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 June 30, 2021

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 July 30, 2021, the registrant had 26,014,621 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 are identified by terminology such as “aim,” “anticipate,” “assume,” “believe,” “contemplate,” “continue,” “could,” “due,” “estimate,” “expect,” “goal,” “intend,” “may,” “objective,” “plan,” “predict,” “potential,” “positioned,” “seek,” “should,” “target,” “will,” “would,” and other similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or other comparable terminology. These forward-looking statements include, but are not limited to, statements about:

- 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;
- plans relating to commercializing the Company's product candidates, if approved, including the geographic areas of focus and sales strategy;
- the success of competing therapies that are or may become available;
- the Company's estimates of the number of patients in the United States who suffer from dry eye disease, and the number of patients that will enroll in its clinical trials;
- the beneficial characteristics, safety, efficacy and therapeutic effects of the Company's 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 United States 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 potentially for commercial supply;
- the Company’s ability to recruit and retain key personnel needed to develop and commercialize the Company’s product candidates, if approved, and to grow the Company;
- 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;
- 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 and proceeds from the initial and follow-on public offering.

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 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, 2020 and the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2021. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, they should not be relied on as predictions of future events. The events and circumstances reflected in these 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 the Company's 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 the Company's 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 should not be unduly relied upon.

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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)

	June 30, 2021	December 31, 2020
ASSETS		
Current Assets		
Cash and cash equivalents	$ 154,805	$ 192,585
Prepaid expenses and other current assets	4,081	3,782
Total current assets	158,886	196,367
Property and equipment, net	1,743	804
Restricted cash	61	61
Other assets	30	—
Right-of-use assets, net	783	678
Total Assets	$ 161,503	$ 197,910
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 2,332	$ 2,279
Accrued expenses and other current liabilities	6,594	8,285
Lease liabilities	545	418
Total current liabilities	9,471	10,982
Lease liabilities, non-current	248	269
Total Liabilities	9,719	11,251
Commitments and Contingencies (Note 7)		
Stockholders' Equity		
Preferred stock, $0.001 par value per share; 5,000,000 shares authorized; none outstanding	—	—
Common stock, $0.001 par value per share; 1,000,000,000 shares authorized, 26,006,437 and 25,890,490 shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively	26	26
Additional paid-in capital	347,434	341,384
Accumulated deficit	(195,676)	(154,751)
Total Stockholders' Equity	151,784	186,659
Total Liabilities and Stockholders' Equity	$ 161,503	$ 197,910

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 June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Operating expenses:				
Research and development	$ 6,730	$ 8,554	$ 12,558	$ 19,894
Selling, general and administrative	15,296	6,940	28,388	12,529
Total operating expenses	22,026	15,494	40,946	32,423
Loss from operations	(22,026)	(15,494)	(40,946)	(32,423)
Other income, net	10	30	21	440
Net loss and comprehensive loss	$ (22,016)	$ (15,464)	$ (40,925)	$ (31,983)
Net loss per share, basic and diluted	$ (0.85)	$ (0.66)	$ (1.58)	$ (1.43)
Weighted average shares outstanding, basic and diluted	25,989,913	23,442,530	25,957,186	22,405,031

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, 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
Net loss	—	—	—	(22,016)	(22,016)
Issuance of common stock upon exercise of stock options	28,748	—	104	—	104
Issuance of common stock upon vesting of restricted stock units	16,901	—	—	—	—
Stock-based compensation expense	—	—	3,048	—	3,048
Balance at June 30, 2021	26,006,437	$ 26	$ 347,434	$ (195,676)	$ 151,784

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance at January 1, 2020	21,366,950	$ 21	$ 221,508	$ (84,231)	$ 137,298
Net loss	—	—	—	(16,519)	(16,519)
Issuance of common stock upon exercise of stock options	3,530	—	4	—	4
Stock-based compensation expense	—	—	1,180	—	1,180
Balance at March 31, 2020	21,370,480	$ 21	$ 222,692	$ (100,750)	$ 121,963
Net loss	—	—	—	(15,464)	(15,464)
Issuance of common stock upon secondary equity offering, net of issuance costs of 8,125	4,312,500	5	112,620	—	112,625
Issuance of common stock upon exercise of stock options	60,425	—	82	—	82
Stock-based compensation expense	—	—	1,609	—	1,609
Balance at June 30, 2020	25,743,405	$ 26	$ 337,003	$ (116,214)	$ 220,815

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

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

	Six Months Ended June 30,	
	2021	**2020**
Cash flows from operating activities		
Net loss	$ (40,925)	$ (31,983)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation expense	5,728	2,789
Depreciation	55	40
Reduction in the carrying amount of the right-of-use assets	239	188
Changes in assets and liabilities:		
Prepaid expenses and other current assets	(290)	1,217
Accounts payable	53	3,252
Change in lease liabilities	(239)	(207)
Accrued expenses and other current liabilities	(1,676)	(394)
Other assets	(30)	—
Net cash used in operating activities	(37,085)	(25,098)
Cash flows from investing activities		
Purchase of property and equipment	(994)	(342)
Net cash used in investing activities	(994)	(342)
Cash flows from financing activities		
Payment of deferred offering costs	(23)	—
Proceeds from follow-on equity offering, net of issuance costs	—	112,965
Proceeds from the exercise of stock options	322	86
Net cash provided by financing activities	299	113,051
Net (decrease) increase in cash, cash equivalents and restricted cash	(37,780)	87,611
Cash, cash equivalents and restricted cash at the beginning of the period	192,646	139,198
Cash, cash equivalents and restricted cash at the end of the period	$ 154,866	$ 226,809
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	$ 154,805	$ 226,748
Restricted cash	61	61
Cash, cash equivalents and restricted cash	$ 154,866	$ 226,809
Supplemental cash flow information		
Right-of-use for office space and office equipment acquired through leases	$ 344	$ 320
Supplemental non-cash flow information		
Unpaid offering costs	$ —	$ 340

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 clinical stage biopharmaceutical company focused on the discovery, development and commercialization of pharmaceutical therapies to treat ophthalmic diseases. The Company's principal office is located in Princeton, New Jersey. From inception through June 30, 2021, the Company has been engaged in business planning, research, clinical development of its therapeutic product candidates, recruiting and raising capital, as well as preparation for the commercialization of its lead product candidate, OC-01. In December of 2020, the Company submitted a 505(b)(2) New Drug Application (NDA) for OC-01 (varenicline) nasal spray for the treatment of signs and symptoms of dry eye disease. The U.S. Food and Drug Administration (FDA) has assigned a Prescription Drug User Fee Act (PDUFA) target action date of October 17, 2021 as the goal to complete its review of the NDA.

Liquidity

The Company incurred net losses of $40.9 million and $32.0 million for the six months ended June 30, 2021 and 2020, respectively, and had an accumulated deficit of $195.7 million as of June 30, 2021. The Company has been incurring higher expenses due to the Company's preparation for the commercialization of its lead product candidate, OC-01 (varenicline) nasal spray, if approved by the FDA, including to establish commercial scale manufacturing arrangements and to provide for the marketing, commercial operations and distribution of the product. The Company expended and will continue to expend additional funds to complete the research, development and clinical testing of its product candidates. The Company will require additional funds to commercialize its products. The Company is unable to entirely fund these efforts with its current financial resources and there can be no assurance that it will be able to secure such additional financing on a timely basis, if at all, that will be sufficient to meet these needs. If adequate funds are unavailable on a timely basis from operations or additional sources of financing, the Company may have to delay, reduce and or eliminate certain commercial related expenses, included in selling, general and administrative expenses, as well as delay, reduce or eliminate the scope of one or more of its research or development programs, which would materially and adversely affect its business, financial condition and operations.

The Company continues to be subject to risks and uncertainties as a result of the SARS-CoV-2 virus pandemic. The pandemic and related public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. As of June 30, 2021, the Company has not been materially affected by the adverse results of the pandemic, however, it is not possible to predict the duration or magnitude of the adverse results of the pandemic or the full extent of its effects on the Company's financial condition, liquidity or results of operations.

The Company had cash and cash equivalents of $154.8 million as of June 30, 2021. Management believes that the Company's current cash and cash equivalents will be sufficient to fund its planned operations for at least 12 months from the date of issuance of these financial statements.

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). 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 June 30, 2021 and as of December 31, 2020, the results of operations for the six months ended June 30, 2021 and 2020, and cash flows for the six months ended June 30, 2021 and 2020. 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, 2020. 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.

Research Collaboration Agreement

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 pay for potential development and regulatory milestones, as well as the potential for 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 collaboration and option agreement which was included in research and development expense for the three and six months ended June 30, 2021.

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 expenses in the condensed financial statements and accompanying notes. Significant items subject to such estimates and assumptions include stock-based compensation and certain research and development accruals. Actual results could differ from these estimates, and such differences could be material to the Company's financial position and results of operations.

Summary of Significant Accounting Policies

The Company's significant accounting policies are disclosed in Note 1. *Nature of Business, Basis of Presentation and Significant Accounting Policies* in the Annual Report on Form 10-K for the year ended December 31, 2020. There have been no material changes in the Company's accounting policies from those disclosed in the financial statements and the related notes included in the Annual Report on Form 10-K for the year ended December 31, 2020.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (the FASB) under its accounting standard codifications (ASC) or other standard setting bodies and are adopted by the Company as of the specified effective date, unless otherwise discussed below.

ASU 2020-10 — In October 2020, the FASB issued ASU 2020-10, Codification Improvements, which updated various codification topics by clarifying or improving disclosure requirements to align with the SEC's regulations. The amendments in ASU 2020-10 are effective for annual periods beginning after December 15, 2020, for public business entities. The Company adopted ASU 2020-10 on January 1, 2021 and its adoption did not have a material effect on the Company's financial statements and related disclosures.

2. 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 Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

As of June 30, 2021, financial assets measured and recognized at fair value on a recurring basis were as follows (in thousands):

	Fair Value Measurements at June 30, 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	$ 153,805	$ —	$ —	$ 153,805
Total fair value of assets	$ 153,805	$ —	$ —	$ 153,805

As of December 31, 2020, financial assets measured and recognized at fair value on a recurring basis were as follows (in thousands):

	Fair Value Measurements at December 31, 2020			
	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	$ 191,585	$ —	$ —	$ 191,585
Total fair value of assets	$ 191,585	$ —	$ —	$ 191,585

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, prepaid expenses and other current assets, restricted cash, accounts payable and accrued expenses and other liabilities approximate their fair values, due to their short-term nature.

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.

3. Accrued Expenses and Other Current Liabilities

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

	June 30, 2021	December 31, 2020
Accrued compensation	$ 3,776	$ 3,500
Accrued professional services	2,222	1,244
Accrued research and development expense	596	3,541
Total accrued expenses and other current liabilities	$ 6,594	$ 8,285

4. Stockholders' Equity

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 reserved common stock for future issuance as follows:

	June 30, 2021	December 31, 2020
Outstanding options under the 2016 Equity Incentive Plan	2,458,812	2,567,566
Outstanding options under the 2019 Equity Incentive Plan	1,676,659	918,145
Equity awards available for grant under the 2019 Plan [(1)]	1,948,226	1,790,106
Unvested restricted stock units (RSUs)	173,007	61,215
Shares reserved for purchase under the Employee Stock Purchase Plan (ESPP)	270,000	270,000
Total	6,526,704	5,607,032

[(1)] — Effective January 1, 2021, in connection with the evergreen provision under the 2019 Equity Incentive Plan (the 2019 Plan) 1,035,619 shares were added to the 2019 Plan.

Stock Options

The following table summarizes stock option activity under the 2016 Equity Incentive Plan and the 2019 Plan during the six months ended June 30, 2021 (in thousands, except share, 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
Balance, January 1, 2021	3,485,711	$ 10.74	8.2	$ 36,506
Options granted	810,986	18.98		
Options exercised	(83,794)	3.84		1,369
Options forfeited	(77,432)	16.99		335
Balance, June 30, 2021	4,135,471	12.38	8.1	30,931
Shares vested and exercisable as of June 30, 2021	1,950,464	6.55	7.2	23,731
Vested and expected to vest as of June 30, 2021	4,135,471	$ 12.38	8.1	$ 30,931

The weighted average fair value of options granted during the six months ended June 30, 2021 was $11.84 per share. As of June 30, 2021, the total unrecognized stock-based compensation expense for stock options was $25.8 million, which is expected to be recognized over a weighted average period of 2.8 years.

Restricted Stock Units

Restricted stock units (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. Upon vesting, each RSU converts into one share of the Company's common stock.

Activity with respect to the Company's restricted stock units during the six months ended June 30, 2021 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, 2021	61,215	$ 23.83	1.4	$ 1,152
Restricted stock units granted	144,317	18.54		2,676
Restricted stock units vested	(32,153)	27.15		648
Restricted units forfeited	(372)	18.77		8
Balance, June 30, 2021	173,007	18.81	6.0	2,974
Unvested and expected to vest as of June 30, 2021	173,007	$ 18.81	6.0	$ 2,974

As of June 30, 2021, the total unrecognized stock-based compensation expense for RSUs was $2.8 million, which is expected to be recognized over a weighted average period of 2.8 years.

2019 Employee Stock Purchase Plan

In October 2019, the Company adopted the 2019 Employee Stock Purchase Plan (ESPP), which became effective on October 29, 2019. Effective April 1, 2021, the Company established its first offering period under the ESPP, which began on April 16, 2021 and will end on November 15, 2021. After the first offering period, the ESPP provides for automatic six-month offering periods. The ESPP allows eligible employees to purchase shares of the Company's common stock at a 15% discount through payroll deductions, subject to plan limitations. At the end of each offering period, employees are able to purchase shares at 85% of the lower of the fair market fair value of the Company's common stock on the first trading day of the offering period or on the last day of the offering period.

Stock-Based Compensation Expense

Total stock-based compensation expense recorded related to the Company's equity incentive plans was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Research and development	$ 460	$ 239	$ 826	$ 456
Selling, general and administrative	2,588	1,370	4,902	2,333
Total stock-based compensation expense	$ 3,048	$ 1,609	$ 5,728	$ 2,789

5. 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 June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Numerator:				
Net loss	$ (22,016)	$ (15,464)	$ (40,925)	$ (31,983)
Denominator:				
Weighted average shares outstanding, basic and diluted	25,989,913	23,442,530	25,957,186	22,405,031
Net loss per share, basic and diluted	$ (0.85)	$ (0.66)	$ (1.58)	$ (1.43)

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:

	As of June 30,	
	2021	2020
Options to purchase common stock	4,135,471	3,281,886
Unvested restricted stock units	173,007	77,530
Shares committed under the ESPP	14,069	—
Total	4,322,547	3,359,416

6. Leases

The Company is party to several operating and finance lease agreements related to office and laboratory space and office equipment.

In February 2021, the Company entered into a lease agreement for laboratory and office space in New Jersey for a three-year term beginning on March 1, 2021 and ending on February 29, 2024. Total future minimum lease payments under the Company's operating lease agreements are $0.8 million as of June 30, 2021. Total lease payments required over the life of the Company's operating leases are $1.6 million. Rent expense was $0.3 million and $0.2 million for the six months ended June 30, 2021 and June 30, 2020, respectively. The remaining lease terms were between 1.1 and 2.7 years as of June 30, 2021.

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

	June 30, 2021	December 31, 2020
Operating lease right-of-use asset	$ 757	$ 644
Finance lease right-of-use asset	26	34
Total right-of-use asset	$ 783	$ 678
Operating lease liabilities	$ 527	$ 400
Finance lease liabilities	18	18
Total lease liabilities	$ 545	$ 418
Operating lease liabilities, non-current	$ 237	$ 250
Finance lease liabilities, non-current	11	19
Total lease liabilities, non-current	$ 248	$ 269

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

As of June 30, 2021	Finance Leases	Operating Leases	Total
2021 (remainder)	$ 9	$ 277	$ 286
2022	16	376	392
2023	5	126	131
2024	—	21	21
Total undiscounted cash flows	30	800	830
Less: imputed interest	(1)	(36)	(37)
Total lease liability	29	764	793
Less: current portion	(18)	(527)	(545)
Lease liability	$ 11	$ 237	$ 248

7. Commitments and Contingencies

License Agreement

The Company is party to a non-exclusive patent license agreement with 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) nasal spray product. If the Company commercializes OC-01 (varenicline) nasal spray, it may be required to pay a single milestone payment in low double-digit millions and tiered royalties on net sales of OC-01 (varenicline) nasal spray at percentages ranging from the mid-single digits to the mid-teens. The royalty obligation to Pfizer would commence upon the first commercial sale of OC-01 (varenicline) nasal spray and expire 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. No milestone was achieved or probable to be achieved or royalties payable accrued as of June 30, 2021 and December 31, 2020.

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.

8. Subsequent Events

Credit Facility with OrbiMed

On August 5, 2021, the Company entered into a $125 million term loan credit facility (the Credit Agreement) with OrbiMed Royalty & Credit Opportunities III, LP, as administrative agent and initial lender (OrbiMed). The Credit Agreement provides for loans to be funded in three separate tranches, the first $45 million tranche to be funded no later than August 13, 2021, the second $50 million tranche to be funded, at the option of the Company, upon FDA approval of OC-01 (varenicline) nasal spray and the third $30 million tranche to be funded, at the option of the Company, upon the Company receiving $40 million in net recurring revenue from the sale and/or licensing of OC-01. The Company’s obligations under the Credit Agreement are secured by all or substantially all of its assets and property, subject to customary exceptions. Any material subsidiaries that the Company (other than certain immaterial subsidiaries) forms or acquires after closing are required to provide a guarantee of the Company’s obligations under the Credit Agreement and provide a pledge of their assets.

The Credit Agreement matures on August 5, 2027 and the loan is structured for full principal repayment at maturity. The term loans bear interest at a rate per annum equal to the sum of (x) the daily secured overnight financing rate as administered by the Federal Reserve Bank of New York, subject to a 0.40% floor, plus (y) a margin of 8.10%. Commencing with the first full fiscal quarter after the closing date, the Company is required to make quarterly revenue interest payments to OrbiMed in an amount equal to 3% of all net revenue from annual sales and licenses of OC-01 up to $300 million and 1% of all revenue from annual sales and licenses of OC-01 between $300 million and $500 million, subject to caps on such quarterly payments. These caps increase both on an annual basis and upon funding of the second and third term loan tranches.

If the Company does not obtain OC-01 approval by June 30, 2022, the Credit Agreement requires monthly repayments of principal starting on August 5, 2024. Additionally, commencing with the fourth full fiscal quarter after OC-01 approval, if the Company does not meet certain minimum recurring revenue thresholds from the sale and/or licensing of OC-01 in the last four quarters, the Credit Agreement requires a $5 million repayment of principal on the interest payment date following such fiscal quarter. This test is applied each quarter following commencement. The Company is permitted to prepay, in whole or in part, the term loans, subject to the payment of a prepayment fee, an exit fee and a buyout amount (calculated as the revenue interest cap set forth above less the amount of royalty payments made to OrbiMed). The term loans are also required to be mandatorily prepaid with the proceeds of certain asset sales and casualty events (subject to payment of the prepayment fee and exit fee) and the issuance of convertible debt.

The Credit Agreement contains customary affirmative and negative covenants. The affirmative covenants include, among others, administrative and reporting requirements subject to certain exceptions and materiality thresholds. The negative covenants include, among others, limitations on the Company’s ability to, in each case, subject to certain exceptions, (i) incur additional debt, (ii) incur liens, (iii) make investments, acquisitions, loans or advances, (iv) sell assets, (v) make restricted payments, including dividends and distributions on, and redemptions, repurchases or retirement of, the Company’s capital stock, (vi) enter into fundamental changes, including mergers and consolidations, (vii) enter into transactions with affiliates, (viii) change the nature of the Company’s business, (ix) make prepayments of certain debt, (x) modify or terminate material agreements and (xi) enter into certain outbound licenses of material intellectual property. The Credit Agreement also requires compliance with a minimum liquidity covenant of $20 million prior to OC-01 approval and $5 million after OC-01 approval.

The Credit Agreement includes customary events of default, including failure to pay principal, interest or certain other amounts when due; material inaccuracy of representations and warranties; breach of covenants; specified cross-default to other material indebtedness; certain bankruptcy and insolvency events; certain ERISA events; certain undischarged judgments; material impairment of security interests; material adverse change and material regulatory events, in certain cases subject to certain thresholds and grace periods.

Ji Xing License and Collaboration Agreement

On August 5, 2021, the Company entered into a license and collaboration agreement (License Agreement) with Ji Xing Pharmaceuticals Limited (Ji Xing), which is an entity affiliated with RTW Investments, LP. Pursuant to the License Agreement, the Company will grant Ji Xing an exclusive license to develop and commercialize OC-01 (varenicline) nasal spray and OC-02 (simpinicline) nasal spray pharmaceutical products, for all prophylactic uses for, and treatment of, ophthalmology diseases or disorders (the Field) in the greater China region, including mainland China, Hong Kong Special Administrative Region, Macau Special Administrative Region, and Taiwan (the Territory). Ji Xing will be responsible for development, regulatory, manufacturing and commercialization activities in the Territory, and the Company will be responsible for supplying the drug substance and finished products of OC-01 (varenicline) and OC-02 (simpinicline) for Ji Xing's clinical development at quantities to be agreed by the parties, subject to one or more separate supply agreements as contemplated by the License Agreement. Ji Xing is prohibited from engaging in certain competitive activities during the term of the License Agreement. Subject to certain limitations, the Company may not commercialize any nAChR agonist in the Field in the Territory, without first offering Ji Xing a right of first negotiation for such product in the Territory. The Company has also granted Ji Xing a right of first negotiation to expand indications or uses of OC-01 (varenicline) or OC-02 (simpinicline) in the Territory.

The Company will receive an upfront cash payment of $17.5 million and up to 0.75% of shares in Ji Xing, half of which will be subject to a pre-specified vesting condition. In addition, the Company is eligible to receive up to $204.8 million in aggregate development and sales-based milestone payments and tiered low teens to low twenties royalties based on future net sales of OC-01 and OC-02 in the Territory. The License Agreement will remain in effect, unless terminated earlier, until the expiration of all royalty terms for all licensed products in the Territory under the License Agreement. Ji Xing may terminate the License Agreement for convenience by providing at least one hundred eighty (180) days written notice. Each party has the right to terminate the License Agreement for the other party's uncured material breach or insolvency. The Company may also terminate the License Agreement if Ji Xing, its affiliates or sublicensees challenges the enforceability, validity or scope of certain patents owned by the Company, subject to customary exceptions set forth in the License Agreement. Upon termination, any license granted by the Company to Ji Xing will terminate, and all sublicenses granted by Ji Xing shall also terminate.

As of March 31, 2021, entities affiliated with RTW Investments, LP, beneficially owned greater than 5% of the Company's outstanding shares of common stock. As a result, the License Agreement is considered a related party transaction and was approved by the audit committee of the board of directors of the Company.

2021 Inducement Plan

In July 2021, the Company's Board of Directors approved the adoption of the 2021 Inducement Plan (Inducement Plan), which is to be used exclusively for grants of awards to individuals who were not previously employees or directors of the Company (or following a bona fide period of non-employment) as a material inducement to such individuals' entry into employment with the Company, pursuant to Nasdaq Listing Rule 5635(c)(4). The Company has reserved 650,000 shares of its common stock that may be issued under the Inducement Plan. The terms and conditions of the Inducement Plan are substantially similar to those of the 2019 Plan.

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 and six months ended June 30, 2021 and 2020. Also refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2020, 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, 2020 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. is a clinical stage biopharmaceutical company focused on the discovery, development and commercialization of first-in-class pharmaceutical therapies to treat ophthalmic diseases. The Company's lead product candidate OC-01 (varenicline) nasal spray, a highly selective nicotinic acetylcholine receptor (nAChR) agonist, is being developed as a nasal spray to treat the signs and symptoms of dry eye disease. Based on OC-01 (varenicline) nasal spray's clinical trial results and its novel mechanism of action, the Company believes OC-01 (varenicline) nasal spray, if approved by the FDA, has the potential to become the new standard of care and redefine how dry eye disease is treated for millions of patients.

The Company has no products approved for sale and has not generated revenue since its inception in 2015. The Company expects to finance its operations through private and public equity or debt financing, collaborative or other arrangements with corporate sources or through other sources of financing. The Company's net losses were $40.9 million and $32.0 million for the six months ended June 30, 2021 and 2020, respectively. As of June 30, 2021, the Company had an accumulated deficit of $195.7 million. The Company expects that its selling, general and administrative expenses will continue to increase as the Company prepares for the commercialization of its lead product candidate, OC-01 (varenicline) nasal spray, if approved by the FDA. Additionally, operating expenses will increase as the Company advances its other product candidates through preclinical and clinical development, seeks regulatory approval, and prepares for and, if approved, proceeds to commercialization; acquires, discovers, validates and develops additional product candidates; obtains, maintains, protects and enforces its intellectual property portfolio; and hires additional personnel. The Company has incurred and will continue to incur additional costs associated with operating as a public company.

The Company plans to continue to use third-party service providers, including clinical research organizations (CROs) and contract manufacturing organization (CMOs), to carry out its preclinical and clinical development and to manufacture and supply the materials to be used during the development and commercialization of its product candidates. During the second quarter of 2021, the Company commenced its hiring of a specialty sales force of approximately 150 to 200 field representatives.

Recent Events

Credit Facility with OrbiMed

On August 5, 2021, the Company entered into a $125 million Credit Agreement with OrbiMed, to be funded in three separate tranches, the first $45 million tranche to be funded no later than August 13, 2021, the second $50 million tranche to be funded, at the option of the Company, upon FDA approval of OC-01 (varenicline) nasal spray and the third $30 million tranche to be funded, at the option of the Company, upon the Company receiving $40 million in net recurring revenue from the sale and/or licensing of OC-01. The Company's obligations under the Credit Agreement are secured by all or substantially all of its assets and property, subject to customary exceptions.

The Credit Agreement matures on August 5, 2027. The term loans bear interest at a rate per annum equal to the sum of (x) the daily secured overnight financing rate as administered by the Federal Reserve Bank of New York, subject to a 0.40% floor, plus (y) a margin of 8.10%. Commencing on the first full fiscal quarter after the closing date, the Company is required to make quarterly revenue interest payments to OrbiMed in an amount equal to 3% of all net revenue from annual sales and licenses of OC-01 up to $300 million and 1% of all revenue from annual sales and licenses of OC-01 between $300 million and $500 million, subject to caps on such quarterly payments. These caps increase both on an annual basis and upon funding of the second and third term loan tranches.

If the Company does not obtain OC-01 approval by June 30, 2022, the Credit Agreement requires monthly repayments of principal starting on August 5, 2024. Additionally, commencing with the fourth full fiscal quarter after OC-01 approval, if the Company does not meet certain minimum recurring revenue thresholds from the sale and/or licensing of OC-01 on a quarterly basis for the most recently ended four fiscal quarter period, the Credit Agreement requires a $5 million repayment of principal on the interest payment date following such fiscal quarter. The Company is permitted to prepay, in whole or in part, the term loans, subject to the payment of a prepayment fee, an exit fee and a buyout amount (calculated as the revenue interest cap set forth above less the amount of royalty payments made to OrbiMed). The term loans are also required to be mandatorily prepaid with the proceeds of certain asset sales and casualty events (subject to payment of the prepayment fee and exit fee) and the issuance of convertible debt.

For further discussion of the Credit Agreement, including information pertaining to affirmative and negative covenants of the Company, and events of default, see Item 1 — Note 8, *Subsequent Events.*

Ji Xing License and Collaboration Agreement

On August 5, 2021, the Company entered into a license and collaboration agreement (License Agreement) with Ji Xing Pharmaceuticals Limited (Ji Xing), a biotechnology company headquartered in Shanghai and backed by RTW Investments, LP (RTW). Pursuant to the License Agreement, the Company will grant Ji Xing an exclusive license to develop and commercialize OC-01 (varenicline) and OC-02 (simpinicline) nasal sprays, for all prophylactic uses for, and treatment of, ophthalmology diseases or disorders in the greater China region. Ji Xing will be responsible for the development, regulatory, manufacturing and commercialization activities costs in the greater China region. The Company will be responsible for supplying the drug substance and finished products of OC-01 (varenicline) and OC-02 (simpinicline) for Ji Xing's clinical development at quantities to be agreed by the parties, subject to one or more separate supply agreements as contemplated by the License Agreement. The Company will receive an upfront cash payment consisting of $17.5 million and up to 0.75% equity interest in Ji Xing, half of which will be subject to a pre-specified vesting condition. In addition, the Company is eligible to receive up to $204.8 million in aggregate development and sales-based milestone payments and tiered low teens to low twenties royalties based on future net sales of OC-01 and OC-02 in the greater China region. For further discussion of the License Agreement, see Item 1 — Note 8, *Subsequent Events.*

Hiring of U.S. Sales Representatives in July

The Company continues to make meaningful progress toward its planned U.S. launch of OC-01 (varenicline) nasal spray in the fourth quarter of 2021, if approved by the FDA, by initiating the hiring of sales representatives during the month of July, with a planned target of hiring 150-200 sales representatives. Sales representatives are currently in the field communicating our dry eye disease-state awareness campaign.

Preclinical Data Highlighting Potent Activity of OC-01 (varenicline) and OC-02 (simpinicline) against SARS-CoV-2 Virus and Variants.

In July 2021, the Company announced preclinical data in non-human primates and in vitro models evaluating OC-01 (varenicline) nasal spray against SARS-CoV-2 and the alpha and beta variants, the viruses that cause COVID-19 disease. Administration of OC-01 (varenicline) nasal spray to non-human primates was observed to inhibit viral replication in the nose within 24 hours of infectious SARS-CoV-2 challenge with absence of subgenomic RNA at Day 3 and Day 5 post-challenge. The results were published on the preprint server bioRxiv. In addition, varenicline was observed to inhibit cellular entry and replication of SARS-CoV-2 and its alpha and beta variants in multiple human cell types. Lastly, OC-02 (simpinicline) was also observed to inhibit cellular entry and replication of SARS-CoV-2 alpha variant in Calu-3 human cells at very low concentrations. Additional preclinical studies with SARS-CoV-2 variants are currently underway.

2021 Inducement Plan

In July 2021, the Company's Board of Directors approved the adoption of the 2021 Inducement Plan (Inducement Plan), which is to be used exclusively for grants of awards to individuals who were not previously employees or directors of the Company (or following a bona fide period of non-employment) as a material inducement to such individuals' entry into employment with the Company, pursuant to Nasdaq Listing Rule 5635(c)(4). The Company has reserved 650,000 shares of its common stock that may be issued under the Inducement Plan. The terms and conditions of the Inducement Plan are substantially similar to those of the 2019 Plan.

Enrollment of First Subject in the OLYMPIA Phase 2 Clinical Trial of OC-01 (varenicline) Nasal Spray for Patients with Neurotrophic Keratopathy

In June 2021, the Company announced enrollment of the first subject in the OLYMPIA Phase 2 clinical trial of OC-01 (varenicline) nasal spray for the treatment of Stage 1 Neurotrophic Keratopathy (NK).

Pipeline Expansion with Enriched Tear Film (ETF™) Gene Therapy to Target Ophthalmic Diseases

In June 2021, the Company announced the expansion of its pipeline with the introduction of its proprietary ETF™ gene therapy and proof-of-concept in vivo study results from it first gene therapy candidate, OC-101. Preclinical study results from a 42-day proof-of-concept in vivo study demonstrated a single, intralacrimal gland injection of an adeno-associated virus (AAV) vector that delivers the human Nerve Growth Factor (NGF) gene. A single injection produced statistically significant increase of NGF in tear film, as compared to control. Preclinical study results also demonstrated that following AAV transduction of the lacrimal gland, cholinergic activation with OC-01 (varenicline) nasal spray produced statistically significant increase of NGF levels in tear film of a rabbit model, as compared to control, and pre-cholinergic activation, potentially indicating OC-01's ability to modulate lacrimal secretion of NGF. No macroscopic or microscopic safety findings were observed associated with either the intralacrimal gland administration of OC-01 or intranasal administration of OC-01.

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 (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 pay for potential development and regulatory milestones, as well as the potential for 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 collaboration and option agreement which was included in research and development expense for the three and six months ended June 30, 2021.

Prescription Drug User Fee Act (PDUFA) target action date of October 17, 2021

The Company submitted a 505(b)(2) New Drug Application (NDA) for OC-01 (varenicline) nasal spray for the treatment of signs and symptoms of dry eye disease in December 2020. The FDA has assigned a PDUFA target action date of October 17, 2021 as the goal to complete its review of the NDA.

The Impact of the SARS-CoV-2 Virus Pandemic

During the six months ended June 30, 2021, the financial results of the Company were not significantly affected by the SARS-CoV-2 virus pandemic. 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 impact of the SARS-CoV-2 virus pandemic on its trials, expected timelines and costs, as well as potential supply-chain challenges as it prepares itself for commercialization of the OC-01 (varenicline) nasal spray candidate and as it continues to learn more about the impact of the SARS-CoV-2 virus pandemic on the 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 previously instituted remote working arrangements for employees through the second quarter of 2021 and investing in personal protective equipment for the future return to the office. During the second quarter of 2021, Company management instituted a voluntary return to the Company's office located in New Jersey beginning September 7, 2021, and continues to actively monitor and evaluate such plans as the pandemic continues to evolve.

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 indirectly impact the operation 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, 2020.

Results of Operations

Comparison of the Results of Operations for the Three Months Ended June 30, 2021 and 2020

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

	Three Months Ended June 30,			
	2021	2020	$ Change	% Change
Research and development:				
Clinical, preclinical	$ 2,066	$ 1,881	$ 185	10 %
Chemistry, manufacturing and controls (CMC)	3,420	5,723	(2,303)	(40)%
Other	1,244	950	294	31 %
Total research and development	6,730	8,554	(1,824)	(21)%
Selling, general and administrative	15,296	6,940	8,356	120 %
Loss from operations	(22,026)	(15,494)	(6,532)	42 %
Other income, net	10	30	(20)	(67)%
Net loss	$ (22,016)	$ (15,464)	$ (6,552)	42 %

Research and Development Expenses

Research and development expenses decreased by $1.8 million during the three months ended June 30, 2021 compared to the three months ended June 30, 2020. The decrease was primarily driven by lower CMC expenses incurred by the Company in the second quarter of 2021 compared to the second quarter of 2020, which included significant pre-approval inventory costs, as well as expenses related to the preparation of the NDA filing in December 2020.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by $8.4 million during the three months ended June 30, 2021 compared to the three months ended June 30, 2020. The increase was driven by higher payroll-related expenses, including stock-based compensation of $4.8 million, due to additional headcount, as well as higher commercial planning expenses of $1.8 million in anticipation of a U.S. launch of OC-01 (varenicline) nasal spray, if approved, in the fourth quarter of 2021. In addition, the Company incurred higher other general and administrative expenses of $1.0 million, related to accounting, legal, facilities, information technology, and other office-related costs. The Company also incurred an increase in medical affairs costs in the amount of $0.8 million during the three months ended June 30, 2021 compared to the three months ended June 30, 2020.

Comparison of the Six Months Ended June 30, 2021 and 2020

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

	Six Months Ended June 30,			
	2021	2020	$ Change	% Change
Research and development:				
Clinical, preclinical	$ 4,001	$ 7,993	$ (3,992)	(50)%
Chemistry, manufacturing and controls (CMC)	9,045	9,560	(515)	(5)%
Other	(488)	2,341	(2,829)	(121)%
Total research and development	12,558	19,894	(7,336)	(37)%
Selling, general and administrative	28,388	12,529	15,859	127 %
Loss from operations	(40,946)	(32,423)	(8,523)	26 %
Other income, net	21	440	(419)	(95)%
Net loss	$ (40,925)	$ (31,983)	$ (8,942)	28 %

Research and Development Expenses

Research and development expenses decreased by $7.3 million during the six months ended June 30, 2021 compared to the six months ended June 30, 2020. The decrease in clinical, preclinical, and CMC expense of $4.5 million was primarily due to the completion of the ONSET-2 Phase 3 clinical trial in May 2020. The decrease in other research and development costs of $2.8 million was primarily driven by the application fee waiver granted to the Company in April 2021. In December 2020, the Company paid a fee of $2.9 million to the FDA under the PDUFA in conjunction with the filing of its NDA for OC-01 (varenicline) nasal spray. The Company filed a request with the FDA to grant a waiver and refund the fee under the small business waiver provision of the PDUFA. Due to the uncertainty regarding the collectability of this refund, the Company recorded the filing fee in research and development expense in December 2020. In February 2021, the FDA granted the Company’s request for the waiver. The refund was recorded as a reduction in other research and development expense for the six months ended June 30, 2021.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by $15.9 million during the six months ended June 30, 2021 compared to the six months ended June 30, 2020. The increase was driven by higher payroll-related expenses of $9.4 million, inclusive of stock-based compensation in the amount of $2.6 million, due to additional headcount, as well as higher commercial planning expenses of $3.5 million in anticipation of a U.S. launch of OC-01(varenicline) nasal spray, if approved, in the fourth quarter of 2021. In addition, the Company incurred higher other general and administrative expenses of $1.7 million, related to accounting, legal, facilities, information technology, and other office-related costs. The Company also incurred an increase in medical affairs costs in the amount of $1.3 million during the six months ended June 30, 2021 compared to the six months ended June 30, 2020.

Other Income, Net

Other income, net decreased by $0.4 million for the six months ended June 30, 2021 compared to the six months ended June 30, 2020, due to lower rate of return on the money market funds earned during the period, as well as lower cash balances during the first six months of 2021 compared to the first six months of 2020.

Liquidity and Capital Resources

Sources of Liquidity

As of June 30, 2021 and December 31, 2020, the Company had cash and cash equivalents of $154.8 million and $192.6 million, respectively.

Future Funding Requirements

Based on the current business plan, management believes that its available cash and cash equivalents will be sufficient to fund the Company's planned operations for at least 12 months from the filing date of this Quarterly Report on Form 10-Q.

On December 17, 2020, the Company submitted a 505(b)(2) NDA to the FDA for its first lead product candidate, OC-01 (varenicline) nasal spray for the treatment of signs and symptoms of dry eye disease. The Company expects to continue to incur an increase in expense related to the Company’s preparation for the commercialization of OC-01 (varenicline) nasal spray, if approved, including expenses for the establishment of commercial scale manufacturing arrangements, and to prepare for market access, marketing, distribution and commercial operations. In addition, the Company will continue to expend funds to initiate, continue and or complete the research, development and clinical testing of its current and future product candidates.

Since inception, the Company has incurred recurring losses and negative cash flows from operations. The Company generated net losses of $40.9 million and $32.0 million for the six months ended June 30, 2021 and 2020, respectively, and had an accumulated deficit of $195.7 million as of June 30, 2021. The Company historically financed its operations primarily through the sale and issuance of its securities. The Company does not expect to generate any meaningful revenue unless and until it obtains regulatory approval of and commercializes any of its product candidates or decides to enter into collaborative agreements with third parties. The Company is subject to all of the risks typically related to the development of new product candidates, and it may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect its business. The Company will require additional funds to commercialize its products and fund operations for the foreseeable future. The Company is unable to entirely fund these efforts with its current financial resources and there can be no assurance that it will be able to secure such additional financing on a timely basis, if at all, that will be sufficient to meet these needs. If adequate funds are unavailable on a timely basis from operations or additional sources of financing, the Company may have to delay, reduce or eliminate certain commercial related expenses, included in selling, general and administrative expenses, as well as delay, reduce or eliminate the scope of or eliminate one or more of its research or development programs, which would materially and adversely affect its business, financial condition and operations. The Company may seek to raise capital through private or public equity or debt financings, collaborative or other arrangement with corporate sources, or through other sources of financing.

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

- the scope, timing, rate of progress and costs of the Company's drug discovery efforts, preclinical development activities, laboratory testing and clinical trials for the Company's product candidates;
- the number and scope of clinical programs the Company decides to pursue;
- the cost, timing and outcome of preparing for and undergoing regulatory review of the Company's product candidates;
- the scope and costs of development and commercial manufacturing activities;
- the cost and timing associated with commercializing of the Company's product candidates, if they receive marketing approval;
- 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 development of the Company's product candidates and, ultimately, the sale of the Company's products, following FDA approval;
- 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 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.

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 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 terminate some or all of its development programs and clinical trials or 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. If the Company is required 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 or its stockholders, which could materially affect its business, results of operation and financial condition.

See Item 1A. Risk Factors to the Annual Report on Form 10-K for the year ended December 31, 2020 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):

	Six Months Ended June 30,		
	2021	**2020**	**$ Change**
Net cash (used in) provided by:			
Operating activities	$ (37,085)	$ (25,098)	$ (11,987)
Investing activities	(994)	(342)	(652)
Financing activities	299	113,051	(112,752)
Net (decrease) increase in cash and cash equivalents	$ (37,780)	$ 87,611	$ (125,391)

Cash Flows Used in Operating Activities

Net cash used in operating activities increased by $12.0 million for the six months ended June 30, 2021 compared to the six months ended June 30, 2020, due to higher net loss adjusted for non-cash items during the period in the amount of $5.9 million, as well as a decrease in working capital of $6.0 million driven primarily by the timing of payments to the Company's service providers. The Company's higher net loss was driven by the continued development of the Company's product candidates and preparation for the commercial launch of the Company's main product candidate, OC-01 (varenicline) nasal spray, if approved, in the fourth quarter of 2021.

Cash Flows Used in Investing Activities

Net cash used in investing activities increased by $0.7 million for the six months ended June 30, 2021 compared to the six months ended June 30, 2020, primarily related to partial payments for equipment to be used in manufacturing of OC-01 (varenicline) nasal spray, as well as purchases of laboratory equipment.

Cash Flows Provided by Financing Activities

Net cash provided by financing activities decreased by $112.8 million for the six months ended June 30, 2021 compared to the six months ended June 30, 2020, primarily due to the proceeds from the follow on public offering during the second quarter of 2020. The decrease was partially offset by higher proceeds received from the exercise of stock options during the six months ended June 30, 2021.

Contractual Obligations and Commitments

In February 2021, the Company entered into a lease agreement for laboratory and office space in New Jersey for a three-year term beginning on March 1, 2021 and ending on February 29, 2024. Total future minimum lease payments under this agreement are $0.3 million as of June 30, 2021.

As of June 30, 2021, 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, 2020.

Off-Balance Sheet Arrangements

As of June 30, 2021, the Company does not have any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Critical Accounting Policies, Significant Judgments and Estimates

The Company's financial statements have been prepared in accordance with U.S. GAAP. The preparation of these 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 financial statements and the reported expenses incurred during the reporting periods. The Company bases its estimates on historical experience and on various 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, 2020. 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 2020 Annual Report on Form 10-K, the following critical accounting policy was affected by critical accounting estimates in connection with the Company offering its employees an option to purchase the Company's common stock under the ESPP effective April 1, 2021.

Stock-Based Compensation

As discussed in Note 4, *Stockholders' Equity*, effective April 1, 2021, the Company established its first offering period under the ESPP. Stock-based compensation expense related to purchase rights issued under the ESPP, is based on the Black-Scholes option-pricing model fair value of the estimated number of awards as of the beginning of the offering period. Stock-based compensation expense is recognized using the straight-line method over the offering period.

The determination of the grant date fair value of shares purchased under the ESPP is affected by the estimated fair value of our common stock as well as other assumptions and judgments, which are estimated as follows:

- Expected term. The expected term for ESPP is the beginning of the offering period to the end of each purchase period.
- Expected volatility. As the Company has a limited trading history of its common stock, the expected volatility is estimated based on the third quartile of the range of the observed volatilities for comparable publicly traded biotechnology and pharmaceutical related companies over a period equal to length of the offering period. The comparable companies are chosen based on industry, stage of development, size and financial leverage of potential comparable companies.

- Risk-free interest rate. The risk-free interest rate is based on the implied yield currently available on U.S. Treasury zero-coupon issues with a remaining term equivalent to the expected term of the offering period.

- Expected dividend rate. The Company has not paid and does not anticipate paying any dividends in the near future. Accordingly, the Company has estimated the dividend yield to be zero.

Recent Accounting Pronouncements

See “Recent Accounting Pronouncements” in Note 1. *Nature of Business, Basis of Presentation and 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 market risk inherent in the Company's financial instruments and in its financial position represents the potential loss arising from adverse changes in interest rates or exchange rates. As of June 30, 2021, the Company had cash equivalents of $153.8 million, consisting of interest-bearing money market funds for which the fair value 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, an immediate 10% relative change in interest rates would not have a material effect on the fair value of the Company's cash equivalents or on its future interest income.

The Company does not believe that inflation, interest rate changes or foreign currency exchange rate fluctuations have had a significant impact on its results of operations for any periods presented herein.

ITEM 4 — Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of June 30, 2021, 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 June 30, 2021 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 June 30, 2021 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, 2020. 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, 2020 and the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2021.

If the FDA does not conclude that OC-01 (varenicline) nasal spray satisfies the requirements under Section 505(b)(2) of the Federal Food Drug and Cosmetic Act (FFDCA), or if the requirements for such product candidates under Section 505(b)(2) are not as the Company expects, the approval pathway for those product candidates may take longer, cost more or entail greater complications and risks than anticipated, and may not be successful.

The Company submitted an NDA for OC-01 (varenicline) nasal spray for the treatment of signs and symptoms of dry eye disease in December 2020, and the FDA has assigned a PDUFA target action date of October 17, 2021 as the goal to complete its review of the NDA. The Company is seeking FDA approval through the Section 505(b)(2) regulatory pathway for OC-01 (varenicline) nasal spray. Section 505(b)(2) of the FFDCA permits the submission of a New Drug Application (NDA) where some or all of the data required for approval comes from studies not conducted by or for the applicant and for which the applicant has not obtained a right of reference. The Company's ability to rely on certain of the FDA's findings of safety and effectiveness in approval of another NDA or on studies published in the scientific literature will depend on its ability to demonstrate the relevance to OC-01 (varenicline) nasal spray.

In particular, the Company conducted ZEN, a comparative pharmacokinetic "bridge" trial, to evaluate the relative bioavailability of varenicline administered as a nasal spray (OC-01) compared to varenicline administered orally (Chantix®) in order to reference certain FDA conclusions regarding the safety of varenicline from the Agency's review of the Chantix NDA. If the FDA does not accept or disagrees with the Company's conclusions from ZEN or the data required for approval of its Section 505(b)(2) NDA are different than anticipated, the Company may be required to conduct additional development activities or studies or provide additional data and information to pursue the 505(b)(2) regulatory pathway on its proposed timeline. Such delays could result in new competitive products reaching the market faster than OC-01 (varenicline) nasal spray, which could materially adversely impact the Company's competitive position and growth prospects.

The Company may face difficulties from changes to current regulations and future legislation.

In the United States, the European Union and other jurisdictions there have been a number of legislative and regulatory changes and proposed changes to the healthcare system that could affect the Company's future results of operations. Existing regulatory policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of the product candidates. The Company cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. If the Company is slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if it is unable to maintain regulatory compliance, it may lose any marketing approval that may have been obtained and the Company may not achieve or sustain profitability.

For example, in March 2010, the Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010 (or collectively, the ACA), was passed, which substantially changed the way healthcare is financed by both the government and private insurers, and continues to significantly impact the U.S. pharmaceutical industry.

The ACA contains provisions that may reduce the profitability of drug products through increased rebates for drugs reimbursed by Medicaid programs, extension of Medicaid rebates to Medicaid managed care plans, mandatory discounts for certain Medicare Part D beneficiaries and annual fees based on pharmaceutical companies' share of sales to federal health care programs. The Medicaid Drug Rebate Program requires pharmaceutical manufacturers to enter into and have in effect a national rebate agreement with the U.S. Department of Health and Human Services (HHS) Secretary as a condition for states to receive federal matching funds for the manufacturer's outpatient drugs furnished to Medicaid patients. The ACA made several changes to

the Medicaid Drug Rebate Program, including increasing pharmaceutical manufacturers' rebate liability by raising the minimum basic Medicaid rebate on most branded prescription drugs from 15.1% of average manufacturer price (AMP), to 23.1% of AMP and adding a new rebate calculation for "line extensions" (i.e., new formulations, such as extended release formulations) of solid oral dosage forms of branded products, as well as potentially impacting their rebate liability by modifying the statutory definition of AMP. The ACA also expanded the universe of Medicaid utilization subject to drug rebates by requiring pharmaceutical manufacturers to pay rebates on Medicaid managed care utilization and by enlarging the population potentially eligible for Medicaid drug benefits.

There have been judicial, Congressional and executive branch challenges to certain aspects of the ACA. For example, President Trump signed several Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. Concurrently, Congress considered legislation to repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, several bills affecting the implementation of certain taxes under the ACA have passed. On December 22, 2017, President Trump signed into law federal tax legislation commonly referred to as the Tax Cuts and Jobs Act (the Tax Act), which included a provision repealing, effective January 1, 2019, the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." The 2020 federal spending package permanently eliminated, effective January 1, 2020, the ACA-mandated "Cadillac" tax on high-cost employer-sponsored health coverage and medical device tax and, effective January 1, 2021, also eliminated the health insurer tax.

On June 17, 2021 the U.S. Supreme Court dismissed a challenge on procedural grounds that argued the ACA is unconstitutional in its entirety because the "individual mandate" was repealed by Congress. Thus, the ACA will remain in effect in its current form. Further, prior to the U.S. Supreme Court ruling on January 28, 2021, President Biden issued an executive order that initiated a special enrollment period for purposes of obtaining health insurance coverage through the ACA marketplace, which began on February 15, 2021 and will remain open through August 15, 2021. The executive order also instructed certain governmental agencies to review and reconsider their existing policies and rules that limit access to healthcare, including among others, reexamining Medicaid demonstration projects and waiver programs that include work requirements, and policies that create unnecessary barriers to obtaining access to health insurance coverage through Medicaid or the ACA. It is possible that the ACA will be subject to judicial or Congressional challenges in the future. It is unclear how any such challenges and the healthcare reform measures of the Biden administration will impact the ACA and the Company's business.

In addition, other legislative changes have been proposed and adopted in the United States since the ACA was enacted. These changes included aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, effective April 1, 2013, which, due to subsequent legislative amendments, will stay in effect through 2030 unless additional Congressional action is taken. However, COVID-19 relief legislation suspended the 2% Medicare sequester from May 1, 2020 through December 31, 2021. In January 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, reduced Medicare payments to several providers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These new laws may result in additional reductions in Medicare and other healthcare funding, which could have a material adverse effect on customers for the Company's product candidates, if approved, and accordingly, the financial operations.

Moreover, payment methodologies may be subject to changes in healthcare legislation and regulatory initiatives. There has been heightened governmental scrutiny recently over the manner in which drug manufacturers set prices for their marketed products, which has resulted in several Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products. For example, at the federal level, the Trump administration used several means to propose or implement drug pricing reform, including through federal budget proposals, executive orders and policy initiatives. For example, On July 24, 2020 and September 13, 2020, the Trump administration announced several executive orders related to prescription drug pricing that seek to implement several of the administration's proposals. As a result, the FDA also released a final rule, on September 24, 2020 providing guidance for states to build and submit importation plans for drugs from Canada. Further, on November 20, 2020, HHS finalized a regulation removing safe harbor protection for price reductions from pharmaceutical manufacturers to plan sponsors under Part D, either directly or through pharmacy benefit managers, unless the price reduction is required by law. The Implementation of the rule has been delayed by the Biden administration from January 1, 2022 to January 1, 2023 in response to ongoing litigation. The rule also creates a new safe harbor for price reductions reflected at the point-of-sale, as well as a safe harbor for certain fixed fee arrangements between pharmacy benefit managers and manufacturers, the implementation of which have also been delayed until January 1, 2023. In addition, on November 20, 2020, the Centers for Medicare and Medicaid Services (CMS) issued an interim final rule implementing President Trump's Most Favored Nation executive order, which would tie Medicare Part B payments for certain physician-administered drugs to the lowest price paid in other economically advanced countries, effective January 1, 2021.

On December 28, 2020, the United States District Court in Northern California issued a nationwide preliminary injunction against implementation of the interim final rule. On January 13, 2021, in a separate lawsuit brought by industry groups in the U.S. District of Maryland, the government defendants entered a joint motion to stay litigation on the condition that the government would not appeal the preliminary injunction granted in the U.S. District Court for the Northern District of California and that performance for any final regulation stemming from the MFN Model interim final rule shall not commence earlier than sixty (60) days after publication of that regulation in the Federal Register. It is unclear whether the Biden administration will work to reverse these measures or pursue similar policy initiatives. Additionally, on March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into law, which eliminates the statutory Medicaid drug rebate cap, currently set at 100% of a drug's average manufacturer price, for single source and innovator multiple source drugs, beginning January 1, 2024.

At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

The Company expects that the ACA, as well as other healthcare reform measures that may be adopted in the future, may result in more rigorous coverage criteria and in additional downward pressure on the price that the Company receives for any approved product. It is possible that additional governmental action is taken in response to address the SARS-CoV-2 virus pandemic. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent the Company from being able to generate revenue, attain profitability or commercialize its product candidates.

In the European Union, similar political, economic and regulatory developments may affect the Company's ability to profitably commercialize its product candidates, if approved. In addition to continuing pressure on prices and cost containment measures, legislative developments at the European Union or member state level may result in significant additional requirements or obstacles that may increase the Company's operating costs. The delivery of healthcare in the European Union, including the establishment and operation of health services and the pricing and reimbursement of medicines, is almost exclusively a matter for national, rather than EU, law and policy. National governments and health service providers have different priorities and approaches to the delivery of health care and the pricing and reimbursement of products in that context. In general, however, the healthcare budgetary constraints in most EU member states have resulted in restrictions on the pricing and reimbursement of medicines by relevant health service providers. Coupled with ever-increasing EU and national regulatory burdens on those wishing to develop and market products, this could prevent or delay marketing approval of the Company's product candidates, restrict or regulate post-approval activities and affect its ability to commercialize its product candidates, if approved.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for biotechnology products. The Company cannot be sure whether additional legislative changes will be enacted, or whether FDA regulations, guidance or interpretations will be changed, particularly in light of the recent presidential election, or what the impact of such changes on the marketing approvals of the Company's product candidates, if any, may be. In addition, increased scrutiny by Congress of the FDA approval process may significantly delay or prevent marketing approval, as well as subject the Company to more stringent product labeling and post-marketing testing and other requirements.

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*	2021 Inducement Plan				
10.2*	Form of Stock Option Grant Notice and Option Agreement for the 2021 Inducement Plan				
10.3*	Form of Restricted Stock Unit Grant Notice and Award Agreement for the 2021 Inducement Plan				
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.

+ 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: August 5, 2021

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

Date: August 5, 2021

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

Oyster Point Pharma, Inc.
2021 Inducement Plan

Adopted by the Board of Directors: July 30, 2021

1. General.

(a) Eligible Award Recipients. The only persons eligible to receive grants of Awards under this Plan are individuals who satisfy the standards for inducement grants under Nasdaq Marketplace Rule 5635(c)(4) or 5635(c)(3), if applicable, and the related guidance under Nasdaq IM 5635-1. A person who previously served as an Employee or Director will not be eligible to receive Awards under the Plan, other than following a *bona fide* period of non-employment. Persons eligible to receive grants of Awards under this Plan are referred to in this Plan as "***Eligible Employees***." These Awards must be approved by either a majority of the Company's "Independent Directors" (as such term is defined in Nasdaq Marketplace Rule 5605(a)(2)) ("***Independent Directors***") or the Company's compensation committee, provided such committee is comprised solely of Independent Directors of the Company (the "***Independent Compensation Committee***") in order to comply with the exemption from the stockholder approval requirement for "inducement grants" provided under Rule 5635(c)(4) of the Nasdaq Marketplace Rules. Nasdaq Marketplace Rule 5635(c)(4) and the related guidance under Nasdaq IM 5635-1 (together with any analogous rules or guidance effective after the date hereof, the "***Inducement Award Rules***").

(b) Plan Purpose. The Company, by means of the Plan, intends to provide: (i) an inducement material for certain individuals to enter into employment with the Company within the meaning of Rule 5635(c)(4) of the Nasdaq Marketplace Rules, (ii) incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate and (iii) a means by which Eligible Employees may be given an opportunity to benefit from increases in value of the Common Stock through the granting of Awards.

(c) Available Awards. The Plan provides for the grant of the following Awards: (i) Nonstatutory Options; (ii) SARs; (iii) Restricted Stock Awards; (iv) RSU Awards; (v) Performance Awards, and (vi) Other Awards.

2. Shares Subject to the Plan.

(a) Share Reserve. Subject to adjustment in accordance with Section 2(b) and any adjustments as necessary to implement any Capitalization Adjustments, the aggregate number of shares of Common Stock that may be issued pursuant to Awards will not exceed 650,000 shares.

(b) Share Reserve Operation.

(i) Limit Applies to Shares of Common Stock Issued Pursuant to Awards. For clarity, the Share Reserve is a limit on the number of shares of Common Stock that may be issued pursuant to Awards and does not limit the granting of Awards, except that the Company will keep available at all times the number of shares of Common Stock reasonably

required to satisfy its obligations to issue shares pursuant to such Awards. Shares may be issued in connection with a merger or acquisition as permitted by, as applicable, Nasdaq Listing Rule 5635(c), NYSE Listed Company Manual Section 303A.08, NYSE American Company Guide Section 711 or other applicable rule, and such issuance will not reduce the number of shares available for issuance under the Plan.

(ii) Actions that Do Not Constitute Issuance of Shares of Common Stock and Do Not Reduce Share Reserve. The following actions do not result in an issuance of shares under the Plan and accordingly do not reduce the number of shares of Common Stock subject to the Share Reserve and available for issuance under the Plan: (1) the expiration or termination of any portion of an Award without the shares covered by such portion of the Award having been issued, or (2) the settlement of any portion of an Award in cash (*i.e.*, the Participant receives cash rather than shares of Common Stock).

(iii) Reversion of Previously Issued Shares of Common Stock to Share Reserve.

(1) Shares Available for Subsequent Issuance. If any Award is forfeited back to the Company or shares of Common Stock are redeemed or repurchased by the Company or any Affiliate (in accordance with applicable law) because of the failure to meet a contingency or condition required to vest such shares of Common Stock, then the shares of Common Stock that are forfeited, redeemed or repurchased shall revert to and again become available for issuance under the Plan. The number of shares of Common Stock that shall revert to and again available for issuance under the Plan pursuant to the foregoing provision shall be one share of Common Stock for each forfeited, redeemed or repurchased share subject to an Award granted under the Plan. Any shares of Common Stock that are reacquired or withheld (or not issued) by the Company to satisfy the exercise, strike or purchase price of an Award (including any shares subject to such Award that are not delivered because such award is exercised through a reduction of shares subject to such Award (*i.e.*, "net exercised")) will again become available for issuance under the Plan.

(2) Shares Not Available for Subsequent Issuance. The following shares of Common Stock will not become available again for issuance under the Plan: (A) any shares repurchased by the Company on the open market with the proceeds of the exercise, strike or purchase price of any Award; and (B) in the event that a Stock Appreciation Right is settled in shares of Common Stock, the gross number of shares of Common Stock subject to such award.

3. Eligibility and Limitations.

(a) Eligible Award Recipients. Awards may only be granted to persons who are Eligible Employees described in Section 1(a) of the Plan, where the Award is an inducement material to the individual's entering into employment with the Company or an Affiliate within the meaning of Rule 5635(c)(4) of the Nasdaq Marketplace Rules or is otherwise permitted pursuant to Rule 5635(c) of the Nasdaq Marketplace Rules.

(b) Approval Requirements. All Awards must be granted either by a majority of the Company's Independent Directors or the Independent Compensation Committee.

(c) Specific Award Limitations.

(i) Limitations on Nonstatutory Stock Options and SARs. Nonstatutory Stock Options and SARs may not be granted to Eligible Employees who are providing Continuous Service only to any "parent" of the Company (as such term is defined in Rule 405) unless the stock underlying such Awards is treated as "service recipient stock" under Section 409A because the Awards are granted pursuant to a corporate transaction (such as a spin off transaction) or unless such Awards otherwise comply with the distribution requirements of Section 409A.

4. Options and Stock Appreciation Rights.

Each Option and SAR will have such terms and conditions as determined by the Board. All Options will be designated in writing as Nonstatutory Stock Option at the time of grant. Each SAR will be denominated in shares of Common Stock equivalents. The terms and conditions of separate Options and SARs need not be identical; provided, however, that each Option Agreement and SAR Agreement will conform (through incorporation of provisions hereof by reference in the Award Agreement or otherwise) to the substance of each of the following provisions:

(a) Term. No Option or SAR will be exercisable after the expiration of ten years from the date of grant of such Award or such shorter period specified in the Award Agreement.

(b) Exercise or Strike Price. The exercise or strike price of each Option or SAR will not be less than 100% of the Fair Market Value on the date of grant of such Award. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise or strike price lower than 100% of the Fair Market Value on the date of grant of such Award if such Award is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Transaction and in a manner consistent with the provisions of Sections 409A of the Code.

(c) Exercise Procedure and Payment of Exercise Price for Options. In order to exercise an Option, the Participant must provide notice of exercise to the Plan Administrator in accordance with the procedures specified in the Option Agreement or otherwise provided by the Company. The Board has the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to utilize a particular method of payment. The exercise price of an Option may be paid, to the extent permitted by Applicable Law and as determined by the Board, by one or more of the following methods of payment to the extent set forth in the Option Agreement:

(i) by cash or check, bank draft or money order payable to the Company;

(ii) pursuant to a "cashless exercise" program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the Common Stock subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the exercise price to the Company from the sales proceeds;

(iii) by delivery to the Company (either by actual delivery or attestation) of shares of Common Stock that are already owned by the Participant free and clear of any liens, claims, encumbrances or security interests, with a Fair Market Value on the date of exercise that does not exceed the exercise price, provided that (1) at the time of exercise the Common Stock is publicly traded, (2) any remaining balance of the exercise price not satisfied by such delivery is paid by the Participant in cash or other permitted form of payment, (3) such delivery would not violate any Applicable Law or agreement restricting the redemption of the Common Stock, (4) any certificated shares are endorsed or accompanied by an executed assignment separate from certificate, and (5) such shares have been held by the Participant for any minimum period necessary to avoid adverse accounting treatment as a result of such delivery;

(iv) by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value on the date of exercise that does not exceed the exercise price, provided that (1) such shares used to pay the exercise price will not be exercisable thereafter and (2) any remaining balance of the exercise price not satisfied by such net exercise is paid by the Participant in cash or other permitted form of payment; or

(v) in any other form of consideration that may be acceptable to the Board and permissible under Applicable Law.

(d) Exercise Procedure and Payment of Appreciation Distribution for SARs. In order to exercise any SAR, the Participant must provide notice of exercise to the Plan Administrator in accordance with the SAR Agreement or as otherwise provided by the Company. The appreciation distribution payable to a Participant upon the exercise of a SAR will not be greater than an amount equal to the excess of (i) the aggregate Fair Market Value on the date of exercise of a number of shares of Common Stock equal to the number of Common Stock equivalents that are vested and being exercised under such SAR, over (ii) the strike price of such SAR. Such appreciation distribution may be paid to the Participant in the form of Common Stock or cash (or any combination of Common Stock and cash) or in any other form of payment, as determined by the Board and specified in the SAR Agreement.

(e) Transferability. Options and SARs may not be transferred to third party financial institutions for value. The Board may impose such additional limitations on the transferability of an Option or SAR as it determines. In the absence of any such determination by the Board, an Option or SAR will not be transferable, except by will or by the laws of descent and distribution, and will be exercisable during the lifetime of the Participant only by the Participant; provided, however, that the Board may permit transfer of an Option or SAR in a manner that is described an Award Agreement.

(f) Vesting. The Board may impose such restrictions on or conditions to the vesting and/or exercisability of an Option or SAR as determined by the Board. Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, vesting of Options and SARs will cease upon termination of the Participant's Continuous Service.

(g) Termination of Continuous Service for Cause. Except as explicitly otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service is terminated for Cause, the Participant's Options and SARs will terminate and be forfeited immediately upon such termination of Continuous Service, and the Participant will be prohibited from exercising any portion (including any vested portion) of such Awards on and after the date of such termination of Continuous Service and the Participant will have no further right, title or interest in such forfeited Award, the shares of Common Stock subject to the forfeited Award, or any consideration in respect of the forfeited Award.

(h) Post-Termination Exercise Period Following Termination of Continuous Service for Reasons Other than Cause. Except as otherwise provided in the Award Agreement or other written agreement between Participant and the Company or an Affiliate, subject to Section 4(i), if a Participant's Continuous Service terminates for any reason other than for Cause, the Participant may exercise his or her Option or SAR to the extent vested, but only within the following period of time or, if applicable, such other period of time provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate; provided, however, that in no event may such Award be exercised after the expiration of its maximum term (as set forth in Section 4(a)):

(i) three months following the date of such termination if such termination is a termination without Cause (other than any termination due to the Participant's Disability or death);

(ii) 12 months following the date of such termination if such termination is due to the Participant's Disability;

(iii) 12 months following the date of such termination if such termination is due to the Participant's death; or

(iv) 12 months following the date of the Participant's death if such death occurs following the date of such termination but during the period such Award is otherwise exercisable (as provided in (i) or (ii) above).

Following the date of such termination, to the extent the Participant does not exercise such Award within the applicable Post-Termination Exercise Period (or, if earlier, prior to the expiration of the maximum term of such Award), such unexercised portion of the Award will terminate, and the Participant will have no further right, title or interest in the terminated Award, the shares of Common Stock subject to the terminated Award, or any consideration in respect of the terminated Award.

(i) Restrictions on Exercise; Extension of Exercisability. A Participant may not exercise an Option or SAR at any time that the issuance of shares of Common Stock upon such exercise would violate Applicable Law. Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service terminates for any reason other than for Cause and, if the exercise of an Option following termination of the Participant's Continuous Service would be prohibited at any time solely because the issuance of Common Stock would violate the registration requirements under the Securities Act, then the applicable Post-Termination Exercise Period will be extended to the expiration of a period of thirty (30)-days after the termination of the Participant's Continuous Service during which the exercise of the Option would not be in violation of such registration requirements; *provided*, *however*, that in no event may such Award be exercised after the expiration of its maximum term (as set forth in Section 4(a)).

(j) Non-Exempt Employees. No Option or SAR, whether or not vested, granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, will be first exercisable for any shares of Common Stock until at least six months following the date of grant of such Award. Notwithstanding the foregoing, in accordance with the provisions of the Worker Economic Opportunity Act, any vested portion of such Award may be exercised earlier than six months following the date of grant of such Award in the event of (i) such Participant's death or Disability, (ii) a Transaction in which such Award is not assumed, continued or substituted, (iii) a Change in Control, or (iv) such Participant's retirement (as such term may be defined in the Award Agreement or another applicable agreement or, in the absence of any such definition, in accordance with the Company's then current employment policies and guidelines). This Section 4(j) is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or SAR will be exempt from his or her regular rate of pay.

(k) Whole Shares. Options and SARs may be exercised only with respect to whole shares of Common Stock or their equivalents.

5. Awards Other Than Options and Stock Appreciation Rights.

(a) Restricted Stock Awards ("RSA") and RSU Awards. Each Restricted Stock Award and RSU Award will have such terms and conditions as determined by the Board; provided, however, that each Restricted Stock Award Agreement and RSU Award Agreement will conform (through incorporation of the provisions hereof by reference in the Award Agreement or otherwise) to the substance of each of the following provisions:

(i) Form of Award.

(1) RSAs: To the extent consistent with the Company's Bylaws, at the Board's election, shares of Common Stock subject to a Restricted Stock Award may be (i) held in book entry form subject to the Company's instructions until such shares become vested or any other restrictions lapse, or (ii) evidenced by a certificate, which certificate will be held in such form and manner as determined by the Board. Unless otherwise determined by the Board, a

Participant will have voting and other rights as a stockholder of the Company with respect to any shares subject to a Restricted Stock Award.

(2) RSUs: A RSU Award represents a Participant's right to be issued on a future date the number of shares of Common Stock that is equal to the number of restricted stock units subject to the RSU Award. As a holder of a RSU Award, a Participant is an unsecured creditor of the Company with respect to the Company's unfunded obligation, if any, to issue shares of Common Stock in settlement of such Award and nothing contained in the Plan or any RSU Agreement, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between a Participant and the Company or an Affiliate or any other person. A Participant will not have voting or any other rights as a stockholder of the Company with respect to any RSU Award (unless and until shares are actually issued in settlement of a vested RSU Award).

(ii) Consideration.

(1) RSA: A Restricted Stock Award may be granted in consideration for (A) cash or check, bank draft or money order payable to the Company, or (B) any other form of consideration (including future services) as the Board may determine and permissible under Applicable Law.

(2) RSU: Unless otherwise determined by the Board at the time of grant, a RSU Award will be granted in consideration for the Participant's services to the Company or an Affiliate, such that the Participant will not be required to make any payment to the Company (other than such services) with respect to the grant or vesting of the RSU Award, or the issuance of any shares of Common Stock pursuant to the RSU Award. If, at the time of grant, the Board determines that any consideration must be paid by the Participant (in a form other than the Participant's services to the Company or an Affiliate) upon the issuance of any shares of Common Stock in settlement of the RSU Award, such consideration may be paid in any form of consideration as the Board may determine and permissible under Applicable Law.

(iii) Vesting. The Board may impose such restrictions on or conditions to the vesting of a Restricted Stock Award or RSU Award as determined by the Board. Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, vesting of Restricted Stock Awards and RSU Awards will cease upon termination of the Participant's Continuous Service.

(iv) Termination of Continuous Service. Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service terminates for any reason, (i) the Company may receive through a forfeiture condition or a repurchase right any or all of the shares of Common Stock held by the Participant under his or her Restricted Stock Award that have not vested as of the date of such termination as set forth in the Restricted Stock Award Agreement and (ii) any portion of his or her RSU Award that has not vested will be forfeited upon such termination and the Participant will have no further right, title or interest in the RSU Award, the shares of

Common Stock issuable pursuant to the RSU Award, or any consideration in respect of the RSU Award.

(v) Settlement of RSU Awards. A RSU Award may be settled by the issuance of shares of Common Stock or cash (or any combination thereof) or in any other form of payment, as determined by the Board and specified in the RSU Award Agreement. At the time of grant, the Board may determine to impose such restrictions or conditions that delay such delivery to a date following the vesting of the RSU Award.

(b) Performance Awards. With respect to any Performance Award, the length of any Performance Period, the Performance Goals to be achieved during the Performance Period, the other terms and conditions of such Award, and the measure of whether and to what degree such Performance Goals have been attained will be determined by the Board. In addition, to the extent permitted by Applicable Law and set forth in the Award Agreement, the Board may determine that cash or other property may be used in payment of Performance Awards. Performance Awards that are settled in cash or other property are not required to be valued in whole or in part by reference to, or otherwise based on, the Common Stock.

(c) Other Awards. Other forms of Awards valued in whole or in part by reference to, or otherwise based on, Common Stock may be granted either alone or in addition to Awards provided for under Section 4 and the preceding provisions of this Section 5. Subject to the provisions of the Plan, a majority of the Company's Independent Directors or the Independent Compensation Committee will have sole and complete discretion to determine the persons to whom and the time or times at which such Other Awards will be granted, the number of shares of Common Stock (or the cash equivalent thereof) to be granted pursuant to such Other Awards, and all other terms and conditions of such Other Awards.

6. Adjustments upon Changes in Common Stock; Other Corporate Events.

(a) Capitalization Adjustments. In the event of a Capitalization Adjustment, the Board shall appropriately and proportionately adjust: (i) the class(es) and maximum number of shares of Common Stock subject to the Plan pursuant to Section 2(a) and (ii) the class(es) and number of securities and exercise price, strike price or purchase price of Common Stock subject to outstanding Awards. The Board shall make such adjustments, and its determination shall be final, binding and conclusive. Notwithstanding the foregoing, no fractional shares or rights for fractional shares of Common Stock shall be created in order to implement any Capitalization Adjustment. The Board shall determine an appropriate equivalent benefit, if any, for any fractional shares or rights to fractional shares that might be created by the adjustments referred to in the preceding provisions of this Section.

(b) Dissolution or Liquidation. Except as otherwise provided in the Award Agreement or other written agreement between the Participant and the Company or an Affiliate, or unless otherwise provided by the Board, in the event of a dissolution or liquidation of the Company, all outstanding Awards (other than Awards consisting of vested and outstanding shares of Common Stock not subject to a forfeiture condition or the Company's right of repurchase) will terminate immediately prior to the completion of such dissolution or liquidation,

and the shares of Common Stock subject to the Company's repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Award is providing Continuous Service.

(c) Transaction. The following provisions will apply to Awards in the event of a Transaction unless otherwise provided in the instrument evidencing the Award or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of an Award.

(i) Awards May Be Assumed. In the event of a Transaction, any surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) may assume or continue any or all Awards outstanding under the Plan or may substitute similar awards for Awards outstanding under the Plan (including but not limited to, awards to acquire the same consideration paid to the stockholders of the Company pursuant to the Transaction), and any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to Awards may be assigned by the Company to the successor of the Company (or the successor's parent company, if any), in connection with such Transaction. A surviving corporation or acquiring corporation (or its parent) may choose to assume or continue only a portion of an Award or substitute a similar award for only a portion of an Award, or may choose to assume or continue the Awards held by some, but not all Participants. The terms of any assumption, continuation or substitution will be set by the Board.

(ii) Awards Held by Current Participants. In the event of a Transaction in which the surviving corporation or acquiring corporation (or its parent company) does not assume or continue such outstanding Awards or substitute similar awards for such outstanding Awards, then with respect to Awards that have not been assumed, continued or substituted and that are held by Participants whose Continuous Service has not terminated prior to the effective time of the Transaction (referred to as the "***Current Participants***"), the vesting of such Awards (and, with respect to Options and Stock Appreciation Rights, the time when such Awards may be exercised) will be accelerated in full to a date prior to the effective time of such Transaction (contingent upon the effectiveness of the Transaction) as the Board determines (or, if the Board does not determine such a date, to the date that is five (5) days prior to the effective time of the Transaction), and such Awards will terminate if not exercised (if applicable) at or prior to the effective time of the Transaction, and any reacquisition or repurchase rights held by the Company with respect to such Awards will lapse (contingent upon the effectiveness of the Transaction). With respect to the vesting of Performance Awards that will accelerate upon the occurrence of a Transaction pursuant to this subsection (ii), unless otherwise provided in the Award Agreement, the vesting of such Performance Awards will accelerate at 100% of the target level upon the occurrence of the Transaction. With respect to the vesting of Awards that will accelerate upon the occurrence of a Transaction pursuant to this subsection (ii) and are settled in the form of a cash payment, such cash payment will be made no later than 30 days following the occurrence of the Transaction.

(iii) Awards Held by Persons other than Current Participants. In the event of a Transaction in which the surviving corporation or acquiring corporation (or its parent

company) does not assume or continue such outstanding Awards or substitute similar awards for such outstanding Awards, then with respect to Awards that have not been assumed, continued or substituted and that are held by persons other than Current Participants, such Awards will terminate if not exercised (if applicable) prior to the occurrence of the Transaction; provided, however, that any reacquisition or repurchase rights held by the Company with respect to such Awards will not terminate and may continue to be exercised notwithstanding the Transaction.

(iv) Payment for Awards in Lieu of Exercise. Notwithstanding the foregoing, in the event an Award will terminate if not exercised prior to the effective time of a Transaction, the Board may provide, in its sole discretion, that the holder of such Award may not exercise such Award but will receive a payment, in such form as may be determined by the Board, equal in value, at the effective time, to the excess, if any, of (1) the value of the property the Participant would have received upon the exercise of the Award (including, at the discretion of the Board, any unvested portion of such Award), over (2) any exercise price payable by such holder in connection with such exercise.

(d) Appointment of Stockholder Representative. As a condition to the receipt of an Award, a Participant will be deemed to have agreed that the Award will be subject to the terms of any agreement governing a Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on the Participant's behalf with respect to any escrow, indemnities and any contingent consideration.

(e) No Restriction on Right to Undertake Transactions. The grant of any Award and the issuance of shares pursuant to any Award does not affect or restrict in any way the right or power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, rights or options to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

7. Administration.

(a) Administration by Board. The Board will administer the Plan; provided however, that Awards may only be granted by either (i) a majority of the Company's Independent Directors or (ii) the Independent Compensation Committee. Subject to those constraints and the other constraints of the Inducement Award Rules, the Board may delegate some of its powers of administration of the Plan to a Committee or Committees, as provided in subsection (c) below.

(b) Powers of Board. The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan and the Inducement Award Rules:

(i) To determine from time to time (1) which of the persons eligible under the Plan will be granted Awards; (2) when and how each Award will be granted; (3) what type or combination of types of Award will be granted; (4) the provisions of each Award granted (which need not be identical), including the time or times when a person will be permitted to receive an issuance of Common Stock or other payment pursuant to an Award; (5) the number of shares of Common Stock or cash equivalent with respect to which an Award will be granted to each such person; and (6) the Fair Market Value applicable to an Award; provided, however, that Awards may only be granted by either (i) a majority of the Company's Independent Directors or (ii) the Independent Compensation Committee.

(ii) To construe and interpret the Plan and Awards granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Award Agreement, in a manner and to the extent it deems necessary or expedient to make the Plan or Award fully effective.

(iii) To settle all controversies regarding the Plan and Awards granted under it.

(iv) To accelerate the time at which an Award may first be exercised or the time during which an Award or any part thereof will vest, notwithstanding the provisions in the Award Agreement stating the time at which it may first be exercised or the time during which it will vest.

(v) To prohibit the exercise of any Option, SAR or other exercisable Award during a period of up to 30 days prior to the consummation of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of Common Stock or the share price of the Common Stock including any Transaction, for reasons of administrative convenience.

(vi) To suspend or terminate the Plan at any time. Suspension or termination of the Plan will not Materially Impair rights and obligations under any Award granted while the Plan is in effect except with the written consent of the affected Participant.

(vii) To amend the Plan in any respect the Board deems necessary or advisable; provided, however, that stockholder approval will be required for any amendment to the extent required by Applicable Law. Except as provided above, a Participant's rights under any Award granted before amendment of the Plan will not be Materially Impaired by any amendment of the Plan unless (1) the Company requests the consent of the affected Participant, and (2) such Participant consents in writing.

(viii) To submit any amendment to the Plan for stockholder approval.

(ix) To approve forms of Award Agreements for use under the Plan and to amend the terms of any one or more Awards, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Award

Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; *provided however*, that, a Participant's rights under any Award will not be Materially Impaired by any such amendment unless (1) the Company requests the consent of the affected Participant, and (2) such Participant consents in writing.

(x) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Awards.

(xi) To adopt such procedures and sub-plans as are necessary or appropriate to permit and facilitate participation in the Plan by, or take advantage of specific tax treatment for Awards granted to Eligible Employees who are foreign nationals or employed outside the United States (provided that Board approval will not be necessary for immaterial modifications to the Plan or any Award Agreement to ensure or facilitate compliance with the laws of the relevant foreign jurisdiction).

(c) Delegation to Committee.

(i) General. Subject to the terms of Section 3(b), the Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to another Committee or a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter be construed as being to the Committee or subcommittee, as applicable), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. Each Committee may retain the authority to concurrently administer the Plan with Committee or subcommittee to which it has delegated its authority hereunder and may, at any time, revest in such Committee some or all of the powers previously delegated. The Board may retain the authority to concurrently administer the Plan with any Committee and may, at any time, revest in the Board some or all of the powers previously delegated.

(ii) Rule 16b-3 Compliance. To the extent an Award is intended to qualify for the exemption from Section 16(b) of the Exchange Act that is available under Rule 16b-3 of the Exchange Act, the Award will be granted by the Board or a Committee that consists solely of two or more Non-Employee Directors, as determined under Rule 16b-3(b)(3) of the Exchange Act and thereafter any action establishing or modifying the terms of the Award will be approved by the Board or a Committee meeting such requirements to the extent necessary for such exemption to remain available.

(d) Effect of Board's Decision. All determinations, interpretations and constructions made by the Board or any Committee in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

(e) Cancellation and Re-Grant of Awards. Neither the Board nor any Committee will have the authority to: (i) reduce the exercise price or strike price of any outstanding Options or SARs, or (ii) cancel any outstanding Options or SARs that have an exercise price or strike price greater than the current Fair Market Value in exchange for cash or other Awards, unless the stockholders of the Company have approved such an action within twelve months prior to such an event.

8. Tax Withholding

(a) Withholding Authorization. As a condition to acceptance of any Award, a Participant authorizes withholding from payroll and any other amounts payable to such Participant, and otherwise agrees to make adequate provision for (including), any sums required to satisfy any U.S. federal, state, local and/or foreign tax or social insurance contribution withholding obligations of the Company or an Affiliate, if any, which arise in connection with the grant, exercise, vesting or settlement of such Award, as applicable. Accordingly, a Participant may not be able to exercise an Award even though the Award is vested, and the Company shall have no obligation to issue shares of Common Stock subject to an Award, unless and until such obligations are satisfied.

(b) Satisfaction of Withholding Obligation. To the extent permitted by the terms of an Award Agreement, the Company may, in its sole discretion, satisfy any U.S. federal, state, local and/or foreign tax or social insurance withholding obligation relating to an Award by any of the following means or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Award; (iii) withholding cash from an Award settled in cash; (iv) withholding payment from any amounts otherwise payable to the Participant; (v) by allowing a Participant to effectuate a "cashless exercise" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board, or (vi) by such other method as may be set forth in the Award Agreement.

(c) No Obligation to Notify or Minimize Taxes; No Liability to Claims. Except as required by Applicable Law the Company has no duty or obligation to any Participant to advise such holder as to the time or manner of exercising such Award. Furthermore, the Company has no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of an Award or a possible period in which the Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of an Award to the holder of such Award and will not be liable to any holder of an Award for any adverse tax consequences to such holder in connection with an Award. As a condition to accepting an Award, each Participant (i) agrees to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from such Award or other Company compensation and (ii) acknowledges that such Participant was advised to consult with his or her own personal tax, financial and other legal advisors regarding the tax consequences of the Award and has either done so or knowingly and voluntarily declined to do so. Additionally, each Participant acknowledges any Option or SAR is exempt from Section 409A only if the exercise or strike price is at least equal to the "fair market value" of the Common Stock on the

date of grant as determined by the Internal Revenue Service and there is no other impermissible deferral of compensation associated with the Award. Additionally, as a condition to accepting an Option or SAR, each Participant agrees not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates in the event that the Internal Revenue Service asserts that such exercise price or strike price is less than the "fair market value" of the Common Stock on the date of grant as subsequently determined by the Internal Revenue Service.

(d) Withholding Indemnification. As a condition to accepting an Award, in the event that the amount of the Company's and/or its Affiliate's withholding obligation in connection with such Award was greater than the amount actually withheld by the Company and/or its Affiliates, each Participant agrees to indemnify and hold the Company and/or its Affiliates harmless from any failure by the Company and/or its Affiliates to withhold the proper amount.

9. Miscellaneous.

(a) Dividends and Dividend Equivalents. Dividends or dividend equivalents may be paid or credited, as applicable, with respect to any shares of Common Stock subject to an Award other than an Option or Stock Appreciation Right, as determined by the Board and contained in the applicable Award Agreement; *provided, however,* that (i) no dividends or dividend equivalents may be paid with respect to any such shares before the date such shares have vested under the terms of such Award Agreement, (ii) any dividends or dividend equivalents that are credited with respect to any such shares will be subject to all of the terms and conditions applicable to such shares under the terms of such Award Agreement (including, but not limited to, any vesting conditions), and (iii) any dividends or dividend equivalents that are credited with respect to any such shares will be forfeited to the Company on the date, if any, such shares are forfeited to or repurchased by the Company due to a failure to meet any vesting conditions under the terms of such Award Agreement.

(b) Source of Shares. The stock issuable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market or otherwise.

(c) Use of Proceeds from Sales of Common Stock. Proceeds from the sale of shares of Common Stock pursuant to Awards will constitute general funds of the Company.

(d) Corporate Action Constituting Grant of Awards. Corporate action constituting a grant by the Company of an Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Board consents, resolutions or minutes) documenting the corporate action approving the grant contain terms (e.g., exercise price, vesting schedule or number of shares) that are inconsistent with those in the Award Agreement or related grant documents as a result of a clerical error in the Award Agreement or related grant documents, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Award Agreement or related grant documents.

(e) Stockholder Rights. No Participant will be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to such Award unless and until (i) such Participant has satisfied all requirements for exercise of the Award pursuant to its terms, if applicable, and (ii) the issuance of the Common Stock subject to such Award is reflected in the records of the Company.

(f) No Employment or Other Service Rights. Nothing in the Plan, any Award Agreement or any other instrument executed thereunder or in connection with any Award granted pursuant thereto will confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Award was granted or affect the right of the Company or an Affiliate to terminate at will and without regard to any future vesting opportunity that a Participant may have with respect to any Award (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the Bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state or foreign jurisdiction in which the Company or the Affiliate is incorporated, as the case may be. Further, nothing in the Plan, any Award Agreement or any other instrument executed thereunder or in connection with any Award will constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or service or confer any right or benefit under the Award or the Plan unless such right or benefit has specifically accrued under the terms of the Award Agreement and/or Plan.

(g) Change in Time Commitment. In the event a Participant's regular level of time commitment in the performance of his or her services for the Company and any Affiliates is reduced (for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from a full-time Employee to a part-time Employee or takes an extended leave of absence) after the date of grant of any Award to the Participant, the Board may determine, to the extent permitted by Applicable Law, to (i) make a corresponding reduction in the number of shares or cash amount subject to any portion of such Award that is scheduled to vest or become payable after the date of such change in time commitment, and (ii) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Award that is so reduced or extended.

(h) Execution of Additional Documents. As a condition to accepting an Award, the Participant agrees to execute any additional documents or instruments necessary or desirable, as determined in the Plan Administrator's sole discretion, to carry out the purposes or intent of the Award, or facilitate compliance with securities and/or other regulatory requirements, in each case at the Plan Administrator's request.

(i) Electronic Delivery and Participation. Any reference herein or in an Award Agreement to a "written" agreement or document will include any agreement or document delivered electronically, filed publicly at www.sec.gov (or any successor website thereto) or

posted on the Company's intranet (or other shared electronic medium controlled by the Company to which the Participant has access). By accepting any Award the Participant consents to receive documents by electronic delivery and to participate in the Plan through any on-line electronic system established and maintained by the Plan Administrator or another third party selected by the Plan Administrator. The form of delivery of any Common Stock (e.g., a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

(j) Clawback/Recovery. All Awards will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other Applicable Law and any clawback policy that the Company otherwise adopts, to the extent applicable and permissible under Applicable Law. In addition, the Board may impose such other clawback, recovery or recoupment provisions in an Award Agreement as the Board determines necessary or appropriate, including but not limited to a reacquisition right in respect of previously acquired shares of Common Stock or other cash or property upon the occurrence of Cause. No recovery of compensation under such a clawback policy will be an event giving rise to a Participant's right to voluntary terminate employment upon a "resignation for good reason," or for a "constructive termination" or any similar term under any plan of or agreement with the Company.

(k) Securities Law Compliance. A Participant will not be issued any shares in respect of an Award unless either (i) the shares are registered under the Securities Act; or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Each Award also must comply with other Applicable Law governing the Award, and a Participant will not receive such shares if the Company determines that such receipt would not be in material compliance with Applicable Law.

(l) Transfer or Assignment of Awards; Issued Shares. Except as expressly provided in the Plan or the form of Award Agreement, Awards may not be transferred or assigned by the Participant. After the vested shares subject to an Award have been issued, or in the case of Restricted Stock and similar awards, after the issued shares have vested, the holder of such shares is free to assign, hypothecate, donate, encumber or otherwise dispose of any interest in such shares provided that any such actions are in compliance with the provisions herein, the terms of the Trading Policy and Applicable Law.

(m) Effect on Other Employee Benefit Plans. The value of any Award, as determined upon grant, vesting or settlement, shall not be included as compensation, earnings, salaries, or other similar terms used when calculating any Participant's benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's or any Affiliate's employee benefit plans.

(n) Deferrals. To the extent permitted by Applicable Law, the Board, in its sole discretion, may determine that the delivery of Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Award may be deferred and may also

establish programs and procedures for deferral elections to be made by Participants. Deferrals by will be made in accordance with the requirements of Section 409A.

(o) Section 409A. Unless otherwise expressly provided for in an Award Agreement, the Plan and Award Agreements will be interpreted to the greatest extent possible in a manner that makes the Plan and the Awards granted hereunder exempt from Section 409A, and, to the extent not so exempt, in compliance with the requirements of Section 409A. If the Board determines that any Award granted hereunder is not exempt from and is therefore subject to Section 409A, the Award Agreement evidencing such Award will incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code, and to the extent an Award Agreement is silent on terms necessary for compliance, such terms are hereby incorporated by reference into the Award Agreement. Notwithstanding anything to the contrary in this Plan (and unless the Award Agreement specifically provides otherwise), if the shares of Common Stock are publicly traded, and if a Participant holding an Award that constitutes "deferred compensation" under Section 409A is a "specified employee" for purposes of Section 409A, no distribution or payment of any amount that is due because of a "separation from service" (as defined in Section 409A without regard to alternative definitions thereunder) will be issued or paid before the date that is six months and one day following the date of such Participant's "separation from service" (as defined in Section 409A of the Code without regard to alternative definitions thereunder) or, if earlier, the date of the Participant's death, unless such distribution or payment can be made in a manner that complies with Section 409A, and any amounts so deferred will be paid in a lump sum on the day after such six month period elapses, with the balance paid thereafter on the original schedule.

(p) Choice of Law. This Plan and any controversy arising out of or relating to this Plan shall be governed by, and construed in accordance with, the internal laws of New Jersey, without regard to conflict of law principles that would result in any application of any law other than the law of New Jersey.

10. Covenants of the Company.

(a) Compliance with Law. The Company will seek to obtain from each regulatory commission or agency, as may be deemed to be necessary, having jurisdiction over the Plan such authority as may be required to grant Awards and to issue and sell shares of Common Stock upon exercise or vesting of the Awards; provided, however, that this undertaking will not require the Company to register under the Securities Act the Plan, any Award or any Common Stock issued or issuable pursuant to any such Award. If, after reasonable efforts and at a reasonable cost, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary or advisable for the lawful issuance and sale of Common Stock under the Plan, the Company will be relieved from any liability for failure to issue and sell Common Stock upon exercise or vesting of such Awards unless and until such authority is obtained. A Participant is not eligible for the grant of an Award or the subsequent issuance of Common Stock pursuant to the Award if such grant or issuance would be in violation of any Applicable Law.

11. Additional Rules for Awards Subject to Section 409A.

(a) Application. Unless the provisions of this Section of the Plan are expressly superseded by the provisions in an Award Agreement, the provisions of this Section shall apply and shall supersede anything to the contrary set forth in the Award Agreement for a Non-Exempt Award.

(b) Non-Exempt Awards Subject to Non-Exempt Severance Arrangements. To the extent a Non-Exempt Award is subject to Section 409A due to application of a Non-Exempt Severance Arrangement, the following provisions of this subsection (b) apply.

(i) If the Non-Exempt Award vests in the ordinary course during the Participant's Continuous Service in accordance with the vesting schedule set forth in the Award Agreement, and does not accelerate vesting under the terms of a Non-Exempt Severance Arrangement, in no event will the shares be issued in respect of such Non-Exempt Award any later than the later of: (i) December 31st of the calendar year that includes the applicable vesting date, or (ii) the 60th day that follows the applicable vesting date.

(ii) If vesting of the Non-Exempt Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with the Participant's Separation from Service, and such vesting acceleration provisions were in effect as of the date of grant of the Non-Exempt Award and, therefore, are part of the terms of such Non-Exempt Award as of the date of grant, then the shares will be earlier issued in settlement of such Non-Exempt Award upon the Participant's Separation from Service in accordance with the terms of the Non-Exempt Severance Arrangement, but in no event later than the 60th day that follows the date of the Participant's Separation from Service. However, if at the time the shares would otherwise be issued the Participant is subject to the distribution limitations contained in Section 409A applicable to "specified employees," as defined in Section 409A(a)(2)(B)(i) of the Code, such shares shall not be issued before the date that is six months following the date of such Participant's Separation from Service, or, if earlier, the date of the Participant's death that occurs within such six month period.

(iii) If vesting of a Non-Exempt Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with a Participant's Separation from Service, and such vesting acceleration provisions were not in effect as of the date of grant of the Non-Exempt Award and, therefore, are not a part of the terms of such Non-Exempt Award on the date of grant, then such acceleration of vesting of the Non-Exempt Award shall not accelerate the issuance date of the shares, but the shares shall instead be issued on the same schedule as set forth in the Grant Notice as if they had vested in the ordinary course during the Participant's Continuous Service, notwithstanding the vesting acceleration of the Non-Exempt Award. Such issuance schedule is intended to satisfy the requirements of payment on a specified date or pursuant to a fixed schedule, as provided under Treasury Regulations Section 1.409A-3(a)(4).

(c) Treatment of Non-Exempt Awards Upon a Transaction for Employees and Consultants. The provisions of this subsection (c) shall apply and shall supersede anything to the contrary set forth in the Plan with respect to the permitted treatment of any Non-Exempt

Award in connection with a Transaction if the Participant was either an Employee or Consultant upon the applicable date of grant of the Non-Exempt Award.

(i) Vested Non-Exempt Awards. The following provisions shall apply to any Vested Non-Exempt Award in connection with a Transaction:

(1) If the Transaction is also a Section 409A Change in Control then the Acquiring Entity may not assume, continue or substitute the Vested Non-Exempt Award. Upon the Section 409A Change in Control the settlement of the Vested Non-Exempt Award will automatically be accelerated and the shares will be immediately issued in respect of the Vested Non-Exempt Award. Alternatively, the Company may instead provide that the Participant will receive a cash settlement equal to the Fair Market Value of the shares that would otherwise be issued to the Participant upon the Section 409A Change in Control.

(2) If the Transaction is not also a Section 409A Change in Control, then the Acquiring Entity must either assume, continue or substitute each Vested Non-Exempt Award. The shares to be issued in respect of the Vested Non-Exempt Award shall be issued to the Participant by the Acquiring Entity on the same schedule that the shares would have been issued to the Participant if the Transaction had not occurred. In the Acquiring Entity's discretion, in lieu of an issuance of shares, the Acquiring Entity may instead substitute a cash payment on each applicable issuance date, equal to the Fair Market Value of the shares that would otherwise be issued to the Participant on such issuance dates, with the determination of the Fair Market Value of the shares made on the date of the Transaction.

(ii) Unvested Non-Exempt Awards. The following provisions shall apply to any Unvested Non-Exempt Award unless otherwise determined by the Board pursuant to subsection (e) of this Section.

(1) In the event of a Transaction, the Acquiring Entity shall assume, continue or substitute any Unvested Non-Exempt Award. Unless otherwise determined by the Board, any Unvested Non-Exempt Award will remain subject to the same vesting and forfeiture restrictions that were applicable to the Award prior to the Transaction. The shares to be issued in respect of any Unvested Non-Exempt Award shall be issued to the Participant by the Acquiring Entity on the same schedule that the shares would have been issued to the Participant if the Transaction had not occurred. In the Acquiring Entity's discretion, in lieu of an issuance of shares, the Acquiring Entity may instead substitute a cash payment on each applicable issuance date, equal to the Fair Market Value of the shares that would otherwise be issued to the Participant on such issuance dates, with the determination of Fair Market Value of the shares made on the date of the Transaction.

(2) If the Acquiring Entity will not assume, substitute or continue any Unvested Non-Exempt Award in connection with a Transaction, then such Award shall automatically terminate and be forfeited upon the Transaction with no consideration payable to any Participant in respect of such forfeited Unvested Non-Exempt Award. Notwithstanding the foregoing, to the extent permitted and in compliance with the requirements of Section 409A, the Board may in its discretion determine to elect to accelerate the vesting and settlement of the

Unvested Non-Exempt Award upon the Transaction, or instead substitute a cash payment equal to the Fair Market Value of such shares that would otherwise be issued to the Participant, as further provided in subsection (e)(ii) below. In the absence of such discretionary election by the Board, any Unvested Non-Exempt Award shall be forfeited without payment of any consideration to the affected Participants if the Acquiring Entity will not assume, substitute or continue the Unvested Non-Exempt Awards in connection with the Transaction.

(3) The foregoing treatment shall apply with respect to all Unvested Non-Exempt Awards upon any Transaction, and regardless of whether or not such Transaction is also a Section 409A Change in Control.

(d) Treatment of Non-Exempt Awards Upon a Transaction for Non-Employee Directors. The following provisions of this subsection (d) shall apply and shall supersede anything to the contrary that may be set forth in the Plan with respect to the permitted treatment of a Non-Exempt Director Award in connection with a Transaction.

(i) If the Transaction is also a Section 409A Change in Control then the Acquiring Entity may not assume, continue or substitute the Non-Exempt Director Award. Upon the Section 409A Change in Control the vesting and settlement of any Non-Exempt Director Award will automatically be accelerated and the shares will be immediately issued to the Participant in respect of the Non-Exempt Director Award. Alternatively, the Company may provide that the Participant will instead receive a cash settlement equal to the Fair Market Value of the shares that would otherwise be issued to the Participant upon the Section 409A Change in Control pursuant to the preceding provision.

(ii) If the Transaction is not also a Section 409A Change in Control, then the Acquiring Entity must either assume, continue or substitute the Non-Exempt Director Award. Unless otherwise determined by the Board, the Non-Exempt Director Award will remain subject to the same vesting and forfeiture restrictions that were applicable to the Award prior to the Transaction. The shares to be issued in respect of the Non-Exempt Director Award shall be issued to the Participant by the Acquiring Entity on the same schedule that the shares would have been issued to the Participant if the Transaction had not occurred. In the Acquiring Entity's discretion, in lieu of an issuance of shares, the Acquiring Entity may instead substitute a cash payment on each applicable issuance date, equal to the Fair Market Value of the shares that would otherwise be issued to the Participant on such issuance dates, with the determination of Fair Market Value made on the date of the Transaction.

(e) If the RSU Award is a Non-Exempt Award, then the provisions in this Section 11(e) shall apply and supersede anything to the contrary that may be set forth in the Plan or the Award Agreement with respect to the permitted treatment of such Non-Exempt Award:

(i) Any exercise by the Board of discretion to accelerate the vesting of a Non-Exempt Award shall not result in any acceleration of the scheduled issuance dates for the shares in respect of the Non-Exempt Award unless earlier issuance of the shares upon the applicable vesting dates would be in compliance with the requirements of Section 409A.

(ii) The Company explicitly reserves the right to earlier settle any Non-Exempt Award to the extent permitted and in compliance with the requirements of Section 409A, including pursuant to any of the exemptions available in Treasury Regulations Section 1.409A-3(j)(4)(ix).

(iii) To the extent the terms of any Non-Exempt Award provide that it will be settled upon a Transaction, to the extent it is required for compliance with the requirements of Section 409A, the Transaction event triggering settlement must also constitute a Section 409A Change in Control. To the extent the terms of a Non-Exempt Award provides that it will be settled upon a termination of employment or termination of Continuous Service, to the extent it is required for compliance with the requirements of Section 409A, the termination event triggering settlement must also constitute a Separation From Service. However, if at the time the shares would otherwise be issued to a Participant in connection with a "separation from service" such Participant is subject to the distribution limitations contained in Section 409A applicable to "specified employees," as defined in Section 409A(a)(2)(B)(i) of the Code, such shares shall not be issued before the date that is six months following the date of the Participant's Separation From Service, or, if earlier, the date of the Participant's death that occurs within such six month period.

(iv) The provisions in this subsection (e) for delivery of the shares in respect of the settlement of a RSU Award that is a Non-Exempt Award are intended to comply with the requirements of Section 409A so that the delivery of the shares to the Participant in respect of such Non-Exempt Award will not trigger the additional tax imposed under Section 409A, and any ambiguities herein will be so interpreted.

12. Severability.

If all or any part of the Plan or any Award Agreement is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of the Plan or such Award Agreement not declared to be unlawful or invalid. Any Section of the Plan or any Award Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

13. Termination of the Plan.

The Board may suspend or terminate the Plan at any time. No Awards may be granted while the Plan is suspended or after it is terminated.

14. Definitions.

As used in the Plan, the following definitions apply to the capitalized terms indicated below:

(a) "***Acquiring Entity***" means the surviving or acquiring corporation (or its parent company) in connection with a Transaction.

(b) "***Affiliate***" means, at the time of determination, any "parent" or "subsidiary" of the Company as such terms are defined in Rule 405 promulgated under the Securities Act. The Board may determine the time or times at which "parent" or "subsidiary" status is determined within the foregoing definition.

(c) "***Annual Meeting***" means the first meeting of the Company's stockholders held each calendar year at which Directors are selected.

(d) "***Applicable Law***" means any applicable securities, federal, state, foreign, material local or municipal or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, listing rule, regulation, judicial decision, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Body (including under the authority of any applicable self-regulating organization such as the Nasdaq Stock Market, New York Stock Exchange, or the Financial Industry Regulatory Authority).

(e) "***Award***" means any right to receive Common Stock, cash or other property granted under the Plan (including a Nonstatutory Stock Option, a Restricted Stock Award, a RSU Award, a SAR, a Performance Award or any Other Award).

(f) "***Award Agreement***" means a written agreement between the Company and a Participant evidencing the terms and conditions of an Award. The Award Agreement generally consists of the Grant Notice and the agreement containing the written summary of the general terms and conditions applicable to the Award and which is provided to a Participant along with the Grant Notice.

(g) "***Board***" means the Board of Directors of the Company (or its designee). Any decision or determination made by the Board shall be a decision or determination that is made in the sole discretion of the Board (or its designee), and such decision or determination shall be final and binding on all Participants.

(h) "***Capitalization Adjustment***" means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Award after the Effective Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, reverse stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(i) "***Cause***" shall have the meaning ascribed to such term in any written agreement between the Participant and the Company defining such term and, in the absence of such agreement, such term means, with respect to a Participant, the occurrence of any of the following events: (i) such Participant's commission of any felony or any crime involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof; (ii) such Participant's attempted commission of, or participation in, a fraud or act of dishonesty against the Company; (iii) such Participant's intentional, material violation of any contract or agreement between the Participant and the Company or of any statutory duty owed to the Company; (iv) such Participant's unauthorized use or disclosure of the Company's confidential information or trade secrets; or (v) such Participant's gross misconduct. The determination that a termination of the Participant's Continuous Service is either for Cause or without Cause shall be made by the Company, in its sole discretion. Any determination by the Company that the Continuous Service of a Participant was terminated with or without Cause for the purposes of outstanding Awards held by such Participant shall have no effect upon any determination of the rights or obligations of the Company or such Participant for any other purpose.

(j) "***Change in Control***" or "***Change of Control***" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events; provided, however, to the extent necessary to avoid adverse personal income tax consequences to the Participant in connection with an Award, also constitutes a Section 409A Change in Control:

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities, or (C) solely because the level of Ownership held by any Exchange Act Person (the "***Subject Person***") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving Entity in such

merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction; or

(iii) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than 50% of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition.

Notwithstanding the foregoing or any other provision of this Plan, (A) the term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company, and (B) the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant shall supersede the foregoing definition with respect to Awards subject to such agreement; provided, however, that (1) if no definition of Change in Control (or any analogous term) is set forth in such an individual written agreement, the foregoing definition shall apply and (2) no Change in Control (or any analogous term) will be deemed to occur with respect to Awards subject to such an individual written agreement without a requirement that the Change in Control (or any analogous term) actually occur.

(k) "***Code***" means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(l) "***Committee***" means a committee of one or more Independent Directors to whom authority has been delegated by the Board in accordance with Section 7(c).

(m) "***Common Stock***" means the common stock of the Company.

(n) "***Company***" means Oyster Point Pharma, Inc., a Delaware corporation.

(o) "***Compensation Committee***" means the Compensation Committee of the Board.

(p) "***Consultant***" means any person, including an advisor, who is engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services Notwithstanding the foregoing, a person is treated as a Consultant under this Plan only if a Form S-8 Registration Statement under the Securities Act is available to register either the offer or the sale of the Company's securities to such person. Consultants are not eligible to receive Awards under the Plan with respect to their service in such capacity.

(q) "***Continuous Service***" means that the Participant's service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as

an Employee, Director or Consultant or a change in the Entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant's service with the Company or an Affiliate, will not terminate a Participant's Continuous Service; provided, however, that if the Entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Board, such Participant's Continuous Service will be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. For example, a change in status from an Employee of the Company to a Consultant of an Affiliate or to a Director will not constitute an interruption of Continuous Service. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service will be considered interrupted in the case of (i) any leave of absence approved by the Board or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in an Award only to such extent as may be provided in the Company's leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law. In addition, to the extent required for exemption from or compliance with Section 409A, the determination of whether there has been a termination of Continuous Service will be made, and such term will be construed, in a manner that is consistent with the definition of "separation from service" as defined under Treasury Regulation Section 1.409A-1(h) (without regard to any alternative definition thereunder).

(r) "***Corporate Transaction***" means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board, of the consolidated assets of the Company and its Subsidiaries;

(ii) a sale or other disposition of at least 50% of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(s) "***determine***" ***or*** "***determined***" means as determined by the Board or the Committee (or its designee) in its sole discretion.

(t) "***Director***" means a member of the Board. Directors are not eligible to receive Awards under the Plan with respect to their service in such capacity.

(u) "***Disability***" means, with respect to a Participant, permanent disability as defined in Section 22(e)(3) of the Code, provided that in the case of Awards other than incentive stock options, the Plan Administrator in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Plan Administrator from time to time.

(v) "***Effective Date***" means [July 1], 2021, which is the date this Plan was originally approved by the Board (including a majority of the Company's Independent Directors).

(w) "***Employee***" means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an "Employee" for purposes of the Plan.

(x) "***Employer***" means the Company or the Affiliate of the Company that employs the Participant.

(y) "***Entity***" means a corporation, partnership, limited liability company or other entity.

(z) "***Exchange Act***" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(aa) "***Exchange Act Person***" means any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that "Exchange Act Person" will not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities.

(ab) "***Fair Market Value***" means, as of any date, unless otherwise determined by the Board, the value of the Common Stock (as determined on a per share or aggregate basis, as applicable) determined as follows:

(i) If the Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value will be the closing sales price for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the date of determination, as reported in a source the Board deems reliable.

(ii) If there is no closing sales price for the Common Stock on the date of determination, then the Fair Market Value will be the closing selling price on the last preceding date for which such quotation exists.

(iii) In the absence of such markets for the Common Stock, or if otherwise determined by the Board, the Fair Market Value will be determined by the Board in good faith and in a manner that complies with Sections 409A of the Code.

(ac) "***Governmental Body***" means any: (a) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign or other government; (c) governmental or regulatory body, or quasi-governmental body of any nature (including any governmental division, department, administrative agency or bureau, commission, authority, instrumentality, official, ministry, fund, foundation, center, organization, unit, body or Entity and any court or other tribunal, and for the avoidance of doubt, any Tax authority) or other body exercising similar powers or authority; or (d) self-regulatory organization (including the Nasdaq Stock Market, New York Stock Exchange, and the Financial Industry Regulatory Authority).

(ad) "***Grant Notice***" means the notice provided to a Participant that he or she has been granted an Award and which includes the name of the Participant, the type of Award, the date of grant of the Award, number of shares of Common Stock subject to the Award or potential cash payment right, (if any), the vesting schedule for the Award (if any) and other key terms applicable to the Award.

(ae) "***Materially Impair***" means that a Participant's rights under an Award will be materially adversely affected by a suspension or termination of the Plan, an amendment of the Plan, or an amendment to the terms of the Award, as applicable. For purposes of the Plan, a Participant's rights under an Award will not be deemed to have been Materially Impaired by any of the foregoing actions if the Board, in its sole discretion, determines that such action, taken as a whole, does not materially impair the Participant's rights under the Award. For example, an amendment to the terms of an Award in order to do any of the following, or that results in any of the following, will not be deemed to Materially Impair the Participant's rights under the Award: (i) an imposition of reasonable restrictions on the minimum number of shares subject to an Option that may be exercised; (ii) to clarify the manner of exemption from, or to bring the Award into compliance with or qualify it for an exemption from, Section 409A; or (iii) to comply with other Applicable Laws.

(af) "***Non-Employee Director***" means a Director who either (i) is not a current employee or officer of the Company or an Affiliate, does not receive compensation, either directly or indirectly, from the Company or an Affiliate for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act ("***Regulation S-K***")), does not possess an interest in any other transaction for which disclosure would be required under Item 404(a) of Regulation S-K, and is not engaged in a business relationship for which disclosure would be required pursuant to Item 404(b) of Regulation S-K; or (ii) is otherwise considered a "non-employee director" for purposes of Rule 16b-3.

(ag) "***Non-Exempt Award***" means any Award that is subject to, and not exempt from, Section 409A, including as the result of (i) a deferral of the issuance of the shares subject to the Award which is elected by the Participant or imposed by the Company, or (ii) the terms of any Non-Exempt Severance Agreement.

(ah) "***Non-Exempt Director Award***" means a Non-Exempt Award granted to a Participant who was a Director but not an Employee on the applicable grant date.

(ai) "***Non-Exempt Severance Arrangement***" means a severance arrangement or other agreement between the Participant and the Company or an Affiliate that provides for acceleration of vesting of an Award and issuance of the shares in respect of such Award upon the Participant's termination of employment or separation from service (as such term is defined in Section 409A(a)(2)(A)(i) of the Code (and without regard to any alternative definition thereunder) ("***Separation from Service***") and such severance benefit does not satisfy the requirements for an exemption from application of Section 409A provided under Treasury Regulations Section 1.409A-1(b)(4), 1.409A-1(b)(9) or otherwise.

(aj) "***Nonstatutory Stock Option***" means any option granted pursuant to Section 4 of the Plan that does not qualify as an "incentive stock option" within the meaning of Section 422 of the Code.

(ak) "***Officer***" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act.

(al) "***Option***" means a Nonstatutory Stock Option to purchase shares of Common Stock granted pursuant to the Plan.

(am) "***Option Agreement***" means a written agreement between the Company and the Optionholder evidencing the terms and conditions of the Option grant. The Option Agreement includes the Grant Notice for the Option and the agreement containing the written summary of the general terms and conditions applicable to the Option and which is provided to a Participant along with the Grant Notice. Each Option Agreement will be subject to the terms and conditions of the Plan.

(an) "***Optionholder***" means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(ao) "***Other Award***" means an award based in whole or in part by reference to the Common Stock which is granted pursuant to the terms and conditions of Section 5(c).

(ap) "***Other Award Agreement***" means a written agreement between the Company and a holder of an Other Award evidencing the terms and conditions of an Other Award grant. Each Other Award Agreement will be subject to the terms and conditions of the Plan.

(aq) "***Own,***" "***Owned,***" "***Owner,***" "***Ownership***" means that a person or Entity will be deemed to "Own," to have "Owned," to be the "Owner" of, or to have acquired "Ownership" of

securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(ar) "***Participant***" means an Employee, Director or Consultant to whom an Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Award.

(as) "***Performance Award***" means an Award that may vest or may be exercised or a cash award that may vest or become earned and paid contingent upon the attainment during a Performance Period of certain Performance Goals and which is granted under the terms and conditions of Section 5(b) pursuant to such terms as are approved a majority of the Company's Independent Directors or the Independent Compensation Committee.

(at) "***Performance Criteria***" means the one or more criteria that a majority of the Company's Independent Directors or the Independent Compensation Committee will select for purposes of establishing the Performance Goals for a Performance Period. The Performance Criteria that will be used to establish such Performance Goals may be based on any measure of performance selected by the Company's Independent Directors or the Independent Compensation Committee.

(au) "***Performance Goals***" means, for a Performance Period, the one or more goals established by a majority of the Company's Independent Directors or the Independent Compensation Committee for the Performance Period based upon the Performance Criteria. Performance Goals may be based on a Company-wide basis, with respect to one or more business units, divisions, Affiliates, or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise by the Company's Independent Directors or the Independent Compensation Committee (i) in the Award Agreement at the time the Award is granted or (ii) in such other document setting forth the Performance Goals at the time the Performance Goals are established, the Company's Independent Directors or the Independent Compensation Committee will appropriately make adjustments in the method of calculating the attainment of Performance Goals for a Performance Period as follows: (1) to exclude restructuring and/or other nonrecurring charges; (2) to exclude exchange rate effects; (3) to exclude the effects of changes to generally accepted accounting principles; (4) to exclude the effects of any statutory adjustments to corporate tax rates; (5) to exclude the effects of items that are "unusual" in nature or occur "infrequently" as determined under generally accepted accounting principles; (6) to exclude the dilutive effects of acquisitions or joint ventures; (7) to assume that any business divested by the Company achieved performance objectives at targeted levels during the balance of a Performance Period following such divestiture; (8) to exclude the effect of any change in the outstanding shares of common stock of the Company by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; (9) to exclude the effects of stock based compensation and the award of bonuses under the Company's bonus plans;

(10) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under generally accepted accounting principles; (11) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under generally accepted accounting principles; and (12) to exclude the effects of the timing of acceptance for review and/or approval of submissions to the U.S. Food and Drug Administration or any other regulatory body. In addition, the Company's Independent Directors or the Independent Compensation Committee retains the discretion to reduce, increase or eliminate the compensation or economic benefit due upon attainment of Performance Goals and to define the manner of calculating the Performance Criteria it selects to use for such Performance Period. Partial achievement of the specified criteria may result in the payment or vesting corresponding to the degree of achievement as specified in the Award Agreement or the written terms of a Performance Award.

(av) "***Performance Period***" means the period of time selected by a majority of the Company's Independent Directors or the Independent Compensation Committee over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to vesting or exercise of an Award. Performance Periods may be of varying and overlapping duration, at the sole discretion of a majority of the Company's Independent Directors or the Independent Compensation Committee.

(aw) "***Plan***" means this Oyster Point Pharma, Inc. 2021 Inducement Plan, as it may be amended.

(ax) "***Plan Administrator***" means the person, persons, and/or third-party administrator designated by the Company to administer the day to day operations of the Plan and the Company's other equity incentive programs.

(ay) "***Post-Termination Exercise Period***" means the period following termination of a Participant's Continuous Service within which an Option or SAR is exercisable, as specified in Section 4(h).

(az) "***Prospectus***" means the document containing the Plan information specified in Section 10(a) of the Securities Act.

(ba) "***Restricted Stock Award***" or "***RSA***" means an Award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 5(a).

(bb) "***Restricted Stock Award Agreement***" means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award grant. The Restricted Stock Award Agreement includes the Grant Notice for the Restricted Stock Award and the agreement containing the written summary of the general terms and conditions applicable to the Restricted Stock Award and which is provided to a Participant along with the Grant Notice. Each Restricted Stock Award Agreement will be subject to the terms and conditions of the Plan.

(bc) "***RSU Award***" or "***RSU***" means an Award of restricted stock units representing the right to receive an issuance of shares of Common Stock which is granted pursuant to the terms and conditions of Section 5(a).

(bd) "***RSU Award Agreement***" means a written agreement between the Company and a holder of a RSU Award evidencing the terms and conditions of a RSU Award grant. The RSU Award Agreement includes the Grant Notice for the RSU Award and the agreement containing the written summary of the general terms and conditions applicable to the RSU Award and which is provided to a Participant along with the Grant Notice. Each RSU Award Agreement will be subject to the terms and conditions of the Plan.

(be) "***Rule 16b-3***" means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

(bf) "***Rule 405***" means Rule 405 promulgated under the Securities Act.

(bg) "***Section 409A***" means Section 409A of the Code and the regulations and other guidance thereunder.

(bh) "***Section 409A Change in Control***" means a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the Company's assets, as provided in Section 409A(a)(2)(A)(v) of the Code and Treasury Regulations Section 1.409A-3(i)(5) (without regard to any alternative definition thereunder).

(bi) "***Securities Act***" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

(bj) "***Share Reserve***" means the number of shares available for issuance under the Plan as set forth in Section 2(a).

(bk) "***Stock Appreciation Right***" or "***SAR***" means a right to receive the appreciation on Common Stock that is granted pursuant to the terms and conditions of Section 4.

(bl) "***SAR Agreement***" means a written agreement between the Company and a holder of a SAR evidencing the terms and conditions of a SAR grant. The SAR Agreement includes the Grant Notice for the SAR and the agreement containing the written summary of the general terms and conditions applicable to the SAR and which is provided to a Participant along with the Grant Notice. Each SAR Agreement will be subject to the terms and conditions of the Plan.

(bm) "***Subsidiary***" means, with respect to the Company, (i) any corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct

or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than 50%.

(bn) "***Trading Policy***" means the Company's policy permitting certain individuals to sell Company shares only during certain "window" periods and/or otherwise restricts the ability of certain individuals to transfer or encumber Company shares, as in effect from time to time.

(bo) "***Transaction***" means a Corporate Transaction or Change in Control.

(bp) "***Unvested Non-Exempt Award***" means the portion of any Non-Exempt Award that had not vested in accordance with its terms upon or prior to the date of any Transaction.

(bq) "***Vested Non-Exempt Award***" means the portion of any Non-Exempt Award that had vested in accordance with its terms upon or prior to the date of a Transaction.

Oyster Point Pharma, Inc.
Stock Option Grant Notice
(2021 Inducement Plan)

Oyster Point Pharma, Inc. (the "***Company***"), pursuant to its 2021 Inducement Plan (the "***Plan***"), has granted to you ("***Optionholder")*** an option to purchase the number of shares of the Common Stock set forth below (the "***Option***"). Your Option is subject to all of the terms and conditions as set forth herein, and in the Plan, and the Stock Option Agreement and the Notice of Exercise, all of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Stock Option Agreement shall have the meanings set forth in the Plan or the Stock Option Agreement, as applicable.

Optionholder:	
Date of Grant:	
Vesting Commencement Date:	
Number of Shares of Common Stock Subject to Option:	
Exercise Price (Per Share):	
Total Exercise Price:	
Expiration Date:	

Type of Grant: Nonstatutory Stock Option

Exercise and Vesting Schedule: Subject to the Optionholder's Continuous Service through each applicable vesting date, the Option will vest as follows: Twenty-five percent (25%) of the Shares subject to the Option shall vest on the one (1) year anniversary of the Vesting Commencement Date, and one thirty-sixth (1/36th) of the remaining Shares subject to the Option shall vest each month thereafter on the same day of the month as the Vesting Commencement Date (and if there is no corresponding day, on the last day of the month), subject to Participant continuing to be a Service Provider through each such date.

Optionholder Acknowledgements: By your signature below or by electronic acceptance or authentication in a form authorized by the Company, you understand and agree that:

- The Option is governed by this Stock Option Grant Notice, and the provisions of the Plan and the Stock Option Agreement and the Notice of Exercise, all of which are made a part of this document. Unless otherwise provided in the Plan, this Grant Notice and the Stock Option Agreement (together, the "***Option Agreement***") may not be modified, amended or revised except in a writing signed by you and a duly authorized officer of the Company.
- You consent to receive this Grant Notice, the Stock Option Agreement, the Plan, the Prospectus and any other Plan-related documents by electronic delivery and to participate

in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

- You have read and are familiar with the provisions of the Plan, the Stock Option Agreement, the Notice of Exercise and the Prospectus. In the event of any conflict between the provisions in this Grant Notice, the Option Agreement, the Notice of Exercise, or the Prospectus and the terms of the Plan, the terms of the Plan shall control.
- The Option Agreement sets forth the entire understanding between you and the Company regarding the acquisition of Common Stock and supersedes all prior oral and written agreements, promises and/or representations on that subject with the exception of other equity awards previously granted to you and any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and you in each case that specifies the terms that should govern this Option.
- Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

Oyster Point Pharma, Inc	**Optionholder:**
By:__	__
Signature	Signature
Title:__	Date:__
Date:__	

Attachments: Stock Option Agreement, 2021 Inducement Plan, Notice of Exercise

Attachment I

Stock Option Agreement

Oyster Point Pharma, Inc.
2021 Inducement Plan

Stock Option Agreement

As reflected by your Stock Option Grant Notice ("***Grant Notice***") Oyster Point Pharma, Inc. (the "***Company***") has granted you an option under its 2021 Inducement Plan (the "***Plan***") to purchase a number of shares of Common Stock at the exercise price indicated in your Grant Notice (the "***Option***"). The Option is granted in compliance with Nasdaq Listing Rule 5635(c)(4) as a material inducement to you entering into employment with the Company. Capitalized terms not explicitly defined in this Agreement but defined in the Grant Notice or the Plan shall have the meanings set forth in the Grant Notice or Plan, as applicable. The terms of your Option as specified in the Grant Notice and this Stock Option Agreement constitute your Option Agreement.

The general terms and conditions applicable to your Option are as follows:

1. Governing Plan Document. Your Option is subject to all the provisions of the Plan, including but not limited to the provisions in:

(a) Section 6 regarding the impact of a Capitalization Adjustment, dissolution, liquidation, or Transaction on your Option;

(b) Section 9(f) regarding the Company's retained rights to terminate your Continuous Service notwithstanding the grant of the Option; and

(c) Section 8(c) regarding the tax consequences of your Option.

Your Option is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the Option Agreement and the provisions of the Plan, the provisions of the Plan shall control.

2. Exercise.

(a) You may generally exercise the vested portion of your Option for whole shares of Common Stock at any time during its term by delivery of payment of the exercise price and applicable withholding taxes and other required documentation to the Plan Administrator in accordance with the exercise procedures established by the Plan Administrator, which may include an electronic submission. Please review Sections 4(i), 4(j) and 7(b)(v) of the Plan, which may restrict or prohibit your ability to exercise your Option during certain periods.

(b) To the extent permitted by Applicable Law, you may pay your Option exercise price as follows:

(i) check, bank draft or money order; or

(ii) pursuant to a "cashless exercise" program as further described in Section 4(c)(ii) of the Plan if at the time of exercise the Common Stock is publicly traded.

(iii)

3. Term. You may not exercise your Option before the commencement of its term or after its term expires. The term of your option commences on the Date of Grant and expires upon the earliest of the following:

(a) immediately upon the termination of your Continuous Service for Cause;

(b) three months after the termination of your Continuous Service for any reason other than Cause, Disability or death;

(c) 12 months after the termination of your Continuous Service due to your Disability;

(d) 12 months after your death if you die during your Continuous Service;

(e) immediately upon a Transaction if the Board has determined that the Option will terminate in connection with a Transaction,

(f) the Expiration Date indicated in your Grant Notice; or

(g) the day before the 10th anniversary of the Date of Grant.

Additionally, the Post-Termination Exercise Period of your Option may be extended as provided in Section 4(i) of the Plan.

4. Withholding Obligations. As further provided in Section 8 of the Plan: (a) you may not exercise your Option unless the applicable tax withholding obligations are satisfied, and (b) at the time you exercise your Option, in whole or in part, or at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for (including by means of a "cashless exercise" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations, if any, which arise in connection with the exercise of your Option in accordance with the withholding procedures established by the Company. Accordingly, you may not be able to exercise your Option even though the Option is vested, and the Company shall have no obligation to issue shares of Common Stock subject to your Option, unless and until such obligations are satisfied. In the event that the amount of the Company's withholding obligation in connection with your Option was greater than the amount actually withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

5. Transferability. Except as otherwise provided in Section 4(e) of the Plan, your Option is not transferable, except by will or by the applicable laws of descent and distribution and is exercisable during your life only by you.

6. Transaction. Your Option is subject to the terms of any agreement governing a Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on your behalf with respect to any escrow, indemnities and any contingent consideration.

7. No Liability for Taxes. As a condition to accepting the Option, you hereby (a) agree to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from the Option or other Company compensation and (b) acknowledge that you were advised to consult with your own personal tax, financial and other legal advisors regarding the tax consequences of the Option and have either done so or knowingly and voluntarily declined to do so. Additionally, you acknowledge that the Option is exempt from Section 409A only if the exercise price is at least equal to the "fair market value" of the Common Stock on the date of grant as determined by the Internal Revenue Service and there is no other impermissible deferral of compensation associated with the Option. Additionally, as a condition to accepting the Option, you agree not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates in the event that the Internal Revenue Service asserts that such exercise is less than the "fair market value" of the Common Stock on the date of grant as subsequently determined by the Internal Revenue Service.

8. Severability. If any part of this Option Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Option Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Option Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid

9. Other Documents. You hereby acknowledge receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Prospectus. In addition, you acknowledge receipt of the Company's Trading Policy.

10. Questions. If you have questions regarding these or any other terms and conditions applicable to your Option, including a summary of the applicable federal income tax consequences please see the Prospectus.

*** * * ***

Attachment II

202i Inducement Plan

Attachment III

Notice of Exercise

Oyster Point Pharma, Inc.

(2021 Inducement Plan)

NOTICE OF EXERCISE

Oyster Point Pharma, Inc.
202 Carnegie Center, Suite 109
Princeton, NJ 08540 Date of Exercise: _____

This constitutes notice to Oyster Point Pharma, Inc. (the "***Company***") that I elect to purchase the below number of shares of Common Stock of the Company (the "***Shares***") by exercising my Option for the price set forth below. Capitalized terms not explicitly defined in this Notice of Exercise but defined in the Grant Notice, Option Agreement or 2021 Inducement Plan (the "***Plan***") shall have the meanings set forth in the Grant Notice, Option Agreement or Plan, as applicable. Use of certain payment methods is subject to Company and/or Committee consent and certain additional requirements set forth in the Option Agreement and the Plan.

Type of option:	Nonstatutory
Date of Grant:	_____
Number of Shares as to which Option is exercised:	_____
Certificates to be issued in name of:	_____
Total exercise price:	$_____
Check, bank draft or money order delivered herewith:	$_____
Regulation T Program (cashless exercise)	$_____

By this exercise, I agree (i) to provide such additional documents as you may require pursuant to the terms of the Plan, and (ii) to satisfy the tax withholding obligations, if any, relating to the exercise of this Option as set forth in the Option Agreement.

Very truly yours,

—

Oyster Point Pharma, Inc.
RSU Award Grant Notice
(2021 Inducement Plan)

Oyster Point Pharma, Inc. (the ***"Company"***) has awarded to you (the "***Participant***") the number of restricted stock units specified and on the terms set forth below in consideration of your services (the ***"RSU Award"***). Your RSU Award is subject to all of the terms and conditions as set forth herein and in the Company's 2021 Inducement Plan (the ***"Plan"***) and the Award Agreement (the "***Agreement***"), which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Agreement shall have the meanings set forth in the Plan or the Agreement.

Participant:	_____
Date of Grant:	_____
Vesting Commencement Date:	_____
Number of Restricted Stock Units:	_____

Vesting Schedule:
One-fourth (1/4th) of the Restricted Stock Units will vest on the one (1) year anniversary of the Vesting Commencement Date, and one-fourth (1/4th) of the Restricted Stock Units will vest annually thereafter on the same day as the Vesting Commencement Date, subject to Grantee continuing to be a Service Provider (as such term is defined in the Company's 2021 Inducement Plan) through each such date. Notwithstanding the foregoing, vesting shall terminate upon the Participant's termination of Continuous Service.

Issuance Schedule: One share of Common Stock will be issued for each restricted stock unit which vests at the time set forth in Section 6 of the Agreement.

Participant Acknowledgements: By your signature below or by electronic acceptance or authentication in a form authorized by the Company, you understand and agree that:

- The RSU Award is governed by this RSU Award Grant Notice (the "***Grant Notice***"), and the provisions of the Plan and the Agreement, all of which are made a part of this document. Unless otherwise provided in the Plan, this Grant Notice and the Agreement (together, the "***RSU Award Agreement***") may not be modified, amended or revised except in a writing signed by you and a duly authorized officer of the Company.
- You have read and are familiar with the provisions of the Plan, the RSU Award Agreement and the Prospectus. In the event of any conflict between the provisions in the RSU Award Agreement, or the Prospectus and the terms of the Plan, the terms of the Plan shall control.
- The RSU Award Agreement sets forth the entire understanding between you and the Company regarding the acquisition of Common Stock and supersedes all prior oral and

written agreements, promises and/or representations on that subject with the exception of: (i) other equity awards previously granted to you, and (ii) any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and you in each case that specifies the terms that should govern this RSU Award.

Oyster Point Pharma, Inc. **Participant:**

By: __ __
Signature Signature

Title: __ Date: __

Date: __

Attachments: RSU Award Agreement, 2021 Inducement Plan

Oyster Point Pharma, Inc.
2021 Inducement Plan

Award Agreement (RSU Award)

As reflected by your Restricted Stock Unit Grant Notice ("***Grant Notice***") Oyster Point Pharma, Inc. (the "***Company***") has granted you a RSU Award under its 2021 Inducement Plan (the "***Plan***") for the number of restricted stock units as indicated in your Grant Notice (the "***RSU Award***"). The terms of your RSU Award as specified in this Award Agreement for your RSU Award (the "***Agreement***") and the Grant Notice constitute your "***RSU Award Agreement***". The RSU Award is granted in compliance with Nasdaq Listing Rule 5635(c)(4) as a material inducement to you entering employment with the Company. Defined terms not explicitly defined in this Agreement but defined in the Grant Notice or the Plan shall have the same definitions as in the Grant Notice or Plan, as applicable.

The general terms applicable to your RSU Award are as follows:

1. Governing Plan Document. Your RSU Award is subject to all the provisions of the Plan, including but not limited to the provisions in:

(a) Section 6 of the Plan regarding the impact of a Capitalization Adjustment, dissolution, liquidation, or Transaction on your RSU Award;

(b) Section 9(f) of the Plan regarding the Company's retained rights to terminate your Continuous Service notwithstanding the grant of the RSU Award; and

(c) Section 8(c) of the Plan regarding the tax consequences of your RSU Award.

Your RSU Award is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the RSU Award Agreement and the provisions of the Plan, the provisions of the Plan shall control.

2. Grant of the RSU Award. This RSU Award represents your right to be issued on a future date the number of shares of the Company's Common Stock that is equal to the number of restricted stock units indicated in the Grant Notice as modified to reflect any Capitalization Adjustment and subject to your satisfaction of the vesting conditions set forth therein (the "***Restricted Stock Units***"). Any additional Restricted Stock Units that become subject to the RSU Award pursuant to Capitalization Adjustments as set forth in the Plan and the provisions of Section 5 below, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units covered by your RSU Award.

3. Vesting. Your Restricted Stock Units will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice, subject to the provisions contained herein.

Vesting will cease upon the termination of your Continuous Service. Upon such termination of your Continuous Service, the Restricted Stock Units of Common Stock that were not vested on the date of such termination will be forfeited at no cost to the Company and you will have no further right, title or interest in or to such underlying shares of Common Stock.

4. Dividends. You may become entitled to receive payments equal to any cash dividends and other distributions paid with respect to a corresponding number of shares of Common Stock to be issued in respect of the Restricted Stock Units covered by your RSU Award. Any such dividends or distributions shall be subject to the same forfeiture restrictions as apply to the Restricted Stock Units and shall be paid at the same time that the corresponding shares are issued in respect of your vested Restricted Stock Units, provided, however that to the extent any such dividends or distributions are paid in shares of Common Stock, then you will automatically be granted a corresponding number of additional Restricted Stock Units subject to the RSU Award (the "***Dividend Units***"), and further provided that such Dividend Units shall be subject to the same forfeiture restrictions and restrictions on transferability, and same timing requirements for issuance of shares, as apply to the Restricted Stock Units subject to the RSU Award with respect to which the Dividend Units relate.

5. Withholding Obligations. As further provided in Section 8 of the Plan, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for, any sums required to satisfy the federal, state, local and foreign tax withholding obligations, if any, which arise in connection with your RSU Award (the "***Withholding Obligation***") in accordance with the withholding procedures established by the Company. Unless the Withholding Obligation is satisfied, the Company shall have no obligation to deliver to you any Common Stock in respect of the RSU Award. In the event the Withholding Obligation of the Company arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Withholding Obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

6. Date of Issuance.

(a) The issuance of shares in respect of the Restricted Stock Units is intended to comply with Treasury Regulations Section 1.409A-1(b)(4) and will be construed and administered in such a manner. Subject to the satisfaction of the Withholding Obligation, if any, in the event one or more Restricted Stock Units vests, the Company shall issue to you one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 4 above, and subject to any different provisions in the Grant Notice). Each issuance date determined by this paragraph is referred to as an "***Original Issuance Date***."

(b) If the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day. In addition, if:

(i) the Original Issuance Date does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the

Company's then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell shares of Common Stock on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company's policies (a "***10b5-1 Arrangement***")), *and*

(ii) either (1) a Withholding Obligation does not apply, or (2) the Company decides, prior to the Original Issuance Date, (A) not to satisfy the Withholding Obligation by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award, and (B) not to permit you to enter into a "same day sale" commitment with a broker-dealer (including but not limited to a commitment under a 10b5-1 Arrangement) and (C) not to permit you to pay your Withholding Obligation in cash,

(iii) then the shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you are not prohibited from selling shares of the Company's Common Stock in the open public market, but in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the Original Issuance Date occurs), or, if and only if permitted in a manner that complies with Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the shares of Common Stock under this Award are no longer subject to a "substantial risk of forfeiture" within the meaning of Treasury Regulations Section 1.409A-1(d).

(c) To the extent the RSU Award is a Non-Exempt RSU Award, the provisions of Section 11 of the Plan shall apply.

7. Transferability. Except as otherwise provided in the Plan, your RSU Award is not transferable, except by will or by the applicable laws of descent and distribution.

8. Transaction. Your RSU Award is subject to the terms of any agreement governing a Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on your behalf with respect to any escrow, indemnities and any contingent consideration.

9. No Liability for Taxes. As a condition to accepting the RSU Award, you hereby (a) agree to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from the RSU Award or other Company compensation and (b) acknowledge that you were advised to consult with your own personal tax, financial and other legal advisors regarding the tax consequences of the RSU Award and have either done so or knowingly and voluntarily declined to do so.

10. Severability. If any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid will, if

possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

11. Other Documents. You hereby acknowledge receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Prospectus. In addition, you acknowledge receipt of the Company's Trading Policy.

12. Questions. If you have questions regarding these or any other terms and conditions applicable to your RSU Award, including a summary of the applicable federal income tax consequences please see the Prospectus.

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: August 5, 2021

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: August 5, 2021

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 June 30, 2021 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: August 5, 2021

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 June 30, 2021 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: August 5, 2021

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