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STAAR Surgical Co. (STAA)

Q4 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good day and welcome to the STAAR Surgical Company Fourth Quarter 2025 Financial Results Conference Call. All participants will be in listen-only mode. [Operator Instructions] After today's presentation, there will be an opportunity to ask questions. [Operator Instructions] Please note, this event is being recorded.

I would now like to turn the conference over to Connie Johnson, Director Investor Relations. Please go ahead.

Connie Johnson

Director, Investor Relations and High-Performance Management, STAAR Surgical Co.

Thank you, operator. Good afternoon and thank you for joining us. On the call today are Warren Foust, Interim Co-CEO, President and Chief Operating Officer of STAAR Surgical; and Deborah Andrews, Interim Co-CEO and Chief Financial Officer of STAAR Surgical.

Earlier today, we reported our fourth quarter and fiscal 2025 results via press release and Form 8-K. We've posted our earnings release and shareholder letter to our investor website at investors.staar.com. Today's call is scheduled for one hour and will include Q&A for publishing analyst. Webcast participants can also send questions for today's Q&A session to ir@staar.com.

Before we get started, I want to remind you that during today's discussion, we will be making forward-looking statements, forward-looking statements are subject to risks and uncertainties that may cause actual results to

differ materially from those expressed or implied by such forward-looking statements. I encourage you to read the disclaimers in today's release, the shareholder letter as well as disclosures in our filings with the SEC. Except as required by law, STAAR assumes no obligation to update these forward-looking statements to reflect future events or actual outcomes.

In addition, during today's discussion, we will reference certain non-GAAP financial measures, including adjusted EBITDA and constant currency sales. Please refer to today's release for definitions and reconciliations of non-GAAP metrics. For brevity, unless otherwise specified, all comparisons on today's call will be on a year-over-year basis versus the relevant period.

Finally, a quick reminder. We intend to use our website as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Such disclosures will be included on our website in the Investor Relations section. Accordingly, investors should monitor our investor website in addition to following our press releases, SEC filings, and public conference calls and webcasts.

And with that, I'd like to turn the presentation over to the Interim Co-CEO, Warren Foust. Warren?

Warren Foust

Interim Co-Chief Executive Officer, President and Chief Operating Officer, STAAR Surgical Co.

Good afternoon, everyone, and thank you for joining us. Deborah and I are pleased to be with you today on our first quarterly results call as Interim Co-CEOs. Before we dive in, I'd like to address our leadership structure. Deborah and I stepped into the shared role of Co-CEOs effective February 1, and we are jointly leading the organization on an interim basis. We bring continuity to this transition. Deborah and I have worked very closely and collaboratively over the past year in our roles as Chief Financial Officer and President and Chief Operating Officer, respectively. And that partnership has positioned us well for this next chapter. We complement each other's capabilities and areas of expertise, and we are aligned on both priorities and execution. STAAR's Board of Directors has engaged Egon Zehnder, a leading global executive search and leadership advisory firm, to conduct a search for STAAR's next Chief Executive Officer. The search will include both internal and external candidates.

2025 was a difficult year of transition for STAAR. We expect 2026 to be a much better year, a year of growth, improving profitability, and meaningful progress across our innovation pipeline, all of which we plan to discuss on today's call. As Connie indicated, along with today's results release, we have issued a shareholder letter that provides commentary on 2025 and discusses our plans and approach for 2026. Deborah and I have the benefit of being deeply familiar with and embedded in the operations of STAAR. We are working with our teams to evaluate our portfolio and roadmap after a period of uncertainty, setting clear expectations on both operational front and in terms of financial performance in order to unlock the power of our 2026 growth, profit and innovation plan.

We are encouraged by the start of 2026. The team is energized and productive. Days are filled with customer engagements, distributor meetings, internal townhalls, leadership alignment sessions and global commercial kick-offs focused on clinical training, commercial readiness, sales effectiveness and message discipline. Our teams are excited because across most markets, refractive surgery continues to move toward lens-based procedures and away from laser vision correction procedures that require corneal tissue removal. EVO ICL continues to gain share even as the broader laser vision correction market struggles. Consequently, STAAR remains well-positioned to reaccelerate growth in existing markets and unlock opportunities with our new product offerings.

In China, our largest market, after several years of macroeconomic volatility driven by COVID, housing market weakness, and uneven consumer spending, conditions stabilized in 2025 as policy support increased and the stock market rose sharply. In-market EVO ICL demand recovered at mid-single-digit rates and procedures

improved as we exited the year. This recovery did not translate into China net sales growth for STAAR in 2025, as our distributors reduced inventory levels, but it does provide us with optimism about 2026. Market conditions in China appear to be positioned for a rebound, which will help drive growth for STAAR.

Outside China, we also have reason to be optimistic about STAAR's future growth. We are seeing momentum in our US business despite the ongoing decline in laser vision correction procedures. And with our recently announced expanded age range indication for EVO in the United States, which is now approved for myopia treatment in adults aged 21 to 60, our opportunity is even bigger. This expanded indication equates to roughly 8 million more potential candidates for EVO in the United States.

Our efforts to expand our EVO labeling are helping fuel our growth in other parts of the world as well. For example, in Brazil, EVO had previously been approved for use down to minus 6 diopters and can now be used for treatment of myopia down to negative minus 0.5 diopters. Our growth remains steady across the Americas and we expect to see additional expansion in Canada in 2026. In 2025, we went direct in Canada. And while the team is small, our efforts there are already paying off.

In 2026, we are targeting solid growth of EVO in EMEA and in our Asia Pacific markets, such as Japan, Korea and India. India, in particular, where we're laying a foundation, represents a growing opportunity for us as its economy is growing quickly, and a rising portion of its population can afford refractive surgery. We're also excited about the market opportunities in Taiwan, where we've received regulatory approval in 2025.

In terms of profitability, we made a lot of progress in 2025. And profitability will continue to be a focus in 2026. In 2025, we took costs out and reduced our annualized adjusted operating expense run rate and we beat our second half \$225 million target communicated to investors back in Q1 2025. As revenue grows, we expect cost discipline to drive operating leverage. We are focused on enterprise-wide impacts, not isolated improvements, and on new ways of working that increase the velocity of decision-making so actions can translate more quickly into results and returns.

Profitability expansion comes from reducing costs enterprise-wide, but it also comes from disciplined investing. We are focused on opportunities big and small, including manufacturing and infrastructure improvements. And we continually look for margin improvement opportunities in our sales and distribution network. We also believe that optimizing ASPs can contribute to increased profitability. We are allocating capital where it makes the greatest impact: the right programs in the right markets, supported by the right people and infrastructure.

To that point, we are in the final stages of our Oracle ERP implementation, which will modernize the way we operate enterprise-wide. Full deployment is expected early in the second half of the year. Alongside ERP, we are advancing Stella, our next generation online sizing and ordering platform, which reduces friction in the adoption of EVO ICL technology. We are also advancing additional IP initiatives spanning from manufacturing process improvements to sales force enablement. We believe these investments will not only benefit our surgeon, customers, and patients, but will drive efficiency and profitability across the organization.

Our 2026 growth, profit and innovation plan also reflects a renewed focus on innovation. I'm proud to report that we have launched EVO+ in China and we are progressing with our rollout plan as we scale Swiss manufacturing to meet demand. EVO+ represents our first new lens in China in more than a decade. Early demand has been encouraging and we are working to increase supply as production scales. Over time, we expect higher ASPs and margin expansion from EVO+ in China.

In 2026, we are also expanding the commercial availability of the Lioli Injector for EVO ICL procedures. Lioli Injector has been well-established in the United States and we are pleased to bring this new injector option to our surgeons in EMEA. We're excited about these near-term launches, but we're also focused on our pipeline for the longer term. We are building new capabilities and our teams are establishing clear milestones and timelines for future advancements as well as the operational discipline and accountability required to stay on track in a rapidly evolving market.

Before I hand things over to Deborah, I think it's important to recognize that 2025 is now in the rearview mirror, and the disruption associated with our proposed merger with Alcon is behind us. Our shareholders have spoken, supporting a long-term approach, and we are listening to them, embracing the opportunities for STAAR as a standalone company. We firmly believe that STAAR has everything it takes to deliver on our growth, profitability and innovation goals. We have superior technology. Our differentiated Collamer material is the foundation for our EVO technology and is unmatched in the market. Only STAAR has 40-plus years of history treating myopia with our innovative lens-based procedure, and the myopia and dry eye disease epidemics are only getting worse.

We have trusted relationships with our partners. The STAAR surgeon community is passionate about EVO ICLs and bringing the benefits of lens-based vision correction without corneal tissue removal to their patients. The power of this devoted customer base is real and tangible. We have a talented team. Our dedicated employees and the STAAR leadership team are aligned, focused, and have the capabilities to execute our goals and objectives and drive stockholder value creation.

Now, I would like to turn things over to my Co-CEO, Deborah, for additional commentary and to discuss our financial results. Deborah?

Deborah J. Andrews

Interim Co-Chief Executive Officer and Chief Financial Officer, STAAR Surgical Co.

Thank you, Warren. I'm pleased to join you on today's call. And I'm proud to lead the STAAR organization with you as Co-CEO. As Warren said, we took a number of steps in 2025 to reduce our cost and improve our profitability. A key activity in 2025 was addressing our China inventory to position STAAR for future growth. Our most significant operational challenge in 2025 was working through rebalancing product inventory in China, following weakened demand in 2024. That year saw a double-digit decline in in-market EVO ICL sales and elevated inventory levels.

In response, we deliberately paused shipments, normalized channel inventory, and strengthened distributor discipline. These actions were painful, but necessary. By late 2025, inventory held by our distributor customers in China had declined to contractual levels, in-market sales and procedures improved, and business momentum began to return. As previously discussed, our December 2024 China shipment contributed to elevated inventory levels. This \$27.5 million shipment was consumed during fiscal 2025. And by the end of Q3, we had fully recognized the revenue associated with the December 2024 China shipment.

During much of this period, STAAR did not have complete visibility into downstream inventory levels or actual EVO ICL procedure volumes. Over the past year, we have invested time and effort in more comprehensive data processes and analysis that now provide improved and still evolving insights into inventories across the channel. While this work is ongoing, our visibility has improved materially and will continue to strengthen.

Let me briefly touch base on tariffs and Swiss manufacturing. We are pleased to report that we were able to respond quickly in 2025 when rising China/US tariffs created additional headwinds for our business. We were

able to mitigate near-term exposure by deploying temporary consignment inventory and leveraging existing China-held inventory, while accelerating manufacturing expansion in Nidau, Switzerland.

Our Swiss facility is now producing commercial product and is focused on EVO+ for China. Products manufactured in Switzerland are not subject to US/China tariffs, which will be a benefit in the near term as we roll out EVO+ in China. We believe Swiss manufacturing can be a long-term benefit as we look to manufacture EVO and EVO+ for China in the future. Swiss manufacturing not only helps mitigate tariff exposure, but it provides flexibility and scale to support sustained growth and significantly strengthens our long-term supply chain resilience.

Now, I'd like to turn to fourth quarter results. I'll start with fourth quarter sales performance, then margins, profitability, and cash. Total net sales for the quarter were \$57.8 million as compared to \$49 million in the year ago quarter, driven by a lower-than-expected rebound in sales in China, partially offset by growth in Americas and non-China APAC regions. China net sales were \$17.5 million in the fourth quarter of 2025 as compared to \$7.8 million in the year ago quarter.

During the quarter, certain China sub-distributors and customers returned some inventory to our distributors, resulting in lower-than-anticipated fourth quarter net sales for STAAR. We believe this was largely due to uncertainties about their future if the company were acquired by Alcon. This uncertainty also impacted sales to distributors in other parts of the world. While these disruptions depressed our fourth quarter results, we believe that reduced distributor inventories will lead to improved net sales for STAAR in 2026 and beyond.

Excluding China, net sales declined by 2% year-over-year, with the Americas up 18% in the fourth quarter, EMEA down 20% in the fourth quarter, driven by a distributor transition in the Middle East, and distributor dynamics across the region due to the proposed Alcon merger, and APAC, ex-China, up 2% in the fourth quarter.

Turning to margins. Gross profit margin for the fourth quarter of 2025 was 75.7% of total net sales compared to the prior year quarter of 64.7% of total net sales. The increase in gross profit versus the prior year quarter was due primarily to the timing of the recognition of the cost of sales associated with the December 2024 China shipment, decreased period costs resulting from cost reductions implemented in the first quarter of 2025, and the ramp-up of Swiss manufacturing, partially offset by higher inventory provisions.

Total operating expenses for the fourth quarter of 2025 were \$66.6 million compared to \$59.6 million in the prior year quarter. Operating expenses for the quarter included costs related to the company's terminated merger transaction with Alcon of \$11.2 million and costs related to restructuring of \$0.7 million. Excluding the costs related to the merger and restructuring, operating expenses for the fourth quarter of 2025 were \$54.7 million, a reduction of 8.2% from the prior year quarter.

Our 2025 cost actions reversed the expense growth of prior years and we achieved significant cost savings in 2025. As revenue recovers, we intend to maintain this cost discipline, positioning the company to return to profitability. Because our proprietary products can earn strong gross margins, our operating margin has the potential to be quite high if we execute our plans effectively.

Adjusted EBITDA for the fourth quarter of 2025 was a loss of \$200,000 as compared to a loss of \$20.8 million in the year ago quarter. The year-over-year improvement in adjusted EBITDA was primarily attributable to higher gross profit and lower operating expenses before merger and restructuring expenses, partially offset by merger and restructuring expenses.

Turning to our balance sheet. We ended the quarter with approximately \$187.5 million in cash, cash equivalents, and investments available for sale, a level of cash we have held fairly steady since Q2, despite significant restructuring and merger-related expenses. STAAR has no debt.

As we look ahead to 2026, we are not providing financial guidance. However, we do want to provide some color commentary as to how we think 2026 will compare to 2025. First, because we expect to significantly increase our sales in 2026 compared to 2025 and because we made significant cost reductions in 2025, we are targeting profitability in FY 2026.

Second, while we are driving profitability, we believe gross margin will be slightly lower in 2026 relative to 2025 as higher cost of inventory from our Swiss manufacturing facility is sold in 2026, and increased inventory reserves from expiring product create headwinds. We will work to offset these increased costs in 2026 through higher ASPs, improved yields, and efficiencies in our manufacturing, which should lead to tailwinds in 2027.

Third, we achieved significant operating expense savings in 2025. For 2026, we expect to maintain our operating expense run rate at levels generally aligned to the \$225 million target we communicated to investors back in Q1 2025. Finally, while cash will dip modestly in the near term, we expect to resume cash generation in the back half of the year and end 2026 with a higher cash balance than 2025.

Now, I'll turn the call back over to Warren. Warren?

Warren Foust

Interim Co-Chief Executive Officer, President and Chief Operating Officer, STAAR Surgical Co.

Thanks, Deborah. To summarize, 2025 was a year of transition. 2026 is about execution. We have stabilized China. We have right-sized costs. We are scaling Swiss manufacturing. We're accelerating EVO+ in China. And we are aligned around growth, profit and innovation. We possess differentiated Collamer material, exceptional optical technology, and a proven ability to gain market share in a very large and growing myopia market. We are moving quickly to ensure every employee understands our growth, profit and innovation focus, and carries measurable goals tied directly to execution.

Our people are talented and highly capable. We recognize change can be difficult, but it's also exciting and filled with promise and opportunity. We are working to reignite the organization around sustained long-term growth. Our board and leadership team are aligned, our strategy is clear, and our focus is disciplined execution and long-term shareholder value creation. We are energized by what lies ahead and confident in our path forward.

Thank you for your continued support. Operator, we'll now take questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] The first question comes from Tom Stephan with Stifel. Please go ahead.

Thomas M. Stephan

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Great. Hey, guys. Thanks for taking the questions. First one just on distributor inventory, Warren, have the reductions continued into the first quarter, or has that stabilized now that Alcon is behind you? And with that in mind, can you give us any guardrails for how to think about the first quarter and revenues maybe compared to the \$77 million in 1Q 2024? We're here in March, I actually think Chinese New Year ended today. So, just any comments on 1Q revenue as well would be helpful. And then, I have a follow up.

Warren Foust

Interim Co-Chief Executive Officer, President and Chief Operating Officer, STAAR Surgical Co.

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Yeah. Hey, Tom. Thanks for the question and great to hear your voice. Look, we're really pleased with the progress we've made on inventory management. I actually love the progress and the oversight. We've got a new leader based there in Asia-Pacific, in China. This is a highly skilled, deeply experienced Senior VP who's joined us, who's helping with that process. We're looking at inventory on a weekly basis, so we understand much better than we used to. It'll never be perfect, but we understand it much better than we did. So, we watched, at the end of 2025, inventory get cooled down all the way below or right at contractual levels as we exited 2025. And we continue to see really stable inventory levels at our distributor. In fact, we're a little bit below the six-month contractual level that we referenced before. So, inventory is in a good place. We feel like we're ready now, as the market starts to come back and we see what the market's going to bring. So, that's on inventory.

And then as far as just the Q1, you heard Deborah's comments, we're obviously not going to provide guidance, but what we would say is we're pleased with how 2025 ended in China in-market. 2024 was a really challenging year. That was, we believe, double-digit decline in in-market demand, which in 2025 rebounded to a nice sort of mid-single-digit level. And we think that we're going to experience that as we exited 2025 into 2026. So, we maintain optimism.

Thomas M. Stephan

Analyst, Stifel, Nicolaus & Co., Inc.

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Got it. That's great. And then, just my follow up, more thematic and taking a step back, Warren or Deborah, maybe if you can spend some time just discussing sort of the health of the organization today and how it compares to pre-Alcon. Sort of, curious if this is any sort of consideration, positive or negative, in the near term or long term as we think about the path forward for the company. Thanks for taking the questions.

Warren Foust

Interim Co-Chief Executive Officer, President and Chief Operating Officer, STAAR Surgical Co.

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Yeah, it's a good one. And I'll start and maybe Deborah can join us, because I think she's done a lot in 2025 on the financial side to really get us into a healthy place. You'll remember that we let expenses spiral out of control in advance of the Alcon merger agreement, and we really got control of that starting in the Q1 2025 timeframe. And so, I think as we went through the year, despite what was going on with the disruption, and there was a lot of disruption, particularly in the Q4 timeframe, we can talk about that, but we got our expenses in line and we've

carried that discipline now through 2025 and, we believe, into 2026. And that's our plan, is to make sure we maintain that discipline.

So, I think from a cost management standpoint, that's great. Now, it's about restoring revenue. You heard us talk about this three-prong approach: let's grow our revenue, let's expand our profit margin, and then we have to accelerate our innovation. And we've got the organization, what we believe, even early in our new roles, aligned around those three focal points. So, I think what you would find is post-Alcon transaction, we have a very aligned board. The board and the management team, we all want the same thing. We want growth and profitability. The organization, I think, is happy to be past the disruption. And so, now it's about, can we go out and execute? And I believe that we have the talented team to lead us to do that.

Thomas M. Stephan

Analyst, Stifel, Nicolaus & Co., Inc.

Great. Thanks again.

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Warren Foust

Interim Co-Chief Executive Officer, President and Chief Operating Officer, STAAR Surgical Co.

You bet.

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Operator: The next question comes from Ryan Zimmerman with BTIG. Please go ahead.

Iseult McMahon

Analyst, BTIG LLC

Hi, Deborah, Warren. This is Izzy on for Ryan. Thanks for taking the questions. So, to start out, I appreciate that you're not guiding for 2026, and I heard your comments there to Tom, but I just wanted to ask or maybe push a little bit more. So if we think about how China saw in-market demand up mid-single digits, but the rest of the business was down, I think you said about 2% outside of China. Curious if low-single digits is a good place for 2026 collectively. Any growth – or any commentary on growth you can qualitatively would be super helpful as we start to think about our models.

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Warren Foust

Interim Co-Chief Executive Officer, President and Chief Operating Officer, STAAR Surgical Co.

Thanks for the question, Izzy. Is the question – I'll make sure I understand. Is the question that the 2% we saw in the quarter ex-China, is it a question around ex-China or is it something else?

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Iseult McMahon

Analyst, BTIG LLC

So, as we think about the balance of the company, right, weighing what we've seen in China versus what you're doing in the rest of the world collectively, do you think low-single digits is a good place to be or something that could be achievable for 2026 as for STAAR as a whole?

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Warren Foust

Interim Co-Chief Executive Officer, President and Chief Operating Officer, STAAR Surgical Co.

Got it. I think it's a good question. Look, I think, 2025 needs a little context, particularly in Q4. There was a lot of disruption. And we watched our distributor partners all around the world, not just in Asia, we watched our distributor partners make decisions around what are they going to do with inventory. Imagine being a distributor

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facing into what you believe is going to be a transaction and likely thinking you're going to lose your job, you're going to skinny your inventory down, you're likely going to stop investing in some of the key things that might drive revenue to your company and so on. So, we saw all of those things happen, particularly in Europe, where you see the European number pretty soft for Q4.

We think those things are largely influenced by that disruption, and that disruption is behind us now. And so, we're still optimistic as we've ever been around ex-China business being able to continue to grow. Clearly, surgeons are moving away from LASIK and taking steps in the direction of lens-based refractive surgery, choosing Collamer, which has been around for 30 years. We're the only one in the phakic IOL business that's been there. They're choosing ICLs, and so we're seeing that momentum continue we think in China and we think ex-China that we're going to be able to continue that momentum. As you mentioned, we're not guiding on what we think that number's going to be, but we're pleased with where we are.

Iseult McMahon

Analyst, BTIG LLC

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Got it. Thank you. And as we think about the distributor dynamics, can you elaborate a little bit more about the specific structural changes that you've put into place with those agreements, particularly in China, that'll prevent us from seeing any form of inventory buildups similar to what we saw in 2024 and 2025? Thanks for taking the questions.

Warren Foust

Interim Co-Chief Executive Officer, President and Chief Operating Officer, STAAR Surgical Co.

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You bet. And look, as I mentioned before, it's never going to be perfect. And so, I don't want to pretend that we know everything about China all the way down through the different layers of sub-distribution, first tier, second tier, holding companies for the hospitals, and then out into the vast number of hospitals in China. What I would suggest to you is we have a lot better process around it now. We see those numbers weekly. We understand what the number – the shipments that go from our distributors downstream into the distribution network and the returns that come against them. Therefore, we have a – it's a proxy for net sales. It's not a true net sales number. But as the inventory levels have now right-sized in China, we now feel like we've got a good proxy for what in-market demand looks like.

Operator: The next question comes from Brad Bowers with Mizuho. Please go ahead.

Bradley Bowers

Analyst, Mizuho Securities USA LLC

Q

Hey there. Thanks for taking the questions from Anthony and I. Just wanted to ask the first one maybe on China, historically 2Q busy season. Obviously, that was obscured last year because of the distributor dynamics. But want to hear about how we should be modeling 2Q. Is the seasonality still expected? And are there any early reads that that momentum that we typically see will be seen again this year in China?

Deborah J. Andrews

Interim Co-Chief Executive Officer and Chief Financial Officer, STAAR Surgical Co.

A

Hi, this is Deborah. We do expect that, from a seasonality standpoint, that Q2 and Q3 will continue to be very strong for STAAR in 2026, as it has been historically. So, don't expect significant changes in that area.

Bradley Bowers

Analyst, Mizuho Securities USA LLC

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Okay, that's helpful. And then maybe just a high level one, just how we should be thinking about prioritization, US growth versus China growth. Obviously, historically, China has been a ballast to the business. How should we be thinking about getting back towards that versus accelerating some of the US businesses, and again, the prioritization of each? Thank you.

Warren Foust

Interim Co-Chief Executive Officer, President and Chief Operating Officer, STAAR Surgical Co.

A

Yeah. So, it's a good question. Look, we're proud of the progress we're making in the US. We continue to see success. Though you saw us right-size our cost structure last year, some of that was relative to the US business itself, some of it was just global footprint because a lot of our headquarters – or certainly our headquarters, but a lot of our infrastructure is US-based. So, you saw us tone that down and still have nice double-digit growth in the US. And so, it's just a smaller business relative to the bigger business outside of the US, particularly China, of course, Japan our second, and Korea and Southeast Asia, India representing big opportunity, not to mention what we do in Europe.

And so, we'll continue to invest with – along with our customers that invest in EVO ICL. We'll do that in the United States. We'll do it outside of the United States as customers are interested in partnering with us. Again, we're seeing surgeons and our customers, we're seeing patients ask for alternatives to laser vision correction that requires corneal tissue removal. They're moving toward the lens-based option that's reversible. And so, we're seeing that. And as customers share that with their potential patients, then we'll partner with them, and we'll put our investments there. But China is the biggest opportunity for us. It remains that way. We'll continue to double and triple down there.

Operator: The next question comes from Simran Kaur with Wells Fargo. Please go ahead.

Simran Kaur

Analyst, Wells Fargo Securities LLC

Q

Hi. Good afternoon. Thanks for taking the questions here. I guess, just bouncing off of the prior question, maybe Warren or Deborah, could you help us understand, like, what is the true growth algorithm from here? How much is driven by the continued China recovery and growth versus ex-China recovery, penetration and mix? And can you get back to that strong double-digit growth levels that you were seeing in China prior to last year and sort of that mid-teens growth level ex-China? Just help us understand how you get back to sort of the pre-2025 levels and over what time.

Deborah J. Andrews

Interim Co-Chief Executive Officer and Chief Financial Officer, STAAR Surgical Co.

A

Yeah. Thanks for the question. I don't think in 2026 we're going to be seeing the hyper-growth levels that we saw back 2023 and before that. Certainly, we're working towards that. Right now, thankfully, our board has a very long view of the company. And while we do expect nice growth globally for the company in 2026, I would caution I don't expect to see 20%, 25% growth. Although that is definitely what we're working to and that is definitely the opportunity, for sure.

Simran Kaur

Analyst, Wells Fargo Securities LLC

Q

Understood. That's very helpful. And maybe just in China, and I appreciate the commentary around the EVO+ sort of launch. How should we think about competition in 2026? And can you give any color around what is that ASP delta between EVO+ versus EVO in China? And how much of the 2026 China growth algorithm is being driven by price versus volume and sort of underlying demand and improving macro?

Warren Foust

Interim Co-Chief Executive Officer, President and Chief Operating Officer, STAAR Surgical Co.

A

Yeah, it's a good question, Simran. And what I would say is even just appending to Deborah's previous comments, because I think they're somewhat related. We're still wildly underpenetrated as far as refractive surgery as a percentage of the myopia epidemic that exists in this world. China is no different. They, in fact, lead in that. Maybe India is right there close with them. And so, I think we collectively, as those that want to impact that epidemic, lens-based refractive surgery is growing, but that's one piece of it. And so, I think there's going to be plenty of opportunity for us, plenty of opportunity for competition as well.

What I would say about the competitors, look, we take it really seriously. It's a little flattering, if I'm honest, that phakic IOLs are starting to grow. And I think it just speaks to LASIK is, in most markets, on the decline, and folks are looking for another way to treat. And this reversible approach, I think, is really appealing to the patient or potential patients. So, it's that strong recognition we're happy with.

Many companies have come as competitors in the past, and they all are non-Collamer lenses. They are acrylic lenses which are varying types, but it typically creates a more rigid structure. And history will tell you that of the many that have come, only a few have really even stayed in the market. And so, Collamer is a differentiator for us. 30-plus years. We had a pretty big head start on the market. And so, we're taking advantage of that, but we can't just rely on that. We also have to continue to innovate. And so, it's important for us to bring products like EVO+ into the Chinese market to allow us to expand.

So, that gets to your question around ASP. What we've seen so far is a lot of excitement around EVO+. So, we're happy about that and then we're going to continue to try and scale up our Swiss plant to be able to satisfy the demand. We are seeing a premium. We're not sharing the premium. You can imagine why it's a competitive advantage to us. What I'll say is that customers see the difference and patients are paying for the difference. And so, we'll see where that goes. It's still really early. I wouldn't make too much out of it yet, but we are pleased with the early progress.

Operator: The next question comes from John Young with Canaccord Genuity. Please go ahead.

John Young

Analyst, Canaccord Genuity LLC

Q

Hi, Warren and Deborah. Thanks so much for taking the question tonight. I just want to follow up on the comments on EVO+ and the launch in China. If I recall the strategy correctly, a part of it also was to defend against value-based purchasing in China. Are you seeing any headwinds or – to the traditional EVO lens right now from VBP in China and do you expect any?

Warren Foust

Interim Co-Chief Executive Officer, President and Chief Operating Officer, STAAR Surgical Co.

A

Yeah. We haven't heard anything about VBP. And so, what I would say is, in order for a VBP to happen, typically it happens in the public market, it can happen in the private market. There are examples of that in dental, and I think even in some of the provinces, they've tried to look at orthokeratology. But we've not heard anything about

VBP. Remember that our competitor, the [ph] Lauren Crystal (00:38:42) that you hear about, they don't have a toric version yet. You need multiple competitors in the market before the government has typically gotten interested in it. We certainly can't predict one way or the other what's going to happen. Wouldn't try to do it. But to answer your question, haven't heard a thing about VBP, and feel like so far so good.

John Young

Analyst, Canaccord Genuity LLC

Q

Great. Thanks, Warren. And then, in your script, you also talk about the importance of people in the organization. I just was wondering, have you had any higher-than-usual turnover in the organization, outside the restructuring, with all the changes that have been going on?

Deborah J. Andrews

Interim Co-Chief Executive Officer and Chief Financial Officer, STAAR Surgical Co.

A

No, things have been pretty steady in that regard. We have a wonderful team. We have wonderful employees in the organization. They're all very happy, to be very honest, that the Alcon transaction did not go through, because they love working here and we love having them. So, yeah, so far so good in that regard.

Operator: The next question comes from David Saxon with Needham & Co. Please go ahead.

David Saxon

Analyst, Needham & Co. LLC

Q

Great. Good afternoon, Warren and Deborah. Thanks for taking my questions. I wanted to get your thoughts on what year has no stocking dynamics for China, just so we can kind of better frame what a normal year is for China sales. Like is 2023 at [ph] \$185 million (00:40:06) kind of a clean year in your view when you think about channel inventory, and not necessarily returning to that in 2026, but over the near term?

Warren Foust

Interim Co-Chief Executive Officer, President and Chief Operating Officer, STAAR Surgical Co.

A

It seems like an easy question to answer, but the reality is China was going through such a hyper-growth period that the distributors – that a single distributor at the time and then the two distributors, once we brought on [ph] HCDK (00:40:33), were doing everything they could to get inventory, get folks trained to get it out into. Remember, these are thousands of hospitals in a very large, diverse country. And so, I don't know when you would say that the in-market demand ceased in such a way that it started back-channeling or backfilling inventory at the distributor or anywhere else within that distribution lane.

So, I don't know that that question can be answered. What I can tell you is that on a go-forward basis, we understand our inventory position very well, and we have very good controls in place to ensure that we don't allow that to happen to us again. And so, feel good about the contractual levels of inventory with our importers, feeling better about the stabilization, seemingly, of the China business in 2025, and excited for a clean start here in 2026.

David Saxon

Analyst, Needham & Co. LLC

Q

Okay, great. Thanks for that, Warren. And then, just as my follow-up, I wanted to switch gears to the US, and just to get an update on the strategy, how has it evolved since early to mid-last year? What's going right? What are some areas that need retooling? Thanks so much.

Warren Foust

Interim Co-Chief Executive Officer, President and Chief Operating Officer, STAAR Surgical Co.

A

Yeah. Our US team is so good. The people running that organization are fantastic. And what I'll tell you is they – a couple of years ago, you'll remember the language of Highway 93, and that wasn't – at the time, it was 93 customers, but it's not really designed to be 93 customers. It's designed to be a mindset of let's focus on the customers that are willing to partner with us and that want to drive EVO ICLs as an option for their patients. And that team has expanded upon that list now. And what they've done is really get into the economics of making EVO ICL a better business for these refractive surgeries – or excuse me, these refractive surgeons that want to grow their practice. And they'll describe a market that – it's a refractive market that's not shrinking, it's one that's shifting, and it's shifting away from LASIK, which requires corneal tissue removal, and going to a reversible procedure that, when priced appropriately, when taught appropriately to the staff, and therefore communicated appropriately to a potential patient, it's a really high profit opportunity for those practices. And so, they're focused around that mission. They have strong training and message discipline, and they're executing against it. And you saw the results for 2025 with double-digit growth, and we're excited to see what they're going to do this year. And they're doing it on a string budget relative to what it was a couple of years ago. We were wasting money in the US. We were spending it in the wrong places. I learned a lot of lessons in that. I was sitting right here for it. And so, feel like we're in a better place.

Operator: The next question comes from Mason Carrico with Stephens. Please go ahead.

Mason Carrico

Analyst, Stephens, Inc.

Q

Hey, guys. Thanks for taking the questions here. I'll keep it to one. The deck that you guys published on the Alcon merger included language around STAAR's inability to penetrate lower diopter patients, which makes up the majority of refractive patients, and that is deviated from prior commentary around moving down the diopter curve. So, could you just talk about that shift in messaging and really how it informs your strategic decision-making and process moving forward?

Warren Foust

Interim Co-Chief Executive Officer, President and Chief Operating Officer, STAAR Surgical Co.

A

Yeah, it's a fair question. And I would just make one subtle correction to it. And it's that it's not a change in messaging from the standpoint of we know we have to go down the diopter curve in order to be effective. We know that even in the publication you're referring to that we made progress coming down the diopter curve, starting back at the – I don't remember from memory, but minus 12 diopter down to something like minus 9, minus 9.5. Now, we're at that point where we have to continue to go down the diopter curve, and it's hard to do. It's hard because in markets around the world where customers have invested in infrastructure to treat patients with laser technology, they want those technologies that they invested in to pay dividends.

And so, the reality is, we're going to keep fighting that fight. We're going to keep pushing appropriately for our customers to consider EVO at lower diopters. We know that the higher diopter refractive error correction the patient has, the more tissue you have to take, which induces dry eye, which does other things. And so, we're going to continue to push. We haven't made as much progress as we would like to make. We always want to make more. Some markets will do better. Some markets will continue to have wild amounts of high myopia. Think of Asian markets like China, like India, like Korea and Japan, there's plenty of high myopia patients to treat. But we're going to keep the fight up. And I'll take your question as encouragement that we need to do so.

Mason Carrico

Analyst, Stephens, Inc.

Got it. Thank you.



Operator: The next question comes from Adam Maeder with Piper Sandler. Please go ahead.

Adam C. Maeder

Analyst, Piper Sandler & Co.

Hi. Good afternoon and thank you for taking the questions. Two for me. The first one is on China. And lots of questions have been asked, but not sure we've discussed expectations for ICL end-market growth in FY 2026. And it sounds like things have started to stabilize some over the course of 2025. Do you expect to see further recovery this year? And just any finer point you can put on it would be appreciated. And then I had a follow-up. Thanks.



Warren Foust

Interim Co-Chief Executive Officer, President and Chief Operating Officer, STAAR Surgical Co.

A lot of the same challenges we've been fighting that we fought in 2025 are still there. There's still macro challenges in China. They're just getting better. You see the stock market's doing a whole lot better in China, but you see the housing market still a little bit depressed. They're coming out of the Chinese New Year. Don't know that we have good data on it yet. I think the tone out of Chinese New Year was seemingly positive. We'll see. The stimulus that the government has put into place through the course of 2024 and then 2025, we think, is starting to help. Maybe it's some of the driver behind even the stock market surge. So, cautiously optimistic about their economy.



What role that's going to play in in-market sales, too hard to tell. What we can tell you is that Q4 in 2025 was a nice acceleration relative to the previous quarters in-market sales. That left us, for the full year 2025, around, we believe, a single-digit in-market demand growth versus the prior year. So, hopefully we get a little bit of that momentum coming out of Q4. Hopefully, the economy stays as it has been or gets better, but it's still too early to tell, thus the reluctance to give guidance.

Adam C. Maeder

Analyst, Piper Sandler & Co.

Okay. That's very helpful, Warren. I appreciate the color. And for the follow-up, I wanted to ask about innovation and prioritizing innovation. I think that was mentioned a couple of times during the call and the shareholder letter. So, I guess what can you tell us today about the innovation pipeline and specifically how we should think about some of these new products potentially getting regulatory clearance and impacting models? Thank you so much.



Warren Foust

Interim Co-Chief Executive Officer, President and Chief Operating Officer, STAAR Surgical Co.

Yeah. Great question, because it's the third pillar in our strategy here, and it's a place where we have – candidly, we haven't delivered in the way that we really want to. EVO is amazing. The Collamer material is differentiated, and now the onus is on us to bring new products to market. Proud of V5, proud of bringing EVO+ to China. That's going to be a differentiator for us, we believe. We'll also bring the Lioli Injector, which is incremental innovation. The lens is still the star of the show, but it'll be a nice way for our customers to be able to inject EVO into their patients. And then we're working on a series of projects in the background.



We hope to be able to update you even in subsequent calls on timelines. Think of milestones like when we start to do first-in-man treatments, and when we go through other stage gates of the design control process, which is an important part of the R&D process. We want to give you that visibility. Just not ready to do it yet.

Okay. Operator, it sounds like there is no more questions.

Operator: That concludes the question-and-answer session and today's conference call. Thank you for attending today's presentation. You may now disconnect.

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