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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2023

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: 001-36554

Ocular Therapeutix, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**20-5560161**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
24 Crosby Drive **Bedford, MA**	**01730**
(Address of principal executive offices)	**(Zip Code)**

(781) 357-4000
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.0001 par value per share	OCUL	The Nasdaq Global 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

As of August 3, 2023, there were 79,384,994 shares of Common Stock, $0.0001 par value per share, outstanding.

Ocular Therapeutix, Inc.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, contained in this Quarterly Report on Form 10-Q, including statements regarding our strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management, are forward-looking statements. The words "anticipate," "believe," "estimate," "expect," "intend," "may," "might," "plan," "predict," "project," "target," "potential," "goals," "will," "would," "could," "should," "continue" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

The forward-looking statements in this Quarterly Report on Form 10-Q include, among other things, statements about:

- our ongoing and planned clinical trials, including our Phase 1 clinical trials of OTX-TKI for the treatment of wet age-related macular degeneration, or wet AMD; our Phase 1 clinical trial of OTX-TKI for the treatment of non-proliferative diabetic retinopathy, or NPDR; our Phase 2 clinical trial of OTX-TIC for the reduction of intraocular pressure in patients with primary open-angle glaucoma or ocular hypertension; our Phase 2 clinical trial of OTX-DED for the short-term treatment of the signs and symptoms of dry eye disease; our clinical trial to evaluate DEXTENZA® in pediatric subjects following cataract surgery; and our planned pivotal clinical trials of OTX-TKI for the treatment of wet AMD and NPDR;

- our commercialization efforts for our product DEXTENZA;

- our plans to develop, seek regulatory approval for and commercialize OTX-TKI, OTX-TIC, OTX-DED, OTX-CSI, and our other product candidates based on our proprietary bioresorbable hydrogel technology ELUTYX™;

- our ability to manufacture DEXTENZA and our product candidates in compliance with Current Good Manufacturing Practices and in sufficient quantities for our clinical trials and commercial use;

- the timing of and our ability to submit applications and obtain and maintain regulatory approvals for DEXTENZA and our product candidates;

- our estimates regarding future revenue; expenses; the sufficiency of our cash resources; our ability to fund our operating expenses, debt service obligations and capital expenditure requirements; and our needs for additional financing;

- our plans to raise additional capital, including through equity offerings, debt financings, collaborations, strategic alliances, licensing arrangements, royalty agreements and marketing and distribution arrangements;

- the potential advantages of DEXTENZA and our product candidates;

- the rate and degree of market acceptance and clinical utility of our products;

- our ability to secure and maintain reimbursement for our products as well as the associated procedures to insert, implant or inject our products;

- our estimates regarding the market opportunity for DEXTENZA and our product candidates;

- our license agreement and collaboration with AffaMed Therapeutics Limited under which we are collaborating on the development and commercialization of DEXTENZA and our product candidate OTX-TIC in mainland China, Taiwan, Hong Kong, Macau, South Korea, and the countries of the Association of Southeast Asian Nations;

- our capabilities and strategy, and the costs and timing of manufacturing, sales, marketing, distribution and other commercialization efforts with respect to DEXTENZA and any additional products for which we may obtain marketing approval in the future;
- our intellectual property position;
- our ability to identify additional products, product candidates or technologies with significant commercial potential that are consistent with our commercial objectives;
- the impact of government laws and regulations; and
- our competitive position.

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. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. We have included important factors in the cautionary statements included in this Quarterly Report on Form 10-Q, in our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the Securities and Exchange Commission, or the SEC, on March 6, 2023, and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, filed with the SEC on May 8, 2023, in each case particularly in the section captioned "Risk Factors", that could cause actual results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, licensing agreements or investments we may make.

You should read this Quarterly Report on Form 10-Q and the documents that we have filed as exhibits to this Quarterly Report on Form 10-Q, and our other periodic reports, completely and with the understanding that our actual future results may be materially different from what we expect. The forward-looking statements included in this Quarterly Report on Form 10-Q are made as of the date of this Quarterly Report on Form 10-Q. We do not assume, and we expressly disclaim, any obligation or undertaking to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

This Quarterly Report on Form 10-Q includes statistical and other industry and market data that we obtained from industry publications and research, surveys and studies conducted by third parties. All of the market data used in this Quarterly Report on Form 10-Q involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such data. While we believe that the information from these industry publications, surveys and studies is reliable, we have not independently verified such data. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of important factors, including those described in the section titled "Risk Factors."

This Quarterly Report on Form 10-Q contains references to our trademarks and service marks and to those belonging to other entities. Solely for convenience, trademarks and trade names referred to in this Quarterly Report on Form 10-Q and the documents incorporated by reference herein may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other companies' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Ocular Therapeutix, Inc.

Condensed Consolidated Balance Sheets
(In thousands, except share and per share data)
(Unaudited)

	June 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 66,606	$ 102,300
Accounts receivable, net	27,309	21,325
Inventory	2,204	1,974
Prepaid expenses and other current assets	4,593	4,028
Total current assets	100,712	129,627
Property and equipment, net	12,830	9,856
Restricted cash	1,764	1,764
Operating lease assets	7,252	8,042
Total assets	$ 122,558	$ 149,289
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 3,572	$ 5,123
Accrued expenses and other current liabilities	24,598	24,097
Deferred revenue	391	576
Operating lease liabilities	1,713	1,599
Notes payable, net of discount, current	2,083	—
Total current liabilities	32,357	31,395
Other liabilities:		
Operating lease liabilities, net of current portion	7,689	8,678
Derivative liability	11,783	6,351
Deferred revenue, net of current portion	14,254	13,387
Notes payable, net of discount, net of current portion	23,303	25,257
Other non-current liabilities	104	93
Convertible Notes, net	29,981	28,749
Total liabilities	119,471	113,910
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Preferred stock, $0.0001 par value; 5,000,000 shares authorized and no shares issued or outstanding at June 30, 2023 and December 31, 2022, respectively	—	—
Common stock, $0.0001 par value; 200,000,000 shares authorized and 79,233,804 and 77,201,819 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively	8	8
Additional paid-in capital	670,921	652,213
Accumulated deficit	(667,842)	(616,842)
Total stockholders' equity	3,087	35,379
Total liabilities and stockholders' equity	$ 122,558	$ 149,289

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

Ocular Therapeutix, Inc.

Condensed Consolidated Statements of Operations and Comprehensive Loss
(In thousands, except share and per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue:				
Product revenue, net	$ 15,029	$ 12,144	$ 28,243	$ 24,642
Collaboration revenue	157	122	318	811
Total revenue, net	15,186	12,266	28,561	25,453
Costs and operating expenses:				
Cost of product revenue	1,304	1,155	2,517	2,454
Research and development	15,094	13,100	29,842	26,200
Selling and marketing	11,153	10,140	21,989	19,203
General and administrative	8,205	7,787	17,332	15,344
Total costs and operating expenses	35,756	32,182	71,680	63,201
Loss from operations	(20,570)	(19,916)	(43,119)	(37,748)
Other income (expense):				
Interest income	748	73	1,312	89
Interest expense	(1,991)	(1,696)	(3,760)	(3,378)
Change in fair value of derivative liability	1,131	2,773	(5,432)	9,731
Other expense, net	—	—	(1)	(2)
Total other (expense) income, net	(112)	1,150	(7,881)	6,440
Net loss	$ (20,682)	$ (18,766)	$ (51,000)	$ (31,308)
Net loss per share, basic	$ (0.26)	$ (0.24)	$ (0.66)	$ (0.41)
Weighted average common shares outstanding, basic	78,047,705	76,764,296	77,718,823	76,755,028
Net loss per share, diluted	$ (0.26)	$ (0.25)	$ (0.66)	$ (0.47)
Weighted average common shares outstanding, diluted	78,047,705	82,533,528	77,718,823	82,524,260

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

Ocular Therapeutix, Inc.

Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2023	**2022**
Cash flows from operating activities:		
Net loss	$ (51,000)	$ (31,308)
Adjustments to reconcile net loss to net cash used in operating activities		
Stock-based compensation expense	8,985	8,490
Non-cash interest expense	2,481	2,391
Change in fair value of derivative liability	5,432	(9,731)
Depreciation and amortization expense	1,135	1,109
Gain (loss) on disposal of property and equipment	(1)	2
Changes in operating assets and liabilities:		
Accounts receivable	(5,984)	653
Prepaid expenses and other current assets	(565)	950
Inventory	(230)	(250)
Accounts payable	(320)	(809)
Operating lease assets and liabilities	(85)	(216)
Accrued expenses	(578)	(1,946)
Deferred revenue	682	1,189
Net cash used in operating activities	(40,048)	(29,476)
Cash flows from investing activities:		
Purchases of property and equipment	(5,369)	(771)
Net cash used in investing activities	(5,369)	(771)
Cash flows from financing activities:		
Proceeds from issuance of short-term bridge loan	2,000	—
Proceeds from exercise of stock options	481	140
Proceeds from issuance of common stock pursuant to employee stock purchase plan	418	482
Proceeds from issuance of common stock upon public offering, net of issuance costs	8,824	—
Repayment of short-term bridge loan	(2,000)	—
Net cash provided by financing activities	9,723	622
Net decrease in cash, cash equivalents and restricted cash	(35,694)	(29,625)
Cash, cash equivalents and restricted cash at beginning of period	104,064	165,928
Cash, cash equivalents and restricted cash at end of period	$ 68,370	$ 136,303
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 1,521	$ 990
Supplemental disclosure of non-cash investing and financing activities:		
Additions to property and equipment included in accounts payable and accrued expenses	$ 116	$ 245

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

Ocular Therapeutix, Inc.

Condensed Consolidated Statements of Stockholders' Equity
(In thousands, except share data)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Par Value			
Balances at December 31, 2022	77,201,819	$ 8	$ 652,213	$ (616,842)	$ 35,379
Issuance of common stock upon exercise of stock options	26,443	—	78	—	78
Issuance of common stock upon vesting of restricted stock units	288,376	—	—	—	—
Stock-based compensation expense	—	—	4,572	—	4,572
Net loss	—	—	—	(30,318)	(30,318)
Balances at March 31, 2023	77,516,638	$ 8	$ 656,863	$ (647,160)	$ 9,711
Issuance of common stock upon exercise of stock options	97,435	—	403	—	403
Issuance of common stock in connection with employee stock purchase plan	176,406	—	418	—	418
Issuance of common stock upon vesting of restricted stock units	73,117	—	—	—	—
Issuance of common stock upon public offering, net of issuance costs	1,370,208	—	8,824	—	8,824
Stock-based compensation expense	—	—	4,413	—	4,413
Net loss	—	—	—	(20,682)	(20,682)
Balances at June 30, 2023	79,233,804	$ 8	$ 670,921	$ (667,842)	$ 3,087

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

Ocular Therapeutix, Inc.

Condensed Consolidated Statements of Stockholders' Equity
(In thousands, except share data)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Par Value			
Balances at December 31, 2021	76,731,940	$ 8	$ 633,795	$ (545,804)	$ 87,999
Issuance of common stock upon exercise of stock options	27,674	—	129	—	129
Stock-based compensation expense	—	—	4,209	—	4,209
Net loss	—	—	—	(12,542)	(12,542)
Balances at March 31, 2022	76,759,614	$ 8	$ 638,133	$ (558,346)	$ 79,795
Issuance of common stock upon exercise of stock options	9,469	—	11	—	11
Issuance of common stock in connection with employee stock purchase plan	140,943	—	482	—	482
Stock-based compensation expense	—	—	4,281	—	4,281
Net loss	—	—	—	(18,766)	(18,766)
Balances at June 30, 2022	76,910,026	$ 8	$ 642,907	$ (577,112)	$ 65,803

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

Ocular Therapeutix, Inc.

Notes to the Condensed Consolidated Financial Statements
(Amounts in thousands, except share and per share data)
(Unaudited)

1. Nature of the Business

Ocular Therapeutix, Inc. (the "Company") was incorporated on September 12, 2006 under the laws of the State of Delaware. The Company is a biopharmaceutical company focused on the formulation, development and commercialization of innovative therapies for diseases and conditions of the eye using its proprietary bioresorbable hydrogel-based formulation technology ELUTYX. The Company's mission is to build an ophthalmology-focused biopharmaceutical company that capitalizes on the gaps that the Company believes increasingly exist in the ophthalmology sector between single-product companies and large, multi-product pharmaceutical companies.

The Company is subject to risks common to companies in the biotechnology industry including, but not limited to, new technological innovations, protection of proprietary technology, dependence on key personnel, compliance with government regulations, regulatory approval and compliance, reimbursement, uncertainty of market acceptance of products and the need to obtain additional financing. Recently approved products will require significant sales, marketing and distribution support up to and including upon their launch. Product candidates currently under development will require significant additional research and development efforts, including extensive preclinical and clinical testing and regulatory approval, prior to commercialization.

The Company is currently commercializing DEXTENZA (dexamethasone insert) 0.4mg, an intracanalicular insert for the treatment of post-surgical ocular inflammation and pain and for the treatment of ocular itching associated with allergic conjunctivitis, in the United States. The Company's most advanced product candidates are in either Phase 1 or Phase 2 of clinical stage development. There can be no assurance that the Company's research and development will be successfully completed, that adequate protection for the Company's intellectual property will be obtained, that any products developed will obtain necessary government regulatory approval and adequate reimbursement or that any approved products will be commercially viable. Even if the Company's product development efforts are successful, it is uncertain when, if ever, the Company will generate significant revenue from product sales. The Company operates in an environment of rapidly changing technology and substantial competition from pharmaceutical and biotechnology companies. In addition, the Company is dependent upon the services of its employees and consultants. The Company may not be able to generate significant revenue from sales of any product for several years, if at all. Accordingly, the Company will need to obtain additional capital to finance its operations.

The Company has incurred losses and negative cash flows from operations since its inception, and the Company expects to continue to generate operating losses and negative cash flows from operations in the foreseeable future. As of June 30, 2023, the Company had an accumulated deficit of $667,842. As of June 30, 2023, the Company had existing cash and cash equivalents of $66,606. Subsequent to this date, on August 2, 2023, the Company entered into a new credit facility for $82,474, borrowed the full amount of $82,474 at closing, and received proceeds of $77,790, after the application of a discount and fees (Note 16). In connection with entering the new credit facility, the Company repaid its existing credit facility in August 2023 (Note 16), resulting in cash outflows of $26,157. Based on the Company's current operating plan which includes estimates of anticipated cash inflows from product sales and cash outflows from operating expenses, and capital expenditures, the Company believes that its existing cash and cash equivalents as of June 30, 2023, plus the net cash received under the new credit facility after the repayment of the existing credit facility and reflecting a minimum liquidity covenant in the new credit facility, will enable it to fund its planned operating expenses, debt service obligations and capital expenditures at least through the next 12 months from the issuance date of these unaudited condensed consolidated financial statements. The future viability of the Company beyond that point is dependent on the Company's ability to generate cash flows from the sale of DEXTENZA and raise additional capital to finance its operations. The Company will need to finance its operations through public or private securities offerings, debt financings, collaborations, strategic alliances, licensing agreements, royalty agreements, or marketing and distribution agreements. Although the Company has been successful in raising capital in the past, there is no assurance that it will be successful in obtaining such additional financing on terms acceptable to the Company, if at all. If the Company is unable to obtain funding, the Company could be forced to delay, reduce or eliminate some or all of its research and development programs for product candidates, product portfolio expansion or commercialization efforts, which could adversely affect its business prospects, or the Company may be unable to continue operations.

On June 30, 2023, the Company entered into an amendment to the Company's lease for its 20,445 square feet of manufacturing space located at 36 Crosby Drive in Bedford, Massachusetts. Under the amendment, the term of the lease was extended through July 31, 2028. The Company had reflected the obligations under the lease extension in its consolidated financial statements for 2022 as set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 6, 2023.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The significant accounting policies used in preparation of these unaudited condensed consolidated financial statements are consistent with those described in Note 2 - Summary of Significant Accounting Policies in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the Securities and Exchange Commission ("SEC") on March 6, 2023.

Use of Estimates

The preparation of these unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of these unaudited condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods. Significant estimates and assumptions reflected in these unaudited condensed consolidated financial statements include, but are not limited to, the measurement and recognition of reserves for variable consideration related to product sales, revenue recognition related to a collaboration agreement that contains multiple promises, the fair value of derivatives, stock-based compensation, and realizability of net deferred tax assets. Estimates are periodically reviewed in light of changes in circumstances, facts and experience. Actual results could differ from the Company's estimates.

Unaudited Interim Financial Information

The balance sheet at December 31, 2022 was derived from audited consolidated financial statements but does not include all disclosures required by GAAP. The accompanying unaudited condensed consolidated financial statements as of June 30, 2023 and for the three and six months ended June 30, 2023 and 2022 have been prepared by the Company, pursuant to the rules and regulations of the SEC for interim financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. However, the Company believes that the disclosures are adequate to make the information presented not misleading. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements and the notes thereto for the year ended December 31, 2022 included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 6, 2023. In the opinion of management, all adjustments, consisting only of normal recurring adjustments necessary for a fair statement of the Company's financial position as of June 30, 2023 and results of operations and cash flows for the three and six months ended June 30, 2023 and 2022 have been made. The results of operations for the three and six months ended June 30, 2023 are not necessarily indicative of the results of operations that may be expected for the year ending December 31, 2023.

Recently Issued Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB and adopted by us as of the specified effective date. The Company believes that recently issued accounting pronouncements that are not yet effective will not have a material impact on our consolidated financial statements and disclosures.

3. Licensing Agreements and Deferred Revenue

Incept License Agreement (in-licensing)

On September 13, 2018, the Company entered into a second amended and restated license agreement with Incept, LLC ("Incept") to use and develop certain intellectual property (the "Incept License"). Under the Incept License, as

amended and restated, the Company was granted a worldwide, perpetual, exclusive license to use specific Incept technology to develop and commercialize products that are delivered to or around the human eye for diagnostic, therapeutic or prophylactic purposes relating to ophthalmic diseases or conditions. The Company is obligated to pay low single-digit royalties on net sales of commercial products developed using the licensed technology, commencing with the date of the first commercial sale of such products and until the expiration of the last to expire of the patents covered by the license.

The terms and conditions of the Incept License are described in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 6, 2023.

Royalties paid under this agreement related to product sales were $396 and $813 for the three and six months ended June 30, 2023, respectively, and $375 and $744 for the three and six months ended June 30, 2022, respectively. Royalties have been charged to cost of product revenue.

AffaMed License Agreement (out-licensing)

On October 29, 2020, the Company entered into license agreement ("License Agreement") with AffaMed Therapeutic Limited ("AffaMed") for the development and commercialization of the Company's DEXTENZA product regarding ocular inflammation and pain following cataract surgery and allergic conjunctivitis and for the Company's OTX-TIC product candidate regarding open-angle glaucoma or ocular hypertension, in each case in mainland China, Taiwan, Hong Kong, Macau, South Korea, and the countries of the Association of Southeast Asian Nations. The Company retains development and commercialization rights for the AffaMed Licensed Products in the rest of the world.

The terms and conditions of the License Agreement are described in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 6, 2023.

In June 2023, the Company received a milestone payment of $1,000 from AffaMed in connection with AffaMed receiving approval of its Clinical Trial Application to initiate a Phase 3 registrational study in China to investigate the efficacy and safety of DEXTENZA in subjects following ophthalmic surgery by China's National Medical Products Administration. The Company has allocated the amount to the DEXTENZA Field performance obligation as an addition to deferred revenue.

In March 2022, the Company invoiced AffaMed $2,000 for a clinical trial support payment in connection with the initiation by the Company of the OTX-TIC Phase 2 clinical trial and allocated the amount to the Phase 2 Clinical Trial of OTX-TIC performance obligation as an addition to deferred revenue. Payment was received by the Company during the three months ended June 30, 2022.

The Company recognized collaboration revenue related to the Phase 2 Clinical Trial of OTX-TIC performance obligation of $157 and $318 for the three and six months ended June 30, 2023, respectively, and $122 and $811 for the three and six months ended June 30, 2022, respectively.

As of June 30, 2023, the aggregate amount of the transaction price allocated to the partially unsatisfied Phase 2 Clinical Trial of OTX-TIC performance obligation was $645. This amount is expected to be recognized as this performance obligation is satisfied through June 2025.

Deferred revenue activity for the three and six months ended June 30, 2023 was as follows:

	Deferred Revenue
Deferred revenue at December 31, 2022	$ 13,963
Additions	1,000
Amounts recognized into revenue	(318)
Deferred revenue at June 30, 2023	$ 14,645

4. Cash Equivalents and Restricted Cash

As of June 30, 2023 and December 31, 2022, the Company held restricted cash of $1,764, respectively, on its unaudited condensed consolidated balance sheets. The Company held restricted cash as security deposits for its real estate leases.

The Company's unaudited condensed consolidated statements of cash flows include restricted cash with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on such statements. A reconciliation of the cash, cash equivalents, and restricted cash reported within the balance sheets that sum to the total of the same amounts shown in the unaudited condensed consolidated statement of cash flows is as follows:

	June 30, 2023	June 30, 2022
Cash and cash equivalents	$ 66,606	$ 134,539
Restricted cash	1,764	1,764
Total cash, cash equivalents and restricted cash	$ 68,370	$ 136,303

5. Inventory

Inventory consisted of the following:

	June 30, 2023	December 31, 2022
Raw materials	$ 341	$ 309
Work-in-process	682	899
Finished goods	1,181	766
	$ 2,204	$ 1,974

6. Expenses

Accrued expenses and other current liabilities consisted of the following:

	June 30, 2023	December 31, 2022
Accrued payroll and related expenses	$ 6,236	$ 7,509
Accrued rebates and programs	4,513	3,560
Accrued professional fees	1,387	1,228
Accrued research and development expenses	1,523	1,816
Accrued interest payable on Convertible Notes	9,752	8,756
Accrued other	1,187	1,228
	$ 24,598	$ 24,097

7. Financial Liabilities

Convertible Notes

On March 1, 2019, the Company issued $37,500 of convertible notes, which accrue interest at an annual rate of 6% of their outstanding principal amount, which is payable, along with the principal amount at maturity, on March 1, 2026, unless earlier converted, repurchased or redeemed (the "Convertible Notes"). The Company presents accrued interest in accrued expenses and other current liabilities on the unaudited condensed consolidated balance sheets because the Convertible Notes are currently convertible and the interest is payable in cash. The effective annual interest rate for the Convertible Notes was 14.8% through June 30, 2023.

The terms and conditions of the Convertible Notes were amended on August 2, 2023 (Note 16). The terms and conditions of the Convertible Notes prior to the amendment are described in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 6, 2023.

The Company determined that the embedded conversion option is required to be separated from the Convertible Notes and accounted for as a freestanding derivative instrument subject to derivative accounting. The allocation of proceeds to the conversion option results in a discount on the Convertible Notes. The Company is amortizing the discount to interest expense over the term of the Convertible Notes using the effective interest method.

A summary of the Convertible Notes at June 30, 2023 and December 31, 2022 is as follows:

	June 30, 2023	December 31, 2022
Convertible Notes	$ 37,500	$ 37,500
Less: unamortized discount	(7,519)	(8,751)
Total	$ 29,981	$ 28,749

Notes Payable

The Company entered into a credit and security agreement in 2014 (as amended to date, the "MidCap Credit Agreement") establishing a credit facility (the "MidCap Credit Facility"). The terms and conditions of the MidCap Credit Agreement and the MidCap Credit Facility are described in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 6, 2023, except with respect to Amendments No. 1 and 2 to the MidCap Credit Agreement as described below. The MidCap Credit Facility was paid off in full in August 2023 (Note 16).

Under the MidCap Credit Facility, the Company had a total borrowing capacity of $25,000, which was fully drawn down as of June 30, 2023. The carrying value of the Company's variable interest rate notes payable under the MidCap Credit Facility are recorded at amortized cost, which approximates fair value due to their short-term nature.

On March 12, 2023, the Company requested, and received, a protective advance of $2,000 under the MidCap Credit Agreement as a short-term bridge loan in response to the closure of Silicon Valley Bank by the California Department of Financial Protection and Innovation. This protective advance was deemed a credit extension. The Company repaid the full principal amount of $2,000 in March 2023.

On March 31, 2023, the Company entered into Amendment No. 1 to the MidCap Credit Agreement ("Amendment No. 1") to replace the LIBOR-based interest rate provisions of the MidCap Credit Agreement with interest rate provisions based on the Secured Overnight Financing Rate ("SOFR"), establish a benchmark replacement mechanism and make additional administrative updates. The Company accounted for Amendment No. 1 as a modification in accordance with the guidance in ASC 470-50 *Debt*. Application of the modification accounting guidance did not have a material effect on the carrying amount of the long-term notes payable.

On May 4, 2023, the Company entered into Amendment No. 2 to the MidCap Credit Agreement ("Amendment No. 2"). Amendment No. 2 provided that the Company may maintain up to 50% of its consolidated cash and cash equivalents with banks or financial institutions other than Silicon Valley Bank and made additional administrative updates.

Borrowings outstanding are as follows:

	June 30, 2023	December 31, 2022
Borrowings outstanding	$ 25,000	$ 25,000
Accrued exit fee	448	335
Unamortized discount	(62)	(78)
	25,386	25,257
Less: current portion	(2,083)	—
Long-term notes payable	$ 23,303	$ 25,257

As of June 30, 2023, the annual requirement for the repayment of principal for the MidCap Credit Facility, inclusive of the final payment of $875 due at expiration, was as follows:

Year Ending December 31,	Principal	Final Payment	Total
2024	8,333	—	8,333
2025	16,667	875	17,542
	$ 25,000	$ 875	$ 25,875

8. Derivative Liability

The Convertible Notes (Note 7) contain an embedded conversion option that meets the criteria to be bifurcated and accounted for separately from the Convertible Notes (the "Derivative Liability"). The Derivative Liability was recorded at fair value upon the issuance of the Convertible Notes and is subsequently remeasured to fair value at each reporting period. The Convertible Notes were initially valued and are remeasured using a "with-and-without" method. The "with-and-without" methodology involves valuing the whole instrument on an as-is basis with the embedded conversion option and then valuing the Convertible Notes without the embedded conversion option. The difference between the entire instrument with the embedded conversion option compared to the instrument without the embedded conversion option is the fair value of the derivative, recorded as the Derivative Liability. Refer to Note 9 for details regarding the determination of fair value.

9. Risks and Fair Value

Concentration of Credit Risk and of Significant Suppliers and Customers

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company has its cash and cash equivalents balances at two accredited financial institutions, in amounts that exceed federally insured limits. The Company does not believe that it is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships.

The Company is dependent on a small number of third-party manufacturers to supply products for research and development activities in its preclinical and clinical programs and for sales of its products. The Company's development programs as well as revenue from future product sales could be adversely affected by a significant interruption in the supply of any of the components of these products.

For the three and six months ended June 30, 2023, three specialty distributor customers accounted for 58%, 21% and 10%, and 55%, 23%, and 11%, respectively, of the Company's gross product revenue, and at June 30, 2023, three specialty distributor customers accounted for 59%, 22%, and 10% of the Company's total accounts receivable. No other customer accounted for more than 10% of total revenue for the three and six months ended June 30, 2023, or accounts receivable at June 30, 2023.

For the three and six months ended June 30, 2022, four specialty distributor customers accounted for 41%, 26%, 17%, and 10%, and three specialty distributors accounted for 41%, 25% and 20%, respectively, of the Company's gross product revenue. At December 31, 2022, three specialty distributor customers accounted for 52%, 24%, and 15% of the Company's total accounts receivable. No other customer accounted for more than 10% of total revenue for the three and six months ended June 30, 2022, or accounts receivable at December 31, 2022.

Fair Value of Financial Assets and Liabilities

The following tables present information about the Company's financial assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2023 and December 31, 2022 and indicate the level of the fair value hierarchy utilized to determine such fair value:

	Fair Value Measurements as of June 30, 2023 Using:			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 56,550	$ —	$ —	$ 56,550
Liability:				
Derivative liability	$ —	$ —	$ 11,783	$ 11,783

	Fair Value Measurements as of December 31, 2022 Using:			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 30,188	$ —	$ —	$ 30,188
Liability:				
Derivative liability	$ —	$ —	$ 6,351	$ 6,351

At June 30, 2023, the Convertible Notes, net of the Derivative Liability, were carried at amortized cost totaling $39,733, comprised of the $29,981 non-current liability (Note 7) and $9,752 accrued interest (Note 6). At December 31, 2022, the Convertible Notes, net of the Derivative Liability, were carried at amortized cost totaling $37,505, comprised of the $28,749 non-current liability (Note 7) and $8,756 accrued interest (Note 6). The estimated fair value of the Convertible Notes, without the Derivative Liability, was $36,816 and $33,177 at June 30, 2023 and December 31, 2022, respectively.

The fair value of the Convertible Notes with and without the conversion option is estimated using a binomial lattice approach. The use of this approach requires the use of Level 3 unobservable inputs. The main input when determining the fair value of the Convertible Notes is the bond yield that pertains to the host instrument without the conversion option. The significant assumption used in determining the bond yield is the market yield movements of a comparable instrument issued as of the valuation date, which is assessed and updated each period. The main input when determining the fair value for disclosure purposes is the bond yield which is updated each period to reflect the yield of a comparable instrument issued as of the valuation date. The estimated fair value presented is not necessarily indicative of an amount that could be realized in a current market exchange. The use of alternative inputs and estimation methodologies could have a material effect on these estimates of fair value.

The main inputs to valuing the Convertible Notes with the conversion option are as follows:

	As of	
	June 30, 2023	December 31, 2022
Company's stock price	$ 5.16	$ 2.81
Volatility	78.9 %	93.8 %
Bond yield	14.8 %	16.2 %

A roll-forward of the derivative liability is as follows:

	As of
Balance at December 31, 2022	$ 6,351
Change in fair value	5,432
Balance at June 30, 2023	$ 11,783

10. Equity

On August 9, 2021, the Company and Jefferies LLC (“Jefferies”) entered into an Open Market Sale Agreement (the “2021 Sales Agreement”) under which the Company may offer and sell shares of its common stock having an aggregate offering price of up to $100,000 from time to time through Jefferies, acting as agent. During the three and six months ended June 30, 2023, the Company sold 1,370,208 shares of common stock under the 2021 Sales Agreement, resulting in gross proceeds to the Company of $9,162, and net proceeds, after accounting for issuance costs, of $8,824. The Company did not offer or sell shares of its common stock under the 2021 Sales Agreement during the three and six months ended June 30, 2022.

11. Stock-Based Awards

For the three and six months ended June 30, 2023, the Company had three stock-based compensation plans under which it was able to grant stock-based awards, the 2021 Stock Incentive Plan, as amended (the "2021 Plan"), the 2019 Inducement Stock Incentive Plan, as amended (the "2019 Inducement Plan"), and the 2014 Employee Stock Purchase Plan (the "ESPP"), collectively the "Stock Plans". The terms and conditions of the Stock Plans are described in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 6, 2023.

During the three and six months ended June 30, 2023, the Company granted options to purchase 249,600 and 3,240,741 shares of common stock, respectively at a weighted exercise price of $5.46 and $4.01 per share, respectively, all under the 2021 Plan.

During the three and six months ended June 30, 2023, the Company granted 83,198 and 1,030,831 restricted stock units, or RSUs, respectively, all under the 2021 Plan. Each RSU is equivalent to one share of common stock upon vesting.

During the three and six months ended June 30, 2023, a total of 428,860 and 560,207, respectively, stock options and RSUs expired or were forfeited.

At the Company's Annual Meeting of Stockholders held on June 14, 2023, the Company's stockholders approved an amendment of the Company's 2021 Plan which increased the number of shares of common stock of the Company issuable under the 2021 Plan by 3,900,000 shares. As of June 30, 2023, 6,051,809, 545,375, and 513,069 shares of common stock remained available for issuance under the 2021 Plan, the 2019 Inducement Plan, and the ESPP, respectively.

The Company recorded stock-based compensation expense related to stock options and RSUs in the following expense categories of its unaudited condensed consolidated statements of operations and comprehensive loss:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Research and development	$ 1,133	$ 1,036	$ 2,274	$ 2,098
Selling and marketing	970	1,191	2,014	2,329
General and administrative	2,310	2,054	4,697	4,063
	$ 4,413	$ 4,281	$ 8,985	$ 8,490

As of June 30, 2023, the Company had an aggregate of $23,528 of unrecognized stock-based compensation cost, which is expected to be recognized over a weighted average period of 2.32 years.

12. Income Taxes

The Company did not provide for any income taxes in its unaudited condensed consolidated statements of operations and comprehensive loss for the three and six months ended June 30, 2023 and 2022, respectively. The Company has provided a valuation allowance for the full amount of its net deferred tax assets because, at June 30, 2023 and December 31, 2022, it was more likely than not that any future benefit from deductible temporary differences and net operating loss and tax credit carryforwards would not be realized.

13. Net Loss Per Share

Basic net loss per share was calculated as follows for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Numerator:				
Net loss attributable to common stockholders	$ (20,682)	$ (18,766)	$ (51,000)	$ (31,308)
Denominator:				
Weighted average common shares outstanding, basic	78,047,705	76,764,296	77,718,823	76,755,028
Net loss per share - basic	$ (0.26)	$ (0.24)	$ (0.66)	$ (0.41)

For the three and six months ended June 30, 2023 there was no dilutive impact from potentially issuable common shares. Therefore, diluted net loss per share was the same as basic net loss per share. Diluted net loss per share was calculated as follows for the three and six months ended June 30, 2022:

	Three Months Ended June 30,	Six Months Ended June 30,
	2022	2022
Net loss attributable to common stockholders, basic	$ (18,766)	$ (31,308)
Interest expense on Convertible Notes	1,141	2,264
Change in fair value of derivative liability	(2,773)	(9,731)
Net loss attributable to common stockholders, diluted	$ (20,398)	$ (38,775)
Weighted average common shares outstanding, basic	76,764,296	76,755,028
Shares issuable upon conversion of Convertible Notes, as if converted	5,769,232	5,769,232
Weighted average common shares outstanding, diluted	82,533,528	82,524,260
Net loss per share attributable to common stockholders, diluted	$ (0.25)	$ (0.47)

The Company excluded the following potentially issuable common shares, outstanding as of June 30, 2023 and 2022, from the computation of diluted net loss per share for the three and six months ended June 30, 2023 and 2022 because they had an anti-dilutive impact.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Options to purchase common stock	16,333,870	13,892,884	16,333,870	13,892,884
Restricted stock units	1,654,517	1,017,111	1,654,517	1,017,111
Shares issuable upon conversion of Convertible Notes, if converted	5,769,232	—	5,769,232	—
	23,757,619	14,909,995	23,757,619	14,909,995

14. Commitments and Contingencies

Indemnification Agreements

In the ordinary course of business, the Company enters into agreements that may include indemnification provisions. Pursuant to such agreements, the Company may indemnify, hold harmless and defend indemnified parties for losses suffered or incurred by the indemnified party. Some of the provisions will limit losses to those arising from third-party actions. In some cases, the indemnification will continue after the termination of the agreement. The maximum

potential amount of future payments the Company could be required to make under these provisions is not determinable. To date, the Company has not incurred any material costs as a result of such indemnifications.

15. Related Party Transactions

The Company has engaged Wilmer Cutler Pickering Hale and Dorr LLP (“WilmerHale”) to provide certain legal services to the Company. The Company's Chief Business Officer’s sister is a managing partner at WilmerHale, who has not participated in providing legal services to the Company. The Company incurred fees for legal services rendered by WilmerHale of approximately $239 and $633 for the three and six months ended June 30, 2023, respectively, and approximately $211 and $535 for the three and six months ended June 30, 2022, respectively. As of June 30, 2023 and December 31, 2022, there was $95 and $0 recorded in accounts payable for WilmerHale. As of June 30, 2023 and December 31, 2022, there was $122 and $24 recorded in accrued expenses for WilmerHale.

16. Subsequent Events

The Company sold an additional 144,718 shares under the 2021 Sales Agreement through August 4, 2023, resulting in gross proceeds to the Company of $734, and net proceeds, after accounting for issuance costs, of $712.

On August 2, 2023 (the “Closing Date”), the Company entered into a credit and security agreement (the “Barings Credit Agreement”) with Barings Finance LLC (“Barings”), as administrative agent, and the lenders party thereto, providing for a secured term loan facility for the Company (the “Barings Credit Facility”) in the aggregate principal amount of $82,474 (the “Total Credit Facility Amount). The Company borrowed the full amount of $82,474 at closing and received proceeds of $77,790, after the application of a discount and fees. Indebtedness under the Barings Credit Facility matures on the earlier to occur of (i) the six-year anniversary of the Closing Date and (ii) the date that is 91 days prior to the maturity date for the Company’s Convertible Notes. Indebtedness under the Barings Credit Facility incurs interest at a SOFR-based rate, subject to a minimum 1.50% floor, plus 6.75%. The Company is obligated to make interest payments on its indebtedness under the Barings Credit Facility on a monthly basis, commencing on the Closing Date; to pay annual administration fees; and to pay, on the maturity date, any principal and accrued interest that remains outstanding as of such date. In addition, the Company is obligated to pay a fee in an amount equal to the Total Credit Facility Amount, which amount shall be reduced by the total amount of interest and principal prepayment fees paid under the Barings Credit Agreement (such fee, the “Royalty Fee”). The Company is required to pay the Royalty Fee in installments to Barings, for the benefit of the lenders, on a quarterly basis in an amount equal to three and one-half percent (3.5%) of the net sales of DEXTENZA occurring during such quarter, subject to the terms, conditions and limitations specified in the Barings Credit Agreement, until the Royalty Fee is paid in full. The Royalty Fee is due and payable upon a change of control of the Company. In the event the Company completes a change of control transaction on or prior to the twelve-month anniversary of the Closing Date, the Royalty Fee is subject to a reduction to an amount that is equal to (i) 20% of the Total Credit Facility Amount, in the event that a signed letter of intent evidencing such change of control transaction was entered into by the Company on or prior to the date that is six months after the Closing Date and (ii) 30% of the Total Credit Facility Amount, in the event that a signed letter of intent evidencing such change of control transaction was entered into by the Company after the date that is six months, but before the date that is twelve months, after the Closing Date. The Company may, at its option, prepay any or all of the Royalty Fee at any time without penalty. In connection with the Barings Credit Agreement, the Company granted the lenders thereto a first-priority security interest in all assets of the Company, including its intellectual property, subject to certain agreed-upon exceptions. The Barings Credit Agreement includes negative covenants restricting the Company from making payments to the holders of the Convertible Notes except in connection with a proposed conversion to equity and with respect to certain permitted expenses and requiring the Company to maintain a minimum liquidity amount of $20,000. The Barings Credit Agreement also includes customary affirmative and negative covenants.

Concurrently with entering into the Barings Credit Agreement, on August 2, 2023, the Company and the holders of the Convertible Notes (Note 7) extended the maturity of the Convertible Notes, which would otherwise have matured on March 1, 2026, to a date 91 days following the maturity of the indebtedness under the Barings Credit Facility.

An estimate of the impact of entering into the Barings Credit Agreement and extending the maturity of the Convertible Notes on the Company’s consolidated financial statements, including the impact on the Derivative Liability

(Note 8), cannot be made at this time, as the Company continues to determine the accounting for these transactions. The Company expects to finalize its accounting for these transactions during the third quarter of 2023.

In August 2023, in connection with the Company's establishment of the Barings Credit Facility, the Company paid an aggregate of $26,157 to MidCap Financial Trust and the other lenders party to the MidCap Credit Agreement (Note 7), comprised of $25,017 in principal and interest accrued thereunder and $1,140 in exit and prepayment fees, in satisfaction of the Company's obligations under the MidCap Credit Agreement. Upon the payment, all liens and security interests securing the indebtedness under the MidCap Credit Agreement were released. The prepayment of the MidCap Credit Facility has resulted in incremental expenses, including accrued interest, of $771, which will be charged to interest expense on the consolidated statements of operations and comprehensive loss for the third quarter of 2023.

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 related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 6, 2023. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report on Form 10-Q, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties and should be read together with the "Risk Factors" section of this Quarterly Report on Form 10-Q for a discussion of important factors that could cause actual results to differ materially from the results described in, or implied by, the forward-looking statements contained in the following discussion and analysis.

Overview

We are a biopharmaceutical company focused on the formulation, development, and commercialization of innovative therapies for diseases and conditions of the eye using our proprietary bioresorbable hydrogel-based formulation technology which we refer to as ELUTYX. Our mission is to build an ophthalmology-focused biopharmaceutical company that capitalizes on the gaps that we believe increasingly exist in the ophthalmology sector between single-product companies and large, multi-product pharmaceutical companies.

Our current products and product candidates in clinical development generally incorporate therapeutic agents that have previously received regulatory approval from the U.S. Food and Drug Administration, or FDA, including small molecules, into our proprietary bioresorbable hydrogel-based formulation technology ELUTYX, with the goal of providing local programmed release to tailor the duration and amount of the therapeutic agent to be delivered to the eye. We believe that our local programmed-release drug delivery technology has the potential to enable the treatment of conditions and diseases of both the front and the back of the eye and can be administered through a range of different modalities including intravitreal implants, intracameral implants and intracanalicular inserts. We are also developing alternative formulations of certain of our products and product candidates that may include the same FDA-approved therapeutic agents or a different form thereof, or a different form of the bioresorbable hydrogel-based formulation technology.

The hydrogel technology that underpins ELUTYX has been used in the human body since 1992 and has demonstrated its safety and effectiveness in over 5 million patients across five FDA-approved devices since that time. Our own approved product, DEXTENZA, has been used in nearly 300,000 eyes since launch with reported adverse events in less than 1 in 10,000 patients. As a result, we believe that the ELUTYX technology is well tolerated and enables the ideal polymer for a product candidate like OTX-TKI. The only factors that regulate the bioresorption of our ELUTYX polymer are temperature and pH of the aqueous environment. As human body temperature and pH of the human aqueous environment are within a typical range for each human, and since water levels in essentially all retinas are generally sufficient to saturate our polymer matrix, we believe we can program the time to bioresorption so the polymer will be intact long-enough to deliver the active pharmaceutical ingredient and then be fully bio-resorbed when re-dosing is required. The added benefits of not creating an acidic micro-environment, its easy elimination from the vitreous leaving behind no harmful byproducts, and its soft gel properties give added comfort to the safety profile. This technology would potentially provide solutions not only for the durable therapies for wet age-related macular

degeneration, or wet AMD, to decrease the injection burden, but also for the other retinal indications which need frequent injections, like geographic atrophy.

We are currently commercializing DEXTENZA, an intracanalicular insert for the treatment of both post-surgical ocular inflammation and pain and ocular itching associated with allergic conjunctivitis, in the United States. We also have product candidates in clinical and preclinical development:

- OTX-TKI, an axitinib intravitreal implant being developed for the treatment of wet age-related macular degeneration, or wet AMD, non-proliferative diabetic retinopathy, or NPDR, and other retinal diseases;
- OTX-TIC, a travoprost intracameral implant being developed for the reduction of intraocular pressure, or IOP, in patients with primary open-angle glaucoma, or OAG, or ocular hypertension, or OHT;
- OTX-DED, a dexamethasone intracanalicular insert being developed for the short-term treatment of the signs and symptoms of dry eye disease;
- OTX-CSI, a cyclosporine intracanalicular insert being developed for the chronic treatment of dry eye disease;
- A complement inhibitor program in preclinical development for the treatment of dry age-related macular degeneration, or dry AMD; and
- A gene delivery program in preclinical development using our proprietary bioresorbable hydrogel technology ELUTYX to control the release of vectors such as adeno-associated virus to ocular tissues for the treatment of inherited and acquired ocular diseases, including dry or wet AMD.

Clinical Portfolio

Retinal Diseases

OTX-TKI (axitinib intravitreal implant)

Our product candidate OTX-TKI is a preformed, bioresorbable hydrogel fiber implant based on our ELUTYX technology incorporating axitinib, a small molecule TKI with anti-angiogenic properties delivered by intravitreal injection and designed for a duration of six months or longer. We are conducting a Phase 1 clinical trial in Australia and a Phase 1 clinical trial in the United States to evaluate OTX-TKI for the treatment of wet AMD. Our implants have delivered anti-VEGF compounds *in vitro* over a targeted nine to twelve month period. We are delivering the implant through a 25 gauge or narrower needle and designed OTX-TKI to create a re-treatment window when an effective dose of axitinib is still getting to the target tissues after full bioresorption of the initial implant. This would ensure that the vitreous would never have more than one implant at any one time and that the patient would have some leeway in scheduling an appointment to be re-dosed. We are also conducting a Phase 1 clinical trial in the United States to evaluate OTX-TKI for the treatment of NPDR, which we refer to as the HELIOS clinical trial.

We are conducting our two Phase 1 trials of OTX-TKI for the treatment of wet AMD with different formulations of axitinib. We currently intend to move forward into pivotal trials with our single 600 µg axitinib implant formulation of OTX-TKI for both the treatment of wet AMD and the treatment of NPDR. We are also developing a second formulation of OTX-TKI that could be used in future trials of retinal indications.

Wet Age-Related Macular Degeneration (wet AMD)

In February 2023, we announced interim 10-month data from the ongoing Phase 1 clinical trial of OTX-TKI in the United States at the Angiogenesis, Exudation, and Degeneration 2023 Annual Meeting. The trial enrolled a total of 21 subjects at six clinical sites, comprising two arms consisting of subjects previously treated with, and responsive to, standard of care anti-VEGF therapy: a 16-subject arm receiving OTX-TKI in combination with a single anti-VEGF injection at month one and a five-subject arm receiving on-label aflibercept at eight-week intervals. The trial is designed to assess the safety, durability and tolerability of OTX-TKI as well as to assess preliminary biological activity in subjects by measuring anatomical and functional changes. As of the December 12, 2022 cut-off date, the interim data showed that

the single 600 µg OTX-TKI implant was generally well tolerated with no drug-related ocular or systemic serious adverse events, or SAEs, observed through 10 months. One SAE of endophthalmitis was observed in the OTX-TKI arm which occurred following the aflibercept injection required by the clinical trial protocol at month one and was assessed by the investigator as related to the injection procedure. There were no instances of elevated IOP, retinal detachment, retinal vasculitis, or implant migration into the anterior chamber observed in the OTX-TKI arm, and no subjects had dropped out of either arm as of the data cutoff.

The interim results showed subjects treated with a single OTX-TKI implant demonstrated stable and sustained best corrected visual acuity, or BCVA, (mean change from baseline of -0.3 letters) and central subfield thickness, or CSFT, (mean change from baseline of -1.3 µm) in the OTX-TKI arm at 10 months, which was comparable with the aflibercept arm (mean change from BCVA baseline of -0.8 letters; mean change from CSFT baseline of -4.5 µm). Up to Month 10, 73% of subjects remained rescue-free. One subject, the subject who experienced endophthalmitis, was rescued twice. Overall, a 92% reduction in treatment burden (average percent decrease in monthly injections over the period compared to the subjects' historical injection regimen) was observed in OTX-TKI treated subjects for up to 10 months. Four subjects were rescued in the OTX-TKI arm up to Month 10. One additional subject was rescued at that subject's Month 10 visit.

In April 2023, we presented an update on OTX-TKI at the 2023 Association for Research in Vision and Ophthalmology (ARVO) Annual Meeting that covered preclinical pharmacokinetics, or PK, and a review of the 10-month interim data from the ongoing Phase 1 clinical trial of OTX-TKI in the United States, including OTX-TKI implant resorption data to date. We augmented the results from our ongoing clinical trial with PK data in two animal models showing the uptake of axitinib from our hydrogel implant in the choroid and retinal pigment epithelium, or RPE, cells, where axitinib acts intra-cellularly to exert its VEGF receptor inhibiting effect. That data showed that clinically representative formulations of OTX-TKI delivered sustained axitinib concentrations through 12 months that were well above the IC50 for VEGFR-2 (vascular endothelial growth factor receptor) in cynomolgus monkey retina tissue and choroid/RPE tissues. This preclinical PK data aligns with the pharmacodynamics data we have observed to date in our ongoing U.S. clinical trial, namely the high proportion of rescue-free subjects up to Month 10 and suggests that OTX-TKI may provide continuous VEGF receptor inhibition, which, in turn, may support this new treatment paradigm, Treat to Maintain, in wet AMD care.

In June 2023, we presented 12-month data from the ongoing Phase 1 clinical trial of OTX-TKI in the United States at the Clinical Trials at the Summit 2023 conference sponsored by the American Society of Retina Specialists. As of the April 14, 2023 cut-off date, there were no drug-related ocular or systemic SAEs observed in the OTX-TKI arm except for the one SAE of endophthalmitis that we announced at the 10-month data readout February 2023 that was observed in the OTK-TKI arm and was assessed by the investigator as related to the injection procedure. There were no retinal detachment, retinal vasculitis, or implant migration into the anterior chamber adverse events observed in the OTX-TKI arm, and no subjects had dropped out of either arm as of the data cut-off. The results showed subjects treated with a single OTX-TKI implant continued to demonstrate sustained BCVA (mean change from baseline of -1.0 letters) and CSFT (mean change from baseline of +20.2 µm) in the OTX-TKI arm at 12 months, which was comparable with the aflibercept arm (mean change from BCVA baseline of +2.0 letters; mean change from CSFT baseline of -2.2 µm). Sixty percent of OTX-TKI subjects were rescue-free up to Month 12. At the Month 12 visit, an additional four of the subjects were rescued. Overall, an 89% reduction in treatment burden was observed in OTX-TKI treated subjects at 12 months. These results align with our expectation that we would see a reactivation of disease in some patients, which we believe indicates that OTX-TKI continues to function as designed with axitinib concentrations beginning to fall below therapeutic levels after the implant bioresorbs.

We intend to initiate our first of two planned pivotal trials in wet AMD in the third quarter of 2023. This pivotal clinical trial will be a prospective, multi-center, randomized, parallel-group trial that will be run primarily at sites in the United States. The pivotal clinical trial will be a superiority trial that is designed after extensive discussions with the key opinion leaders and is within the FDA's current wet AMD draft guidelines. We plan to enroll approximately 300 wet AMD subjects who are treatment naïve in the study eye in this clinical trial. It will compare a single implant of OTX-TKI to a single injection of aflibercept and assess the safety and efficacy of OTX-TKI in subjects with wet AMD by measuring BCVA and CSFT.

Non-Proliferative Diabetic Retinopathy (NPDR)

Given our belief in the potential applicability of OTX-TKI to other retinal diseases, we initiated the HELIOS clinical trial to evaluate OTX-TKI for the treatment of NPDR in the fourth quarter of 2022 and dosed our first patient in February 2023. In June 2023, we announced completion of enrollment in the HELIOS clinical trial. We are conducting the HELIOS Phase 1 clinical trial initially under an exploratory Investigational New Drug Application, or eIND. In the HELIOS clinical trial, we have enrolled 22 subjects with diabetic retinopathy secondary to type 1 or type 2 diabetes who had not had an anti-VEGF injection in the prior 12 months or diabetic macular edema, or DME, in the prior six months, randomized 2:1 to either a single 600 µg implant of OTX-TKI or sham control across approximately 10 sites. We anticipate disclosing interim 6-month data from the HELIOS clinical trial in the first quarter of 2024.

We have been in discussions with the FDA for the clinical development of OTX-TKI for the treatment of NPDR and have a potential pivotal clinical trial design that is consistent with guidance from the FDA. Subject to favorable interim data from the ongoing HELIOS clinical trial and obtaining the necessary financing to fund the trial, we expect to be prepared to initiate a pivotal clinical trial for NPDR as early as the first quarter of 2024.

Glaucoma Program

OTX-TIC (travoprost intracameral implant)

Our product candidate OTX-TIC is a bioresorbable hydrogel implant based on our ELUTYX technology incorporating travoprost, an FDA-approved prostaglandin analog designed to lower elevated IOP, that is designed to be administered by a physician as an intracameral injection with an initial target duration of drug release of four to six months with a single treatment.

In February 2022, we presented interim data from a Phase 1 clinical trial evaluating OTX-TIC for the treatment of OAG or OHT. The clinical trial is designed to evaluate the safety, biological activity, durability and tolerability of OTX-TIC in subjects with controlled OAG or OHT. The clinical trial consisted of four patient cohorts: cohort 1 included five subjects who received a 15 µg dose, cohort 2 included four subjects who received a 26 µg dose, cohort 3 included five subjects who received a 15 µg dose with a fast-degrading implant, and cohort 4 included five subjects who received a 5 µg dose with a fast-degrading implant.

In the Phase 1 clinical trial, at least one subject in each of the four cohorts receiving OTX-TIC were observed to experience a mean change in IOP from baseline as measured at 8:00 am, 10:00 a.m. and 4:00 p.m. as early as two days following injection. We believe these results were comparable to the decrease in IOP achieved with topical travoprost administered via daily eye drops, the current standard of care. IOP lowering effects lasted more than six months in most of the subjects in cohorts 1 and 2 and approximately three to six months in subjects in cohorts 3 and 4. We believe, based on these results, that OTX-TIC shows potential as a sustained-release therapy with a long duration of action.

We initiated a Phase 2 clinical trial evaluating the safety, tolerability and efficacy of OTX-TIC for the treatment of patients with primary OAG or OHT in the fourth quarter of 2021 and dosed the first subject in the first quarter of 2022. The Phase 2 clinical trial was designed to include approximately 105 subjects at 15 to 20 sites between three arms of approximately 35 subjects each to evaluate two formulations of OTX-TIC for the treatment of OAG or OHT in subjects compared to DURYSTA. The non-study eye of each subject will receive a topical prostaglandin daily. The primary efficacy endpoint is measured by diurnal IOP mean change from baseline (8 a.m., 10 a.m. and 4 p.m.) at two, six and 12 weeks. One arm in the Phase 2 clinical trial is receiving the same formulation used in cohort 2 of the Phase 1 clinical trial, containing a 26 µg dose of drug and utilizing a standard implant. The second arm was receiving the same formulation used in cohort 4 of the Phase 1 clinical trial, containing a 5 µg dose of drug and utilizing a fast-degrading implant. The active comparator control arm will receive one injection of DURYSTA in one eye and a topical prostaglandin daily in the non-study eye. Due to elevations in IOP observed in six subjects in the OTX-TIC 5 µg arm of the trial approximately 12 weeks after enrollment, we terminated enrollment in the 5 µg arm of the trial in the fourth quarter of 2022 and are continuing forward with the OTX-TIC 26 µg and DURYSTA arms of the trial. We expect that the Phase 2 clinical trial will consist of approximately 86 patients: approximately 35 patients in the OTX-TIC 26 µg treatment arm, 35 patients in the DURYSTA arm and approximately 16 patients that were previously enrolled in the OTX-TIC 5 µg treatment arm. Enrollment of the Phase 2 clinical trial was completed in July 2023. We have started a pilot repeat-dose sub-study in the Phase 2 clinical trial that to evaluate the safety of a repeat, sustained release dose of OTX-TIC 26 µg, in a small subset of subjects with OAG or OHT. These subjects will be followed for at least 6 months

after their enrollment in the sub-study to monitor and evaluate their endothelial cell health. We plan to provide topline data from the single-dose portion of the Phase 2 clinical trial, assessing the efficacy and durability of OTX-TIC and the preservation of endothelial cell health that could make the drug suitable for chronic dosing, in the first quarter of 2024.

If our Phase 2 clinical trial is successful and subject to obtaining the necessary financing, we would then plan to conduct two well-controlled pivotal clinical trials under an Investigational New Drug Application, or IND.

In April 2023, we presented a poster on OTX-TIC at the 2023 Association for Research in Vision and Ophthalmology (ARVO) Annual Meeting that covered data around the preclinical safety and tolerability of repeated intracameral travoprost implant (OTX-TIC) administrations.

Ocular Surface Disease Programs

Dry Eye Disease

OTX-DED (dexamethasone intracanalicular insert)

Our product candidate OTX-DED incorporates the FDA-approved corticosteroid dexamethasone as a preservative-free active pharmaceutical ingredient in a hydrogel, drug-eluting intracanalicular insert based on our ELUTYX technology. OTX-DED incorporates the same active drug as DEXTENZA but includes a lower dose of the drug, is administered in the office setting as a smaller insert and is designed to release dexamethasone over a period of two to three weeks, compared with up to thirty days in the case of DEXTENZA.

We announced the topline clinical results from a Phase 2 clinical trial evaluating two different-strength formulations of OTX-DED (0.2 mg and 0.3 mg of dexamethasone) versus a hydrogel implant in a total of 166 subjects with dry eye disease, with more than 50 subjects per arm, in December 2021. The subjects were followed for approximately two months after randomization. This trial was designed to assess the safety and efficacy of these two formulations of OTX-DED for the short-term treatment of signs and symptoms of dry eye disease. The clinical trial achieved its pre-specified primary endpoint. Although the clinical trial was not powered to show statistical significance, the topline results demonstrated a statistically significant change of bulbar conjunctival hyperemia from baseline to day 15 compared to the vehicle hydrogel using a central reading photographic assessment in the modified ITT population. Both formulations of OTX-DED were generally observed to have a favorable safety profile and be well tolerated.

Based on the data from the Phase 2 clinical trial, we initiated a small trial in connection with our efforts to develop an appropriate placebo comparator that may be used in both the OTX-DED and OTX-CSI programs in the second quarter of 2023. This trial evaluates the performance of OTX-DED versus placebo inserts, namely fast-dissolving, biodegradable collagen plugs, and no inserts at all, to explain the placebo performance seen in the Phase 2 clinical trials evaluating both OTX-DED and OTX-CSI in which the vehicle hydrogel placebo insert or placebo comparator vehicle remained in the canaliculus longer than anticipated, performing more like an active comparator than a placebo. We plan to use the results of this trial to inform the next steps for both the OTX-DED and OTX-CSI programs.

OTX-CSI (cyclosporine intracanalicular insert)

OTX-CSI incorporates the FDA-approved immunomodulator cyclosporine as a preservative-free active pharmaceutical ingredient into a hydrogel, drug-eluting, intracanalicular insert based on our ELUTYX technology. The product candidate is designed for subjects suffering from moderate to severe dry eye and to be administered by a physician as a bioresorbable intracanalicular insert. OTX-CSI is designed to release cyclosporine to the ocular surface for approximately three to four months in order to increase tear production for the chronic treatment of dry eye disease.

In October 2021, we announced topline results from a Phase 2 clinical trial designed to assess the safety, tolerability and durability and to evaluate the efficacy of OTX-CSI in the chronic treatment of dry eye disease. The Phase 2 clinical trial evaluated two different formulations of OTX-CSI compared with a hydrogel vehicle insert in approximately 140 subjects who were followed for a period of 16 weeks (12-week study period, with an additional 4-week safety follow-up). The study did not show separation between the subjects receiving OTX-CSI (two formulations) and the subjects receiving the vehicle (both formulations) for the primary endpoint of increased tear production at 12 weeks as measured by the Schirmer’s Test. Overall, the OTX-CSI insert (both formulations) was generally observed to have a favorable safety profile and be well tolerated.

We are continuing formulation work to extend the durability of the OTX-CSI insert and select the most appropriate formulations to move forward. If we determine to advance the program, we believe we could advance the program to pivotal trials subject to discussions with the FDA.

Commercial Portfolio

Post-Surgical Ocular Inflammation and Pain

Ocular Itching Associated with Allergic Conjunctivitis

DEXTENZA (dexamethasone intracanalicular insert)

DEXTENZA incorporates the FDA-approved corticosteroid dexamethasone as a preservative-free active pharmaceutical ingredient into a hydrogel, drug-eluting intracanalicular insert based on our ELUTYX technology. Following FDA approval, we commercially launched DEXTENZA for the treatment of post-surgical ocular inflammation and pain in July 2019. DEXTENZA is the first FDA-approved intracanalicular insert delivering dexamethasone to treat post-surgical ocular inflammation and pain for up to 30 days with a single administration.

In October 2021, the FDA approved our supplemental New Drug Application, or sNDA, for DEXTENZA to include the treatment of ocular itching associated with allergic conjunctivitis as an additional indication. We commercially launched DEXTENZA for the treatment of ocular itching associated with allergic conjunctivitis in the first quarter of 2022 utilizing a small, dedicated and highly focused sales force. In the fourth quarter of 2022, we redeployed this small sales force to join the DEXTENZA sales force focused on the ophthalmic surgery market, specifically cataract surgery, in ambulatory surgery centers, or ASCs, and hospital outpatient departments, or HOPDs, as we believe that DEXTENZA is currently used in less than 5% of cataract procedures. We believe that cataract surgeries represent a larger, near-term market opportunity and a faster return-on investment.

In September 2020, we announced that we had dosed the first pediatric subjects in a U.S.-based, randomized, multicenter Phase 3 clinical trial evaluating DEXTENZA for the treatment of post-surgical ocular inflammation and pain in children following cataract surgery. This clinical trial is a post-approval requirement of the FDA in accordance with the Pediatric Research Equity Act of 2003, in connection with the FDA's prior approval of DEXTENZA for the treatment of inflammation and pain following ophthalmic surgery in adults.

AffaMed License Agreement

In October 2020, we entered into a license agreement and collaboration with AffaMed Therapeutics Limited, or AffaMed, for the development and commercialization of DEXTENZA and OTX-TIC in mainland China, Taiwan, Hong Kong, Macau, South Korea, and the countries of the Association of Southeast Asian Nations. Under the terms of the agreement, we received an upfront payment of $12 million and became eligible to receive development, regulatory and commercial milestone payments and clinical development support payments of up to $91 million in the aggregate, as well as royalties from future product sales. In the fourth quarter of 2021, we received a $1 million milestone payment upon the approval by the FDA of an sNDA for DEXTENZA to include the treatment of ocular itching associated with allergic conjunctivitis as an additional indication; and in the second quarter of 2022, we received a $2 million clinical support payment in connection with dosing the first subject in a Phase 2 clinical trial evaluating OTX-TIC for the treatment of OAG or OHT. In April 2023, AffaMed announced that China's National Medical Products Administration, or NMPA, had approved AffaMed's Clinical Trial Application to initiate a Phase 3 registrational study in China to investigate the efficacy and safety of DEXTENZA in subjects following ophthalmic surgery. The approval triggered a $1 million milestone payment that we received in June 2023. Royalties are tiered and will range from the low teens to low twenty percent range. In return, we agreed to grant AffaMed exclusive rights to develop and commercialize DEXTENZA for the treatment of postsurgical inflammation and pain following ophthalmic surgery and ocular itching in patients with allergic conjunctivitis, and OTX-TIC for the reduction of elevated IOP in patients with primary OAG or OHT in specified Asian markets. We retain the right to develop and commercialize DEXTENZA and OTX-TIC in all other global markets.

Financial Position

Our ability to generate product revenues sufficient to achieve profitability will depend heavily on our continued commercialization of DEXTENZA for the treatment of ocular inflammation and pain following ophthalmic surgery and for the treatment of ocular itching associated with allergic conjunctivitis, and our development and commercialization of other products with significant market potential, including OTX-TKI for the treatment of wet AMD, NPDR, and other retinal diseases, OTX-TIC for the treatment of OAG or OHT, OTX-DED for the short-term treatment of the signs and symptoms of dry eye disease, and OTX-CSI for the chronic treatment of dry eye disease. Our net loss was $20.7 million and $51.0 million for the three and six months ended June 30, 2023, respectively. Our net loss was $18.8 million and $31.3 million for the three and six months ended June 30, 2022, respectively. As of June 30, 2023, we had an accumulated deficit of $667.8 million.

Our total costs and operating expenses were $35.8 million and $71.7 million for the three and six months ended June 30, 2023 including $5.1 million and $10.1 million in non-cash stock-based compensation expense and depreciation and amortization expense, respectively. Our total costs and operating expenses were $32.2 million and $63.2 million for the three and six months ended June 30, 2022 including $4.8 million and $9.6 million in non-cash stock-based compensation expense and depreciation and amortization expense, respectively. Our operating expenses have grown as we continue to commercialize DEXTENZA; pursue the clinical development of OTX-TKI, OTX-TIC, OTX-DED, and OTX-CSI; and research and develop other product candidates. We expect to incur substantial sales and marketing expenses in connection with the ongoing commercialization of DEXTENZA and any commercialization efforts for any other product candidate for which we may receive approval. We expect to incur substantial research and development expenses in connection with our planned pivotal clinical trial for OTX-TKI for the treatment of wet AMD and any other planned clinical trials that we may initiate for OTX-TKI or other product candidates.

Although we expect to continue to generate revenue from sales of DEXTENZA, we will need to obtain substantial additional funding to support our continuing operations, including the commercialization of DEXTENZA and the clinical development of our product candidates. If we are unable to raise capital or access our borrowing capacity when needed or on attractive terms, we could be forced to delay, reduce or eliminate our research and development programs or any future commercialization efforts or to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us.

All of our product candidates are designed to be medical-benefit “buy-and-bill” products with associated procedure codes. Products with these characteristics are designed to be attractive not only to physicians, optometrists, and patients but also to the sites of care that participate in utilization. We primarily derive our product revenues from the sale of DEXTENZA in the United States to a network of specialty distributors, who then sell DEXTENZA to ambulatory surgery centers, or ASCs, hospital out-patient departments, or HOPDs, and physicians’ offices. In addition to distribution agreements with specialty distributors, we enter into arrangements with government payors that provide for government-mandated rebates and chargebacks with respect to the purchase of DEXTENZA. During 2022, we adjusted our discounting strategy to meet the demands of the market. In the third quarter of 2022, we implemented an off-invoice discount program whereby providers receive the discounted price immediately upon purchase, rather than having to wait until the end of the quarter for a rebate payment. We renewed our focus on sales to ASCs and specifically strategic accounts that own and control multiple ASCs. In the first quarter of 2023, we launched a Commercial Assurance Program to provide assistance with patients’ out of pocket costs, supporting the expansion of DEXTENZA for commercially insured patients not covered by government payors.

In-market unit sales figures—unit sales from specialty distributors to ASCs and HOPDs—in the second quarter of 2023 were in excess of 36,000 billable units, compared to more than 25,000 billable units in the second quarter of 2022, representing an increase of approximately 40%, and compared to more than 34,000 billable units in the first quarter of 2023, representing an increase of approximately 6%. As of June 30, 2023, we have achieved market access coverage of 100% coverage in Medicare Part B, over 90% coverage in Medicare Advantage, and over 70% coverage on the commercial payor side. In-market unit sales for July 2023 were approximately 10,800 billable units. Differences between the growth in DEXTENZA’s product revenue, net as recognized in our unaudited condensed consolidated financial statements and the in-market unit sales figures are attributable to distributor stocking patterns. In November 2022, as part of the annual CMS rule-making cycle, the CY 2023 OPPS rule was finalized and provided that DEXTENZA would qualify under the criteria established for non-opioid pain management drugs as a surgical supply provision. This provision allows for continued separate payment of DEXTENZA in the ASC setting for 2023 but does not require separate payment for DEXTENZA in the HOPD setting. The changes resulting from this provision have

resulted in an increase in the relative share of sales of DEXTENZA to ASCs as a percentage of our total product revenue, net. In its draft recommendation for the CY 2024 OPPS rule published in July 2023, CMS recommended to continue separate payment of DEXTENZA in the ASC setting for 2024.

Currently, the billing code that describes the insertion procedure for DEXTENZA does not provide for a separate facility payment to the provider for the actual procedure to insert DEXTENZA. We, as well as large ophthalmic societies, surgeons, ASC administrators and other parties, have requested that CMS assign a status indicator to the billing code that would provide a separate facility payment in the ASC, so that the facilities are compensated for the additional time and resources required to administer DEXTENZA. We expect that CMS will issue a final ruling late in 2023.

In August 2021, we and Jefferies LLC, or Jefferies, entered into an Open Market Sale Agreement, or the 2021 Sales Agreement, under which we may offer and sell shares of our common stock having an aggregate offering price of up to $100.0 million from time to time through Jefferies, acting as agent. During the three and six months ended June 30, 2023, we sold 1,370,208 shares of common stock under the 2021 Sales Agreement, resulting in gross proceeds to us of $9.2 million, and net proceeds, after accounting for issuance costs, of $8.8 million.

On August 2, 2023, or the Closing Date, we entered into a credit and security agreement, or the Barings Credit Agreement, with Barings Finance LLC, or Barings, as administrative agent, and the lenders party thereto, providing for a secured term loan facility for us, or the Barings Credit Facility, in the aggregate principal amount of $82.5 million, or the Total Credit Facility Amount. We borrowed the full amount of $82.5 million at closing and received proceeds of $77.8 million, after the application of a discount and fees. Indebtedness under the Barings Credit Facility matures on the earlier to occur of (i) the six-year anniversary of the Closing Date and (ii) the date that is 91 days prior to the maturity date for our Convertible Notes.

Indebtedness under the Barings Credit Facility incurs interest at a SOFR-based rate, subject to a minimum 1.50% floor, plus 6.75%. We are obligated to make interest payments on our indebtedness under the Barings Credit Facility on a monthly basis, commencing on the Closing Date; to pay annual administration fees; and to pay, on the maturity date, any principal and accrued interest that remains outstanding as of such date. In addition, we are obligated to pay a fee, which we refer to as the Royalty Fee, in an amount equal to the Total Credit Facility Amount, which amount shall be reduced by the total amount of interest and principal prepayment fees paid under the Barings Credit Agreement. We are required to pay the Royalty Fee in installments to Barings, for the benefit of the lenders, on a quarterly basis in an amount equal to three and one-half percent (3.5%) of the net sales of DEXTENZA occurring during such quarter, subject to the terms, conditions and limitations specified in the Barings Credit Agreement, until the Royalty Fee is paid in full. The Royalty Fee is due and payable upon a change of control of the company. In the event we complete a change of control transaction on or prior to the twelve-month anniversary of the Closing Date, the Royalty Fee is subject to a reduction to an amount that is equal to (i) 20% of the Total Credit Facility Amount, in the event that a signed letter of intent evidencing such change of control transaction was entered into by us on or prior to the date that is six months after the Closing Date and (ii) 30% of the Total Credit Facility Amount, in the event that a signed letter of intent evidencing such change of control transaction was entered into by us after the date that is six months, but before the date that is twelve months, after the Closing Date. We may, at our option, prepay any or all of the Royalty Fee at any time without penalty. In connection with the Barings Credit Agreement, we have granted the lenders a first-priority security interest in all of our assets, including our intellectual property, subject to certain agreed-upon exceptions. The Barings Credit Agreement includes negative covenants restricting us from making payments to the holders of the Convertible Notes, as defined below, except in connection with a proposed conversion to equity and with respect to certain permitted expenses and requiring us to maintain a minimum liquidity amount of $20.0 million. The Barings Credit Agreement also includes customary affirmative and negative covenants.

In March 2019, we issued $37.5 million of unsecured senior subordinated convertible notes, or the Convertible Notes. The Convertible Notes accrue interest at an annual rate of 6% of the outstanding principal amount, payable in cash at maturity, on March 1, 2026, unless earlier converted, repurchased or redeemed. Concurrently with entering into the Barings Credit Agreement, on August 2, 2023, we and the holders of the Convertible Notes extended the maturity of the Convertible Notes, which would otherwise have matured on March 1, 2026, to a date 91 days following the maturity of the indebtedness under the Barings Credit Facility.

On June 4, 2021, we entered into the Fourth Amended and Restated Credit and Security Agreement with MidCap Financial Trust, or MidCap, as administrative agent, and the lenders party thereto, which we refer to as the MidCap

Credit Agreement, to increase the aggregate principal amount borrowed under our credit facility, which we refer to as the MidCap Credit Facility, to $25.0 million, extend the interest-only payment period to May 1, 2024, and extend the maturity date to November 2025. In connection with entering the Barings Credit Facility, we paid MidCap and our other lenders $26.2 million in satisfaction of our obligations under the MidCap Credit Facility in August 2023.

We believe that our existing cash and cash equivalents of $66.6 million as of June 30, 2023, plus the net cash received from the borrowing under the Barings Credit Facility after the repayment of the MidCap Credit Facility and reflecting the $20.0 million minimum cash covenant in the Barings Credit Agreement, will enable us to fund our planned operating expenses, debt service obligations and capital expenditure requirements into 2025. This estimate is based on our current operating plan which includes estimates of anticipated cash inflows from DEXTENZA product sales, and cash outflows from operating expenses, including clinical trials. With these resources, we have the funding to initiate the first of two planned pivotal clinical trials for OTX-TKI for the treatment of wet AMD. Our planned operating expenses do not include the expenses necessary to complete the first of two planned pivotal clinical trials for OTX-TKI for the treatment of wet AMD or to initiate the second of our two planned pivotal clinical trials for OTX-TKI for the treatment of wet AMD or any other pivotal trials for our other product candidates, including OTX-TKI for the treatment of NPDR, which we do not intend to commence unless we obtain additional financing. These estimates are subject to various assumptions including assumptions as to the revenues and expenses associated with the commercialization of DEXTENZA, the pace of our research and clinical development programs, and other aspects of our business. These and other assumptions upon which we have based our estimates may prove to be wrong, and we could use our capital resources sooner than we currently expect and would therefore need to raise additional capital to support our ongoing operations or adjust our plans accordingly. See “—Liquidity and Capital Resources”.

Financial Operations Overview

Revenue

In June 2019, we began to recognize revenue from the sales of DEXTENZA. Following the FDA’s October 2021 approval of our sNDA, we launched DEXTENZA for the treatment of ocular itching associated with allergic conjunctivitis, our first in-office indication, in the first quarter of 2022.

Operating Expenses

Cost of Product Revenue

Cost of product revenue consists primarily of costs of DEXTENZA product revenue, which include:

- Direct materials costs;
- Royalties;
- Direct labor, which includes employee-related expenses, including salaries, related benefits and payroll taxes, and stock-based compensation expense for employees engaged in the production process;
- Manufacturing overhead costs, which includes rent, depreciation, and indirect labor costs associated with the production process;
- Transportation costs; and
- Cost of scrap material.

Research and Development Expenses

Research and development expenses consist primarily of costs incurred for the development of our product candidates, which include:

- employee-related expenses, including salaries, related benefits and payroll taxes, travel and stock-based compensation expense for employees engaged in research and development, clinical and regulatory and other related functions;
- expenses incurred in connection with the clinical trials of our product candidates, including with the investigative sites that conduct our clinical trials and under agreements with contract research organizations, or CROs;
- expenses relating to regulatory activities, including filing fees paid to the FDA for our submissions for product approvals;
- expenses associated with developing our pre-commercial manufacturing capabilities and manufacturing clinical study materials;
- ongoing research and development activities relating to our core bioresorbable hydrogel technology and improvements to this technology;
- facilities, depreciation and other expenses, which include direct and allocated expenses for rent and maintenance of facilities, insurance and supplies;
- costs relating to the supply and manufacturing of product inventory, prior to approval by the FDA or other regulatory agencies of our products; and
- expenses associated with preclinical development activities.

We expense research and development costs as incurred. We recognize external development costs based on an evaluation of the progress to completion of specific tasks using information provided to us by our vendors and our clinical investigative sites.

Our direct research and development expenses are tracked on a program-by-program basis and consist primarily of external costs, such as fees paid to investigators, consultants, central laboratories and CROs in connection with our clinical trials and regulatory fees. We do not allocate employee and contractor-related costs, costs associated with our proprietary bioresorbable hydrogel technology ELUTYX, costs related to manufacturing or purchasing clinical trial materials, and facility expenses, including depreciation or other indirect costs, to specific product development programs because these costs are deployed across multiple product development programs and, as such, are not separately classified. We use internal resources in combination with third-party CROs, including clinical monitors and clinical research associates, to manage our clinical trials, monitor subject enrollment and perform data analysis for many of our clinical trials. These employees work across multiple development programs and, therefore, we do not track their costs by program.

The successful development and commercialization of our products or product candidates is highly uncertain. This is due to the numerous risks and uncertainties associated with product development and commercialization, including the uncertainty of:

- the scope, progress, outcome and costs of our clinical trials and other research and development activities;
- the timing, receipt and terms of any marketing approvals;
- the efficacy and potential advantages of our products or product candidates compared to alternative treatments, including any standard of care;

- the market acceptance of our products or product candidates; and
- significant and changing government regulation.

Any changes in the outcome of any of these variables with respect to the development of our product candidates in clinical and preclinical development could mean a significant change in the costs and timing associated with the development of these product candidates. For example, if the FDA or another regulatory authority were to require us to conduct clinical trials or other testing beyond those that we currently expect or if we experience significant delays in enrollment in any of our clinical trials, we could be required to expend significant additional financial resources and time on the completion of clinical development of that product candidate. We anticipate that our research and development expenses will increase in the future as we support our continued development of our product candidates.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related costs, including stock-based compensation, for personnel in executive, finance, information technology, human resources and administrative functions. General and administrative expenses also include insurance, facility-related costs and professional fees for legal, patent, consulting and accounting and audit services.

We anticipate that our general and administrative expenses will increase in the future as we support our continued development and commercialization of our product candidates. We also anticipate that we will continue to incur increased accounting, audit, legal, intellectual property, regulatory, compliance, director and officer insurance costs as well as investor and public relations expenses associated with being a public company.

Selling and Marketing Expenses

Selling and marketing expenses consist primarily of salaries and related costs for personnel in selling and marketing functions as well as consulting, advertising and promotion costs. We anticipate that our selling and marketing expenses associated with DEXTENZA will continue to increase, particularly as we support the ongoing commercialization of DEXTENZA in 2023 and beyond.

Other Income (Expense)

Interest Expense. Interest expense is incurred on our debt. As of and for the three and six months ended June 30, 2023, our interest-bearing debt included the Convertible Notes ($37.5 million outstanding principal) and the notes payable under the MidCap Credit Facility ($25.0 million outstanding principal). The MidCap Credit Facility was paid off in full in August 2023. Since August 2, 2023, our interest-bearing debt includes the amounts borrowed under the Barings Credit Facility ($82.5 million outstanding principal).

Change in Fair Value of Derivative Liability. In 2019, in connection with the issuance of our Convertible Notes, we identified an embedded derivative liability, which we are required to measure at fair value at inception and then at the end of each reporting period until the embedded derivative is settled. The changes in fair value are recorded through the condensed consolidated statement of operations and comprehensive loss and are presented under the caption change in fair value of derivative liability.

Critical Accounting Policies and Significant Judgments and Estimates

Our unaudited condensed consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America.

We define our critical accounting policies as those accounting policies that require us to make subjective estimates and judgments about matters that are uncertain and have had or are likely to have a material impact on our financial condition and results of operations, as well as the specific manner in which we apply those policies. Our critical accounting policies, which relate to revenue recognition and our derivative liability, are described under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Significant Judgments and Estimates” in our Annual Report on Form 10-K for the year ended December 31,

2022, filed with the SEC on March 6, 2023. There have been no significant changes to our critical accounting policies since the beginning of this fiscal year.

The preparation of our unaudited condensed consolidated financial statements and related disclosures requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and the disclosure of contingent assets and liabilities in our condensed consolidated financial statements. On an ongoing basis, we evaluate our estimates and judgments. We base our estimates on historical experience, known trends and events 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 values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Results of Operations

Comparison of the Three Months Ended June 30, 2023 and 2022

The following table summarizes our results of operations for the three months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Increase (Decrease)
	2023	2022	
	(in thousands)		
Revenue:			
Product revenue, net	$ 15,029	$ 12,144	$ 2,885
Collaboration revenue	157	122	35
Total revenue, net	15,186	12,266	2,920
Costs and operating expenses:			
Cost of product revenue	1,304	1,155	149
Research and development	15,094	13,100	1,994
Selling and marketing	11,153	10,140	1,013
General and administrative	8,205	7,787	418
Total costs and operating expenses	35,756	32,182	3,574
Loss from operations	(20,570)	(19,916)	(654)
Other income:			
Interest income	748	73	675
Interest expense	(1,991)	(1,696)	(295)
Change in fair value of derivative liability	1,131	2,773	(1,642)
Other income (expense), net	—	—	—
Total other income, net	(112)	1,150	(1,262)
Net loss	$ (20,682)	$ (18,766)	$ (1,916)

Gross-to-Net Deductions

We record DEXTENZA product sales net of estimated chargebacks, rebates, distribution fees and product returns. These deductions are generally referred to as gross-to-net deductions. Our total gross-to-net provisions for the three months ended June 30, 2023 and 2022 were 29.7% and 23.1%, respectively, of gross DEXTENZA product sales.

Net Revenue

We generated $15.0 million of net product revenue during the three months ended June 30, 2023 from sales of our products, all of which was attributable to sales of DEXTENZA. We generated $12.1 million of net product revenue during the three months ended June 30, 2022 from sales of DEXTENZA.

We recognized $0.2 million of collaboration revenue related to the performance obligation under our license agreement with AffaMed to conduct a Phase 2 clinical trial of OTX-TIC during the three months ended June 30, 2023 compared to $0.1 million in the three months ended June 30, 2022. We recognize collaboration revenue based on a cost-to-cost method.

Research and Development Expenses

	Three Months Ended June 30,		Increase (Decrease)
	2023	2022	
	(in thousands)		
Direct research and development expenses by program:			
OTX-TKI for diabetic retinopathy	$ 810	$ —	$ 810
OTX-TKI for wet AMD	1,036	1,335	(299)
OTX-TIC for glaucoma or ocular hypertension	1,491	644	847
OTX-CSI for treatment of dry eye disease	32	—	32
OTX-DED for the short-term treatment of the signs and symptoms of dry eye disease	211	41	170
DEXTENZA for post-surgical ocular inflammation and pain	557	489	68
DEXTENZA for ocular itching associated with allergic conjunctivitis	—	3	(3)
Preclinical programs	(24)	617	(641)
Unallocated expenses:			
Personnel costs	6,867	6,321	546
All other costs	4,114	3,650	464
Total research and development expenses	$ 15,094	$ 13,100	$ 1,994

Research and development expenses were $15.1 million for the three months ended June 30, 2023, compared to $13.1 million for the three months ended June 30, 2022. Within research and development expenses, expenses for clinical programs increased $1.6 million, unallocated expenses increased $1.0 million, and expenses for preclinical programs decreased $0.6 million. For the three months ended June 30, 2023, we incurred $4.1 million in direct research and development expenses for our products and product candidates compared to $2.5 million for the three months ended June 30, 2022. The increase of $1.6 million is related to timing and conduct of our various clinical trials for our product candidates and development activities related to our preclinical programs.

We expect that clinical trial expenses will remain at approximately the same level in the remainder of 2023 for our product candidates, reflecting the anticipated completion of our ongoing U.S. based Phase 1 clinical trial for OTX-TKI for wet AMD, the planned initiation of our pivotal clinical for OTX-TKI for wet AMD, and the continuation of our ongoing Phase 1 clinical trial in NPDR and our ongoing Phase 2 clinical trial for OTX-TIC.

Selling and Marketing Expenses

	Three Months Ended June 30,		Increase (Decrease)
	2023	2022	
	(in thousands)		
Personnel related (including stock-based compensation)	$ 7,250	$ 6,244	$ 1,006
Professional fees	2,423	2,771	(348)
Facility related and other	1,480	1,125	355
Total selling and marketing expenses	$ 11,153	$ 10,140	$ 1,013

Selling and marketing expenses were $11.2 million for the three months ended June 30, 2023, compared to $10.1 million for the three months ended June 30, 2022. The increase of $1.1 million was primarily due to an increase of $1.0 million in personnel costs as we expanded our field-based team to support the commercialization of DEXTENZA.

We expect our selling and marketing expenses to continue to increase in the remainder of 2023 and beyond as we continue to support the commercialization of DEXTENZA.

General and Administrative Expenses

	Three Months Ended June 30,		Increase (Decrease)
	2023	2022	
	(in thousands)		
Personnel related (including stock-based compensation)	$ 5,304	$ 4,520	$ 784
Professional fees	2,762	2,596	166
Facility related and other	139	671	(532)
Total general and administrative expenses	$ 8,205	$ 7,787	$ 418

General and administrative expenses were $8.2 million for the three months ended June 30, 2023, compared to $7.8 million for the three months ended June 30, 2022, primarily due to an increase of $0.8 million in personnel related costs, including stock-based compensation, and a decrease of $0.5 million in facility related and other cost.

Other Income (Expense), Net

Other expense, net was $0.1 million for the three months ended June 30, 2023, compared to other income, net of $1.2 million for the three months ended June 30, 2022. The change of $1.3 million was due primarily to a decrease in the recognized income related to the fair value measurement of the derivative liability related to the Convertible Notes of $1.6 million, partially offset by an increase in interest income of $0.7 million.

Comparison of the Six Months Ended June 30, 2023 and 2022

The following table summarizes our results of operations for the six months ended June 30, 2023 and 2022:

	Six Months Ended June 30,		Increase (Decrease)
	2023	2022	
	(in thousands)		
Revenue:			
Product revenue, net	$ 28,243	$ 24,642	$ 3,601
Collaboration revenue	318	811	(493)
Total revenue, net	28,561	25,453	3,108
Costs and operating expenses:			
Cost of product revenue	2,517	2,454	63
Research and development	29,842	26,200	3,642
Selling and marketing	21,989	19,203	2,786
General and administrative	17,332	15,344	1,988
Total costs and operating expenses	71,680	63,201	8,479
Loss from operations	(43,119)	(37,748)	(5,371)
Other income (expense):			
Interest income	1,312	89	1,223
Interest expense	(3,760)	(3,378)	(382)
Change in fair value of derivative liability	(5,432)	9,731	(15,163)
Other income (expense), net	(1)	(2)	1
Total other income (expense), net	(7,881)	6,440	(14,321)
Net loss	$ (51,000)	$ (31,308)	$ (19,692)

Gross-to-Net Deductions

We record DEXTENZA product sales net of estimated chargebacks, rebates, distribution fees and product returns. These deductions are generally referred to as gross-to-net deductions. Our total gross-to-net provisions for the six months ended June 30, 2022 and 2021 were 28.9% and 22.5%, respectively, of gross DEXTENZA product sales.

Net Revenue

We generated $28.2 million of net product revenue during the six months ended June 30, 2023, all of which was attributable to sales of DEXTENZA. We generated $24.6 million of net product revenue during the six months ended June 30, 2022, all of which was attributable to sales of DEXTENZA. We believe the growth in revenue for DEXTENZA was primarily due to increased market acceptance and our ongoing commercialization efforts.

We recognized $0.3 million of collaboration revenue related to the performance obligation under our license agreement with AffaMed to conduct a Phase 2 clinical trial of OTX-TIC during the six months ended June 30, 2023, compared to $0.8 million in the six months ended June 30, 2022. We recognize collaboration revenue based on a cost-to-cost method.

Research and Development Expenses

	Six Months Ended June 30,		Increase (Decrease)
	2023	2022	
	(in thousands)		
Direct research and development expenses by program:			
OTX-TKI for diabetic retinopathy	$ 1,411	$ —	$ 1,411
OTX-TKI for wet AMD	2,822	2,544	278
OTX-TIC for glaucoma or ocular hypertension	2,145	1,190	955
OTX-CSI for treatment of dry eye disease	134	161	(27)
OTX-DED for the short-term treatment of the signs and symptoms of dry eye disease	265	307	(42)
DEXTENZA for post-surgical ocular inflammation and pain	1,005	798	207
DEXTENZA for ocular itching associated with allergic conjunctivitis	—	21	(21)
Preclinical programs	950	716	234
Unallocated expenses:			
Personnel costs	14,208	12,864	1,344
All other costs	6,902	7,599	(697)
Total research and development expenses	$ 29,842	$ 26,200	$ 3,642

Research and development expenses were $29.8 million for the six months ended June 30, 2023, compared to $26.2 million for the six months ended June 30, 2022. The increase of $3.6 million was primarily due to an increase of $2.8 million in clinical programs, and increase of $0.6 million in unallocated expenses, and an increase of $0.2 million in preclinical related programs. For the six months ended June 30, 2023, we incurred $7.8 million in direct research and development expenses for our products and product candidates compared to $5.0 million for the six months ended June 30, 2022. The increase of $2.8 million is related to timing and start of our various clinical trials for our product candidates.

Selling and Marketing Expenses

	Six Months Ended June 30,		Increase (Decrease)
	2023	2022	
	(in thousands)		
Personnel related (including stock-based compensation)	$ 14,811	$ 12,579	$ 2,232
Professional fees	4,501	4,705	(204)
Facility related and other	2,677	1,919	758
Total selling and marketing expenses	$ 21,989	$ 19,203	$ 2,786

Selling and marketing expenses were $22.0 million for the six months ended June 30, 2023, compared to $19.2 million for the six months ended June 30, 2022. The increase of $2.8 million was primarily due to increases of $2.2 million in personnel costs with the expansion of the commercial workforce to support DEXTENZA and $0.8 million in facility related and other costs.

General and Administrative Expenses

	Six Months Ended June 30,		Increase (Decrease)
	2023	2022	
		(in thousands)	
Personnel related (including stock-based compensation)	$ 11,144	$ 9,117	$ 2,027
Professional fees	5,643	5,554	89
Facility related and other	545	673	(128)
Total general and administrative expenses	$ 17,332	$ 15,344	$ 1,988

General and administrative expenses were $17.3 million for the six months ended June 30, 2023, compared to $15.3 million for the six months ended June 30, 2022. The increase of $2.0 million was primarily due to an increase of $2.0 million in personnel related costs, including stock-based compensation.

Other Income (Expense), Net

Other expense, net was $7.9 million for the six months ended June 30, 2023, compared to other income, net of $6.4 million for the six months ended June 30, 2022. The change of $14.3 million was due primarily to a decrease in the recognized income (expense) related to the fair value measurement of the derivative liability related to the Convertible Notes of $15.2 million, partially offset by an increase in interest income of $1.2 million.

Liquidity and Capital Resources

We have a history of incurring significant operating losses. Our net losses were $20.7 million and $51.0 million for the three and six months ended June 30, 2023, and $71.0 million and $6.6 million for the years ended December 31, 2022 and 2021, respectively. As of June 30, 2023, we had an accumulated deficit of $667.8 million.

As of June 30, 2023, we had cash and cash equivalents of $66.6 million; notes payable of $25.0 million face value and senior convertible notes of $37.5 million par value, plus accrued interest of $9.8 million. On August 2, 2023, we entered into the Barings Credit Agreement which established the $82.5 million Barings Credit Facility. We borrowed the full amount of $82.5 million at closing and received proceeds of $77.8 million, after the application of a discount and fees. Concurrently with entering into the Barings Credit Agreement, we and the holders of the Convertible Notes extended the maturity of the Convertible Notes, which would otherwise have matured on March 1, 2026, to a date 91 days following the maturity of the indebtedness under the Barings Credit Facility. In connection with our entering into the Barings Credit Facility, we paid an aggregate of $26.2 million to MidCap Financial Trust and the other lenders party to the MidCap Credit Facility, comprised of $25.0 million in principal and interest accrued thereunder and $1.2 million in exit and prepayment fees in satisfaction of our obligations under the MidCap Credit Facility. Upon the payment, all liens and security interests securing the indebtedness under the MidCap Credit Facility were released. See “—Financial Position”.

Cash Flows

The following table summarizes our sources and uses of cash for each of the periods presented:

	Six Months Ended June 30,	
	2023	2022
Cash used in operating activities	$ (40,048)	$ (29,476)
Cash used in investing activities	(5,369)	(771)
Cash provided by financing activities	9,723	622
Net decrease in cash and cash equivalents	$ (35,694)	$ (29,625)

Operating activities. Net cash used in operating activities was $40.0 million for the six months ended June 30, 2023, primarily resulting from our net loss of $51.0 million, net unfavorable changes in our operating assets and liabilities of $7.1 million, offset by the increase in the fair value of our derivative liability of $5.4 million and $12.6 million of other non-cash items. Our net loss was primarily attributed to research and development activities, selling and marketing expenses, and our general and administrative expenses, which significantly offset any contributions from our revenues to date. Our non-cash charges during the six months ended June 30, 2023 consisted primarily of $9.0 million of stock-based compensation expense, $2.5 million in non-cash interest expense, and $1.1 million in depreciation and amortization expense, including amortization of operating lease assets. Net cash used by unfavorable changes in our operating assets and liabilities during the six months ended June 30, 2023 consisted primarily of net increases in accounts receivable of $6.0 million, decreases in accrued expenses and other current liabilities, excluding accrued non-cash interest, of $0.6 million, net decreases of accounts payable, excluding accounts payable related to additions to property and equipment, of $0.3 million, and net increases of prepaid expenses and other current assets of $0.6 million, partially offset by increases of deferred revenue of $0.7 million.

Net cash used in operating activities was $29.5 million for the six months ended June 30, 2022, primarily resulting from our net loss of $31.3 million, the change in the fair value of our derivative liability of $9.7 million, net changes in our operating assets and liabilities of $0.4 million, partially offset by $12.0 million of other non-cash items. Our net loss was primarily attributed to research and development activities, selling and marketing expenses, and our general and administrative expenses, which significantly offset any contributions from our revenues to date. Our non-cash charges during the six months ended June 30, 2022 consisted primarily of $8.5 million of stock-based compensation expense, $2.4 million in non-cash interest expense, and $1.1 million in depreciation and amortization expense, including amortization of operating lease assets. Net cash used by changes in our operating assets and liabilities during the six months ended June 30, 2022 consisted primarily of net decreases in accounts receivable, prepaid expenses and other operating assets, and net decreases in accrued expenses and other operating liabilities.

Investing activities. Net cash used in investing activities for the six months ended June 30, 2023 and 2022 totaled $5.4 million and $0.8 million, respectively. For the six months ended June 30, 2023, the investing activities were primarily related to leasehold improvements and purchases of equipment. For the six months ended June 30, 2022, the investing activities were purchases of equipment.

Financing activities. Net cash provided by financing activities was $9.7 million for the six months ended June 30, 2023 and $0.6 million for the six months ended June 30, 2022. Net cash provided by financing activities for the six months ended June 30, 2023 consisted of $8.8 million from the sale of shares of our common stock under the 2021 Sales Agreement, and $0.9 million from the exercises of stock options and purchases of shares of our common stock under the ESPP. In March 2023, the Company requested a protective advance of $2.0 million under the MidCap Credit Agreement in response to the closure of Silicon Valley Bank by the California Department of Financial Protection and Innovation, and the Federal Deposit Insurance Corporation was appointed as receiver, which was deemed a credit extension. The Company repaid the full principal amount of $2.0 million in March 2023. Net cash provided by financing activities for the six months ended June 30, 2022 consisted of proceeds from the exercise of stock options and purchases of shares of our common stock under the ESPP.

Funding Requirements

We expect to continue to incur losses in connection with our ongoing activities, particularly as we advance the clinical trials of our product candidates in development and increase our sales and marketing resources to support the commercialization of DEXTENZA and the potential launch of our product candidates, subject to receiving FDA approval.

We anticipate we will incur substantial expenses if and as we:

- continue to commercialize DEXTENZA in the United States;
- continue to develop and expand our sales, marketing and distribution capabilities for DEXTENZA and any other products or product candidates we intend to commercialize;
- continue ongoing clinical trials for OTX-TKI for the treatment of wet AMD (in both Australia and the United States) and the treatment of NPDR (United States), OTX-TIC for the treatment of OAG or

OHT, OTX-DED for the short-term treatment of the signs and symptoms of dry eye diseases, and DEXTENZA in pediatric subjects following cataract surgeries;

- initiate our planned clinical trials, including the first of two planned pivotal clinical trials for OTX-TKI for the treatment of wet AMD;
- determine to initiate new clinical trials to evaluate our product candidates;
- conduct research and development activities on, and seek regulatory approvals for, DEXTENZA and OTX-TIC in specified Asian markets pursuant to our license agreement and collaboration with AffaMed;
- continue the research and development of our other product candidates;
- seek to identify and develop additional product candidates;
- seek marketing approvals for any of our product candidates that successfully complete clinical development;
- scale up our manufacturing processes and capabilities to support sales of commercial products, clinical trials of our product candidates and commercialization of any of our product candidates for which we obtain marketing approval, and expand our facilities to accommodate this scale up and any corresponding growth in personnel;
- renovate our existing facilities including research and development laboratories, manufacturing space and office space;
- maintain, expand and protect our intellectual property portfolio;
- expand our operational, financial, administrative and management systems and personnel, including personnel to support our clinical development, manufacturing and commercialization efforts;
- defend ourselves against legal proceedings;
- make investments to improve our defenses against cybersecurity and establish and maintain cybersecurity insurance;
- increase our product liability and clinical trial insurance coverage as we expand our clinical trials and commercialization efforts; and
- continue to operate as a public company.

We believe that our existing cash and cash equivalents as of June 30, 2023, plus the net cash received from the borrowing under the Barings Credit Facility after the repayment of the MidCap Credit Facility and reflecting the $20.0 million minimum cash covenant in the Barings Credit Agreement, will enable us to fund our planned operating expenses, debt service obligations and capital expenditure requirements into 2025. This estimate is based on our current operating plan which includes estimates of anticipated cash inflows from DEXTENZA product sales, and cash outflows from operating expenses, including clinical trials. With these resources, we have the funding to initiate the first of two planned pivotal clinical trials for OTX-TKI for the treatment of wet AMD. Our planned operating expenses do not include the expenses necessary to complete the first of two planned pivotal clinical trials for OTX-TKI for the treatment of wet AMD or to initiate the second of our two planned pivotal clinical trials for OTX-TKI for the treatment of wet AMD or any other pivotal trials for our other product candidates, including OTX-TKI for the treatment of NPDR, which we do not intend to commence unless we obtain additional financing. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect.

Our future capital requirements will depend on many factors, including:

- the level of product sales from DEXTENZA and any additional products for which we obtain marketing approval in the future and the level of third-party reimbursement of such products;
- the costs of sales, marketing, distribution and other commercialization efforts with respect to DEXTENZA and any additional products for which we obtain marketing approval in the future, including cost increases due to inflation;
- the progress, costs and outcome of our ongoing and planned clinical trials of our product candidates, in particular OTX-TKI for the treatment of wet AMD and NPDR and OTX-TIC for the treatment of OAG or OHT;
- the scope, progress, costs and outcome of preclinical development and clinical trials of any other product candidates;
- the costs, timing and outcome of regulatory review of our product candidates by the FDA, the EMA or other regulatory authorities;
- the costs of scaling up our manufacturing processes and capabilities to support sales of commercial products, clinical trials of our product candidates and commercialization of any of our product candidates for which we obtain marketing approval and of expanding our facilities to accommodate this scale up and any corresponding growth in personnel;
- the extent of our debt service obligations and our ability, if desired, to refinance any of our existing debt on terms that are more favorable to us;
- the amounts we are entitled to receive, if any, as reimbursements for clinical trial expenditures, development, regulatory, and sales milestone payments, and royalty payments under our license agreement with AffaMed;
- the extent to which we choose to establish additional collaboration, distribution or other marketing arrangements for our products and product candidates;
- the costs and outcomes of legal actions and proceedings;
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims; and
- the extent to which we acquire or invest in other businesses, products and technologies.

Until such time, if ever, as we can generate product revenues sufficient to achieve profitability, we expect to finance our cash needs through equity offerings, debt financings, government or other third-party funding, collaborations, strategic alliances, licensing arrangements, royalty agreements, and marketing and distribution arrangements. We do not have any committed external source of funds, development, regulatory and sales milestone payments, or royalty payments although our license agreement with AffaMed provides for AffaMed's reimbursement of certain clinical expenses incurred by us in connection with our collaboration and for our potential receipt of development and sales milestone payments as well as royalty payments. To the extent that we raise additional capital through the sale of equity or convertible debt securities, each security holder's ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect each security holder's rights as a common stockholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. The covenants under our existing Barings Credit Facility and the pledge of our assets as collateral limit our ability to obtain additional debt financing. If we raise additional funds through government or other third-party funding, collaborations, strategic alliances, licensing arrangements, royalty agreements, or marketing and distribution arrangements, we may have to relinquish valuable rights to our technologies, future revenue streams,

research programs or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market products or product candidates that we would otherwise prefer to develop and market ourselves.

Contractual Obligations and Commitments

We enter into contracts in the normal course of business to assist in the performance of our research and development activities and other services and products for operating purposes. These contracts generally provide for termination on notice, and therefore are cancelable contracts which are not included in contractual obligations and commitments.

On March 31, 2023, we entered into Amendment No. 1 to the MidCap Credit Agreement, or Amendment No. 1, to replace the LIBOR-based interest rate provisions of the MidCap Credit Agreement with interest rate provisions based on the Secured Overnight Financing Rate, or SOFR, establish a benchmark replacement mechanism and make additional administrative updates. On May 4, 2023, we entered into Amendment No. 2 to the MidCap Credit Agreement, or Amendment No. 2. Amendment No. 2 provided that we may maintain up to 50% of our consolidated cash and cash equivalents with banks or financial institutions other than Silicon Valley Bank and made additional administrative updates. During the three and six months ended June 30, 2023, there were no significant changes to our contractual obligations and commitments as described under Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2022 other than Amendments No. 1 and 2 to the MidCap Credit Agreement. In connection with entering the Barings Credit Facility, we paid MidCap and our other lenders $26.2 million in satisfaction of our obligations under the MidCap Credit Facility in August 2023.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the Securities and Exchange Commission, such relationships with unconsolidated entities or financial partnerships, which are often referred to as structured finance or special purpose entities, established for the purpose of facilitating financing transactions that are not required to be reflected on our balance sheets.

Recently Issued Accounting Pronouncements

Information regarding new accounting pronouncements is included in Note 2 – *Summary of Significant Accounting Policies* to the current period's unaudited condensed consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As of June 30, 2023, we had cash and cash equivalents of $66.6 million, which includes cash in operating bank accounts, investments in money market funds. We have policies requiring us to invest in high-quality issuers, limit our exposure to any individual issuer, and ensure adequate liquidity. Our primary exposure to market risk related to our cash and cash equivalents is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates, particularly because our investments are in short-term securities. Due to the short-term duration of our investment portfolio and the low risk profile of our investments, an immediate 100 basis point change in interest rates would not have a material effect on the fair market value of our portfolio.

We do not enter into financial instruments for trading or speculative purposes.

We account for the conversion option embedded in our unsecured senior subordinated convertible notes, or the Convertible Notes, as a separate financial instrument, measured at fair value, using a binomial lattice model, which we refer to as the Derivative Liability. As of June 30, 2023, the Derivative Liability was valued at $11.8 million. As of June 30, 2023, a 10% increase or decrease of the main inputs to the valuation model would not have a material effect on the fair value of the Derivative Liability. Changes of the fair value of the Derivative Liability have no impact on anticipated cash outflows.

As of June 30, 2023, we had a variable interest rate-based note payable with a principal amount of $25.0 million. Expected cash outflows from this financial instrument fluctuate based on changes in the Secured Overnight Financing Rate, or SOFR, which is, among other factors, affected by the general level of U.S. and international central bank interest rates. As of June 30, 2023, an immediate 100 basis point increase or decrease in the SOFR would not have a material effect on the anticipated cash outflows from this instrument.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2023. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or 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 and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management, including our Chief Executive Officer and Chief Financial Officer, recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2023, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the three months ended June 30, 2023 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.

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are not presently a party to any material legal proceedings, nor to the knowledge of management are any material legal proceedings threatened against us.

Item 1A. Risk Factors.

We are subject to a number of risks that could materially and adversely affect our business, financial condition, and results of operations and future growth prospects, including those identified under the heading "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the Securities and Exchange Commission, or SEC, on March 6, 2023, which we refer to as our Annual Report on Form 10-K, and those identified under the heading "Risk Factors" in Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, which was filed with the SEC on May 8, 2023. The following information updates, and should be read in conjunction with, the risks factors discussed in our Annual Report on Form 10-K under the heading "Risk Factors" in Part I, Item 1A and in our subsequent Quarterly Reports on Form 10-Q under the heading "Risk Factors" in Part II, Item 1A. Any of the risks and uncertainties described in our Annual Report on Form 10-K, in any subsequent Quarterly Report on Form 10-Q, and in this Quarterly Report on Form 10-Q could materially and adversely affect our business, financial condition, results of operations and future growth prospects, and such risks and uncertainties are not the only ones we face. Additional risks and uncertainties not presently known to us or that we presently deem less significant may also impair our business operations.

Our substantial indebtedness may limit cash flow available to invest in the ongoing needs of our business or otherwise affect our operations.

On August 2, 2023, we entered into a credit and security agreement, or the Barings Credit Agreement, with Barings Finance LLC, or Barings, as administrative agent, and the lenders party thereto, providing for a secured term loan facility for us in the aggregate principal amount of $82.5 million, or the Barings Credit Facility. Under the Barings Credit Facility we have $82.5 million, net of unamortized discount and fees, of outstanding principal indebtedness. Under the Barings Credit Agreement, we are permitted to make payments of interest and fees only through August 2029, at which time we will be required to repay the full principal amount in addition to any outstanding interest and fees. In addition, we are obligated to pay a fee, which we refer to as the Royalty Fee, in an amount equal to $82.5 million, subject to potential reductions as specified in the Barings Credit Agreement. We are required to pay the Royalty Fee in installments to Barings, for the benefit of the lenders, on a quarterly basis in an amount equal to three and one-half percent (3.5%) of the net sales of DEXTENZA occurring during such quarter, subject to the terms, conditions and limitations specified in the Barings Credit Agreement, until the Royalty Fee is paid in full. The Royalty Fee is due and payable upon a change of control of the company. The Royalty Fee may also be reduced if a change of control occurs within the first twelve months of the term of the Barings Credit Agreement.

Our obligations under the Barings Credit Agreement are secured by all of our assets, including our intellectual property. The Barings Credit Facility includes negative covenants restricting us from making payments to the holders of our outstanding convertible notes, which we refer to as our Convertible Notes, except in connection with a proposed conversion to equity and with respect to certain permitted expenses and requiring us to maintain a minimum liquidity amount of $20.0 million. The Barings Credit Agreement also includes customary affirmative and negative covenants. In March 2019, we issued $37.5 million aggregate principal amount of issued and outstanding Convertible Notes. The Convertible Notes mature on a date 91 days following the maturity of the indebtedness under the Barings Credit Facility and interest on the Convertible Notes is payable at maturity or if earlier converted, repurchased or redeemed pursuant to their terms. We could in the future incur additional indebtedness beyond such amounts, including by potentially amending the Barings Credit Agreement.

Our substantial debt combined with our other financial obligations and contractual commitments could have significant adverse consequences, including:

- requiring us to dedicate a substantial portion of cash and cash equivalents and marketable securities to the payment of interest on, and principal of, our debt and related fees such as the Royalty Fee, which collectively reduce the amounts available to fund operating expenditures, including working capital, and capital expenditures and other general corporate purposes and may also have the effect of delaying, deferring or preventing a change of control;

- obligating us to additional negative covenants further restricting our activities;

- limiting our flexibility in planning for, or reacting to, changes in our business and our industry; and

- placing us at a competitive disadvantage compared to our competitors that have less debt or better debt servicing options.

We intend to satisfy our current and future debt service obligations with our existing cash and cash equivalents, anticipated product revenue from DEXTENZA and funds from external sources. However, we may not have sufficient funds or may be unable to arrange for additional financing to pay the amounts due under our existing debt. Funds from external sources may not be available on acceptable terms, if at all.

A failure to comply with conditions of our Barings Credit Agreement or the Convertible Notes could result in an event of default under those instruments. The Barings Credit Agreement and Convertible Notes also have cross-default provisions, pursuant to which a default under one instrument could cause a default in others. In an event of default, including upon the occurrence of an event that would reasonably be expected to have a material adverse effect on our business or operations, the amounts due under our Barings Credit Agreement or the Convertible Notes could accelerate. As a result, we may not have sufficient funds or may be unable to arrange for additional financing to repay our indebtedness or to make any accelerated payments, and the lenders could seek to enforce security interests in the collateral securing such indebtedness.

Item 5. Other Information.

Barings Credit Facility

On August 2, 2023, or the Closing Date, we entered into a credit and security agreement, or the Barings Credit Agreement, with Barings Finance LLC, or Barings, as administrative agent, and the lenders party thereto, providing for a secured term loan facility for us, which we refer to as the Barings Credit Facility, in the aggregate principal amount of $82.5 million, which we refer to as the Total Credit Facility Amount. We borrowed the full amount of $82.5 million at closing and received proceeds of $77.8 million, after the application of a discount and fees. In connection with our entry into the Barings Credit Agreement, we paid an aggregate of $26.2 million in August 2023 to MidCap Financial Trust, or MidCap, and the other lenders party to the Fourth Amended and Restated Credit and Security Agreement, dated as of June 4, 2021, as amended, or the MidCap Credit Agreement. Our payment to MidCap and the other lenders under the MidCap Credit Agreement was comprised of $25.0 million in principal and interest accrued thereunder and $1.2 million in exit and prepayment fees in satisfaction of our obligations thereunder. Upon the payment, all liens and security interests securing the indebtedness under the MidCap Credit Agreement were released.

Our indebtedness under the Barings Credit Facility matures on the earlier to occur of (i) the six-year anniversary of the Closing Date and (ii) the date that is 91 days prior to the maturity date for the $37.5 million of unsecured senior subordinated convertible notes, or the Convertible Notes, that we issued in March 2019. We refer to such earlier date as the Maturity Date. We are obligated to make interest payments on our indebtedness under the Barings Credit Facility on a monthly basis, commencing on the Closing Date, to pay annual administrative fees of $0.02 million, and to pay, on the Maturity Date, any principal and accrued interest that remains outstanding as of such date. In connection with our borrowing of the full amount under the Barings Credit Facility, we also incurred an upfront fee, paid in the form of an original issue discount, equal to approximately $2.5 million.

Indebtedness under the Barings Credit Facility incurs interest at a Secured Overnight Financing Rate-based rate, subject to a minimum 1.50% floor, plus 6.75%. We may prepay funds drawn under the Barings Credit Facility at any

time, in accordance with the terms of the Barings Credit Agreement, subject to prepayment fees for funds prepaid (i) on or before the one-year anniversary of the Closing Date, in an amount equal to the interest that would have accrued on such prepaid funds but for the prepayment, at the interest rate in effect as of the such prepayment date, discounted to its present value; (ii) on or before the two-year anniversary of the Closing Date, in an amount equal to 11.3% of principal prepaid; (iii) after the two-year but on or before the three-year anniversary of the Closing Date, in an amount equal to 5.6% of principal prepaid; and (iv) after the three-year anniversary but on or prior to the four-year anniversary of the Closing Date, in an amount equal to 2.8% of principal prepaid. No prepayment fees are required for funds prepaid after the four-year anniversary of the Closing Date.

In addition, we are obligated to pay a fee, which we refer to as the Royalty Fee, in an amount equal to the Total Credit Facility Amount, which amount shall be reduced by the total amount of interest and principal prepayment fees paid under the Barings Credit Agreement. We are required to pay the Royalty Fee in installments to Barings, for the benefit of the lenders, on a quarterly basis in an amount equal to three and one-half percent (3.5%) of the net sales of DEXTENZA occurring during such quarter, subject to the terms, conditions and limitations specified in the Barings Credit Agreement, until the Royalty Fee is paid in full. The Royalty Fee is due and payable upon a change of control of the company. In the event we complete a change of control transaction on or prior to the twelve-month anniversary of the Closing Date, the Royalty Fee is subject to a reduction to an amount that is equal to (i) 20% of the Total Credit Facility Amount, in the event that a signed letter of intent evidencing such change of control transaction was entered into by us on or prior to the date that is six months after the Closing Date and (ii) 30% of the Total Credit Facility Amount, in the event that a signed letter of intent evidencing such change of control transaction was entered into by us after the date that is six months, but before the date that is twelve months, after the Closing Date. We may, at our option, prepay any or all of the Royalty Fee at any time without penalty.

In connection with the Barings Credit Agreement, we granted the lenders a first-priority security interest in all of our assets, including our intellectual property, subject to certain agreed-upon exceptions. The Barings Credit Agreement includes negative covenants restricting us from making payments to the holders of the Convertible Notes except in connection with a proposed conversion to equity and with respect to certain permitted expenses and requiring us to maintain a minimum liquidity amount of $20.0 million. The Barings Credit Agreement also includes customary affirmative and negative covenants including limitations on dispositions, mergers or acquisitions; incurring indebtedness, liens or encumbrances; paying dividends or making distributions; making certain investments; and engaging in certain other business transactions. Our obligations under the Barings Credit Agreement are subject to acceleration upon the occurrence of specified events of default, including a material adverse change in our business, operations or financial or other condition or a breach or default in our obligations under the Convertible Notes. At the election of Barings, the Barings Credit Agreement provides that, following the occurrence and during the continuance of an event of default as defined in the Barings Credit Agreement, our indebtedness under the Barings Credit Facility may bear an interest rate that is 4.00% above the rate that is otherwise applicable.

On the Closing Date, in connection with our entry into the Barings Credit Agreement and establishment of the Barings Credit Facility, we and the holders of the Convertible Notes agreed to amend the Convertible Notes and the accompanying Note Purchase Agreement to, among other things, extend the maturity date of the Convertible Notes until the date that is 91 days following the Maturity Date.

DGCL 204 Ratification

On August 6, 2023, our board of directors adopted resolutions, or the Resolutions, ratifying issuances of certain shares of our common stock to employees pursuant to our 2014 Employee Stock Purchase Plan, or the Plan, pursuant to Section 204 of the General Corporation Law of the State of Delaware, or the Ratification, after it determined that the issuances may not have been duly authorized and effectuated in accordance with the Plan or duly authorized in accordance with Section 152 of the General Corporation Law of the State of Delaware as issuances of shares outside the Plan, or collectively, the Failure of Authorization. The Ratification became effective upon the adoption of the Resolutions on August 6, 2023, or the Validation Effective Time. The following share issuances have been ratified pursuant to the Resolutions: (i) 1,329 shares issued on June 30, 2015, (ii) 1,571 shares issued on December 31, 2015, (iii) 4,182 shares issued on June 30, 2016, (iv) 743 shares issued on December 30, 2016, (v) 525 shares issued on June 30, 2017, (vi) 6,870 shares issued on December 29, 2017, (vii) 930 shares issued on June 29, 2018, (viii) 11,648 shares issued on December 31, 2018, (ix) 13,154 shares issued on June 28, 2019, (x) 2,485 shares issued on December 31, 2019, (xi) 15,290 shares issued on June 30, 2020, (xii) 3,314 shares issued on December 31, 2020, (xiii) 10,798 shares issued on June 30, 2021, (xiv) 30,475 shares issued on December 31, 2021, (xv) 48,230 shares issued on June 30, 2022,

and (xvi) 36,790 shares issued on December 30, 2022. Any claim that the defective corporate acts or putative stock ratified in the Resolutions are void or voidable due to the Failure of Authorization, or any claim that the Court of Chancery of the State of Delaware should declare in its discretion that the Ratification not be effective or be effective only on certain conditions, must be brought within 120 days from the later of the Validation Effective Time or the date of the filing of this Quarterly Report on Form 10-Q.

Item 6. Exhibits.

The exhibits filed as part of this Quarterly Report on Form 10-Q are set forth on the following Exhibit Index.

EXHIBIT INDEX

Exhibit Number	Description of Exhibit	Incorporated by Reference				Filed Herewith
		Form	File Number	Date of Filing	Exhibit Number	
10.1	Amendment No. 2 to Fourth Amended and Restated Credit and Security Agreement, dated May 4, 2023, by and among MidCap Financial Trust, as administrative agent, the Registrant, and the Lenders listed therein.					X
10.2	2021 Stock Incentive Plan, as amended					X
10.3	Third Amendment to Lease, by and between the Registrant and Cobalt PropCo 2020, LLC, dated June 30, 2023.	8-K	001-36554	7/7/2023	10.1	
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document)					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Database					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X

Exhibit Number	Description of Exhibit	Incorporated by Reference				Filed Herewith
		Form	File Number	Date of Filing	Exhibit Number	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
104	The cover page from this Quarterly Report on Form 10-Q, formatted in Inline XBRL and contained in Exhibit 101					X

SIGNATURES

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

OCULAR THERAPEUTIX, INC.

Date: August 7, 2023

By: /s/ Donald Notman
Donald Notman
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 10.1

Execution Version

AMENDMENT NO. 2 TO FOURTH AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT

This AMENDMENT NO. 2 TO FOURTH AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT (this "**Agreement**") is made as of this 4th day of May, 2023, by and among **OCULAR THERAPEUTIX, INC.**, a Delaware corporation (the "**Borrower**"), **MIDCAP FINANCIAL TRUST**, as administrative agent for Lenders (in such capacity and together with its permitted successors and assigns, the "**Agent**") and the other financial institutions or other entities from time to time parties to the Credit Agreement referenced below, each as a Lender.

RECITALS

A. Agent, Lenders and the Borrower have entered into that certain Fourth Amended and Restated Credit and Security Agreement, dated as of June 4, 2021 (as amended by that certain Amendment No. 1 to Fourth Amended and Restated Credit and Security Agreement, dated as of March 31, 2023 and as further amended, restated, supplemented or otherwise modified from time to time prior to the date hereof, the "**Existing Credit Agreement**" and the Existing Credit Agreement, as amended hereby, the "**Credit Agreement**"), pursuant to which the Lenders have agreed to make certain advances of money and to extend certain financial accommodations to the Borrower in the amounts and manner set forth in the Credit Agreement.

B. Borrower has requested, and Agent and Lenders have agreed, to amend certain provisions of the Existing Credit Agreement relating to the Borrower's cash management, in each case, in accordance with the terms and subject to the conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, the terms and conditions set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Agent, Lenders and the Borrower hereby agree as follows:

1. **Recitals; Construction**. This Agreement shall constitute a Financing Document and the Recitals and each reference to the Credit Agreement, unless otherwise expressly noted, will be deemed to reference the Credit Agreement as modified hereby. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement (including those capitalized terms used in the Recitals hereto).

2. **Consent.** On March 10, 2023, the California Department of Financial Protection and Innovation shut down Silicon Valley Bank ("**SVB**") and appointed the Federal Deposit Insurance Corporation ("**FDIC**") as receiver. As a result, the Borrower did not have access to its cash and cash equivalents held with SVB or its trustees or affiliates for several days. As a result of losing access to its cash and cash equivalents, Borrower was required to establish and fund certain accounts at financial institutions other than SVB to ensure it had accounts to operate its business at all times. The establishment and funding of such accounts may have caused Borrower to deviate from Sections 4.2(j), 6.6(a) and 7.6. of the Existing Credit Agreement, including requirements that Borrower and each other Credit Party maintain its deposit accounts, transaction accounts and primary investment accounts with SVB and its Affiliates and to provide notice prior to establishing any Collateral Accounts. Agent and the Lenders hereby consent to Borrower's opening and funding of the non-SVB accounts to the extent that doing so may have violated Sections 4.2(j) , 6.6(a) and 7.6 of the Existing Credit Agreement that occurred prior to the date hereof.

3. **Amendments**. Subject to satisfaction of the conditions set forth in Section 4 hereof, the Existing Credit Agreement is hereby amended as follows:

(a) Section 4.2(j) of the Existing Credit Agreement is hereby amended by deleting such subsection in its entirety and replacing it with the following:

> "(j) Borrower shall, and shall cause each Credit Party to, maintain its deposit accounts, transaction accounts, and primary investment accounts with Silicon Valley Bank, a division of First-Citizens Bank & Trust; *provided, however*, that Borrower may maintain up to fifty percent (50%) of its consolidated cash and cash equivalents in accounts with other banks or financial institutions so long as Borrower delivers to Agent, with respect to each such account, a Control Agreement, in form and substance reasonably satisfactory to Agent, executed by the bank or financial institution where such account is maintained (x) for any such account established prior to the Second Amendment Effective Date, by the date that is thirty (30) days following the Second Amendment Effective Date (or such later date as Agent may agree in its sole discretion) (notwithstanding Section 7.6) and (y) for any such account established on or after the Second Amendment Effective Date, contemporaneously with Borrower establishing such account in accordance with Section 6.6(a)."

(b) Section 6.6(a) of the Existing Credit Agreement is hereby amended by deleting the second sentence thereof in its entirety and replacing it with the following:

> "(j) The provisions of the previous sentence shall not apply to deposit accounts exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of a Credit Party's employees and identified to Agent by Borrower as such or cash collateral accounts permitted by the definition of "Permitted Liens"; *provided, however*, that at all times Borrower shall maintain one or more separate Deposit Accounts to hold any and all amounts to be used for payroll, payroll taxes and other employee wage and benefit payments, and shall not commingle any monies allocated for such purposes with funds in any other Deposit Account."

(c) Section 15 of the Existing Credit Agreement is hereby amended by adding the following definition in the appropriate alphabetical order therein:

> "**Second Amendment Effective Date**" means May 4, 2023.

4. **Conditions to Effectiveness**. This Agreement shall become effective as of the date on which each of the following conditions has been satisfied (or waived in writing by the Agent and the Lenders), as determined by Agent in its sole discretion:

(a) Agent shall have received (including by way of facsimile or other electronic transmission) a duly authorized, executed and delivered counterpart of the signature page to this Agreement from the Borrower, Agent and the Lenders;

(b) all of the representations and warranties of Borrower contained herein shall be true and correct in all material respects (without duplication of any materiality qualifier in the text of such representation or warranty) as of the date hereof and after giving effect to this Agreement except to the extent that any such representation or warranty relates to a specific date in which case such representation or warranty shall be true and correct as of such earlier date;

(c) Borrower shall have provided Agent and Required Lenders with a list of all of its Deposit Accounts and Securities Accounts in existence as of the Second Amendment Effective Date, including the balances held therein, and

(d) after giving effect to the agreements set forth herein, no Default or Event of Default shall exist under any of the Financing Documents.

5. **Representations and Warranties; Reaffirmation of Security Interest.** After giving effect to the agreements set forth herein, Borrower hereby confirms that each of the representations and warranties set forth in the Credit Agreement and the other Financing Documents are true and correct in all material respects (without duplication of any materiality qualifier in the text of such representation or warranty) with respect to Borrower as of the date hereof except to the extent that any such representation or warranty relates to a specific date in which case such representation or warranty shall be true and correct as of such earlier date. Nothing herein is intended to impair or limit the validity, priority or extent of Agent's security interests in and Liens on the Collateral. Borrower acknowledges and agrees that the Credit Agreement, the other Financing Documents and this Agreement constitute the legal, valid and binding obligation of Borrower, and are enforceable against Borrower in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws relating to the enforcement of creditors' rights generally and by general equitable principles.

6. **Release.** In consideration of the agreements of Agent and Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Borrower, voluntarily, knowingly, unconditionally and irrevocably, with specific and express intent, for and on behalf of itself and each of its Affiliates and Subsidiaries, and each of their respective successors, and assigns (individually and collectively, the "Releasing Parties") does hereby fully and completely release, acquit and forever discharge each of Agent, Lenders, and each their respective successors, and assigns and their respective present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents and other representatives (individually and collectively, the "Released Parties"), of and from any and all actions, causes of action, suits, debts, disputes, damages, claims, obligations, liabilities, costs, expenses and demands of any kind whatsoever, at law or in equity, whether matured or unmatured, liquidated or unliquidated, vested or contingent, choate or inchoate, known or unknown that the Releasing Parties (or any of them) has against the Released Parties or any of them (whether directly or indirectly), based in whole or in part on facts, whether or not now known, existing on or before the date hereof, that relate to, arise out of or otherwise are in connection with: (i) any or all of the Financing Documents or transactions contemplated thereby or any actions or omissions in connection therewith or (ii) any aspect of the dealings or relationships between or among any Borrower, on the one hand, and any or all of the Released Parties, on the other hand, relating to any or all of the documents, transactions, actions or omissions referenced in clause (i) hereof, in each case, based in whole or in part on facts, whether or not now known, existing before the date hereof. Borrower acknowledges that the foregoing release is a material inducement to Agent's and each Lender's decision to enter into this Agreement and agree to the modifications contemplated hereunder, and has been relied upon by Agent and Lenders in connection therewith.

7. **No Waiver or Novation**. The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided in this Agreement, operate as a waiver of any right, power or remedy of Agent, nor constitute a waiver of any provision of the Credit Agreement, the Financing Documents or any other documents, instruments and agreements executed or delivered in connection with any of the foregoing. Except as expressly provided in this Agreement, nothing herein is intended or shall be construed as a waiver of any existing Defaults or Events of Default under the Credit Agreement or the other Financing Documents or any of Agent's rights and remedies in respect of such Defaults or Events of Default. This Agreement (together with any other document executed in connection herewith) is not intended to be, nor shall it be construed as, a novation of the Credit Agreement.

8. **Affirmation.** Except as specifically amended pursuant to the terms hereof, Borrower hereby acknowledges and agrees that the Credit Agreement and all other Financing Documents (and all covenants, terms, conditions and agreements therein) shall remain in full force and effect, and are hereby ratified and confirmed in all respects by Borrower, including without limitation the granting of Liens in the Collateral to secure the Obligations pursuant to the Security Documents and other Financing Documents.

9. **Miscellaneous.**

(a) Reference to the Effect on the Credit Agreement. Upon the effectiveness of this Agreement, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein," or words of similar import shall mean and be a reference to the Credit Agreement, as amended by this Agreement. Except as specifically amended above, the Credit Agreement, and all other Financing Documents (and all covenants, terms, conditions and agreements therein), shall remain in full force and effect, and are hereby ratified and confirmed in all respects by the Borrower.

(b) GOVERNING LAW. THIS AGREEMENT AND ALL DISPUTES AND OTHER MATTERS RELATING HERETO OR THERETO OR ARISING THEREFROM (WHETHER SOUNDING IN CONTRACT LAW, TORT LAW OR OTHERWISE), SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF MARYLAND, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.

(c) WAIVER OF JURY TRIAL. EACH OF THE BORROWER, AGENT AND THE LENDERS PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. EACH OF THE BORROWER, AGENT AND EACH LENDER ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN THEIR RELATED FUTURE DEALINGS. EACH OF THE BORROWER, AGENT AND EACH LENDER WARRANTS AND REPRESENTS THAT IT HAS HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.

(d) Incorporation of Credit Agreement Provisions. The provisions contained in Section 13.2 (*Indemnification*) of the Credit Agreement are incorporated herein by reference to the same extent as if reproduced herein in their entirety.

(e) Headings. Section headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

(f) Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same instrument. The words "execution," "signed," "signature," and words of like import in this Amendment shall be deemed to include electronic signatures or electronic records, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the

Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Delivery of an executed counterpart of this Agreement by facsimile or by electronic mail delivery of an electronic version (e.g., .pdf or .tif file) of an executed signature page shall be effective as delivery of an original executed counterpart hereof and shall bind the parties hereto.

(g) Entire Agreement. This Agreement constitutes the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

(h) Severability. In case any provision of or obligation under this Agreement shall be invalid, illegal or unenforceable in any applicable jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

(i) Successors/Assigns. This Agreement shall bind, and the rights hereunder shall inure to, the respective successors and assigns of the parties hereto, subject to the provisions of the Credit Agreement and the other Financing Documents.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

IN WITNESS WHEREOF, intending to be legally bound, the undersigned have executed this Agreement as of the day and year first hereinabove set forth.

AGENT:

MIDCAP FINANCIAL TRUST,

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By:_/s/ Maurice Amsellem (SEAL)
Name: Maurice Amsellem
Title: Authorized Signatory

LENDERS:

MIDCAP FUNDING XIII TRUST,
as a Lender

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By:_ /s/ Maurice Amsellem _(SEAL)
Name: Maurice Amsellem
Title: Authorized Signatory

FIRST-CITIZENS BANK & TRUST COMPANY (SUCCESSOR BY PURCHASE TO THE FEDERAL DEPOSIT INSURANCE CORPORATION AS RECEIVER FOR SILICON VALLEY BRIDGE BANK, N.A. (AS SUCCESSOR TO SILICON VALLEY BANK)), as a Lender

By: /s/ Nathan Meaux (SEAL)
Name: Nathan Meaux
Title: Director

ELM 2020-3 TRUST,
as a Lender

By: MidCap Financial Services Capital Management, LLC, as Servicer

By: /s/ John O'Dea (SEAL)
Name: John O'Dea
Title: Authorized Signatory

ELM 2020-4 TRUST,
as a Lender

By: MidCap Financial Services Capital Management, LLC, as Servicer

By: /s/ John O'Dea (SEAL)
Name: John O'Dea
Title: Authorized Signatory

BORROWER: **OCULAR THERAPEUTIX, INC.**

By: /s/ Donald Notman (SEAL)
Name: Donald Notman
Title: Chief Financial Officer, Treasurer and Secretary

Exhibit 10.2

Ocular Therapeutix, Inc.

2021 STOCK INCENTIVE PLAN, AS AMENDED

1. Purpose

The purpose of this 2021 Stock Incentive Plan (the "***Plan***") of Ocular Therapeutix, Inc., a Delaware corporation (the "***Company***"), is to advance the interests of the Company's stockholders by enhancing the Company's ability to attract, retain and motivate persons who are expected to make important contributions to the Company and by providing such persons with equity ownership opportunities and performance-based incentives that are intended to better align the interests of such persons with those of the Company's stockholders. Except where the context otherwise requires, the term "***Company***" shall include any of the Company's present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Internal Revenue Code of 1986, as amended, and any regulations thereunder (the "***Code***") and any other business venture (including, without limitation, joint venture or limited liability company) in which the Company has a controlling interest, as determined by the Board of Directors of the Company (the "***Board***").

2. Eligibility

All of the Company's employees, officers and directors, as well as consultants and advisors to the Company (as the terms consultants and advisors are defined and interpreted for purposes of Form S-8 under the Securities Act of 1933, as amended (the "***Securities Act***"), or any successor form) are eligible to be granted Awards (as defined below) under the Plan. Each person who is granted an Award under the Plan is deemed a "***Participant***." The Plan provides for the following types of awards, each of which is referred to as an "***Award***": Options (as defined in Section 5), SARs (as defined in Section 6), Restricted Stock (as defined in Section 7), RSUs (as defined in Section 7) and Other Stock-Based Awards (as defined in Section 8). Except as otherwise provided by the Plan, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award need not be identical, and the Board need not treat Participants uniformly.

3. Administration and Delegation

(a) Administration by Board of Directors. The Plan will be administered by the Board. The Board shall have authority to grant Awards and to adopt, amend and repeal such administrative rules, guidelines and practices relating to the Plan as it shall deem advisable. The Board may construe and interpret the terms of the Plan and any Award agreements entered into under the Plan. The Board may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award. All actions and decisions by the Board with respect to the Plan and any Awards shall be made in the Board's discretion and shall be final and binding on all persons having or claiming any interest in the Plan or in any Award.

(b) Appointment of Committees. To the extent permitted by applicable law, the Board may delegate any or all of its powers under the Plan to one or more committees or subcommittees of the Board (a "***Committee***"). All references in the Plan to the "***Board***" shall mean the Board or a Committee of the Board or the officers referred to in Section 3(c) to the extent that the Board's powers or authority under the Plan have been delegated to such Committee or officers.

(c) Delegation to Officers. Subject to any requirements of applicable law (including as applicable Sections 152 and 157(c) of the General Corporation Law of the State of Delaware), the Board may delegate to one or more officers of the Company the power to grant Awards (subject to any limitations under the Plan) to employees or officers of the Company and to exercise such other powers under the Plan as the Board may determine, provided that the Board shall fix the terms of Awards to be granted by such officers, the maximum number of shares subject to Awards that such officers may grant, and the time period in which such Awards may be granted; and provided further, that no officer shall be authorized to grant Awards to any "executive officer" of the Company (as defined by Rule 3b-7 under the Securities Exchange Act of 1934, as amended (the "***Exchange Act***")) or to any "officer" of the Company (as defined by Rule 16a-1(f) under the Exchange Act).

(d) Awards to Non-Employee Directors. Awards to non-employee directors will be granted and administered by a Committee, all of the members of which are independent directors as defined by Section 5605(a)(2) of the Nasdaq Marketplace Rules.

4. Stock Available for Awards

(a) Number of Shares; Share Counting.

(1) Authorized Number of Shares. Subject to adjustment under Section 9, Awards may be made under the Plan (any or all of which Awards may be in the form of Incentive Stock Options, as defined in Section 5(b)) for up to such number of shares of common stock, $0.0001 par value per share, of the Company (the "***Common Stock***") as is equal to the sum of:

(A) 13,500,000 shares of Common Stock; plus

(B) such additional number of shares of Common Stock (up to 10,398,126 shares) as is equal to the sum of (x) the number of shares of Common Stock reserved for issuance under the Company's 2014 Stock Incentive Plan (the "***Existing Plan***") that remain available for grant under the Existing Plan immediately prior to the Effective Date (as defined below) and (y) the number of shares of Common Stock subject to awards granted under the Company's 2006 Stock Incentive Plan, as amended and the Existing Plan which awards expire, terminate or are otherwise surrendered, canceled, forfeited or repurchased by the Company at their original issuance price pursuant to a contractual repurchase right (subject, however, in the case of Incentive Stock Options to any limitations under the Code).

Shares of Common Stock issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

(2) Share Counting. For purposes of counting the number of shares available for the grant of Awards under the Plan under this Section 4(a):

(A) all shares of Common Stock covered by SARs shall be counted against the number of shares available for the grant of Awards under the Plan; provided, however, that (i) SARs that may be settled only in cash shall not be so counted and (ii) if the Company grants an SAR in tandem with an Option for the same number of shares of Common Stock and provides that only one such Award may be exercised (a "***Tandem SAR***"), only the shares covered by the Option, and not the shares covered by the Tandem SAR, shall be so counted, and the expiration of one in connection with the other's exercise will not restore shares to the Plan;

(B) to the extent that an RSU may be settled only in cash, no shares shall be counted against the shares available for the grant of Awards under the Plan;

(C) if any Award (i) expires or is terminated, surrendered or canceled without having been fully exercised or is forfeited in whole or in part (including as the result of shares of Common Stock subject to such Award being repurchased by the Company at the original issuance price pursuant to a contractual repurchase right) or (ii) results in any Common Stock not being issued (including as a result of an SAR that was settleable either in cash or in stock actually being settled in cash), the unused Common Stock covered by such Award shall again be available for the grant of Awards; *provided*, *however*, that (1) in the case of Incentive Stock Options, the foregoing shall be subject to any limitations under the Code, (2) in the case of the exercise of an SAR, the number of shares counted against the shares available under the Plan shall be the full number of shares subject to the SAR multiplied by the percentage of the SAR actually exercised, regardless of the number of shares actually used to settle such SAR upon exercise and (3) the shares covered by a Tandem SAR shall not again become available for grant upon the expiration or termination of such Tandem SAR;

(D) shares of Common Stock delivered (either by actual delivery, attestation, or net exercise) to the Company by a Participant to (i) purchase shares of Common Stock upon the exercise of an Award

or (ii) satisfy tax withholding obligations with respect to Awards (including shares retained from the Award creating the tax obligation) shall not be added back to the number of shares available for the future grant of Awards; and

(E) shares of Common Stock repurchased by the Company on the open market using the proceeds from the exercise of an Award shall not increase the number of shares available for future grant of Awards.

(b) Limit on Awards to Non-Employee Directors. The maximum aggregate amount of cash and value (calculated based on grant date fair value for financial reporting purposes) of Awards granted in any calendar year to any individual non-employee director in his or her capacity as a non-employee director shall not exceed $750,000; provided, however, that such maximum aggregate amount shall not exceed $1,000,000 in any calendar year for any individual non-employee director in such non-employee director's initial year of election or appointment; and provided, further, however, that fees paid by the Company on behalf of any non-employee director in connection with regulatory compliance and any amounts paid to a non-employee director as reimbursement of an expense shall not count against the foregoing limit. The Board may make additional exceptions to this limit for individual non-employee directors in extraordinary circumstances, as the Board may determine in its discretion, provided that the non-employee director receiving such additional compensation may not participate in the decision to award such compensation. For the avoidance of doubt, this limitation shall not apply to cash or Awards granted to the non-employee director in his or her capacity as an advisor or consultant to the Company.

(c) Substitute Awards. In connection with a merger or consolidation of an entity with the Company or the acquisition by the Company of property or stock of an entity, the Board may grant Awards in substitution for any options or other stock or stock-based awards granted by such entity or an affiliate thereof. Substitute Awards may be granted on such terms as the Board deems appropriate in the circumstances, notwithstanding any limitations on Awards contained in the Plan. Substitute Awards shall not count against the overall share limit set forth in Section 4(a)(1), except as may be required by reason of Section 422 and related provisions of the Code.

5. Stock Options

(a) General. The Board may grant options to purchase Common Stock (each, an "***Option***") and determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option, including conditions relating to applicable federal or state securities laws, as the Board considers necessary or advisable.

(b) Incentive Stock Options. An Option that the Board intends to be an "incentive stock option" as defined in Section 422 of the Code (an "***Incentive Stock Option***") shall only be granted to employees of Ocular Therapeutix, Inc., any of Ocular Therapeutix, Inc.'s present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Code, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code, and shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code. An Option that is not intended to be an Incentive Stock Option shall be designated a "***Nonstatutory Stock Option***." The Company shall have no liability to a Participant, or any other person, if an Option (or any part thereof) that is intended to be an Incentive Stock Option is not an Incentive Stock Option or if the Company converts an Incentive Stock Option to a Nonstatutory Stock Option.

(c) Exercise Price. The Board shall establish the exercise price of each Option or the formula by which such exercise price will be determined. The exercise price shall be specified in the applicable Option agreement. The exercise price shall be not less than 100% of the Grant Date Fair Market Value (as defined below) of the Common Stock on the date the Option is granted; *provided* that if the Board approves the grant of an Option with an exercise price to be determined on a future date, the exercise price shall be not less than 100% of the Grant Date Fair Market Value on such future date. "***Grant Date Fair Market Value***" of a share of Common Stock for purposes of the Plan will be determined as follows:

(1) if the Common Stock trades on a national securities exchange, the closing sale price (for the primary trading session) on the date of grant; or

(2) if the Common Stock does not trade on any such exchange, the average of the closing bid and asked prices on the date of grant as reported by an over-the-counter marketplace designated by the Board; or

(3) if the Common Stock is not publicly traded, the Board will determine the Grant Date Fair Market Value for purposes of the Plan using any measure of value it determines to be appropriate (including, as it considers appropriate, relying on appraisals) in a manner consistent with the valuation principles under Section 409A of the Code or any successor provision thereto, and the regulations thereunder ("***Section 409A***"), except as the Board may expressly determine otherwise.

For any date that is not a trading day, the Grant Date Fair Market Value of a share of Common Stock for such date will be determined by using the closing sale price or average of the bid and asked prices, as appropriate, for the immediately preceding trading day and with the timing in the formulas above adjusted accordingly. The Board may substitute a particular time of day or other measure of "closing sale price" or "bid and asked prices" if appropriate because of exchange or market procedures or may, in its sole discretion, use weighted averages either on a daily basis or such longer period as complies with Section 409A.

The Board has sole discretion to determine the Grant Date Fair Market Value for purposes of the Plan, and all Awards are conditioned on the participants' agreement that the Board's determination is conclusive and binding even though others might make a different determination.

(d) Duration of Options. Each Option shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable Option agreement; *provided*, *however*, that no Option will be granted with a term in excess of 10 years.

(e) Exercise of Options. Options may be exercised by delivery to the Company of a notice of exercise in a form (which may be electronic) approved by the Company, together with payment in full (in the manner specified in Section 5(f)) of the exercise price for the number of shares for which the Option is exercised. Shares of Common Stock subject to the Option will be delivered by the Company as soon as practicable following exercise.

(f) Payment Upon Exercise. Common Stock purchased upon the exercise of an Option granted under the Plan shall be paid for as follows:

(1) in cash or by check, payable to the order of the Company;

(2) except as may otherwise be provided in the applicable Option agreement or approved by the Board, by (i) delivery of an irrevocable and unconditional undertaking by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price and any required tax withholding or (ii) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price and any required tax withholding;

(3) to the extent provided for in the applicable Option agreement or approved by the Board, by delivery (either by actual delivery or attestation) of shares of Common Stock owned by the Participant valued at their fair market value (valued in the manner determined by (or in a manner approved by) the Board), provided (i) such method of payment is then permitted under applicable law, (ii) such Common Stock, if acquired directly from the Company, was owned by the Participant for such minimum period of time, if any, as may be established by the Board and (iii) such Common Stock is not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements;

(4) to the extent provided for in the applicable Nonstatutory Stock Option agreement or approved by the Board, by delivery of a notice of "net exercise" to the Company, as a result of which the Participant would receive (i) the number of shares underlying the portion of the Option being exercised, less (ii)

such number of shares as is equal to (A) the aggregate exercise price for the portion of the Option being exercised divided by (B) the fair market value of the Common Stock (valued in the manner determined by (or in a manner approved by) the Board) on the date of exercise;

(5) to the extent permitted by applicable law and provided for in the applicable Option agreement or approved by the Board, by payment of such other lawful consideration as the Board may determine; provided, however, that in no event may a promissory note of the Participant be used to pay the Option exercise price; or

(6) by any combination of the above permitted forms of payment.

(g) Limitation on Repricing. Unless such action is approved by the Company's stockholders, the Company may not (except as provided for under Section 9): (1) amend any outstanding Option granted under the Plan to provide an exercise price per share that is lower than the then-current exercise price per share of such outstanding Option, (2) cancel any outstanding option (whether or not granted under the Plan) and grant in substitution therefor new Awards under the Plan (other than Awards granted pursuant to Section 4(c)) covering the same or a different number of shares of Common Stock and having an exercise price per share lower than the then-current exercise price per share of the cancelled option, (3) cancel in exchange for a cash payment any outstanding Option with an exercise price per share above the then-current fair market value of the Common Stock (valued in the manner determined by (or in a manner approved by) the Board), or (4) take any other action under the Plan that constitutes a "repricing" within the meaning of the rules of the Nasdaq Stock Market ("***Nasdaq***").

(h) No Reload Options. No Option granted under the Plan shall contain any provision entitling the Participant to the automatic grant of additional Options in connection with any exercise of the original Option.

(i) No Dividend Equivalents. No Option shall provide for the payment or accrual of dividend equivalents.

6. Stock Appreciation Rights

(a) General. The Board may grant Awards consisting of stock appreciation rights ("***SARs***") entitling the holder, upon exercise, to receive an amount of Common Stock or cash or a combination thereof (such form to be determined by the Board) determined by reference to appreciation, from and after the date of grant, in the fair market value of a share of Common Stock (valued in the manner determined by (or in a manner approved by) the Board) over the measurement price established pursuant to Section 6(b). The date as of which such appreciation is determined shall be the exercise date.

(b) Measurement Price. The Board shall establish the measurement price of each SAR and specify it in the applicable SAR agreement. The measurement price shall not be less than 100% of the Grant Date Fair Market Value of the Common Stock on the date the SAR is granted; *provided* that if the Board approves the grant of an SAR effective as of a future date, the measurement price shall be not less than 100% of the Grant Date Fair Market Value on such future date.

(c) Duration of SARs. Each SAR shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable SAR agreement; *provided*, *however*, that no SAR will be granted with a term in excess of 10 years.

(d) Exercise of SARs. SARs may be exercised by delivery to the Company of a notice of exercise in a form (which may be electronic) approved by the Company, together with any other documents required by the Board.

(e) Limitation on Repricing. Unless such action is approved by the Company's stockholders, the Company may not (except as provided for under Section 9): (1) amend any outstanding SAR granted under the Plan to provide a measurement price per share that is lower than the then-current measurement price per share of such outstanding SAR, (2) cancel any outstanding SAR (whether or not granted under the Plan) and grant in substitution therefor new Awards under the Plan (other than Awards granted pursuant to Section 4(c)) covering the same or a different number of shares of Common Stock and having a measurement price per share lower than the then-

current measurement price per share of the cancelled SAR, (3) cancel in exchange for a cash payment any outstanding SAR with a measurement price per share above the then-current fair market value of the Common Stock (valued in the manner determined by (or in a manner approved by) the Board), or (4) take any other action under the Plan that constitutes a "repricing" within the meaning of the rules of the Nasdaq.

(f) No Reload SARs. No SAR granted under the Plan shall contain any provision entitling the Participant to the automatic grant of additional SARs in connection with any exercise of the original SAR.

(g) No Dividend Equivalents. No SAR shall provide for the payment or accrual of dividend equivalents.

7. Restricted Stock; RSUs

(a) General. The Board may grant Awards entitling recipients to acquire shares of Common Stock ("***Restricted Stock***"), subject to the right of the Company to repurchase all or part of such shares at their issue price or other stated or formula price (or to require forfeiture of such shares if issued at no cost) from the recipient in the event that conditions specified by the Board in the applicable Award are not satisfied prior to the end of the applicable restriction period or periods established by the Board for such Award. The Board may also grant Awards entitling the recipient to receive shares of Common Stock or cash to be delivered at the time such Award vests ("***RSUs***").

(b) Terms and Conditions for Restricted Stock and RSUs. The Board shall determine the terms and conditions of Restricted Stock and RSUs, including the conditions for vesting and repurchase (or forfeiture) and the issue price, if any.

(c) Additional Provisions Relating to Restricted Stock.

(1) Dividends. Any dividends (whether paid in cash, stock or property) declared and paid by the Company with respect to shares of Restricted Stock ("***Unvested Dividends***") shall be paid to the Participant only if and when such shares become free from the restrictions on transferability and forfeitability that apply to such shares. Each payment of Unvested Dividends will be made no later than the end of the calendar year in which the dividends are paid to stockholders of that class of stock or, if later, the 15th day of the third month following the lapsing of the restrictions on transferability and the forfeitability provisions applicable to the underlying shares of Restricted Stock. No interest will be paid on Unvested Dividends.

(2) Stock Certificates. The Company may require that any stock certificates issued in respect of shares of Restricted Stock, as well as dividends or distributions paid on such Restricted Stock, shall be deposited in escrow by the Participant, together with a stock power endorsed in blank, with the Company (or its designee). At the expiration of the applicable restriction periods, the Company (or such designee) shall deliver the certificates no longer subject to such restrictions to the Participant or if the Participant has died, to his or her Designated Beneficiary. "***Designated Beneficiary***" means (i) the beneficiary designated, in a manner determined by the Board, by a Participant to receive amounts due or exercise rights of the Participant in the event of the Participant's death or (ii) in the absence of an effective designation by a Participant, the Participant's estate.

(d) Additional Provisions Relating to RSUs.

(1) Settlement. Upon the vesting of and/or lapsing of any other restrictions (i.e., settlement) with respect to each RSU, the Participant shall be entitled to receive from the Company the number of shares of Common Stock specified in the Award agreement or (if so provided in the applicable Award agreement or otherwise determined by the Board) an amount of cash equal to the fair market value (valued in the manner determined by (or in a manner approved by) the Board) of such number of shares or a combination thereof. The Board may provide that settlement of RSUs shall be deferred, on a mandatory basis or at the election of the Participant, in a manner that complies with Section 409A.

(2) Voting Rights. A Participant shall have no voting rights with respect to any RSUs.

(3) Dividend Equivalents. The Award agreement for RSUs may provide Participants with the right to receive an amount equal to any dividends or other distributions declared and paid on an equal number of outstanding shares of Common Stock ("***Dividend Equivalents***"). Dividend Equivalents will be credited to an account for the Participant, may be settled in cash and/or shares of Common Stock as set forth in the Award agreement and shall be subject to the same restrictions on transfer and forfeitability as the RSUs with respect to which paid. No interest will be paid on Dividend Equivalents.

8. Other Stock-Based Awards

(a) General. The Board may grant other Awards of shares of Common Stock, and other Awards that are valued in whole or in part by reference to, or are otherwise based on, shares of Common Stock or other property ("***Other Stock-Based Awards***"). Such Other Stock-Based Awards shall also be available as a form of payment in the settlement of other Awards granted under the Plan or as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock-Based Awards may be paid in shares of Common Stock or cash, as the Board shall determine.

(b) Terms and Conditions. Subject to the provisions of the Plan, the Board shall determine the terms and conditions of each Other Stock-Based Award, including any purchase price applicable thereto.

(c) Dividend Equivalents. The Award agreement for an Other Stock-Based Award may provide Participants with the right to receive Dividend Equivalents. Dividend Equivalents will be credited to an account for the Participant, may be settled in cash and/or shares of Common Stock as set forth in the Award agreement and shall be subject to the same restrictions on transfer and forfeitability as the Other Stock-Based Award with respect to which paid. No interest will be paid on Dividend Equivalents.

9. Adjustments for Changes in Common Stock and Certain Other Events

(a) Changes in Capitalization. In the event of any stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event, or any dividend or distribution to holders of Common Stock other than an ordinary cash dividend, (i) the number and class of securities available under the Plan, (ii) the share counting rules set forth in Section 4(a), (iii) the number and class of securities and exercise price per share of each outstanding Option, (iv) the share and per-share provisions and the measurement price of each outstanding SAR, (v) the number of shares subject to and the repurchase price per share subject to each outstanding award of Restricted Stock and (vi) the share and per-share-related provisions and the purchase price, if any, of each outstanding RSU and each Other Stock-Based Award, shall be equitably adjusted by the Company (or substituted Awards may be made, if applicable) in the manner determined by the Board. Without limiting the generality of the foregoing, in the event the Company effects a split of the Common Stock by means of a stock dividend and the exercise price of and the number of shares subject to an outstanding Option are adjusted as of the date of the distribution of the dividend (rather than as of the record date for such dividend), then an optionee who exercises an Option between the record date and the distribution date for such stock dividend shall be entitled to receive, on the distribution date, the stock dividend with respect to the shares of Common Stock acquired upon such Option exercise, notwithstanding the fact that such shares were not outstanding as of the close of business on the record date for such stock dividend.

(b) Reorganization Events.

(1) Definition. A "***Reorganization Event***" shall mean: (a) any merger or consolidation of the Company with or into another entity as a result of which all of the Common Stock of the Company is converted into or exchanged for the right to receive cash, securities or other property or is canceled, (b) any transfer or disposition of all of the Common Stock of the Company for cash, securities or other property pursuant to a share exchange or other transaction or (c) any liquidation or dissolution of the Company.

(2) Consequences of a Reorganization Event on Awards Other than Restricted Stock.

(A) In connection with a Reorganization Event, the Board may take any one or more of the following actions as to all or any (or any portion of) outstanding Awards other than Restricted Stock on such terms as the Board determines (except to the extent specifically provided otherwise in an applicable Award agreement or another agreement between the Company and the Participant): (i) provide that such Awards shall be assumed, or substantially equivalent Awards shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), (ii) upon written notice to a Participant, provide that all of the Participant's unvested Awards will be forfeited immediately prior to the consummation of such Reorganization Event and/ or that all of the Participant's unexercised Awards will terminate immediately prior to the consummation of such Reorganization Event unless exercised by the Participant (to the extent then exercisable) within a specified period following the date of such notice, (iii) provide that outstanding Awards shall become exercisable, realizable or deliverable, or restrictions applicable to an Award shall lapse, in whole or in part prior to or upon such Reorganization Event, (iv) in the event of a Reorganization Event under the terms of which holders of Common Stock will receive upon consummation thereof a cash payment for each share surrendered in the Reorganization Event (the "***Acquisition Price***"), make or provide for a cash payment to Participants with respect to each Award held by a Participant equal to (A) the number of shares of Common Stock subject to the vested portion of the Award (after giving effect to any acceleration of vesting that occurs upon or immediately prior to such Reorganization Event) multiplied by (B) the excess, if any, of (I) the Acquisition Price over (II) the exercise, measurement or purchase price of such Award and any applicable tax withholdings, in exchange for the termination of such Award, (v) provide that, in connection with a liquidation or dissolution of the Company, Awards shall convert into the right to receive liquidation proceeds (if applicable, net of the exercise, measurement or purchase price thereof and any applicable tax withholdings) and (vi) any combination of the foregoing. In taking any of the actions permitted under this Section 9(b)(2)(A), the Board shall not be obligated by the Plan to treat all Awards, all Awards held by a Participant, or all Awards of the same type, identically.

(B) Notwithstanding the terms of Section 9(b)(2)(A)(i), in the case of outstanding RSUs that are subject to Section 409A: (i) if the applicable RSU agreement provides that the RSUs shall be settled upon a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(i), and the Reorganization Event constitutes such a "change in control event", then no assumption or substitution shall be permitted pursuant to Section 9(b)(2)(A)(i) and the RSUs shall instead be settled in accordance with the terms of the applicable RSU agreement; and (ii) the Board may only undertake the actions set forth in clauses (iii), (iv) or (v) of Section 9(b)(2)(A) if the Reorganization Event constitutes a "change in control event" as defined under Treasury Regulation Section 1.409A-3(i)(5)(i) and such action is permitted or required by Section 409A; if the Reorganization Event is not a "change in control event" as so defined or such action is not permitted or required by Section 409A, and the acquiring or succeeding corporation does not assume or substitute the RSUs pursuant to clause (i) of Section 9(b)(2)(A), then the unvested RSUs shall terminate immediately prior to the consummation of the Reorganization Event without any payment in exchange therefor.

(C) For purposes of Section 9(b)(2)(A)(i), an Award (other than Restricted Stock) shall be considered assumed if, following consummation of the Reorganization Event, such Award confers the right to purchase or receive pursuant to the terms of such Award, for each share of Common Stock subject to the Award immediately prior to the consummation of the Reorganization Event, the consideration (whether cash, securities or other property) received as a result of the Reorganization Event by holders of Common Stock for each share of Common Stock held immediately prior to the consummation of the Reorganization Event (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); *provided*, *however*, that if the consideration received as a result of the Reorganization Event is not solely common stock of the acquiring or succeeding corporation (or an affiliate thereof), the Company may, with the consent of the acquiring or succeeding corporation, provide for the consideration to be received upon the exercise or settlement of the Award to consist solely of such number of shares of common stock of the acquiring or succeeding corporation (or an affiliate thereof) that the Board determined to be equivalent in value (as of the date of such determination or another date specified by the Board) to the per share consideration received by holders of outstanding shares of Common Stock as a result of the Reorganization Event.

(3) Consequences of a Reorganization Event on Restricted Stock. Upon the occurrence of a Reorganization Event other than a liquidation or dissolution of the Company, the repurchase and other rights of the Company with respect to outstanding Restricted Stock shall inure to the benefit of the Company's successor and shall, unless the Board determines otherwise, apply to the cash, securities or other property which the Common Stock was converted into or exchanged for pursuant to such Reorganization Event in the same manner and to the same extent as they applied to such Restricted Stock; *provided*, *however*, that the Board may either provide for termination or deemed satisfaction of such repurchase or other rights under the instrument evidencing any Restricted Stock or any other agreement between a Participant and the Company, either initially or by amendment, or provide for forfeiture of such Restricted Stock if issued at no cost. Upon the occurrence of a Reorganization Event involving the liquidation or dissolution of the Company, except to the extent specifically provided to the contrary in the instrument evidencing any Restricted Stock or any other agreement between a Participant and the Company, all restrictions and conditions on all Restricted Stock then outstanding shall automatically be deemed terminated or satisfied.

10. General Provisions Applicable to Awards

(a) Transferability of Awards. Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by a Participant, either voluntarily or by operation of law, except by will or the laws of descent and distribution or, other than in the case of an Incentive Stock Option, pursuant to a qualified domestic relations order, and, during the life of the Participant, shall be exercisable only by the Participant; *provided*, *however*, that, except with respect to Awards subject to Section 409A, the Board may permit or provide in an Award for the gratuitous transfer of the Award by the Participant to or for the benefit of any immediate family member, family trust or other entity established for the benefit of the Participant and/or an immediate family member thereof if the Company would be eligible to use a Form S-8 under the Securities Act for the registration of the sale of the Common Stock subject to such Award to such proposed transferee; *provided further*, that the Company shall not be required to recognize any such permitted transfer until such time as such permitted transferee shall, as a condition to such transfer, deliver to the Company a written instrument in form and substance satisfactory to the Company confirming that such transferee shall be bound by all of the terms and conditions of the Award. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees. For the avoidance of doubt, nothing contained in this Section 10(a) shall be deemed to restrict a transfer to the Company.

(b) Documentation. Each Award shall be evidenced in such form (written, electronic or otherwise) as the Board shall determine. Each Award may contain terms and conditions in addition to those set forth in the Plan.

(c) Termination of Status. The Board shall determine the effect on an Award of the disability, death, termination or other cessation of employment, authorized leave of absence or other change in the employment or other status of a Participant and the extent to which, and the period during which, the Participant, or the Participant's legal representative, conservator, guardian or Designated Beneficiary, may exercise rights, or receive any benefits, under an Award.

(d) Withholding. The Participant must satisfy all applicable federal, state, and local or other income and employment tax withholding obligations before the Company will deliver stock certificates or otherwise recognize ownership of Common Stock under an Award. The Company may elect to satisfy the withholding obligations through additional withholding on salary or wages. If the Company elects not to or cannot withhold from other compensation, the Participant must pay the Company the full amount, if any, required for withholding or have a broker tender to the Company cash equal to the withholding obligations. Payment of withholding obligations is due before the Company will issue any shares on exercise, vesting or release from forfeiture of an Award or at the same time as payment of the exercise or purchase price, unless the Company determines otherwise. If provided for in an Award or approved by the Board, a Participant may satisfy the tax obligations in whole or in part by delivery (either by actual delivery or attestation) of shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at their fair market value (valued in the manner determined by (or in a manner approved by) the Company); *provided*, *however*, except as otherwise provided by the Board, that the total

tax withholding where stock is being used to satisfy such tax obligations cannot exceed the Company's minimum statutory withholding obligations (based on minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income), except that, to the extent that the Company is able to retain shares of Common Stock having a fair market value (determined by, or in a manner approved by, the Company) that exceeds the statutory minimum applicable withholding tax without financial accounting implications or the Company is withholding in a jurisdiction that does not have a statutory minimum withholding tax, the Company may retain such number of shares of Common Stock (up to the number of shares having a fair market value equal to the maximum individual statutory rate of tax (determined by, or in a manner approved by, the Company)) as the Company shall determine in its sole discretion to satisfy the tax liability associated with any Award. Shares used to satisfy tax withholding requirements cannot be subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements.

(e) Amendment of Award. Except as otherwise provided in Sections 5(g) and 6(e) with respect to repricings and Section 11(d) with respect to actions requiring stockholder approval, the Board may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or realization, and converting an Incentive Stock Option to a Nonstatutory Stock Option. The Participant's consent to such action shall be required unless (i) the Board determines that the action, taking into account any related action, does not materially and adversely affect the Participant's rights under the Plan or (ii) the change is permitted under Section 9.

(f) Conditions on Delivery of Stock. The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously issued or delivered under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and regulations and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Company may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

(g) Acceleration. The Board may at any time provide that any Award shall become immediately exercisable in whole or in part, free from some or all restrictions or conditions or otherwise realizable in whole or in part, as the case may be.

11. Miscellaneous

(a) No Right To Employment or Other Status. No person shall have any claim or right to be granted an Award by virtue of the adoption of the Plan, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan, except as expressly provided in the applicable Award.

(b) No Rights As Stockholder; Clawback. Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be issued with respect to an Award until becoming the record holder of such shares. In accepting an Award under the Plan, the Participant agrees to be bound by any clawback policy that the Company has in effect or may adopt in the future.

(c) Effective Date and Term of Plan. The Plan shall become effective on the date the Plan is approved by the Company's stockholders (the "***Effective Date***"). No Awards shall be granted under the Plan after the expiration of 10 years from the Effective Date, but Awards previously granted may extend beyond that date.

(d) Amendment of Plan. The Board may amend, suspend or terminate the Plan or any portion thereof at any time provided that (i) no amendment that would require stockholder approval under the rules of the national securities exchange on which the Company then maintains its primary listing may be made effective unless and

until the Company's stockholders approve such amendment; and (ii) if the national securities exchange on which the Company then maintains its primary listing does not have rules regarding when stockholder approval of amendments to equity compensation plans is required (or if the Company's Common Stock is not then listed on any national securities exchange), then no amendment to the Plan (A) materially increasing the number of shares authorized under the Plan (other than pursuant to Section 4(c) or 9), (B) expanding the types of Awards that may be granted under the Plan, or (C) materially expanding the class of participants eligible to participate in the Plan shall be effective unless and until the Company's stockholders approve such amendment. In addition, if at any time the approval of the Company's stockholders is required as to any other modification or amendment under Section 422 of the Code or any successor provision with respect to Incentive Stock Options, the Board may not effect such modification or amendment without such approval. Unless otherwise specified in the amendment, any amendment to the Plan adopted in accordance with this Section 11(d) shall apply to, and be binding on the holders of, all Awards outstanding under the Plan at the time the amendment is adopted, provided the Board determines that such amendment, taking into account any related action, does not materially and adversely affect the rights of Participants under the Plan. No Award shall be made that is conditioned upon stockholder approval of any amendment to the Plan unless the Award provides that (i) it will terminate or be forfeited if stockholder approval of such amendment is not obtained within no more than 12 months from the date of grant and (2) it may not be exercised or settled (or otherwise result in the issuance of Common Stock) prior to such stockholder approval.

(e) Authorization of Sub-Plans (including for Grants to non-U.S. Employees). The Board may from time to time establish one or more sub-plans under the Plan for purposes of satisfying applicable securities, tax or other laws of various jurisdictions. The Board shall establish such sub-plans by adopting supplements to the Plan containing (i) such limitations on the Board's discretion under the Plan as the Board deems necessary or desirable or (ii) such additional terms and conditions not otherwise inconsistent with the Plan as the Board shall deem necessary or desirable. All supplements adopted by the Board shall be deemed to be part of the Plan, but each supplement shall apply only to Participants within the affected jurisdiction and the Company shall not be required to provide copies of any supplement to Participants in any jurisdiction which is not the subject of such supplement.

(f) Compliance with Section 409A. If and to the extent (i) any portion of any payment, compensation or other benefit provided to a Participant pursuant to the Plan in connection with his or her employment termination constitutes "nonqualified deferred compensation" within the meaning of Section 409A and (ii) the Participant is a specified employee as defined in Section 409A(a)(2)(B)(i), in each case as determined by the Company in accordance with its procedures, by which determinations the Participant (through accepting the Award) agrees that he or she is bound, such portion of the payment, compensation or other benefit shall not be paid before the day that is six months plus one day after the date of "separation from service" (as determined under Section 409A) (the "***New Payment Date***"), except as Section 409A may then permit. The aggregate of any payments that otherwise would have been paid to the Participant during the period between the date of separation from service and the New Payment Date shall be paid to the Participant in a lump sum on such New Payment Date, and any remaining payments will be paid on their original schedule.

The Company makes no representations or warranty and shall have no liability to the Participant or any other person if any provisions of or payments, compensation or other benefits under the Plan are determined to constitute nonqualified deferred compensation subject to Section 409A but do not to satisfy the conditions of that section.

(g) Limitations on Liability. Notwithstanding any other provisions of the Plan, no individual acting as a director, officer, employee or agent of the Company will be liable to any Participant, former Participant, spouse, beneficiary, or any other person for any claim, loss, liability, or expense incurred in connection with the Plan, nor will such individual be personally liable with respect to the Plan because of any contract or other instrument he or she executes in his or her capacity as a director, officer, employee or agent of the Company. The Company will indemnify and hold harmless each director, officer, employee or agent of the Company to whom any duty or power relating to the administration or interpretation of the Plan has been or will be delegated, against any cost or expense (including attorneys' fees) or liability (including any sum paid in settlement of a claim with the Board's

approval) arising out of any act or omission to act concerning the Plan unless arising out of such person's own fraud or bad faith.

(h) Governing Law. The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of the State of Delaware, excluding choice-of-law principles of the law of such state that would require the application of the laws of a jurisdiction other than the State of Delaware.

Exhibit 31.1

CERTIFICATIONS

I, Antony Mattessich, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ocular Therapeutix, 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: August 7, 2023

By: /s/ Antony Mattessich
Antony Mattessich
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Donald Notman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ocular Therapeutix, 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: August 7, 2023

By:/s/ Donald Notman
Donald Notman
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Ocular Therapeutix, Inc. (the "Company") for the period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Antony Mattessich, President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: August 7, 2023

By: /s/ Antony Mattessich
Antony Mattessich
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Ocular Therapeutix, Inc. (the "Company") for the period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Donald Notman, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: August 7, 2023

By: /s/ Donald Notman
Donald Notman
Chief Financial Officer
(Principal Financial and Accounting Officer)