# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**WASHINGTON, DC 20549**

# FORM 10-Q

**(Mark One)**

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

**For the quarterly period ended March 31, 2022**

**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: 001-39112**

# OYSTER POINT PHARMA, INC.

**(Exact Name of Registrant as Specified in its Charter)**

| **Delaware** | **81-1030955** |
|---|---|
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification No.)** |
| **202 Carnegie Center, Suite 109 Princeton, New Jersey** | **08540** |
| **(Address of principal executive offices)** | **(Zip Code)** |

**Registrant's telephone number, including area code: (609) 382-9032**

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

| **Title of each class** | **Trading Symbol(s)** | **Name of each exchange on which registered** |
|---|---|---|
| Common stock, par value $0.001 | OYST | The Nasdaq Global Select Market |

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

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

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

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

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

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

As of April 29, 2022, the registrant had 26,669,342 shares of common stock, $0.001 par value per share, outstanding.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Any statements contained in this Form 10-Q that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, such forward-looking statements by terms such as “may,” “will,” “should,” “would,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential” or “continue” or the negative of these terms or other similar expressions. These forward-looking statements include, but are not limited to, statements about:

- plans relating to commercializing TYRVAYA® Nasal Spray and the Company's other product candidates, if approved, including the geographic areas of focus and sales strategy;
- the likelihood of the Company's clinical trials demonstrating safety and efficacy of its product candidates, and other positive results;
- the timing of initiation of the Company's future clinical trials, and the reporting of data from completed, current and future clinical trials and preclinical studies;
- plans relating to the clinical development of the Company's product candidates, including the size, number and disease areas to be evaluated;
- the size of the market opportunity and prevalence of dry eye disease for the Company's product candidates;
- the success of competing therapies that are or may become available;
- the Company's estimates of the number of patients in the U.S. who suffer from dry eye and other ophthalmic diseases, and the number of patients that will enroll in its clinical trials;
- the beneficial characteristics, safety, efficacy and therapeutic effects of the TYRVAYA Nasal Spray and the Company's other product candidates;
- the timing, likelihood or scope of regulatory filings and approval for its product candidates;
- the Company's ability to obtain and maintain regulatory approval of its product candidates;
- the Company's plans relating to the further development and manufacturing of its product candidates, including additional indications for which it may pursue;
- the expected potential benefits of strategic collaborations with third parties and the Company's ability to attract collaborators with development, regulatory and commercialization expertise;
- existing regulations and regulatory developments in the U.S. and other jurisdictions;
- the Company's plans and ability to obtain or protect intellectual property rights, including extensions of existing patent terms where available;
- continued reliance on third parties to conduct additional clinical trials of the Company's product candidates, and for the manufacture and supply of product candidates, components for preclinical studies and clinical trials and products and components for commercialization of TYRVAYA Nasal Spray and any additional approved products;
- the need to hire additional personnel, and the Company's ability to attract and retain such personnel;
- the potential effects of the novel strain coronavirus, or SARS-CoV-2 virus pandemic, on business, operations and clinical development timelines and plans;
- the accuracy of estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- the Company's financial performance;
- the sufficiency of existing capital resources to fund future operating expenses and capital expenditure requirements, and the Company's ability to raise additional capital;
- expectations regarding the period during which the Company will qualify as an emerging growth company under the JOBS Act; and
- the Company's anticipated use of its existing resources.

The Company has based these forward-looking statements largely on its current expectations and projections about its business, the industry in which it operates and financial trends that it believes may affect business, financial condition, results of operations and growth prospects, and these forward-looking statements are not guarantees of future performance or development. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q and are subject to a number of risks, uncertainties and assumptions described in the section titled “Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q, as well as Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2021. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, these forward-looking statements should not be relied on as predictions of future events. The events and circumstances reflected in the Company's forward-looking statements may not be achieved or occur and actual results could differ materially from those

projected in the forward-looking statements. Except as required by applicable law, the Company does not plan to publicly update or revise any forward-looking statements after the date of this Quarterly Report on Form 10-Q, whether as a result of any new information, future events or otherwise.

In addition, statements that “the Company believes” and similar statements reflect its beliefs and opinions on the relevant subject. These statements are based upon information available to the Company as of the date of this Quarterly Report on Form 10-Q, and while the Company believes such information forms a reasonable basis for such statements, such information may be limited or incomplete, and its statements should not be read to indicate that it has conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

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**PART I — FINANCIAL INFORMATION**

**ITEM 1 — FINANCIAL STATEMENTS**

**OYSTER POINT PHARMA, INC.**

**CONDENSED BALANCE SHEETS**

**(in thousands, except share and per share amounts)**

**(unaudited)**

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents | $ 143,364 | $ 193,372 |
| Restricted cash | 61 | 61 |
| Accounts receivable, net | 5,736 | 6,656 |
| Inventory, net | 4,094 | 6,086 |
| Prepaid expenses and other current assets | 14,099 | 9,075 |
| Total current assets | 167,354 | 215,250 |
| Property and equipment, net | 2,557 | 2,497 |
| Investment - related party | 886 | 886 |
| Other assets | 3,223 | 1,082 |
| Right-of-use assets, net | 2,700 | 2,902 |
| **Total Assets** | $ 176,720 | $ 222,617 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| **Current Liabilities** | | |
| Accounts payable | $ 2,596 | $ 6,496 |
| Accrued expenses and other current liabilities | 19,715 | 21,511 |
| Lease liabilities | 715 | 795 |
| Total current liabilities | 23,026 | 28,802 |
| Lease liabilities, non-current | 2,004 | 2,118 |
| Long-term debt, net | 90,636 | 89,815 |
| Other liabilities | 5,061 | 2,345 |
| **Total Liabilities** | 120,727 | 123,080 |
| **Commitments and Contingencies (Note 11)** | | |
| **Stockholders' Equity** | | |
| Preferred stock, $0.001 par value per share; 5,000,000 shares authorized; 0 outstanding | — | — |
| Common stock, $0.001 par value per share; 1,000,000,000 shares authorized, 26,662,697 and 26,579,585 shares issued and outstanding at March 31, 2022 and December 31, 2021, respectively | 27 | 27 |
| Additional paid-in capital | 359,268 | 354,920 |
| Accumulated deficit | (303,302) | (255,410) |
| **Total Stockholders' Equity** | 55,993 | 99,537 |
| **Total Liabilities and Stockholders' Equity** | $ 176,720 | $ 222,617 |

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

**OYSTER POINT PHARMA, INC.**

**CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

**(in thousands, except share and per share amounts)**

**(unaudited)**

| | Three Months Ended March 31, | |
|---|---|---|
| | **2022** | **2021** |
| **Revenue:** | | |
| Product revenue, net | $ 2,704 | $ — |
| **Total revenue** | 2,704 | — |
| Cost of product revenue | 336 | — |
| **Operating expenses:** | | |
| Sales and marketing | 26,966 | 4,567 |
| General and administrative | 12,932 | 8,525 |
| Research and development | 4,681 | 5,828 |
| **Total operating expenses** | 44,579 | 18,920 |
| **Loss from operations** | (42,211) | (18,920) |
| **Other (expense) income, net** | | |
| Interest expense | (3,066) | — |
| Other (expense) income, net | (2,615) | 11 |
| Total other (expense) income, net | (5,681) | 11 |
| **Net loss and comprehensive loss** | $ (47,892) | $ (18,909) |
| **Net loss per share, basic and diluted** | $ (1.80) | $ (0.73) |
| **Weighted average shares outstanding, basic and diluted** | 26,631,577 | 25,924,096 |

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

**OYSTER POINT PHARMA, INC.**
**CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY**
**(in thousands, except share amounts)**
**(unaudited)**

| | Common Stock | | Additional Paid-In Capital | Accumulated Deficit | Total Stockholders' Equity |
|---|---|---|---|---|---|
| | Shares | Amount | | | |
| **Balance at January 1, 2022** | 26,579,585 | $ 27 | $ 354,920 | $ (255,410) | $ 99,537 |
| Net loss | — | — | — | (47,892) | (47,892) |
| Issuance of common stock upon exercise of stock options | 69,930 | — | 76 | — | 76 |
| Issuance of common stock upon vesting of restricted stock units | 20,618 | — | — | — | — |
| Shares withheld for taxes | (7,436) | — | (87) | — | (87) |
| Stock-based compensation expense | — | — | 4,359 | — | 4,359 |
| **Balance at March 31, 2022** | 26,662,697 | $ 27 | $ 359,268 | $ (303,302) | $ 55,993 |

| | Common Stock | | Additional Paid-In Capital | Accumulated Deficit | Total Stockholders' Equity |
|---|---|---|---|---|---|
| | Shares | Amount | | | |
| **Balance at January 1, 2021** | 25,890,490 | $ 26 | $ 341,384 | $ (154,751) | $ 186,659 |
| Net loss | — | — | — | (18,909) | (18,909) |
| Issuance of common stock upon exercise of stock options | 55,046 | — | 218 | — | 218 |
| Issuance of common stock upon vesting of restricted stock units | 15,252 | — | — | — | — |
| Stock-based compensation expense | — | — | 2,680 | — | 2,680 |
| **Balance at March 31, 2021** | 25,960,788 | $ 26 | $ 344,282 | $ (173,660) | $ 170,648 |

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

**OYSTER POINT PHARMA, INC.**
**CONDENSED STATEMENTS OF CASH FLOWS**
**(in thousands)**
**(unaudited)**

| | Three Months Ended March 31, | |
|---|---|---|
| | **2022** | **2021** |
| **Cash flows from operating activities** | | |
| Net loss | $ (47,892) | $ (18,909) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Stock-based compensation expense | 4,359 | 2,680 |
| Depreciation | 74 | 23 |
| Amortization and accretion of long-term debt related costs | 998 | — |
| Reduction in the carrying amount of the right-of-use assets | 253 | 110 |
| Provision for inventory obsolescence | 175 | — |
| Change in fair value of net embedded derivative liability | 2,690 | — |
| Changes in assets and liabilities: | | |
| Accounts receivable, net | 920 | — |
| Inventory | (412) | — |
| Prepaid expenses and other current assets | (5,024) | (2,949) |
| Other assets | (9) | (30) |
| Accounts payable | (3,949) | 4,812 |
| Lease liabilities | (245) | (109) |
| Accrued expenses and other current liabilities | (1,669) | (2,158) |
| Other liabilities | 26 | — |
| Net cash used in operating activities | (49,705) | (16,530) |
| **Cash flows from investing activities** | | |
| Purchases of property and equipment | (85) | (340) |
| Net cash used in investing activities | (85) | (340) |
| **Cash flows from financing activities** | | |
| Payment of deferred offering costs | — | (23) |
| Repayment of long-term debt | (207) | — |
| Payment of withholding taxes related to stock-based compensation to employees | (87) | — |
| Proceeds from the exercise of stock options | 76 | 218 |
| Net cash (used in) provided by financing activities | (218) | 195 |
| Net decrease in cash, cash equivalents and restricted cash | (50,008) | (16,675) |
| **Cash, cash equivalents and restricted cash at the beginning of the period** | 193,433 | 192,646 |
| **Cash, cash equivalents and restricted cash at the end of the period** | $ 143,425 | $ 175,971 |
| | | |
| Reconciliation of cash, cash equivalents and restricted cash | | |
| Cash and cash equivalents | $ 143,364 | $ 175,910 |
| Restricted cash | 61 | 61 |
| Cash, cash equivalents and restricted cash | $ 143,425 | $ 175,971 |
| **Supplemental Cash Flow Information** | | |
| Cash paid during the period for: | | |
| Interest | $ 2,067 | $ — |
| Non-cash investing and financing activities: | | |
| Accrued property and equipment | $ 49 | $ — |
| Right-of-use assets acquired through leases | $ 50 | $ 344 |

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

**OYSTER POINT PHARMA, INC.**
**Notes to Unaudited Interim Condensed Financial Statements**

## 1. Nature of Business, Basis of Presentation and Significant Accounting Policies

*Description of the Business*

Oyster Point Pharma, Inc. (the Company) is a commercial-stage biopharmaceutical company focused on the discovery, development and commercialization of first-in-class pharmaceutical therapies to treat ophthalmic diseases. On October 15, 2021, TYRVAYA® (varenicline solution) Nasal Spray (TYRVAYA Nasal Spray), formerly referred to as OC-01 (varenicline solution) nasal spray, a highly selective nicotinic acetylcholine receptor (nAChR) agonist, was approved by the U.S. Food and Drug Administration (FDA) for the treatment of the signs and symptoms of dry eye disease. TYRVAYA Nasal Spray's highly differentiated mechanism of action is designed to increase basal tear production with a goal to re-establish tear film homeostasis.

*Liquidity*

Since inception, the Company has incurred recurring losses and negative cash flows from operations. The Company generated net losses of $47.9 million for the three months ended March 31, 2022, and had an accumulated deficit of $303.3 million as of March 31, 2022. The Company had cash and cash equivalents of $143.4 million as of March 31, 2022. The Company has historically financed its operations primarily through the sale and issuance of its securities. In the second half of 2021, the Company secured debt capital in the form of a $125.0 million long-term credit facility (the Credit Agreement), to finance its operations, as further described in Note 8, Long-term Debt. The Company is also a party to a license agreement with Ji Xing Pharmaceuticals Limited (Ji Xing), according to which it is eligible to receive additional development and sales-based milestone payments and royalties in future periods. In addition, the Company began selling TYRVAYA Nasal Spray in November 2021 and generated net product revenues of $2.7 million for the three months ended March 31, 2022.

Based on the Company's current business plan, management believes that the Company's available cash and cash equivalents may not be sufficient to fund its operations for the next twelve months from the date these condensed financial statements are issued, and that the future viability of the Company is dependent on its ability to fund its operations through the sales and licensing of TYRVAYA Nasal Spray and raising additional capital. Management believes that it may be able to raise such additional capital, including by drawing up to $30.0 million on the third tranche of the Credit Agreement, raising up to $100.0 million of equity capital through its at-the-market sales agreement with Cowen and Company, LLC, and potentially receiving upfront and milestone payments through collaborative or strategic arrangements to license its OC-01 intellectual property in additional non-U.S. regions and/or intellectual property related to its pipeline assets worldwide. The Company's ability to draw on the third tranche of the Credit Agreement is contingent upon achieving at least $40.0 million in TYRVAYA Nasal Spray net recurring revenue, as defined in the Credit Agreement, in any twelve-month period on or before March 31, 2023, and without an improper promotional event having occurred, among other conditions. The Credit Agreement also requires the Company to maintain a minimum level of cash and permitted cash equivalent investments of at least $5.0 million at all times in a deposit account subject to control by the lender. If the Company is in violation of this covenant and an event of default resulting from such violation is continuing, the lender could exercise remedies, including but not limited to, the acceleration of all outstanding debt under the Credit Agreement. In addition, the Company has generated limited revenue from initial sales of TYRVAYA Nasal Spray, and given its limited commercial history, cannot guarantee that its commercialization efforts will result in product revenues that meet its sales expectations or those of analysts and investors. Finally, although the Company believes that it will continue to raise capital to fund its operations as it has in the past, the Company's ability to raise equity capital may depend on the stability of U.S. capital markets and demand from investors, among other factors. There can be no assurance that the Company will be successful in commercializing TYRVAYA Nasal Spray or raising this additional capital or that such capital, if available, will be on terms that are acceptable to the Company. If the Company is unable to successfully commercialize TYRVAYA Nasal Spray and raise sufficient additional capital, the Company may be compelled to reduce the scope of its operations and planned capital expenditures.

If adequate funds are unavailable on a timely basis from operations or additional sources of financing, the Company may have to delay or reduce the scope of its marketing and commercialization efforts or make other changes to its operating plan, which could materially and adversely affect the Company's business, financial condition and operations. Successfully commercializing TYRVAYA Nasal Spray requires significant sales and marketing efforts, and the Company's pipeline programs may require significant additional research and development efforts, including extensive preclinical and clinical testing. These activities will in turn require significant amounts of capital, qualified personnel and adequate infrastructure. There can be no assurance when, if ever, the Company will realize significant revenue from the sales of TYRVAYA Nasal Spray or if the development efforts supporting the Company's pipeline of product candidates, including future clinical trials, will be successful.

Additionally, if the Company decides to enter into additional license agreements or other collaborative or strategic arrangements to supplement its funds, it may have to give up certain rights, thereby limiting its ability to develop and commercialize TYRVAYA Nasal Spray, as well as other product candidates in the pipeline, or may have other terms that are not favorable to the Company, which could materially and adversely affect its business, results of operation and financial condition.

The accompanying unaudited condensed financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates continuity of operations, realization of assets, and satisfaction of liabilities in the ordinary course of business. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company not continue as a going concern. The propriety of assuming that the Company will continue as a going concern is dependent upon, among other things, the ability to generate sufficient cash from operations, and potential other funding sources, including cash on hand, to meet the Company's obligations as they become due. The factors described above raise substantial doubt about the Company's ability to continue as a going concern within the next twelve months from the date these condensed financial statements are issued.

*Risks and Uncertainties*

The Company is subject to risks and uncertainties common to companies in the biopharmaceutical industry, including, but not limited to, the ability to secure sufficient capital to fund operations, competition from other companies' products, the availability and sufficiency of third-party payor coverage and reimbursement, compliance with laws and government regulations, the ability to develop and bring to market new products, protection of proprietary technology, and dependence on third parties and key personnel.

The current global macro-economic environment is volatile, which may result in supply chain constraints and elevated rates of inflation. In addition, the Company operates in a dynamic and highly competitive industry and believes that changes in any of the following areas could have a material adverse effect on the Company's future financial position, results of operations, or cash flows: ability to obtain future financing; advances and trends in new technologies and industry standards; results of clinical trials; regulatory approval and market acceptance of the Company's products; development of sales channels; certain strategic relationships; litigation or claims against the Company related to intellectual property, product, regulatory, or other matters; and the Company's ability to attract and retain employees necessary to support its growth.

Product candidates developed by the Company require approval from the FDA and/or other international regulatory agencies prior to commercial sales. There can be no assurance that the Company's product candidates will receive the necessary approvals. If the Company is denied approval, approval is delayed or the Company is unable to maintain approval, it could have a material adverse impact on the Company.

The Company relies on single source manufacturers and suppliers for the supply of its product candidates. This adds to the manufacturing risks faced by the Company, which could be left without backup facilities in the event of any failure by a supplier. In addition, if the Company decides to move to a different or add additional manufacturers and suppliers in the future, any such transition or addition could result in delays or other issues, which could have an adverse effect on the supply of TYRVAYA Nasal Spray or other product candidates. Any disruption from these manufacturers or suppliers could have a negative impact on the Company's business, financial position and results of operations. In addition, the Company is dependent upon the services of its employees, consultants and other third parties.

For the three months ended March 31, 2022, a majority of the Company's sales of TYRVAYA Nasal Spray were to four large wholesale drug distributors, and the Company may continue to rely on a limited number of wholesale drug distributors for the distribution of TYRVAYA Nasal Spray. If the Company is unable to maintain its business relationships with wholesale drug distributors on commercially acceptable terms, it could have a material adverse impact on the Company's business, financial condition and results of operations.

The Company does not believe its financial results were materially affected by the SARS-CoV-2 virus pandemic during the three months ended March 31, 2022. However, the extent to which the SARS-CoV-2 virus pandemic may affect the Company's future financial results and operations will depend on future developments which are highly uncertain and cannot be predicted, including new information which may emerge concerning the pandemic, the availability and effectiveness of vaccines and treatment options, and current or future domestic and international actions to contain it and treat it. The Company continues to evaluate the potential impact of the SARS-CoV-2 virus pandemic on its business, including the potential impact of the pandemic on the commercial launch of TYRVAYA Nasal Spray and its acceptance by patients and prescribers, and any potential supply-chain challenges, as well as the potential impact of the pandemic on its pipeline and the conduct of clinical trials and preclinical

studies In addition, the Company has taken a variety of measures in an effort to ensure the availability and functioning of the Company's critical infrastructure and to promote the safety and security of its employees, including remote working arrangements for employees and investing in personal protective equipment for the return to the office. The Company commenced a voluntary return to the office for its employees in March 2022. The Company's sales force is primarily working in-person and has been instructed to follow all locally required SARS-CoV-2 related precautions. The Company will continue monitoring SARS-CoV-2 infection rates and make practical decisions in compliance with Centers for Disease Control and Prevention, federal, state and local guidelines.

The Company continues to evaluate and develop pipeline candidates for the potential treatment of various medical indications. The ongoing SARS-CoV-2 virus pandemic may impact access to supplies necessary to conduct preclinical studies, cause delay to the timelines to initiate or complete *in vitro* or *in vivo* animal studies, or may indirectly impact the operations of third parties that are necessary for the Company to advance preclinical projects. If the SARS-CoV-2 virus pandemic continues and persists for an extended period of time, the Company could experience significant disruptions to its clinical development timelines, which could adversely affect its business, financial condition and results of operations.

*Basis of Presentation*

The unaudited interim condensed financial statements and accompanying notes have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for interim financial information and the applicable rules and regulations of the Securities and Exchange Commission (SEC). Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the accompanying unaudited condensed financial statements contain all adjustments, which are of a normal recurring nature, necessary to state fairly the Company's financial position as of March 31, 2022 and December 31, 2021, the results of operations for the three months ended March 31, 2022 and 2021, and cash flows for the three months ended March 31, 2022 and 2021. While management believes that the disclosures presented are adequate to mitigate the risk of the information being misleading, these unaudited condensed financial statements should be read in conjunction with the audited financial statements and the related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021. The results of the Company's operations for any interim period are not necessarily indicative of the results of operations for any other interim period or for the full year.

*Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses in the financial statements and accompanying notes as of the date of the financial statements. On an ongoing basis, management evaluates its estimates, including those related to the valuation of stock-based awards, revenue and gross-to-net deductions, inventory, income taxes, net embedded derivative liability bifurcated from the Company's long-term credit agreement and certain research and development accruals. Management bases its estimates on historical experience and on various other assumptions that are believed to be 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 could differ from these estimates, and such differences could be material to the Company's financial position and results of operations.

*Significant Accounting Policies Update*

The Company's significant accounting policies are disclosed in Note 1, *Nature of Business*, in the Annual Report on Form 10-K for the year ended December 31, 2021. The Company updated its stock-based compensation accounting policy, as described below, in connection with the Performance Stock Units (PSUs) granted during the three months ended March 31, 2022.

*Stock-Based Compensation - Performance Stock Units*

In January 2022, the Company granted PSUs to certain executive officers, as further described in Note 6, *Stockholders' Equity and Equity Incentive Plans*. The PSUs are subject to vesting based on the Company's attainment of pre-established performance milestones and service conditions. The performance milestones are comprised of two non-market milestones and one market milestone.

The fair value of the non-market milestones is based on the market price of the Company's stock as of the date of grant. The fair value of the market performance milestone is estimated using a Monte Carlo simulation. The probability of the number of

actual shares expected to be earned is considered in the grant date valuation, and therefore, stock-based compensation expense is not adjusted at the vesting date to reflect the actual number of shares earned.

The Company records stock-based compensation expense over the estimated service period for each performance-based milestone subject to the achievement of the milestones being considered probable. At each reporting date, the Company assesses whether achievement of the milestones are considered probable and, if so, records stock-based compensation expense based on the portion of the service period elapsed to date with respect to the milestones, with a cumulative catch-up.

*Recent Accounting Pronouncements*

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board under its accounting standards codifications (ASC) or other standard setting bodies and are adopted by the Company as of the specified effective date. For the three months ended March 31, 2022, there were no newly adopted accounting pronouncements that had a material impact to the Company's condensed financial statements. As of March 31, 2022, there are no recently issued but not yet adopted accounting pronouncements that are expected to materially impact the Company's condensed financial statements.

*Reclassification*

Beginning in 2021, sales and marketing expenses are reported separately from selling, general and administrative expenses in the Company’s statements of operations and comprehensive loss. The condensed statement of operations and comprehensive loss for the three months ended March 31, 2021 has been conformed to separately present sales and marketing expenses.

## 2. Inventory

Inventory, net consisted of the following (in thousands):

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| Raw materials | $ 1,128 | $ 2,524 |
| Work in process | 2,256 | 3,053 |
| Finished goods | 710 | 509 |
| Inventory, net | $ 4,094 | $ 6,086 |

Raw materials in the amount of $2.2 million are not expected to be incorporated into products that will be sold within the next 12 months and are included in other assets on the condensed balance sheet as of March 31, 2022.

## 3. Fair Value Measurements

The Company assesses the fair value of financial instruments as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, a three-tier fair value hierarchy has been established, which prioritizes the inputs used in measuring fair value as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or model derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 Valuations derived from valuation techniques in which one or more significant inputs to the valuation model are unobservable.

*Assets and Liabilities Measured at Fair Value on a Recurring Basis*

As further discussed in Note 8, *Long-term Debt*, in connection with entering into a Credit Agreement in 2021, the Company is required to make quarterly payments to OrbiMed Royalty & Credit Opportunities III, LP (OrbiMed) in the form of a revenue sharing fee, which was evaluated under ASC 815-40, *Derivatives and Hedging*, and determined to be an embedded derivative liability. In addition, the Company has the right to optionally prepay, in whole or in part, the outstanding principal amount of the term loan in an amount equal to the outstanding principal, accrued and unpaid interest, together with other fees and payments required under the term loan. This prepayment option has been determined to qualify as an embedded derivative asset under ASC 815-40, *Derivatives and Hedging*. Lastly, the term loan contains a lender-held put option that requires the Company to repay $5 million of the outstanding principal amount of the term loan if the Company fails to achieve certain pre-defined levels of OC-01 net recurring revenues for the trailing four quarters, which commences with the quarter ending December 31, 2022 and continues through the maturity of the term loan.

These three embedded derivatives have been bifurcated and netted to result in a net embedded derivative liability, which is classified as a Level 3 financial liability in the fair value hierarchy as of March 31, 2022. The net embedded derivative liability is recorded in other liabilities on the Company's condensed balance sheets.

The valuation method for the embedded derivatives includes certain unobservable Level 3 inputs including revenue projections, probability and timing of future cash flows, discount rates and risk-free rates of interest. The change in fair value due to the remeasurement of the net embedded derivative liability is recorded in other (expense) income, net in the Company’s condensed statements of operations and comprehensive loss.

The following table reconciles the beginning and ending balances for the Company’s net embedded derivative liability that is carried at fair value as a long-term liability on the Company's condensed balance sheets using significant unobservable inputs (Level 3) (in thousands):

| | Three Months Ended March 31, 2022 |
|---|---|
| **Beginning balance as of January 1** | $ 2,345 |
| Change in fair value of the net embedded derivative liability | 2,690 |
| **Ending balance as of March 31** | $ 5,035 |

As of March 31, 2022, financial assets and liabilities measured at fair value on a recurring basis were as follows (in thousands):

| | Fair Value Measurements as of March 31, 2022 | | | |
|---|---|---|---|---|
| | Quoted Price in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
| **Assets:** | | | | |
| Money market funds | 119,378 | — | — | 119,378 |
| Total assets | $ 119,378 | $ — | $ — | $ 119,378 |
| **Liabilities:** | | | | |
| Net embedded derivative liability | — | — | 5,035 | 5,035 |
| Total liabilities | $ — | $ — | $ 5,035 | $ 5,035 |

As of December 31, 2021, financial assets and liabilities measured at fair value on a recurring basis were as follows (in thousands):

| | Fair Value Measurements as of December 31, 2021 | | | |
|---|---|---|---|---|
| | Quoted Price in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
| **Assets:** | | | | |
| Money market funds | 162,376 | — | — | 162,376 |
| Total assets | $ 162,376 | $ — | $ — | $ 162,376 |
| **Liabilities:** | | | | |
| Net embedded derivative liability | — | — | 2,345 | 2,345 |
| Total liabilities | $ — | $ — | $ 2,345 | $ 2,345 |

Money market funds are included in cash and cash equivalents on the Company's condensed balance sheets and are classified within Level 1 of the fair value hierarchy as they are valued using quoted market prices.

The carrying amounts reflected in the Company's condensed balance sheets for cash equivalents, restricted cash, accounts receivable, and accounts payable approximate their fair values, due to their short-term nature.

*Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis*

*Investment - Related Party*

The Company accounts for the senior common shares received under a collaboration and license agreement with Ji Xing Pharmaceuticals Limited (Ji Xing), as a non-marketable equity investment (the Investment). Ji Xing is an entity affiliated with RTW Investments, LP. RTW Investments, LP, is one of the Company's beneficial owners and, as a result, the Investment is considered to be a related party transaction. The Investment is classified within Level 3 in the fair value hierarchy because the fair value was determined based on a market approach in which one or more significant inputs to the valuation model are unobservable. The Investment is subject to non-recurring fair value measurements for the evaluation of potential impairment losses and observable price changes in orderly transactions for an identical or similar investment of Ji Xing. There was no impairment expense recorded for the Investment during the three months ended March 31, 2022.

*Concentration of Credit Risk*

Financial instruments that potentially subject the Company to concentrations of credit risk are money market funds, which are included in cash and cash equivalents on the Company's condensed balance sheets. The Company attempts to minimize the risks related to cash and cash equivalents by using highly-rated financial institutions that invest in a broad and diverse range of financial instruments. The Company's investment portfolio is maintained in accordance with its investment policy that defines allowable investments, specifies credit quality standards and limits the credit exposure of any single issuer.

## 4. Property and Equipment, net

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

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| Laboratory equipment | $ 798 | $ 585 |
| Furniture and fixtures | 73 | 73 |
| Leasehold improvements | 263 | 226 |
| Marketing equipment | 258 | 258 |
| Office equipment | 68 | 68 |
| Construction-in-progress | 1,408 | 1,524 |
| Total property and equipment | $ 2,868 | $ 2,734 |
| Accumulated depreciation | (311) | (237) |
| Property and equipment, net | $ 2,557 | $ 2,497 |

## 5. Accrued Expenses and Other Current Liabilities

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

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| Accrued gross-to-net deductions | $ 4,163 | $ 4,837 |
| Accrued compensation | 8,014 | 9,153 |
| Accrued professional services | 6,109 | 5,451 |
| Accrued research and development expense | 1,145 | 1,243 |
| Accrued other expense | 284 | 827 |
| Total accrued expenses and other current liabilities | $ 19,715 | $ 21,511 |

## 6. Stockholders' Equity and Equity Incentive Plans

*Common Stock*

The Company is authorized to issue 1,000,000,000 shares of common stock, at a par value of $0.001 per share. Each share of common stock is entitled to one vote.

The Company's outstanding equity awards as well as reserved common stock for future issuance is as follows:

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| Outstanding options under the 2016 Equity Incentive Plan (the 2016 Plan) | 1,863,246 | 1,935,240 |
| Outstanding options under the 2019 Equity Incentive Plan (the 2019 Plan) | 3,148,375 | 2,078,232 |
| Outstanding options under the 2021 Equity Inducement Plan (the 2021 Plan) | 456,900 | 270,600 |
| Outstanding performance stock units (PSUs) under the 2019 Plan | 444,500 | — |
| Unvested restricted stock units (RSUs) under the 2019 Plan | 397,304 | 179,149 |
| Equity awards available for grant under the 2019 Plan [(1)] | 854,755 | 1,535,488 |
| Equity awards available for grant under the 2021 Plan | 193,100 | 379,400 |
| Shares reserved for purchase under the Employee Stock Purchase Plan (the ESPP) [(2)] | 491,242 | 225,447 |
| Total | 7,849,422 | 6,603,556 |

[(1)] Effective January 1, 2022, in connection with the evergreen provision contained in the 2019 Plan, an additional 1,070,967 shares of common stock were reserved for issuance under the 2019 Plan, including 7,784 shares of common stock that have become available for issuance under the 2019 Plan as a result of the forfeiture, termination, tender to or withholding for payment of an exercise price or for tax withholding obligations, expiration or repurchase of stock options, restricted stock units or other stock awards that had been granted under the 2016 Plan, pursuant to the terms of the 2019 Plan.

[(2)] Effective January 1, 2022, in connection with an evergreen provision contained in the ESPP, an additional 265,795 shares of common stock were reserved for issuance under the ESPP.

*Performance Stock Units*

In January 2022, the Company granted PSUs to certain executive officers. The PSUs are subject to vesting based on the Company’s attainment of pre-established performance milestones and service conditions. The performance milestones are comprised of two non-market milestones and one market milestone. The non-market performance milestones are subject to attaining certain forecasted net product revenues and future prescriptions of TYRVAYA Nasal Spray, and the market performance milestone is subject to (i) at least one of the non-market milestones being met and (ii) attaining total shareholder return based on the change in the price of the Company's common stock. Depending on the terms of the PSUs and the outcome of the performance milestones, a recipient may ultimately earn 0% to 125% (as specified for each PSU grant) of the target number of PSUs granted.

The number of PSUs that may vest and be issued are based upon the determination of the Compensation Committee of the Company's Board of Directors that one or more of the three performance milestones are achieved in the period beginning on the vesting commencement date of January 1, 2022 and ending on June 30, 2023, with the PSUs vesting on July 1, 2024, subject to the participant continuing their service through such vesting date.

The fair value of the non-market milestones is based on the market price of the Company’s stock as of the date of grant. The fair value of the market performance milestone is estimated using a Monte Carlo simulation. The probability of the number of actual shares expected to be earned is considered in the grant date valuation, and therefore, stock-based compensation expense is not adjusted at the vesting date to reflect the actual number of shares earned. The Monte Carlo simulation assumes that at least one of the non-market milestones are met and includes the following assumptions:

- Expected term - 1.48 years.
- Expected volatility - Historical volatility of the Company's common stock price over a lookback period that is commensurate to the performance period, which is 61.3%.
- Risk-free interest rate - The Interpolated Constant Maturity U.S. Treasury Curve, which is 0.64%.

- Expected dividend rate - The Company has estimated the dividend yield to be zero.

The Company records stock-based compensation expense over the estimated service period for each performance-based milestone subject to the achievement of the milestones being considered probable. At each reporting date, the Company assesses whether achievements of the milestones are considered probable and, if so, records stock-based compensation expense based on the portion of the service period elapsed to date with respect to the milestones, with a cumulative catch-up. The Company did not record stock-based compensation expense related to the PSUs during the three months ended March 31, 2022.

*Stock Options*

The following table summarizes stock option activity under the 2016 Plan, the 2019 Plan and the 2021 Plan during the three months ended March 31, 2022 (in thousands, except shares, contractual term and per share data):

| | Outstanding Options | | | |
|---|---|---|---|---|
| | Number of Shares Underlying Outstanding Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (Years) | Aggregate Intrinsic Value |
| **Outstanding at January 1, 2022** | 4,284,072 | $ 13.54 | 8.1 | $ 28,874 |
| Options granted | 1,268,995 | 15.52 | | — |
| Options exercised | (69,930) | 1.09 | | 995 |
| Options forfeited | (14,616) | 16.17 | | 12 |
| **Outstanding at March 31, 2022** | 5,468,521 | 14.15 | 8.3 | 12,193 |
| **Shares vested and exercisable as of March 31, 2022** | 2,111,311 | 10.84 | 7.1 | 10,526 |
| **Vested and expected to vest as of March 31, 2022** | 5,468,521 | $ 14.15 | 8.3 | $ 12,193 |

The weighted average fair value of options granted during the three months ended March 31, 2022 was $11.47 per share. As of March 31, 2022, the total unrecognized stock-based compensation expense for stock options was $36.7 million, which is expected to be recognized over a weighted average period of 3.0 years.

*Restricted Stock Units*

The RSUs are granted to the Company's directors and employees. The value of an RSU award is based on the Company's stock price on the date of the grant. The shares underlying the RSUs are not issued until the RSUs vest.

Activity with respect to the Company's restricted stock units during the three months ended March 31, 2022 was as follows (in thousands, except share, contractual term, and per share data):

| | Outstanding RSUs | | | |
|---|---|---|---|---|
| | Number of Shares Underlying Outstanding Awards | Weighted Average Grant Date Fair Value per Share | Weighted Average Remaining Contractual Term (Years) | Aggregate Intrinsic Value |
| **Outstanding at January 1, 2022** | 179,149 | $ 17.52 | 2.4 | $ 3,271 |
| Restricted stock units granted | 239,223 | 15.74 | | 3,765 |
| Restricted stock units vested | (20,618) | 18.77 | | 241 |
| Restricted units forfeited | (450) | 16.00 | | 5 |
| **Outstanding at March 31, 2022** | 397,304 | 16.39 | 3.1 | 4,625 |
| **Unvested and expected to vest as of March 31, 2022** | 397,304 | $ 16.39 | 3.1 | $ 4,625 |

As of March 31, 2022, the total unrecognized stock-based compensation expense for RSUs was $5.5 million which is expected to be recognized over a weighted average period of 3.3 years.

*Stock-Based Compensation Expense*

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Sales and marketing | $ 1,252 | $ 524 |
| General and administrative | 2,475 | 1,790 |
| Research and development | 632 | 366 |
| Total stock-based compensation expense | $ 4,359 | $ 2,680 |

## 7. Net Loss Per Share

The following table sets forth the computation of basic and diluted net loss per share (in thousands, except share and per share data):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Numerator: | | |
| Net loss | $ (47,892) | $ (18,909) |
| Denominator: | | |
| Weighted average shares outstanding, basic and diluted | 26,631,577 | 25,924,096 |
| Net loss per share, basic and diluted | $ (1.80) | $ (0.73) |

The following outstanding shares of potentially dilutive securities were excluded from the computation of diluted net loss per share for the periods presented because including them would have been antidilutive:

| | March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Options to purchase common stock | 5,468,521 | 4,033,044 |
| Unvested restricted stock units | 397,304 | 140,595 |
| Shares committed under the ESPP | 80,275 | — |
| Total | 5,946,100 | 4,173,639 |

## 8. Long-term Debt

*Credit Facility with OrbiMed*

On August 5, 2021, the Company entered into the Credit Agreement with OrbiMed as administrative agent and initial lender. The term loan underlying the Credit Agreement matures on August 5, 2027 and is structured for full principal repayment at maturity. The term loan bears interest at the secured overnight financing rate (with a floor of 0.40% per annum) plus a spread of 8.10% per annum.

The Company is required to make quarterly payments to OrbiMed in the form of a revenue sharing fee in an amount equal to 3.0% of all net revenue from fiscal year net sales and licenses of OC-01 up to $300.0 million and 1% of all revenue from fiscal year sales and licenses of TYRVAYA Nasal Spray in excess of $300.0 million and up to $500.0 million, subject to caps on such fiscal year net sales and license revenues. As of March 31, 2022, the Company has accrued $0.1 million for the revenue sharing fee which is classified in accrued expenses and other current liabilities on the Company's condensed balance sheet.

The discount created by the bifurcated net embedded derivative liability, together with the exit fee, the buyout amount, and any debt issuance fees attributable to the drawn tranches are deferred and amortized using the effective interest method over the life of the term loan, which resulted in an effective interest rate of 13.98% on the loan as of March 31, 2022.

In connection with entering into the Credit Agreement the Company incurred loan commitment fees, which were capitalized and recorded in other assets on the Company's condensed balance sheet as of March 31, 2022. The Company amortizes loan commitment fees on a straight-line basis over the term of the loan commitment. Undrawn loan commitment fees, net of accumulated amortization, were $0.5 million and $0.6 million as of March 31, 2022 and December 31, 2021, respectively.

The balances of the long-term debt, debt issuance and discount costs, net of amortization and accretion recorded on the Company's condensed balance sheet were as follows:

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| Long-term debt | $ 95,000 | $ 95,000 |
| Debt issuance and discount costs, net of amortization | (4,364) | (5,185) |
| Long-term debt, net | $ 90,636 | $ 89,815 |

During the three months ended March 31, 2022, the Company recorded interest expense of $3.1 million, of which $1.0 million related to the amortization of the loan commitment fees and accretion of the debt issuance and discount costs.

The Credit Agreement contains customary affirmative and negative covenants, including but not limited to the Company’s ability to enter into certain forms of indebtedness, as well as to pay dividends and other restricted payments. The Credit Agreement also includes provisions for customary events of default. The Credit Agreement requires compliance with a minimum liquidity covenant of $5.0 million. The Company was in compliance with the minimum liquidity requirement as of March 31, 2022.

## 9. Leases

The Company is party to non-cancelable operating leases for office and laboratory space in New Jersey and Massachusetts.

The Company's variable lease payments primarily consist of maintenance and other operating expenses from its real estate leases. Variable lease payments are excluded from the right of use assets and lease liabilities and are recognized in the period in which the obligation for those payments is incurred. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

The Company leases certain office equipment under finance leases with remaining lease terms of less than 4.2 years.

Supplemental balance sheet information for the Company's leases is as follows (in thousands):

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| Operating lease right-of-use assets | $ 2,645 | $ 2,884 |
| Finance lease right-of-use assets | 55 | 18 |
| Total right-of-use assets | $ 2,700 | $ 2,902 |
| | | |
| Operating lease liabilities | $ 684 | $ 779 |
| Finance lease liabilities | 31 | 16 |
| Total lease liabilities | $ 715 | $ 795 |
| | | |
| Operating lease liabilities, non-current | $ 1,974 | $ 2,114 |
| Finance lease liabilities, non-current | 30 | 4 |
| Total lease liabilities, non-current | $ 2,004 | $ 2,118 |

The maturities of the lease liabilities under non-cancelable operating and finance leases are as follows (in thousands):

| As of March 31, 2022 | Finance Leases | Operating Leases | Total |
|---|---|---|---|
| 2022 (remainder) | $ 25 | $ 634 | $ 659 |
| 2023 | 22 | 666 | 688 |
| 2024 | 16 | 572 | 588 |
| 2025 | — | 562 | 562 |
| 2026 | — | 525 | 525 |
| Total undiscounted cash flows | 63 | 2,959 | 3,022 |
| Less: imputed interest | (2) | (301) | (303) |
| Total lease liabilities | 61 | 2,658 | 2,719 |
| Less: current portion | (31) | (684) | (715) |
| Lease liabilities | $ 30 | $ 1,974 | $ 2,004 |

Rent expense was $0.3 million and $0.1 million for the three months ended March 31, 2022 and March 31, 2021, respectively.

## 10. License and Collaboration Agreements

*Ji Xing*

In August 2021, the Company entered into a license and collaboration agreement with Ji Xing. The Company granted Ji Xing an exclusive license to develop and commercialize OC-01 (varenicline solution) nasal spray and OC-02 (simpinicline) nasal spray pharmaceutical products, for all prophylactic uses for, and treatment of, ophthalmology diseases or disorders in the greater China region. Per the terms of the agreement, the Company is eligible to receive development and sales-based milestone payments and royalty payments that are tiered on future net sales of OC-01 and OC-02. The Company did not recognize any license or milestone revenue during the three months ended March 31, 2022 or March 31, 2021.

*Adaptive Phage Therapeutics*

In May 2021, the Company entered into a research collaboration agreement with Adaptive Phage Therapeutics (APT) for the development of potential biological treatments for multiple ophthalmic diseases. Under the terms of the collaboration agreement, the Company has the option and certain rights to obtain an exclusive license to develop and commercialize APT's technology for ophthalmic diseases and disorders. Under the license terms, if such option is exercised, the Company would make potential development and regulatory milestones payments, as well as the potential to make sales-related milestones and tiered royalty payments of net sales, if a licensed phage therapy is approved by the FDA or certain other regulatory authorities. The Company has not exercised the option granted under the agreement as of March 31, 2022.

*Pfizer Inc.*

The Company is party to a non-exclusive patent license agreement with Pfizer Inc. (Pfizer), which granted the Company non-exclusive rights under Pfizer's patent rights covering varenicline tartrate to develop, manufacture, and commercialize the OC-01 (varenicline solution) nasal spray product. Pursuant to the license agreement, the Company is required to pay a one-time sales-based milestone payment of $10.0 million if annual U.S. net sales of TYRVAYA Nasal Spray exceed $250.0 million prior to December 31, 2026. The Company is also required to pay royalties based on annual U.S. tiered net sales of TYRVAYA Nasal Spray at percentages ranging from 7.5% to 15% until the expiration of the royalty term. The royalty obligation to Pfizer commenced upon the first commercial sale of TYRVAYA Nasal Spray and expires upon the later of (a) the expiration of all regulatory or data exclusivity granted to Pfizer in connection with varenicline in the United States; and (b) the expiration or abandonment of the last valid claims of the licensed patents. The Company recorded $0.2 million and no royalty expense during the three months ended March 31, 2022 and 2021, respectively.

## 11. Commitments and Contingencies

*Contingencies*

From time to time, the Company may have certain contingent liabilities that arise in the ordinary course of its business activities. The Company accrues a liability for such matters when it is probable that future expenditures will be made and that such expenditures can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount. There are no matters pending that the Company currently believes are reasonably possible or probable of having a material impact to the Company's business, financial position, results of operations, or statements of cash flows.

**ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion analyzes the Company's historical financial condition and results of operations. As you read this discussion and analysis, refer to the Company's financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q, which represents the results of operations for the three months ended March 31, 2022 and 2021. Also refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2021, which includes detailed discussions of various items impacting the Company's business, results of operations and financial condition. The discussion and analysis below has been organized as follows:

- Executive summary, including a description of the business and recent events that are important to understanding the results of operations and financial condition;
- Results of operations, including an explanation of significant differences between the periods in the specific line items of the condensed statements of operations;
- Financial condition addressing the Company's sources of liquidity, future funding requirements, cash flow, sources and uses of cash, updates to contractual obligations and commitments, and off-balance sheet arrangements; and
- Critical accounting policies, significant judgements and estimates, which are most important to both the portrayal of the Company's results of operations and financial condition.

Some of the information contained in the following discussion and analysis or set forth elsewhere in this Quarterly Report on Form 10-Q, including information with respect to the Company’s plans and strategy for its business, includes forward-looking statements within the meaning of Section 27A of the Act and Section 21E of the Exchange Act that involve risks and uncertainties. As a result of many factors, including those factors set forth in the “Risk Factors” section of the Company’s Annual Report on Form 10-K for the year ended December 31, 2021 and in this Quarterly Report on Form 10-Q, the Company’s actual results could differ materially from the results described in or implied by these forward-looking statements. Please also see the section of this Quarterly Report on Form 10-Q titled “Special Note Regarding Forward-Looking Statements.”

**Executive Summary**

**Introduction and Overview**

Oyster Point Pharma, Inc. (the Company) is a commercial-stage biopharmaceutical company focused on the discovery, development and commercialization of first-in-class pharmaceutical therapies to treat ophthalmic diseases. On October 15, 2021, TYRVAYA® (varenicline solution) Nasal Spray (TYRVAYA Nasal Spray), formerly referred to as OC-01 (varenicline solution) nasal spray, a highly selective nicotinic acetylcholine receptor (nAChR) agonist, was approved by the U.S. Food and Drug Administration (FDA) for the treatment of the signs and symptoms of dry eye disease. TYRVAYA Nasal Spray's highly differentiated mechanism of action is designed to increase basal tear production with a goal to re-establish tear film homeostasis.

The Company began selling TYRVAYA Nasal Spray in November 2021 and generated net product revenues of $2.7 million for the three months ended March 31, 2022. The Company expects its product revenue to increase if it gains market share and TYRVAYA Nasal Spray obtains insurance coverage from additional third-party payors. The Company generated net losses of $47.9 million and $18.9 million for the three months ended March 31, 2022, and 2021, respectively, and had an accumulated deficit of $303.3 million as of March 31, 2022. The Company has historically financed its operations primarily through the sale and issuance of its securities. In August 2021, the Company secured debt capital in the form of a long-term credit facility to help finance its operations. The Company expects that its operating expenses will increase as it expands its commercialization of TYRVAYA Nasal Spray, advances its other product candidates through preclinical and clinical development, seeks regulatory approval, and prepares for and, if approved, proceeds to commercialization of its other product candidates, acquires, discovers, validates and develops additional product candidates; obtains, maintains, protects and enforces its intellectual property portfolio.

**Recent Events**

*Approval of the Ji Xing Pharmaceuticals Application to Conduct a Phase 3 Clinical Trial of OC-01 in China*

On March 21, 2022, Ji Xing announced that the Center for Drug Evaluation of the National Medical Products Administration of China approved its Clinical Trial Application for the phase 3 clinical trial of OC-01 (varenicline tartrate) nasal spray for the treatment of signs and symptoms of dry eye disease in China. The Company granted Ji Xing an exclusive license to develop and commercialize OC-01 (varenicline solution) nasal spray and OC-02 (simpinicline) nasal spray pharmaceutical products, for all prophylactic uses for, and treatment of, ophthalmology diseases or disorders in the greater China region in August 2021.

*Expansion of Commercial Coverage for TYRVAYA Nasal Spray*

Effective February 19, 2022, TYRVAYA Nasal Spray was placed on the Express Scripts National Preferred, Basic, and High Performance Formularies, which collectively make up an estimated 26 million lives. Subsequently, formulary coverage for TYRVAYA Nasal Spray has been established with additional third-party payors. According to a third-party syndicated source, TYRVAYA now has commercial coverage for up to approximately 95 million lives, or 52% of all U.S. commercial lives. The Company anticipates receiving coverage determinations for all major commercial payors in the U.S. by mid-2022.

*Continued Enrollment of Subjects in the OLYMPIA Phase 2 Clinical Trial of TYRVAYA Nasal Spray for Patients with Neurotrophic Keratopathy*

During the three months ended March 31, 2022, the Company continued enrollment of subjects in the OLYMPIA Phase 2 clinical trial of OC-01 for the treatment of Stage 1 Neurotrophic Keratopathy (NK). Enrollment is expected to be completed by the end of 2022.

*Additional Pre-Clinical Studies for Enriched Tear Film (ETF™) Gene Therapy to Target Neurotrophic Keratopathy*

During the three months ended March 31, 2022, the Company progressed in its multiple pre-clinical studies for the proprietary ETF™ gene therapy with OC-101 (AAV-NGF), a single, intralacrimal gland injection of an adeno-associated virus (AAV) vector containing the human nerve growth factor (NGF) gene for Stage 2/3 NK patients. Earlier pre-clinical study results demonstrated that following AAV transduction of the lacrimal gland, cholinergic activation with OC-01 produced a statistically significant increase of NGF levels in tear film of a rabbit model, as compared to control, potentially indicating OC-01's ability to

modulate lacrimal secretion of NGF. Additional pre-clinical studies using a porcine model have further demonstrated the capability of ETF Gene Therapy to deliver a protein to the tear film following intralacrimal gland injection.

*Research Collaboration with Adaptive Phage Therapeutics, Inc. to Target Ophthalmic Diseases*

In May 2021, the Company entered into a research collaboration agreement with Adaptive Phage Therapeutics for the development of potential biological treatments for multiple ophthalmic diseases. Under the terms of the collaboration agreement, the Company has the option and certain rights to obtain an exclusive license to develop and commercialize APT's technology for ophthalmic diseases and disorders. Under the license terms, if such option is exercised, the Company would pay potential development and regulatory milestones, as well as potential sales-related milestones and tiered royalties of net sales, if a licensed phage therapy is approved by the FDA or certain other regulatory authorities. Pursuant to the terms of the agreement, the Company paid a one-time, non-refundable, upfront payment of $0.5 million for the research collaboration agreement, which was included in research and development expense during the year ended December 31, 2021. The Company has not exercised the option granted under the agreement as of March 31, 2022.

*The Impact of the SARS-CoV-2 Virus Pandemic*

The Company does not believe its financial results were materially affected by the SARS-CoV-2 virus pandemic during the three months ended March 31, 2022. However, the extent to which the SARS-CoV-2 virus pandemic may affect the Company's future financial results and operations will depend on future developments which are highly uncertain and cannot be predicted, including new information which may emerge concerning the pandemic, the availability and effectiveness of vaccines and treatment options, and current or future domestic and international actions to contain it and treat it. The Company continues to evaluate the potential impact of the SARS-CoV-2 virus pandemic as it initiated commercialization of the TYRVAYA Nasal Spray, including potential supply-chain challenges, and the potential impact on its trials, expected timelines and costs, as it continues to learn more about the impact of the SARS-CoV-2 virus pandemic on the biopharmaceutical industry. In addition, the Company has taken a variety of measures in an effort to ensure the availability and functioning of the Company's critical infrastructure and to promote the safety and security of its employees, including remote working arrangements for employees and investing in personal protective equipment for the return to the office. The Company commenced a voluntary return to the office for its employees in March 2022. The Company's sales force is primarily working in-person and have been instructed to follow all locally required SARS-CoV-2 related precautions. The Company will continue monitoring SARS-CoV-2 infection rates and make practical decisions in compliance with Centers for Disease Control and Prevention, federal, state and local guidelines.

The Company continues to evaluate and develop pipeline candidates for the potential treatment of various medical indications. The ongoing SARS-CoV-2 virus pandemic may impact access to supplies necessary to conduct preclinical studies, cause delay to the timelines to initiate or complete *in vitro* or *in vivo* animal studies or may indirectly impact the operations of third parties that are necessary for the Company to advance preclinical projects. If the SARS-CoV-2 virus pandemic continues and persists for an extended period of time, the Company could experience significant disruptions to its clinical development timelines, which could adversely affect its business, financial condition and results of operations.

For further discussion of the risks that the Company faces as a result of the SARS-CoV-2 virus pandemic refer to the "Risk Factors" section of the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

**Results of Operations**

**Comparison of the Results of Operations for the Three Months Ended March 31, 2022 and 2021**

The following table summarizes the Company's results of operations for the periods indicated (in thousands, except percentages):

| | Three Months Ended March 31, | | | |
|---|---|---|---|---|
| | 2022 | 2021 | $ Change | % Change |
| **Revenue:** | | | | |
| Product revenue, net | $ 2,704 | $ — | $ 2,704 | 100 % |
| **Total revenue** | 2,704 | — | 2,704 | 100 % |
| Cost of product revenue | 336 | — | 336 | 100 % |
| **Operating expenses:** | | | | |
| Sales and marketing | 26,966 | 4,567 | 22,399 | 490 % |
| General and administrative | 12,932 | 8,525 | 4,407 | 52 % |
| Research and development | 4,681 | 5,828 | (1,147) | (20)% |
| **Total operating expenses** | 44,579 | 18,920 | 25,659 | 136 % |
| **Loss from operations** | (42,211) | (18,920) | (23,291) | 123 % |
| **Other (expense) income:** | | | | |
| Interest expense | (3,066) | — | (3,066) | 100 % |
| Other (expense) income, net | (2,615) | 11 | (2,626) | N/M |
| Total other (expense) income, net | (5,681) | 11 | (5,692) | N/M |
| **Net loss and comprehensive loss** | $ (47,892) | $ (18,909) | $ (28,983) | 153 % |

N/M - Not Meaningful.

*Product Revenue, Net*

Product revenue, net was $2.7 million for the three months ended March 31, 2022, and was related to sales of TYRVAYA Nasal Spray, which was launched in the U.S. in November 2021. Approximately 19,000 TYRVAYA Nasal Spray prescriptions, written by over 4,500 unique eye care professionals, were filled during the three months ended March 31, 2022. The Company did not generate any revenues from product sales during the three months ended March 31, 2021.

*Cost of Product Revenue*

Cost of product revenue for the three months ended March 31, 2022 was $0.3 million. Cost of product revenue consisted of product royalty expenses, third-party manufacturing costs, reserves for inventory obsolescence and material costs of $0.7 million. This was partially offset by a $0.4 million supplier credit recognized during the three months ended March 31, 2022. In preparation of the commercial launch, the Company expensed to research and development expense all material costs related to inventory produced prior to the FDA approval date of TYRVAYA Nasal Spray on October 15, 2021 (pre-approval inventory). Because pre-approval inventory was charged to research and development expense, the unit cost of product revenue will be lower until the Company fully utilizes product manufactured prior to the FDA approval date of TYRVAYA Nasal Spray.

*Sales and Marketing*

Sales and marketing expense increased by $22.4 million during the three months ended March 31, 2022, compared to the three months ended March 31, 2021. The increase was primarily due to higher payroll-related expenses of $11.6 million, inclusive of an increase in stock-based compensation of $0.7 million, as well as sales commission expense, which was driven by onboarding a commercial field force in the second half of 2021. The Company also incurred higher marketing expenses of

$8.5 million in connection with advertising, sample expense, trade shows, and other marketing efforts related to the launch of TYRVAYA Nasal Spray.

*General and Administrative Expenses*

General and administrative expenses increased by $4.4 million during the three months ended March 31, 2022, compared to the three months ended March 31, 2021. The increase was primarily driven by additional payroll-related expenses of $2.6 million due to an increase in headcount to support the Company's business operations, inclusive of an increase in stock-based compensation of $0.7 million. The Company also incurred higher other general and administrative expenses of $1.3 million, compared to the three months ended March 31, 2021 related to accounting, legal, insurance and other professional services. The increase in other general and administrative expense was driven by the Company's transition from a clinical-stage to a commercial stage company.

*Research and Development Expenses*

Research and development expenses decreased by $1.1 million during the three months ended March 31, 2022, compared to the three months ended March 31, 2021. The decrease was primarily due to decreased research and development activity relating to OC-01 following its approval by the FDA on October 15, 2021.

*Interest Expense*

The Company incurred $3.1 million of interest expense during the three months ended March 31, 2022, which related to the Credit Agreement with OrbiMed entered into in August 2021. Interest expense for the three months ended March 31, 2022 included contractual interest, as well as the amortization of loan commitment fees and accretion of other long-term debt related costs. The Company had no interest expense during the three months ended March 31, 2021.

*Other (Expense) Income, net*

Other (expense) income, net, for the three months ended March 31, 2022 consisted of a $2.7 million change in the fair value of the net embedded derivative liability, which was recorded in connection with the Company's Credit Agreement with OrbiMed, partially offset by interest earned on money market funds. Other (expense) income, net, for the three months ended March 31, 2021 primarily consisted of interest income earned on money market funds.

**Liquidity and Capital Resources**

*Sources of Liquidity*

The Company's principal sources of liquidity include cash on hand and borrowings under the Company's Credit Agreement with OrbiMed, as further described in Note 8, *Long-term Debt*, to the Company's condensed financial statements. The Company has $30.0 million remaining under the credit facility, which may be funded, at the option of the Company, on or prior to June 30, 2023, upon the Company having received at least $40.0 million in TYRVAYA Nasal Spray net recurring revenue, as defined in the Credit Agreement, in any twelve-month period prior to March 31, 2023, among other conditions.

As of March 31, 2022, and December 31, 2021, the Company had cash and cash equivalents of $143.4 million and $193.4 million, respectively.

The Company is party to an at-the-market sales agreement with Cowen and Company, LLC (Agent), pursuant to which the Company may offer and sell shares of its common stock having an aggregate offering price of up to $100.0 million from time to time through the Agent. As of March 31, 2022, the Company had not sold any shares of common stock pursuant to the sales agreement and $100.0 million in shares remained available under the sales agreement.

*Going Concern*

Since inception, the Company has incurred recurring losses and negative cash flows from operations. The Company generated net losses of $47.9 million and $18.9 million for the three months ended March 31, 2022 and 2021, respectively, and had an accumulated deficit of $303.3 million as of March 31, 2022. The Company has cash and cash equivalents of $143.4 million as of March 31, 2022. The Company has historically financed its operations primarily through the sale and issuance of its securities. In August 2021, the Company entered into the Credit Agreement with OrbiMed to help finance its operations. The Company is also a party to a license agreement with Ji Xing, according to which it is eligible to receive additional development and sales-based milestone payments and royalties in future periods. On October 15, 2021, the Company's first product, TYRVAYA Nasal Spray, was approved by the FDA for treatment of signs and symptoms of dry eye disease. The Company commenced commercial shipments of TYRVAYA Nasal Spray in November 2021 and generated net product revenues of $2.7 million in the three months ended March 31, 2022.

The current global macro-economic environment is volatile, which may result in supply chain constraints and elevated rates of inflation. In addition, the Company is subject to risks and uncertainties common to companies in the biopharmaceutical industry, including, but not limited to, the ability to secure sufficient capital to fund operations, competition from other companies' products, the availability and sufficiency of third-party payor coverage and reimbursement, compliance with law and government regulations, the ability to develop and bring to market new products, protection of proprietary technology, and dependence on third parties and key personnel. Successfully commercializing TYRVAYA Nasal Spray requires significant sales and marketing efforts, and the Company's pipeline programs may require significant additional research and development efforts, including extensive preclinical and clinical testing. These activities will in turn require significant amounts of capital, qualified personnel and adequate infrastructure. There can be no assurance when, if ever, the Company will realize significant revenue from the sales of TYRVAYA Nasal Spray or if the development efforts supporting the Company's pipeline, including future clinical trials, will be successful.

Based on the Company's current business plan, management believes that the Company's available cash and cash equivalents may not be sufficient to fund its operations for the next twelve months from the date these financial statements are issued without generating positive cash flows through product sales and by raising additional capital from outside sources. The future viability of the Company is dependent on its ability to fund its operations through the sales and licensing of TYRVAYA Nasal Spray, its ability to draw on the $30.0 million third tranche of the long-term credit facility, as further described in Note 8, *Long-term Debt*, and raise additional capital through equity offerings, including through the Company's at-the-market sales program, or other collaborative or strategic arrangements. The Company's ability to draw on the third tranche is contingent upon achieving at least $40.0 million in TYRVAYA Nasal Spray net recurring revenue, as defined in the Credit Agreement, in any twelve-month period on or before March 31, 2023, and without an improper promotional event having occurred, among other conditions. The Credit Agreement also requires the Company to maintain a minimum level of cash and permitted cash equivalent investments, as defined, of at least $5.0 million at all times in a deposit account subject to control by the lender. If the Company is in violation of this covenant and as long as an event of default resulting from such violation is continuing, the lender could exercise remedies, which include but are not limited to, the acceleration of all outstanding debt under the Credit Agreement. In addition, the Company has generated limited revenue from initial sales of TYRVAYA Nasal Spray, and given its limited

commercial history, cannot guarantee that its commercialization efforts will result in product revenues that meet its sales expectations or those of analysts and investors. Although the Company believes that it will continue to raise capital to fund its operations as it has in the past, the Company's ability to raise equity capital may depend on the stability of U.S. capital markets and the demand from investors. There can be no assurance that the Company will be successful in raising this additional capital or that such capital, if available, will be on terms that are acceptable to the Company.

These conditions raise substantial doubt about the Company's ability to continue as a going concern within the next twelve months from the filing date of this Quarterly Report on Form 10-Q. The ability to continue as a going concern is dependent upon profitable future operations, positive cash flows from operations, and obtaining additional financing from outside sources. If adequate funds are unavailable on a timely basis from operations and additional sources of financing, the Company may have to delay or reduce the scope of its marketing and commercialization efforts or make other changes to its operating plan, which could materially and adversely affect the Company's business, financial condition and operations.

*Future Funding Requirements*

The Company's primary uses of capital have been, and the Company expects will continue to be, developing and commercializing TYRVAYA Nasal Spray, including the costs and timing associated with marketing activities, patient services, obtaining third-party payor coverage and reimbursement and maintaining regulatory compliance. The Company also expects that it will continue to use capital to advance its clinical and preclinical development programs.

The Company anticipates that it will need to raise substantial additional capital, the requirements for which will depend on many factors, including:

- the cost and timing associated with commercializing TYRVAYA Nasal Spray, including the costs and timing associated with marketing activities, patient services, obtaining third-party payor coverage and reimbursement and maintaining regulatory compliance;
- the scope, timing, rate of progress and costs of the Company's drug discovery efforts, preclinical development activities, laboratory testing, clinical trials and regulatory review for the Company's product candidates, and the cost and timing associated with commercializing such product candidates, if they receive regulatory approval;
- the scope and costs of development and commercial manufacturing activities;
- the extent to which the Company acquires or in-licenses other product candidates and technologies;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing the Company's intellectual property rights and defending intellectual property-related claims;
- the Company's ability to establish and maintain collaborations on favorable terms, if at all;
- its efforts to enhance operational systems and the Company's ability to attract, hire and retain qualified personnel, including personnel to support the commercialization of TYRVAYA Nasal Spray and the development and the sale of additional products, following FDA approval;
- the Company's ability to manufacture products, the reliability of its supply chain, labor shortages, backlog and any increase in costs as a result of inflation;
- the Company's implementation of operational, financial and management systems;
- any current or future potential effects of the SARS-CoV-2 virus pandemic on the Company's business, operations, preclinical and clinical development and commercialization timelines and plans; and
- the costs associated with being a public company.

A change in the outcome of any of these or other variables with respect to the commercialization of TYRVAYA Nasal Spray or development of any of the Company's product candidates could significantly change the costs and timing associated with the development of that product candidate.

Furthermore, the Company's operating plans may change in the future, and it will continue to require additional capital to meet operational needs and capital requirements associated with such operating plans. If additional funds are raised by issuing equity securities, the Company's stockholders may experience dilution. Any future debt financing into which the Company might enter may impose upon it additional covenants that restrict the Company's operations, including limitations on its ability to incur liens or additional debt, pay dividends, repurchase its common stock, make certain investments or engage in certain merger, consolidation or asset sale transactions. Any debt financing or additional equity that it raises may contain terms that are not favorable to the Company or its stockholders.

The SARS-CoV-2 virus pandemic has impacted global economies, the rate of inflation, supply chains, distribution networks and consumer behavior around the world. Adequate funding may not be available to the Company on acceptable terms or at all, and any uncertainty and volatility in capital markets caused by the SARS-CoV-2 virus pandemic, or other events may negatively impact the availability and cost of capital. The Company's failure to raise capital as and when needed could have a negative impact on its financial condition and ability to pursue its business strategies. If the Company is unable to raise additional funds when needed, it may be required to delay, reduce, or eliminate certain commercial expenses, including in selling, general and administrative expenses, as well as delay, reduce, or eliminate one or more of its research or development programs. The Company may also be required to sell or license to others, rights to its product candidates in certain territories or indications that it would prefer to develop and commercialize itself. The Company may seek to raise capital through private or public equity or debt offerings, or collaborative and other arrangements. If the Company chooses to enter into collaborations and other arrangements to supplement its funds, it may have to give up certain rights, thereby limiting its ability to develop and commercialize the product candidates or may have other terms that are not favorable to the Company, which could materially affect its business, results of operation and financial condition.

See those factors set forth in the "Risk Factors" section of the Company's Annual Report on Form 10-K for the year ended December 31, 2021 and in this Quarterly Report on Form 10-Q for additional risks associated with the Company's substantial capital requirements.

**Cash Flow Discussion**

The following table sets forth the primary sources and uses of cash, cash equivalents and restricted cash for each of the periods presented below (in thousands):

| | Three Months Ended March 31, | | |
|---|---|---|---|
| | 2022 | 2021 | $ Change |
| Net cash (used in) provided by: | | | |
| Operating activities | $ (49,705) | $ (16,530) | $ (33,175) |
| Investing activities | (85) | (340) | 255 |
| Financing activities | (218) | 195 | (413) |
| Net decrease in cash and cash equivalents, and restricted cash | $ (50,008) | $ (16,675) | $ (33,333) |

*Cash Flows Used in Operating Activities*

Net cash used in operating activities during the three months ended March 31, 2022, was $49.7 million, which was due to net loss, adjusted for non-cash items, in the amount of $39.3 million, and higher working capital needs in the amount of $10.4 million. The higher working capital needs were primarily driven by the Company's commercial launch of TYRVAYA Nasal Spray in November 2021, which resulted in increases in prepaid expenses and other current assets of $5.0 million and inventory of $0.4 million, partially offset by decreases in accounts receivable of $0.9 million. In addition, there were decreases in accounts payable of $3.9 million and accrued expenses and other current liabilities of $1.7 million, primarily due to the timing of payments to vendors.

Net cash used in operating activities during the three months ended March 31, 2021, was $16.5 million, which was due to net loss, adjusted for non-cash items, in the amount of $16.1 million and higher working capital needs in the amount of $0.4 million.

*Cash Flows Used in Investing Activities*

Net cash used in investing activities decreased by $0.3 million for the three months ended March 31, 2022 compared to the three months ended March 31, 2021, primarily related to partial payments for equipment to be used in manufacturing of TYRVAYA Nasal Spray during the three months ended March 31, 2021.

*Cash Flows Used in and Provided by Financing Activities*

Net cash provided by financing activities decreased by $0.4 million for the three months ended March 31, 2022 compared to the three months ended March 31, 2021, primarily due to a $0.2 million revenue sharing fee paid to OrbiMed and payment of withholding taxes related to stock based compensation to the Company's employees, in addition to lower proceeds from the exercise of the options.

**Contractual Obligations and Commitments**

As of March 31, 2022, other than noted above, there have been no other material changes in the contractual obligations and commitments from those disclosed in the financial statements and the related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

**Off-Balance Sheet Arrangements**

As of March 31, 2022, the Company does not have any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

**Critical Accounting Estimates**

The Company's financial statements have been prepared in accordance with U.S. GAAP. The preparation of these condensed financial statements requires the Company 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 the condensed financial statements and the reported revenues and expenses incurred during the reporting periods. The Company bases its estimates on historical experience, terms of existing contracts, commonly accepted industry practices and on other assumptions that it believes are reasonable under the circumstances. The Company evaluates its estimates and assumptions on an ongoing basis. The future effects of the SARS-CoV-2 virus pandemic on the Company's results of operations, cash flows, and financial position are unclear, however the Company believes it has used reasonable estimates and assumptions in preparing the interim condensed financial statements. Actual results may differ from these estimates under different assumptions or conditions.

The Company’s critical accounting policies and estimates are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021. The Company periodically reviews its accounting policies, estimates and assumptions and makes adjustments when facts and circumstances dictate. In addition to the accounting policies that are described in the Company's 2021 Annual Report on Form 10-K, the following critical accounting policies were updated during the three months ended March 31, 2022:

*Stock-Based Compensation - Performance Stock Units*

As described in Note 6, *Stockholders' Equity and Equity Incentive Plans*, the Company granted PSUs to certain executive officers in January 2022. The issuance of the PSUs is contingent upon meeting several performance milestones, as provided for in the PSU award agreements. The non-market performance milestones are subject to attaining certain forecasted net product revenues and future prescriptions of TYRVAYA Nasal Spray, and the market performance milestone is tied to total shareholder return based on the change in the price of the Company's common stock. The measurement of stock-based compensation expense for the PSUs considers the probability of achievement of the non-market milestones. The forecasted net product revenue and future prescriptions of TYRVAYA Nasal Spray involve management's judgment, which, in and of themselves, could materially affect the measurement of the stock-based compensation cost of the PSUs as reported in the financial statements and related footnote disclosures. The fair value of the market milestone was estimated using a Monte Carlo simulation in a risk-neutral framework and includes an assumption that at least one of the non-market milestones are met, in addition to the assumptions described in Note 6, *Stockholders' Equity and Equity Incentive Plans*.

**Recent Accounting Pronouncements**

See “Recent Accounting Pronouncements” in Note 1, *Nature of Business, Basis of Presentation and Summary of Significant Accounting Policies* to the Company's unaudited interim condensed financial statements included in this Quarterly Report.

*JOBS Act*

The Company is an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. Section 107(b) of the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. The Company has irrevocably elected not to avail itself of this extended transition period, and, as a result, it will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies. The Company intends to rely on other exemptions provided by the JOBS Act, including without limitation, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act.

The Company will remain an emerging growth company until the earliest to occur of: (1) the last day of its first fiscal year in which it has total annual revenues of more than $1.07 billion; (2) the date it qualifies as a “large accelerated filer,” with at least $700.0 million of equity securities held by non-affiliates; (3) the date on which it has issued more than $1.0 billion in non-convertible debt securities during the prior three-year period; and (4) the last day of the fiscal year ending after the fifth anniversary of its initial public offering.

**ITEM 3 — Quantitative and Qualitative Disclosures about Market Risk**

*Interest Rate Sensitivity*

The Company's Credit Agreement is a variable rate term loan credit facility, which subjects the Company to the risk of loss associated with movements in market interest rates. As of March 31, 2022, a 1% change in interest rates would result in less than a $0.9 million change in interest expense on a rolling twelve-month basis.

In addition, as of March 31, 2022, the Company had cash equivalents of $143.4 million, consisting of interest-bearing money market funds, which would be affected by changes in the general level of U.S. interest rates. However, due to the short-term maturities and the low-risk profile of cash equivalents, a change in interest rates would not have a material effect on the Company's interest income generated from its money-market funds.

In March 2022, the U.S. Federal Reserve raised its benchmark federal funds interest rate by a quarter percentage point to a range between 0.25% to 0.50% in an effort to address rising concerns about inflation in the U.S. economy. Many economists have projected that the Federal Reserve will raise interest rates several more times in 2022 and 2023 to a projected high of 2.75% by the end of 2023, which may affect the Company’s future cost of borrowing and returns on its interest-bearing money market funds.

*Inflation*

Inflationary factors such as increases in the cost of the Company's component products and overhead costs may adversely affect operating results. Although the Company does not believe that inflation has had a material impact on its financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on the Company's ability to maintain current levels of gross margin and selling, general and administrative expenses as a percentage of net revenues if the selling prices of the Company's products do not increase with these increased costs.

**ITEM 4 — Controls and Procedures**

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

As of March 31, 2022, management, with the participation of the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on the evaluation of its disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of March 31, 2022 to provide reasonable assurance that information required to be disclosed in the Company's reports under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to the Company's management, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management 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 benefits of possible controls and procedures relative to their costs.

***Changes in Internal Control over Financial Reporting***

There were no changes in the Company's internal control over financial reporting during the quarter ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

## PART II — OTHER INFORMATION

**ITEM 1 — Legal Proceedings.**

None.

**ITEM 1A — Risk Factors.**

Information regarding risk factors appears in Part I, Item 1A, Risk Factors, in the Company's Annual Report on Form 10-K for the year ended December 31, 2021. The Company has reviewed the risk factors, and, except as presented below, there have been no material changes in the Company's risk factors since those reported in its Annual Report on Form 10-K for the year ended December 31, 2021.

***The Company believes its current cash and cash equivalents may not be sufficient to fund its business for the next twelve months from the date these condensed financial statements are issued, raising substantial doubt about the Company's ability to continue as a going concern.***

As of March 31, 2022, the Company had approximately $143.4 million of cash and cash equivalents. Based on the Company's current business plan, management believes that the Company's available cash and cash equivalents may not be sufficient to fund its operations for the next twelve months following the filing of this Quarterly Report on Form 10-Q without generating positive cash flows through increased product sales and by raising additional capital from outside sources. These conditions raise substantial doubt about the Company's ability to continue as a going concern for the next twelve months following the filing of this Quarterly Report on Form 10-Q. In addition, the Company's current operating plan is based on current assumptions that may prove to be wrong, and the Company could use its available capital resources sooner than it currently expects. The Company may be forced to delay or reduce the scope of its commercialization or development programs and/or limit or cease its operations if it is unable to obtain additional funding to support its current business plan. Management's plans to finance the Company's operations are described in Note 1 of the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. In the event that these plans cannot be effectively realized, there can be no assurance that the Company will be able to continue as a going concern.

***Business disruptions could seriously harm the Company's future revenue and financial condition and increase its costs and expenses.***

The Company's operations, and those of its CROs, CMOs, suppliers, and other third-party contractors and consultants upon which the Company relies, could be subject to wildfires, earthquakes, tsunamis, power shortages or outages, floods or monsoons, public health crises, such as pandemics and epidemics, political crises, such as terrorism, war (including trade wars), political instability or other conflicts, and other natural or man-made disasters or other events outside of the Company's control that could disrupt business. The occurrence of any of these business disruptions could seriously harm the Company's operations and financial condition and increase its costs and expenses. For example, in connection with the ongoing conflict between Russia and Ukraine, the U.S. government and other governments have imposed certain sanctions against Russia. The invasion of Ukraine by Russia and the retaliatory measures that have been taken, or could be taken in the future, by the United States and other countries have created global security concerns that could result in a broader regional conflict and otherwise have a lasting impact on regional and global economies or adversely affect the Company's business, its supply chain or its collaborators. Further, the Company may be subject to elevated cybersecurity risk due to the ongoing conflict between Russia and Ukraine. In addition, the Company relies on third-party manufacturers to produce TYRVAYA Nasal Spray and its other product candidates. The Company's ability to obtain supplies necessary to develop and manufacture TYRVAYA Nasal Spray and its other product candidates, or other necessary supplies, could be disrupted if the operations of the Company's suppliers are affected by a man-made or natural disasters or other business interruptions, including due to the ongoing conflict between Russia and Ukraine. Damage or extended periods of interruption to the Company's corporate, development or research facilities due to fire, natural disaster, power loss, communications failure, unauthorized entry or other events could cause the Company to cease or delay the marketing of TYRVAYA Nasal Spray, or the development of some or all of its product candidates. Although the Company maintains property damage and business interruption insurance coverage, the insurance might not cover all losses under such circumstances and the Company's business may be seriously harmed by such delays and interruptions.

***The Company may not be able to protect its intellectual property rights throughout the world, which could impair its business.***

Filing, prosecuting, and defending patents covering TYRVAYA Nasal Spray, OC-02 and any future product candidate throughout the world would be prohibitively expensive. Competitors may use the Company's technologies in jurisdictions where it has not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where it may have or obtain patent protection, but where patent enforcement is not as strong as that in the U.S. These

unauthorized products may compete with the Company's products in such jurisdictions and take away the Company's market share where it does not have any issued or licensed patents and any future patent claims or other intellectual property rights may not be effective or sufficient to prevent them from so competing.

The ongoing conflict between Russia and Ukraine and related sanctions could significantly devalue our Russian, Belarusian, and Eurasian patents and/or patent applications. Recent Russian decrees may also significantly limit our ability to enforce Russian patents. We cannot predict when or how this situation will change.

***The Company is exposed to interest rate risk under the Credit Agreement, which could cause the Company's debt service obligations to increase significantly.***

The Company is exposed to market risk from changes in interest rates. The term loan underlying the Credit Agreement is based on the Secured Overnight Funding Rate (SOFR), a floating rate, subject to a minimum rate set in the Credit Agreement. The Federal Reserve has recently raised, and may in the future further raise, interest rates to combat the effects of recent high inflation. An increase in the SOFR above the set minimum rate would increase the Company's debt service obligations, which could have a negative impact on the Company's cash flow, financial position or operating results, including cash available for servicing the Company's indebtedness, or result in increased borrowing costs in the future.

***Market and economic conditions may negatively impact the Company's business, financial condition and stock price.***

Concerns over inflation, energy costs, geopolitical issues, including the ongoing conflict between Russian and Ukraine, unstable global credit markets and financial conditions, and volatile oil prices could lead to periods of significant economic instability, diminished liquidity and credit availability, declines in consumer confidence and discretionary spending, diminished expectations for the global economy and expectations of slower global economic growth going forward. For example, in March 2022, the U.S. Consumer Price Index (CPI), which measures a wide-ranging basket of goods and services, rose 8.5% from the same month a year ago, which represents the largest CPI increase since December of 1981. The Company's general business strategy may be adversely affected by any such inflationary fluctuations, economic downturns, volatile business environments and continued unstable or unpredictable economic and market conditions. Additionally, rising costs of goods and services purchased by the Company, including its raw materials used in manufacturing its product, may have an adverse effect on the Company's gross margins and profitability in future periods. If economic and market conditions continue to deteriorate or do not improve, it may make any necessary debt or equity financing more difficult to complete, more costly and more dilutive to the Company's stockholders. Failure to secure any necessary financing in a timely manner or on favorable terms could have a material adverse effect on the Company's financial performance and stock price or could require the Company to delay or abandon development or commercialization plans. In addition, there is a risk that one or more of the Company's current and future service providers, manufacturers, suppliers, hospitals and other medical facilities, third-party payers, and other partners could be negatively affected by such difficult economic factors, which could adversely affect the Company's ability to attain its operating goals on schedule and on budget or meet its business and financial objectives.

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

None.

**ITEM 3. Defaults Upon Senior Securities.**

None.

**ITEM 4. Mine Safety Disclosures.**

None.

**ITEM 5. Other Information.**

None.

**ITEM 6. Exhibits.**

| Exhibit Number | Description | Form | File No. | Number | Filing Date |
|---|---|---|---|---|---|
| 3.1 | Amended and Restated Certificate of Incorporation | 8-K | 001-39112 | 3.1 | November 5, 201 |
| 3.2 | Amended and Restated Bylaws | 8-K | 001-39112 | 3.2 | November 5, 201 |
| 10.1*† | Consulting Services Agreement, dated as of March 14, 2022, between Oyster Point Pharma, Inc. and William J. Link. | | | | |
| 31.1* | Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | |
| 31.2* | Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | |
| 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. | | | | |
| 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. | | | | |
| 101.INS | XBRL Instance Document | | | | |
| 101.SCH | XBRL Taxonomy Extension Schema Document | | | | |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document | | | | |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document | | | | |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document | | | | |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document | | | | |

* Filed herewith.
† Portions of this exhibit (indicated by asterisks) have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.
\+ The certifications attached as Exhibits 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of the Registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

**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.

**OYSTER POINT PHARMA, INC.**

Date: May 5, 2022

By: /s/ Jeffrey Nau
Jeffrey Nau, Ph.D., M.M.S.
President, Chief Executive Officer and Director

Date: May 5, 2022

By: /s/ Daniel Lochner
Daniel Lochner
Chief Financial Officer

# CONSULTING SERVICES AGREEMENT

**THIS CONSULTING SERVICES AGREEMENT** (this "Agreement"), effective as of 3/4/2022, is between **OYSTER POINT PHARMA, INC.**, a Delaware corporation having a place of business at 202 Carnegie Center, Suite 109, Princeton, New Jersey 08540, and its successors or assignees ("Oyster Point" or the "Company") and **WILLIAM J. LINK**, an individual having a place of business at [ * ] ("Consultant").

**WHEREAS,** Consultant and Oyster Point have mutually agreed that Consultant will resign from the board of directors of Oyster Point (the "Company Board");

**WHEREAS**, Oyster Point desires to retain Consultant as an independent contractor to perform consulting services for Oyster Point as further detailed herein; and

**WHEREAS,** Consultant is willing to perform the services, on the terms and conditions set forth below.

**NOW, THEREFORE,** in consideration of the mutual promises contained herein, the parties agree as follows:

**1. ENGAGEMENT OF SERVICES.** At the Company's request, Consultant will provide consulting services (the "Services"); *provided*, *however*, that Consultant may perform all Services by remote means. Consultant agrees to exercise diligence and the highest degree of professionalism in providing Services under this Agreement. Consultant shall perform all Services in compliance with all Applicable Laws. "Applicable Laws" means the laws, statutes, rules, or regulations applicable to a party's activities to be performed under this Agreement including, but not limited to, the Federal Food, Drug, and Cosmetic Act, the federal Anti-Kickback Statute (42 U.S.C. § 1320a-7b(b)), the Federal Civil Monetary Penalties Law (42 U.S.C. § 1320a-7a), the civil False Claims Act (31 U.S.C. §§ 3729 et seq.), the criminal False Claims Law (42 U.S.C. § 1320a- 7b(a)), the criminal Health Care Fraud laws (18 U.S.C. §§ 286, 287, 1347, 1349), the Patient Protection and Affordable Care Act of 2010 (42 U.S.C, § 18001 et seq.), the Federal Sunshine Law, the Generic Drug Enforcement Act of 1992 (21 U.S.C. § 335a et seq.), the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. §§ 1320d et seq.) as amended by the Health Information Technology for Economic and Clinical Health Act (42 U.S.C. §§ 17921 et seq.), the exclusion laws (42 U.S.C. § 1320a-7), Medicare (Title XVIII of the Social Security Act), Medicaid (Title XIX of the Social Security Act), the U.S. Foreign Corrupt Practices Act and any other anti- bribery and anti-corruption laws, state and federal licensure laws, the regulations promulgated pursuant to such laws, and any other similar state or federal law.

**2. COMPENSATION; EXPENSES.**

**2.1** Consultant shall be available to provide Services one day per month. Compensation for Services provided shall be paid $[ * ] per day and paid in U.S. dollars. Consultant shall be paid pursuant to this Section 2.1 for actual Services completed.

**2.2** Consultant shall be reimbursed for all reasonable, appropriate, or necessary travel and other out-of-pocket expenses incurred in the performance of his duties hereunder upon submission and approval of written statements and bills in accordance with the then regular reimbursement procedures of Company. Prior written consent of Company is required for any expenses in excess of $[ * ]. Company or its authorized agents shall have the right to audit relevant financial documentation to verify amounts billed at any time upon request by Company.

**2.3** Unless requested otherwise by the Company or its agents, Consultant shall submit monthly invoices to Oyster Point. All invoices submitted by Consultant to Oyster Point under this Agreement shall be sufficiently detailed, including a description of all Services performed and the amount due for the Services. The invoice submitted by Consultant shall also include an itemized list of any expenses incurred in performance of the Services under the Agreement and all documentation for expenses. If the Company provides Consultant an expense form to complete in connection with the Services performed, this form must be completed by Consultant and submitted to the Company as part of the invoice. The Company shall pay the amount of each invoice received from Consultant within forty-five (45) days of its receipt by the Company, unless the Company has notified Consultant within such forty-five (45) day period that it disputes any particular invoiced item(s), which dispute the parties shall attempt in good faith to resolve. The Company reserves the right to decline to pay on invoices more than ninety (90) days after an expense has been incurred. In no event will the Company pay on invoices submitted more than one hundred eighty (180) days after an expense has been incurred. Invoices must be sent to the address and recipient specified by the Company. Subject to Section 2.4, the payment thereof shall constitute full payment for Services to Company during the term of this Agreement, and Consultant shall not receive any additional benefits or compensation for the Services. Subject to Section 2.4, payment for Services performed under this Agreement shall be subject to the completion of such Services to the reasonable satisfaction of Company.

**2.4** As further consideration for Services to Company and the representations, warranties and other covenants of Consultant contained herein, and as a condition to Consultant's willingness to execute this Agreement, until this Agreement has been terminated in accordance with its terms, all equity awards (including options and restricted stock units) previously granted to Consultant by the Company shall continue to vest on their regular vesting schedule pursuant to the terms of the agreements reflecting such equity awards.

**3. INDEPENDENT CONTRACTOR RELATIONSHIP.** Consultant's relationship with Company will be that of an independent contractor and nothing in this Agreement should be construed to create a partnership, joint venture, or employer-employee relationship. Consultant is not the agent of Company and is not authorized to make any representation, contract, or commitment on behalf of Company. Consultant is not entitled to and will be excluded from participating in any of Company's fringe benefit plans or programs as a result of the performance of the Services, including, but not limited to, health, sickness, accident or dental coverage, life insurance, disability benefits, accidental death and dismemberment coverage, unemployment insurance coverage, workers' compensation coverage, and pension or 401(k) benefit(s) provided by Company to its employees (and Consultant waives the right to receive any such benefits). Consultant agrees, as an independent contractor, that Consultant is not entitled to unemployment benefits in the event this Agreement terminates, or workers' compensation benefits from Company in the event Consultant is injured in any manner or becomes ill while performing the Services under this Agreement. Consultant will be solely responsible for all tax returns and payments required to be filed with or made to any federal, state or local tax authority with respect to Consultant's performance of Services and receipt of fees under this Agreement. Consultant agrees to accept exclusive liability for complying with all applicable state and federal laws governing self- employed individuals, including obligations such as payment of taxes, social security, disability and other contributions based on fees paid to Consultant under this Agreement.

**4. CONFLICTS OF INTEREST**. Consultant represents and warrants that he is authorized to enter into this Agreement, and is not a party to any other agreement or under any obligation to any third party which would prevent Consultant from entering into this Agreement or from performing Consultant's obligation. Consultant further represents and warrants that there is no conflict of interest in Consultant's other contracts for services or other employment, if any, with

the Services to be provided pursuant to this Agreement. If required to do so, Consultant has obtained all consents or permissions to enter into this Agreement.

## 5. CONFIDENTIAL INFORMATION.

**5.1 Company Confidential Information.** Consultant agrees during the term of this Agreement and for two years thereafter that Consultant will take all steps reasonably necessary to hold Company's Confidential Information (as defined below) in trust and confidence, will not use Confidential Information in any manner or for any purpose not expressly set forth in this Agreement, and will not disclose any such Confidential Information to any third party without first obtaining Company's express written consent on a case-by-case basis. Consultant shall notify Company immediately in writing upon any loss, misuse, misappropriation or other unauthorized disclosure of Company Confidential Information by Consultant. "Confidential Information" means any oral, written, graphic or machine-readable information including, but not limited to: that which relates to patents, patent applications, trade secrets, inventions; research; product plans, products, developments, processes, designs, drawings, engineering, formulae; markets, regulatory information, medical reports; all clinical data and analysis and current and concluded clinical trials and studies; reagents, cell lines, genes, gene haplotypes and gene sequences, assays, biological materials, chemical formulas, chemical compounds; business plans, agreements with third parties, services, customers, marketing or finances of Company or other scientific, technical, financial, trade, or business information, of which Confidential Information is designated in writing or marked as being confidential or proprietary, or is disclosed under conditions that reasonably indicate that Company intended such information to be confidential. Notwithstanding the other provisions of this Agreement, Confidential Information shall not include information that: (i) has been published or is otherwise available to the public other than by a breach of this Agreement; or (ii) has been received by Consultant from a third party not known by Consultant to be under any confidentiality obligation to the Company. Notwithstanding the provisions of this Section 5.1, Consultant may disclose Confidential Information, without violating his obligations under this Agreement, to the extent the disclosure is required by a valid order of a court or other governmental body of competent jurisdiction or is otherwise required by law or regulation, *provided*, *that*, Consultant shall give reasonable prior written notice to Company of such required disclosure and, at Company's request and expense, shall cooperate with Company's efforts to contest such requirement, to obtain a protective order requiring that the Confidential Information so disclosed be used only for the purposes for which the order was issued or the law or regulation required, and/or to obtain other confidential treatment of such Confidential Information. In any event, Consultant shall disclose only that portion of the Confidential Information that is legally required to be disclosed.

**5.2 Third Party Information.** Consultant understands that Company has received and will in the future receive from third parties confidential or proprietary information ("Third Party Information") subject to a duty on Company's part to maintain the confidentiality of such information and use it only for certain limited purposes. Consultant agrees to treat Third Party Information made known to Consultant in the course of performing Services under this Agreement as if it were Confidential Information subject to the terms of this Agreement.

**5.3 Confidential Information of Others.** Consultant agrees not to disclose to Company or induce Company to use any confidential information that belongs to anyone other than Company or Consultant. The performance by Consultant of the Services does not and will not breach any agreement which obligates Consultant to keep in confidence any confidential or proprietary information of any third party or to refrain from competing, directly or indirectly, with the business of any third party. Additionally, Consultant represents and warrants that Consultant's performance of the Services hereunder does not and will not infringe upon any patient privacy or intellectual property rights.

**5.4 Securities Laws**. United States securities laws prohibit any person who is given access to material, non-public information concerning a publicly traded company from purchasing or selling securities in that company or from communicating the information to any other person who is likely to purchase or sell securities of that company. In connection with this Agreement, Consultant may have access to information that is considered material, non-public information and Consultant agrees not to use, or cause any other person to use, such information to purchase or sell securities in any publicly traded company.

## 6. WORK PRODUCT AND INTELLECTUAL PROPERTY RIGHTS.

**6.1 Disclosure of Work Product.** As used in this Agreement, the term "Work Product" includes, but is not limited to, any trade secrets, ideas, inventions (whether patentable or unpatentable), chemical and biological materials, samples of assay components, mask works, processes, procedures, formulations, formulas, software source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques, trademarks, manufacturing techniques, clinical trial designs or other copyrightable or patentable works. Consultant agrees to disclose promptly in writing to Company, or any person designated by Company, all Work Product which is solely or jointly conceived, made, reduced to practice, or learned by Consultant in the course of any Services performed for Company ("Company Work Product").

**6.2 Assignment of Company Work Product.** Consultant irrevocably assigns to Company all right, title and interest worldwide in and to the Company Work Product and all applicable intellectual property rights related to the Company Work Product, including without limitation, copyrights, trademarks, trade secrets, patents, moral rights, contract and licensing rights (the "Proprietary Rights").

**6.3 Waiver or Assignment of Other Rights.** If Consultant has any rights to Company Work Product that cannot be assigned to Company, Consultant unconditionally and irrevocably waives the enforcement of such rights, and all claims and causes of action of any kind against Company with respect to such rights, and agrees, at Company's request and expense, to consent to and join in any action to enforce such rights. If Consultant has any right to the Company Work Product that cannot be assigned to Company or waived by Consultant, Consultant unconditionally and irrevocably grants to Company during the term of such rights, an exclusive, irrevocable, perpetual, worldwide, fully paid and royalty-free license, with rights to sublicense through multiple levels of sublicensees, to reproduce, create derivative works of, distribute, publicly perform and publicly display by all means now known or later developed, such rights.

**6.4 Procurement and Enforcement of Proprietary Rights.** So long as such assistance would not constitute an Excluded Service, Consultant will assist Company, during the term of this Agreement, in procuring, maintaining and enforcing any United States and foreign Proprietary Rights relating to Company Work Product in any and all countries. To that end Consultant will, so long as such actions would not constitute an Excluded Service, execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing such Proprietary Rights and the assignment thereof. In addition, so long as such actions would not constitute an Excluded Service, Consultant will execute, verify and deliver assignments of such Proprietary Rights to Company or its designee.

## 7. CONSULTANT REPRESENTATIONS AND WARRANTIES.

**7.1** Consultant hereby represents and warrants that (a) the Company Work Product will be an original work of Consultant and any third parties will have executed assignment of rights

reasonably acceptable to Company; (b) neither the Company Work Product nor any element thereof will infringe the Proprietary Rights of any third party; (c) neither the Company Work Product nor any element thereof will be subject to any restrictions or to any mortgages, liens, pledges, security interests, encumbrances or encroachments; (d) Consultant will not grant, directly or indirectly, any rights or interest whatsoever in the Company Work Product to third parties; (e) Consultant has full right and power to enter into and perform this Agreement without the consent of any third party; and (f) Consultant will take reasonable precautions to prevent injury to any persons (including employees of Company) or damage to property (including Company's property) in the course of performance of Services during the term of this Agreement.

**7.2** Consultant shall ensure that all statements and claims regarding Company's products made or proposed by Consultant in connection with the Services, including intended use, efficacy and safety, are consistent with Applicable Laws and the requirements of any applicable Regulatory Authority (as defined below) and are accurate, truthful and fairly balanced. Consultant shall not make any representation, statement, warranty or guaranty, oral or written, with respect to any Company product that is inconsistent with Applicable Laws or such applicable Regulatory Authority, that is deceptive or misleading in any way, or that disparages Company or any Company product. "Regulatory Authority" means any United States federal, state, or local government, or political subdivision thereof, or any authority, agency or commission entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, any court or tribunal (or any department, bureau or division thereof), or any governmental arbitrator or arbitral body with responsibility for granting approvals necessary for the marketing of or having other legal or regulatory authority over a product of Company involved in the Services, including the U.S. Food and Drug Administration.

**7.3** Consultant represents and warrants that Consultant is not debarred or suspended under 21 U.S.C. §335(a) or (b), excluded from participation in a federal health care program (e.g., Medicare, Medicaid), debarred from federal contracting, or convicted of or pled nolo contendere to any felony or any federal or state legal violation (including misdemeanors) relating to health care products or services or fraud.

**7.4** If, during the term of this Agreement, all or part of the above representations and warranties in this Section 7 cease to be accurate, Consultant shall immediately notify Company of such circumstance.

**8. COMPANY'S REPRESENTATIONS AND WARRANTIES.** The Company has all necessary corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by the Company and constitutes the legal, valid, and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, moratorium, or other similar law affecting the enforcement of creditors' rights generally, and subject to general principles of equity (whether considered in a proceeding whether in equity or at law). In entering into this Agreement, the Company is not relying on any representations or warranties (including as to the accuracy or completeness of any information provided to or statements made to the Company) other than those contained within this Agreement.

**9. NOTICE OF GOVERNMENT INQUIRY.** To the extent permitted by applicable law, Consultant shall immediately notify Company, and provide Company with a copy, of any

communication, correspondence or inquiry of any type, including, but not limited to, a subpoena, civil investigative demand, congressional inquiry letter, untitled letter or warning letter, from any federal, state or local governmental entity, Regulatory Authority or any other individual or party related to Company, Company's products, the Services, or this Agreement.

**10. INDEMNIFICATION.** Subject to Section 13.7, Consultant will indemnify and hold harmless Company, its officers, directors, employees, sublicensees, customers and agents from any and all claims, losses, liabilities, damages, expenses and costs (including attorneys' fees and court costs) which result from and with respect to any and all third-party claims of any kind based on (i) any act or omission of Consultant under or in connection with Consultant's obligations hereunder; or (ii) a breach or alleged breach of any representation or warranty of Consultant set forth in Section 7 of this Agreement.

**11. PUBLIC DISCLOSURE.** Consultant and Company shall jointly issue the press release attached hereto as Exhibit A (the "Press Release"). Consultant and Company shall consult with each other before issuing any other press release or otherwise making any public statement or disclosure with respect to this Agreement or Consultant's resignation from the Company Board and, other than the Press Release, neither shall issue any press release or make any public statement or disclosure regarding this Agreement or Consultant's resignation from the Company Board without the prior approval of the other (which approval shall not be unreasonably withheld, conditioned, or delayed), except as may be required by applicable law or by obligations pursuant to any listing agreement with any national securities exchange, in which case the party proposing to issue such press release or make such public statement or disclosure shall first, to the extent practicable, consult with the other party about, and allow the other party reasonable time to comment in advance on, such press release, public announcement, or disclosure.

**12. TERM AND TERMINATION.**

**12.1 Term.** Subject to Sections 12.2 and 12.3, the term of this Agreement will begin effective as of 3/14/2022 and will continue for a period of one (1) year thereafter and will automatically renew for one (1) year periods thereafter unless terminated in accordance with Section 12.2 or Section 12.3 hereof.

**12.2 Termination by Company.** Company may terminate this Agreement at its convenience and without any breach by Consultant upon ten (10) days' prior written notice to Consultant.

**12.3 Termination by Consultant.** Consultant may terminate this Agreement at Consultant's convenience and without any breach by Consultant upon ten (10) days' prior written notice to Company.

**12.4 Return of Company Property.** Immediately upon notice of termination of the Agreement (or earlier if requested by Company), Consultant shall cease work and deliver to Company any and all (including copies thereof) work in progress, Company-owned materials and/or equipment, including all material containing or disclosing any Company Work Product, Third Party Information or Company Confidential Information.

**13. GENERAL PROVISIONS.**

**13.1 Governing Law.** This Agreement will be governed and construed in accordance with the laws of the State of Delaware, without regard to any conflict of laws principles that would result in the application of the laws of any other jurisdiction.

**13.2 Non-solicitation.** Consultant agrees that during the term of this Agreement, Consultant will not, either directly or indirectly, solicit or attempt to solicit any employee of Company to terminate his or her relationship with Company in order to become an employee, consultant, or independent contractor to or for any other person or entity; *provided*, *however*, that the foregoing shall not apply to (i) generalized searches for employees, consultants or independent contractors by use of advertisements in the media that are not targeted at employees of the Company or by use of search firms or (ii) responding to any employee of the Company who contacts Consultant at his or her own initiative without any prior direct solicitation.

**13.3 Severability.** In case any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. If moreover, any one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it shall be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it shall then appear.

**13.4 No Assignment; Subcontracting.** This Agreement may not be assigned by any party without the other party's prior written consent, and any such attempted assignment shall be void and of no effect. Consultant may not subcontract or otherwise delegate his obligations under this Agreement without Company's prior written consent, which consent may be withheld in Company's sole discretion.

**13.5 Notices.** All notices, requests and other communications under this Agreement must be in writing, and e-mailed or be mailed by registered or certified mail, postage prepaid and return receipt requested, or delivered by hand to the party to whom such notice is required or permitted to be given. If mailed, any such notice will be considered to have been given five (5) business days after it was mailed, as evidenced by the postmark. If e-mailed or delivered by hand, any such notice will be considered to have been given when received by the party to whom notice is given, as evidenced by written and dated receipt of the receiving party. The mailing address for notice to either party will be the address shown on the signature page of this Agreement. Either party may change its mailing address by notice as provided by this Section 13.5.

**13.6 Injunctive Relief.** A breach of any of the promises or agreements contained in this Agreement may result in irreparable and continuing damage to either party for which there may be no adequate remedy at law, and either party is therefore entitled to injunctive relief (without requirement to post a bond therefore) from the Court of Chancery of the State of Delaware (or solely if such Court does not have jurisdiction, any other state or federal court in the State of Delaware), and each party hereby consents to the personal jurisdiction of such Court for such purpose, subject to Section 13.8 below.

**13.7 Limitation of Liability.** Consultant's liability associated with this Agreement shall be limited to the total hourly cash compensation received by Consultant in association with this Agreement.

**13.8 Dispute Resolution. The parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiation between Consultant and a senior executive officer of the Company. Either party may give written notice of any dispute not resolved in the normal course of business. Within 5 business days after the delivery of such notice, the receiving party shall submit a written response and Consultant and a senior Company executive shall meet at a mutually acceptable time and**

**place within 30 days (the "Meeting"). At no time prior to the Meeting shall either party initiate an arbitration with JAMS, provided, however, that this limitation shall not apply if the other party refuses to comply with the requirements for a Meeting. Subject to Section 13.6, any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by arbitration in the State of New Jersey before one arbitrator. The arbitration shall be administered by JAMS pursuant to JAMS' Streamlined Arbitration Rules and Procedures. Judgment on the Award may be entered in any court having jurisdiction. This clause shall not preclude the parties from seeking provisional remedies in aid of arbitration from a court of competent jurisdiction.**

**13.9 Survival.** The following provisions shall survive expiration or termination of this Agreement: Section 5.1 (through the date that is two years from termination of this Agreement), the last sentence of Section 8, and Sections 9 – 13.3 (other than 13.2). In addition, in no event shall termination of this Agreement effect the Company's obligation to pay for Services rendered through the date of such termination or the status of equity awards as having vested through the date of such termination.

**13.10 Waiver.** No waiver by either party of any breach of this Agreement shall be a waiver of any preceding or succeeding breach. No waiver by either party of any right under this Agreement shall be construed as a waiver of any other right. No party shall be required to give notice to enforce strict adherence to all terms of this Agreement.

**13.11 Entire Agreement**. This Agreement is the final, complete and exclusive agreement of the parties with respect to the subject matter hereof and supersedes and merges all prior discussions between the parties; provided, however, that the parties agree that the Indemnification Agreement between Consultant and the Company dated as of October 30, 2019 shall continue in full force and that Consultant shall be entitled to all the rights and privileges of an Indemnitee under such agreement with respect to any actions taken prior to Consultant's resignation from the Company Board. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing and signed by the party to be charged. The terms of this Agreement will govern all Services undertaken by Consultant for Company.

**13.12 Execution in Counterparts; Electronic Signatures**. This Agreement may be executed in two or more counterparts, each of which will be an original, and all of which together will constitute one and the same instrument. The parties agree that electronic signatures shall be deemed originals.

[*Signature page follows*]

**IN WITNESS WHEREOF,** the parties have caused this Consulting Services Agreement to be executed by their duly authorized representative.

**COMPANY:**

**OYSTER POINT PHARMA, INC.**

By: /s/ Jeffrey Nau

Name: Jeffrey Nau, PhD, MMS

Title: President, Chief Executive Officer and Director

Address:

202 Carnegie Center, Suite 109
Princeton, New Jersey 08540
Attention: Dr. Jeffrey Nau
Email: [ * ]

with a copy to:

Barry Rosenfeld, General Counsel
Email:[ * ]

**CONSULTANT:**

By: /s/William J. Link

Name: William J. Link

Address:

William J. Link
[ * ]

Email: [ * ]

For copyright registration and tax reporting purposes only, Consultant must provide the following information, as applicable:

Country of Domicile: USA

Federal Tax ID Number: [ * ]

**Exhibit A**

## Oyster Point Pharma Announces Retirement of William J. Link From Board of Directors

March 17, 2022

PRINCETON, N.J., March 17, 2022 (GLOBE NEWSWIRE) -- Oyster Point Pharma, Inc. (Nasdaq: OYST), a commercial-stage biopharmaceutical company focused on the discovery, development and commercialization of first-in-class pharmaceutical therapies to treat ophthalmic diseases, today announced that William J. Link, Ph.D., is retiring from Oyster Point's Board of Directors, effective as of March 17, 2022. Dr. Link will continue to serve as a consultant to the company.

"On behalf of the entire Oyster Point organization, we are eternally thankful to Dr. Link for his leadership and significant contributions over the years," said Jeffrey Nau, M.M.S, Ph.D., president and chief executive officer, Oyster Point Pharma. "Even in his retirement, he will be contributing through our shared goal of elevating the standard of care for people suffering with Ophthalmic diseases."

Dr. Link joined Oyster Point's Board of Directors at the inception of the company in July 2015 and was a member of the Compensation Committee. He continued his service through the Company's successful transition from private to public biopharmaceutical company, through the launch of TYRVAYA™ (varenicline solution) Nasal Spray and the evolution of a promising pipeline with potentially transformative investigational therapies in a range of ocular surface diseases.

"It has been an honor to serve on Oyster Point's Board during this exciting time of transformation and growth," said Dr. William J. Link. "As a shareholder and consultant, I remain steadfast in my belief in Oyster Point's leadership team and innovative portfolio as the Company continues its next phase of continued growth and shareholder value creation strategy."

**About Oyster Point Pharma, Inc.**
Oyster Point Pharma is a commercial-stage biopharmaceutical company focused on the discovery, development and commercialization of first-in-class pharmaceutical therapies to treat ophthalmic diseases. In October 2021, Oyster Point Pharma received FDA approval for TYRVAYATM (varenicline solution) Nasal Spray. Oyster Point has a growing pipeline of clinical and pre-clinical programs and continues to expand its research and development pipeline through internal innovation and external collaborations. Oyster Point is continuously striving to advance breakthrough science and deliver therapies seeking to address the unmet needs of patients with ophthalmic disease and the eye care professionals who take care of them. For more information, visit www.oysterpointrx.com and follow @OysterPointRx on Twitter and LinkedIn.

**Forward-Looking Statements**
This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect the current beliefs, expectations and assumptions of Oyster Point Pharma, Inc. regarding the future of the Company's business, our future plans and strategies, commercial opportunities, regulatory approvals, preclinical and clinical results, future financial condition and other future conditions. Words such as "may," "will," "expect," "potential" or other similar expressions are intended to identify forward-looking statements, although not all forward- looking statements contain these identifying words. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including, among other things: our plans and potential for success relating to commercializing TYRVAYA; the beneficial characteristics, safety, efficacy and therapeutic effects of TYRVAYA and our preclinical and clinical product candidates; our plans relating to the further development and manufacturing of TYRVAYA and our preclinical and clinical candidates, including potential additional indications or disease areas to be evaluated and pursued; the timing of initiation of our future preclinical studies or clinical trials; the uncertainties inherent in pharmaceutical research and development, including the likelihood of positive preclinical study results, and the likelihood of clinical trials demonstrating the safety and efficacy of our product or product candidates; the timing or likelihood of regulatory filings and approvals of TYRVAYA and

our clinical and preclinical candidates, including in potential additional indications for TYRVAYA and potential filings in additional jurisdictions; the prevalence of dry eye disease and Neurotrophic Keratopathy (NK) and the size of the market opportunities for our product candidates; the expected potential benefits of strategic collaborations with third parties and our ability to attract collaborators with development, regulatory and commercialization expertise; existing regulations and regulatory developments in the United States and other jurisdictions; our plans and ability to obtain or protect intellectual property rights, including extensions of existing patent terms where available; our continued reliance on third parties to conduct additional preclinical studies and clinical trials of our product candidates, and for the manufacture of our product and product candidates; our ability to recruit and retain key personnel needed to develop and commercialize our product and product candidates, and to grow our company; the accuracy of our estimates regarding expenses, future revenue, capital requirements and needs for additional financing; our financial performance; market conditions; the sufficiency of our existing capital resources to fund our future operating expenses and capital expenditure requirements; our expectations regarding the period during which we will qualify as an emerging growth company under the JOBS Act; and other risks described in the “Risk Factors” section included in our public filings that we have made and will make with the Securities and Exchange Commission (SEC).



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**Exhibit 31.1**

**CERTIFICATION PURSUANT TO**
**RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,**
**AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jeffrey Nau, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Oyster Point Pharma, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: May 5, 2022

By: /s/ Jeffrey Nau
Jeffrey Nau, Ph.D., M.M.S.
President and Chief Executive Officer
*(Principal Executive Officer)*

**Exhibit 31.2**

**CERTIFICATION PURSUANT TO**
**RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,**
**AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Daniel Lochner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Oyster Point Pharma, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: May 5, 2022

By: /s/ Daniel Lochner
Daniel Lochner
Chief Financial Officer
*(Principal Financial and Accounting Officer)*

**Exhibit 32.1**

**CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER**

**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 of Oyster Point Pharma, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey Nau, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: May 5, 2022

By: /s/ Jeffrey Nau
Jeffrey Nau, Ph.D., M.M.S.
President and Chief Executive Officer
*(Principal Executive Officer)*

**Exhibit 32.2**

**CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER**

**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 of Oyster Point Pharma, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel Lochner, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: May 5, 2022

By: /s/ Daniel Lochner
Daniel Lochner
Chief Financial Officer
*(Principal Financial and Accounting Officer)*