision for income taxes	<u>6</u>	<u>26</u>	<u>26</u>	<u>26</u>
Net loss	<u>\$ (179)</u>	<u>\$ (1,561)</u>	<u>\$ (6,329)</u>	<u>\$ (6,329)</u>
Net loss per share:				
Basic	<u>\$ (0.01)</u>	<u>\$ (0.11)</u>	<u>\$ (0.46)</u>	<u>\$ (0.46)</u>
Diluted	<u>\$ (0.01)</u>	<u>\$ (0.11)</u>	<u>\$ (0.46)</u>	<u>\$ (0.46)</u>
Weighted average shares used in computing net loss per share				
Basic	<u>13,898</u>	<u>13,783</u>	<u>13,842</u>	<u>13,842</u>
Diluted	<u>13,898</u>	<u>13,783</u>	<u>13,842</u>	<u>13,842</u>

IRIDEX Corporation
Condensed Consolidated Balance Sheets
(In thousands and unaudited)

	January 2, 2021	December 28, 2019
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 11,626	\$ 12,000
Accounts receivable, net	7,289	9,000
Inventories	5,714	8,000
Prepaid expenses and other current assets	730	1,000
Total current assets	25,359	30,000
Property and equipment, net	449	1,000
Intangible assets, net	68	1,000
Goodwill	533	1,000
Operating lease right-of-use assets, net	1,428	1,000
Other long-term assets	132	1,000
Total assets	\$ 27,969	\$ 34,000
<u>Liabilities and Stockholders' Equity</u>		
Current liabilities:		
Accounts payable	\$ 1,148	\$ 1,000
Accrued compensation	1,965	1,000
Accrued expenses	1,806	1,000
Current portion of PPP loan	1,249	1,000
Accrued warranty	166	1,000
Deferred revenue	938	1,000
Operating lease liabilities	1,409	1,000
Total current liabilities	8,681	9,000
Long-term liabilities:		
PPP Loan	1,248	1,000
Accrued warranty	81	1,000
Deferred revenue	289	1,000
Operating lease liabilities	282	1,000
Other long-term liabilities	22	1,000
Total liabilities	10,603	13,000
Stockholders' equity:		
Common stock	148	1,000
Additional paid-in capital	74,181	74,000
Accumulated other comprehensive income (loss)	(19)	1,000
Accumulated deficit	(56,944)	(56,000)
Total stockholders' equity	17,366	21,000
Total liabilities and stockholders' equity	\$ 27,969	\$ 34,000