UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2024

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 000-51122

EyePoint Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**26-2774444**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
480 Pleasant Street	**02472**
	(Zip Code)
Watertown , MA	
(Address of principal executive offices)	

(617) 926-5000

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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	EYPT	The Nasdaq Stock Market LLC

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

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

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

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

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

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

There were

52,084,375
shares of the registrant's common stock, $0.001 par value, outstanding as of May 2, 2024.

EYEPOINT PHARMACEUTICALS, INC. AND SUBSIDIARIES
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PART I. FINANCIAL INFORMATION

Item 1. Unaudited Financial Statements

EYEPOINT PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands except share data)

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 271,013	$ 281,263
Marketable securities	28,335	49,787
Accounts and other receivables, net	3,015	805
Prepaid expenses and other current assets	11,089	9,039
Inventory	4,257	3,906
Total current assets	317,709	344,800
Property and equipment, net	6,677	5,251
Operating lease right-of-use assets	4,711	4,983
Restricted cash	150	150
Total assets	$ 329,247	$ 355,184
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 7,082	$ 6,504
Accrued expenses	15,940	17,521
Deferred revenue	38,377	38,592
Other current liabilities	1,181	646
Total current liabilities	62,580	63,263
Deferred revenue – noncurrent	12,109	20,692

Operating lease liabilities – noncurrent	4,624	4,906
Total liabilities	79,313	88,861
Contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, $.001 par value, 5,000,000 shares authorized, no shares issued and outstanding	—	—
Common stock, $.001 par value, 300,000,000 shares authorized at March 31, 2024 and December 31, 2023; 49,885,701 and 49,043,074 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively	50	49
Additional paid-in capital	1,020,478	1,007,556
Accumulated deficit	(771,430)	(742,146)
Accumulated other comprehensive income	836	864
Total stockholders' equity	249,934	266,323
Total liabilities and stockholders' equity	$ 329,247	$ 355,184

See notes to condensed consolidated financial statements.

EYEPOINT PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)
(In thousands except per share data)

	Three Months Ended March 31,	
	2024	**2023**
Revenues:		
Product sales, net	$ 658	$ 7,394
License and collaboration agreements	10,563	34
Royalty income	463	255
Total revenues	11,684	7,683
Operating expenses:		
Cost of sales	759	640
Research and development	30,139	13,618
Sales and marketing	6	5,737
General and administrative	14,101	9,242
Total operating expenses	45,005	29,237
Loss from operations	(33,321)	(21,554)
Other (expense) income:		
Interest and other income, net	4,037	1,202
Interest expense	—	(812)
Total other (expense) income, net	4,037	390
Net loss	$ (29,284)	$ (21,164)
Net loss per share:		
Basic and diluted	$ (0.55)	$ (0.56)
Weighted average shares outstanding:		

Basic and diluted	52,913	37,486
Net loss	$ (29,284)	$ (21,164)
Other comprehensive loss:		
Unrealized (loss) gain on available-for-sale securities, net of tax of $0 for periods presented	(28)	57
Comprehensive loss	$ (29,312)	$ (21,107)

See notes to condensed consolidated financial statements.

EYEPOINT PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)
(In thousands except share data)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Number of Shares	Par Value Amount				
Balance at January 1, 2023	34,082,934	$ 34	$ 766,899	$ (671,351)	$ 786	$ 96,368
Net loss	—	—	—	(21,164)		(21,164)
Other comprehensive loss	—	—	—	—	57	57
Employee stock purchase plan	63,721	—	248	—	—	248
Exercise of stock options	—	—	—	—	—	—
Vesting of stock units	155,271	—	(169)	—	—	(169)
Stock-based compensation	—	—	3,050	—	—	3,050
Balance at March 31, 2023	34,301,926	$ 34	$ 770,028	$ (692,515)	$ 843	$ 78,390
Balance at January 1, 2024	49,043,074	$ 49	$ 1,007,556	$ (742,146)	$ 864	$ 266,323
Net loss				(29,284)		(29,284)
Other comprehensive loss					(28)	(28)
Issuance of stock, net of issue costs	—	—	18	—	—	18
Cashless exercise of warrants	25,666	—	—	—	—	—
Employee stock purchase plan	25,015	—	268	—	—	268
Exercise of stock options	444,184	1	4,293	—	—	4,294
Vesting of stock units	347,762	—	(4,356)	—	—	(4,356)
Stock-based compensation	—	—	12,699	—	—	12,699

Balance at March 1, 2024	49,885,701	$ 50	$ 1,020,478	$ (771,430)	$ 836	$ 249,934

See notes to condensed consolidated financial statements.

EYEPOINT PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2024	**2023**
Cash flows from operating activities:		
Net loss	$ (29,284)	$ (21,164)
Adjustments to reconcile net loss to cash flows used in operating activities:		
Depreciation of property and equipment	303	105
Amortization of debt discount and premium and discount on available-for-sale marketable securities	(575)	(244)
Stock-based compensation	12,699	3,050
Changes in operating assets and liabilities:		
Accounts receivable and other current assets	(4,260)	4,932
Inventory	(351)	(1,185)
Accounts payable and accrued expenses	(1,430)	(2,267)
Right-of-use assets and operating lease liabilities	524	193
Deferred revenue	(8,797)	(255)
Net cash provided by (used in) operating activities	(31,171)	(16,835)
Cash flows from investing activities:		
Purchases of marketable securities	—	(2,930)
Sales and maturities of marketable securities	22,000	35,500
Purchases of property and equipment	(1,194)	(484)
Net cash provided by (used in) investing activities	20,806	32,086
Cash flows from financing activities:		
Payment of equity issue costs	(89)	—

Borrowings under revolving facility	—	5,300
Repayment under revolving facility	—	(10,480)
Net settlement of stock units to satisfy statutory tax withholding	(4,356)	(169)
Proceeds from exercise of stock options	4,560	248
Principal payments on finance lease obligations	—	(18)
Net cash used in financing activities	115	(5,119)
Net increase (decrease) in cash, cash equivalents and restricted cash	(10,250)	10,132
Cash, cash equivalents and restricted cash at beginning of period	281,413	95,783
Cash, cash equivalents and restricted cash at end of period	$ 271,163	$ 105,915
Reconciliation of cash, cash equivalents and restricted cash to the consolidated balance sheets:		
Cash and cash equivalents	$ 271,013	$ 105,765
Restricted cash	150	$ 150
Total cash, cash equivalents and restricted cash at end of period	$ 271,163	$ 105,915
Supplemental cash flow information:		
Cash interest paid	$ —	$ 740
Supplemental disclosure of non-cash investing and financing activities:		
Property and equipment additions in accounts payable and accrued expenses	$ 535	$ —
Stock issuance costs	$ 218	$ —

See notes to condensed consolidated financial statements.

EYEPOINT PHARMACEUTICALS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1.Operations

The accompanying condensed consolidated financial statements of EyePoint Pharmaceuticals, Inc., a Delaware corporation (together with its subsidiaries, the Company), as of March 31, 2024 and for the three months ended March 31, 2024 and 2023 are unaudited. Certain information in the footnote disclosures of these financial statements has been condensed or omitted in accordance with the rules and regulations of the Securities and Exchange Commission. These financial statements should be read in conjunction with the Company's audited consolidated financial statements and footnotes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. In the opinion of management, these statements have been prepared on the same basis as the audited consolidated financial statements as of and for the year ended December 31, 2023, and include all adjustments, consisting only of normal recurring adjustments, that are necessary for the fair presentation of the Company's financial position, results of operations, and cash flows for the periods indicated. The preparation of financial statements in accordance with United States (U.S.) generally accepted accounting principles requires management to make assumptions and estimates that affect, among other things, (i) reported amounts of assets and liabilities; (ii) disclosure of contingent assets and liabilities at the date of the consolidated financial statements; and (iii) reported amounts of revenues and expenses during the reporting period. The results of operations for the three months ended March 31, 2024 are not necessarily indicative of the results that may be expected for the entire 2024 fiscal year or any future period.

The Company is committed to developing and commercializing therapeutics to help improve the lives of patients with serious eye disorders. The Company's pipeline leverages its proprietary bioerodible Durasert E™ technology (Durasert E™) for sustained intraocular drug delivery. The Company's lead product candidate, DURAVYU™, previously EYP-1901, is an investigational sustained delivery treatment for anti-vascular endothelial growth factor (anti-VEGF) mediated retinal diseases combining vorolanib, a selective and patent-protected tyrosine kinase inhibitor with Durasert E™, DURAVYU™ is currently in Phase 2 clinical trials for wet age-related macular degeneration (wet AMD), the leading cause of vision loss among people 50 years of age and older in the United States and non-proliferative diabetic retinopathy (NPDR), a largely untreated disease due to limitations of available therapies, and diabetic macular edema (DME). The Company is also advancing EYP-2301, a promising TIE-2 agonist, razuprotafib, formulated in Durasert E™ to potentially improve outcomes in serious retinal diseases.

The Company plans to identify and advance additional product candidates through clinical and regulatory development for its pipeline. This may be accomplished through internal discovery efforts, research collaborations, and/or in-licensing arrangements with partner molecules and potential acquisitions of additional products, product candidates or technologies.

Liquidity

The Company had cash, cash equivalents, and investments in marketable securities of $

299.3

million at March 31, 2024. The Company has a history of operating losses and has not had significant recurring cash inflows from revenue. The Company's operations have been financed primarily from sales of its equity securities, issuance of debt, and a combination of license fees, milestone payments, royalty income, and other fees received from its collaboration partners. The Company anticipates that it will continue to incur losses as it continues the research and development of its product candidates, and the Company does not expect revenues to generate sufficient funding to sustain its operations in the near-term. The Company expects to continue fulfilling its funding needs through cash inflows from revenues, licensing and research collaboration transactions, additional equity capital raises, and other arrangements. The Company believes that its cash, cash equivalents, and investments in marketable securities of $

299.3

million at March 31, 2024 will enable the Company to fund its current and planned operations for at least the next twelve months from the date these condensed consolidated financial statements were issued. Actual cash requirements could differ from management's projections due to many factors, including the timing and results of the Company's clinical trials for DURAVYU™, additional investments in research and development programs, competing technological, and market developments and the costs of any strategic acquisitions and/or development of complementary business opportunities.

2. Summary of Significant Accounting Policies

Revenue Recognition

Revenue is recognized when a customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of ASC 606, *Revenue from Contracts with Customers* (ASC 606), the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v)

recognize revenue when (or as) the entity satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of ASC 606, the Company assesses the goods or services promised within the contract, determines those that are performance obligations, and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. Sales, value-add, and other taxes collected on behalf of third parties are excluded from revenue.

Product sales, net — Effective January 2023, commercial sales of DEXYCU® were no longer supported by the Company, remaining available only through specialty distributors. Effective May 2023, YUTIQ® has been and continues to be sold under commercial supply agreements with Alimera Sciences, Inc. (Alimera) and Ocumension Therapeutics (Ocumension) (see Note 3).

Prior to the above dates, the Company sold YUTIQ® and DEXYCU® to a limited number of specialty distributors and specialty pharmacies (collectively the Distributors) in the U.S., with whom the Company had entered into formal agreements, for delivery to physician practices for YUTIQ® and to hospital outpatient departments and ambulatory surgical centers (ASCs) for DEXYCU®. The Company recognized revenue on sales of its products when Distributors obtained control of the products, which occurred at a point in time, typically upon delivery. In addition to agreements with Distributors, the Company also entered into arrangements with healthcare providers, ASCs, and payors that provided for government mandated and/or privately negotiated rebates, chargebacks, and discounts with respect to their purchase of the Company's products from Distributors.

Reserves for variable consideration — Product sales were recorded at the wholesale acquisition costs, net of applicable reserves for variable consideration. Components of variable consideration included trade discounts and allowances, provider chargebacks and discounts, payor rebates, product returns, and other allowances that were offered within contracts between the Company and its Distributors, payors, and other contracted purchasers relating to the Company's product sales. These reserves were based on the amounts earned, or to be claimed on the related sales, and were classified either as reductions of product revenue and accounts receivable or a current liability, depending on how the amount was to be settled. Overall, these reserves reflected the Company's best estimates of the amount of consideration to which it was entitled based on the terms of the respective underlying contracts. The actual amounts of consideration ultimately received may differ from the Company's estimates. If actual results in the future vary from the estimates, the Company adjusts these estimates, which would affect product revenue and earnings in the period such variances become known.

Distribution fees — The Company compensated its Distributors for services explicitly stated in the Company's contracts and were recorded as a reduction of revenue in the period the related product sale was recognized.

Provider chargebacks and discounts — Chargebacks were discounts that represented the estimated obligations resulting from contractual commitments to sell products at prices lower than the list prices charged to the Company's Distributors. These Distributors charged the Company for the difference between what they paid for the product and the Company's contracted selling price. These reserves were established in the same period that the related revenue was recognized, resulting in a reduction of product revenue and the establishment of a current liability. Reserves for chargebacks consisted of amounts that the Company expected to pay for units that remained in the distribution channel inventories at each reporting period-end that the Company expected to be sold under a contracted selling price, and chargebacks that Distributors had claimed, but for which the Company had not yet settled.

Government rebates — The Company was subject to discount obligations under state Medicaid programs and Medicare. These reserves were recorded in the same period the related revenue was recognized, resulting in a reduction of product revenue and the establishment of a current liability which was included in accrued expenses and other current liabilities on the consolidated balance sheets. The Company's liability for these rebates consisted of invoices received for claims from prior quarters that had not been paid or for which an invoice had not yet been received, estimates of claims for the current quarter, and estimated future claims that would be made for product that had been recognized as revenue, but which remained in the distribution channel inventories at the end of each reporting period.

Payor rebates — The Company contracted with certain private payor organizations, primarily insurance companies, for the payment of rebates with respect to utilization of its products. The Company estimated these rebates and recorded such estimates in the same period the related revenue was recognized, resulting in a reduction of product revenue and the establishment of a current liability.

Co-Payment assistance — The Company offered co-payment assistance to commercially insured patients meeting certain eligibility requirements. The calculation of the accrual for co-pay assistance was based on an estimate of claims and the cost per claim that the Company expected to receive associated with product that had been recognized as revenue.

Product returns — The Company generally offered a limited right of return based on its returned goods policy, which included damaged product and remaining shelf life. The Company estimated the amount of its product sales that may be returned and recorded

License and collaboration agreement revenue — The Company analyzes each element of its license and collaboration arrangements to determine the appropriate revenue recognition. The terms of the license agreement may include payment to the Company of non-refundable upfront license fees, milestone payments if specified objectives are achieved, and/or royalties on product sales. The Company recognizes revenue from upfront payments at a point in time, typically upon fulfilling the delivery of the associated intellectual property to the customer. For licenses that are combined with other promises, the Company determines whether the combined performance obligation is satisfied over time or at a point in time, when (or as) the associated performance obligation in the contract is satisfied.

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price based on the estimated relative standalone selling prices of the promised products or services underlying each performance obligation. The Company determines standalone selling prices based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions, the Company estimates the standalone selling price taking into account available information such as market conditions and internally approved pricing guidelines related to the performance obligations.

The Company recognizes sales-based milestone payments as revenue upon the achievement of the cumulative sales amount specified in the contract in accordance with ASC 606-10-55-65. For those milestone payments which are contingent on the occurrence of particular future events, the Company determines that these need to be considered for inclusion in the calculation of total consideration from the contract as a component of variable consideration using the most-likely amount method. As such, the Company assesses each milestone to determine the probability and substance behind achieving each milestone. Given the inherent uncertainty associated with these future events, the Company will not recognize revenue from such milestones until there is a high probability of occurrence, which typically occurs near or upon achievement of the event.

When determining the transaction price of a contract, an adjustment is made if payment from a customer occurs either significantly before or significantly after performance, resulting in a significant financing component. Applying the practical expedient in paragraph 606-10-32-18, the Company does not assess whether a significant financing component exists if the period between when the Company performs its obligations under the contract and when the customer pays is one year or less. None of the Company's contracts contained a significant financing component as of March 31, 2024.

Royalties — The Company recognizes revenue from license arrangements with its commercial partners' net sales of products. Such revenues are included as royalty income. In accordance with ASC 606-10-55-65, royalties are recognized when the subsequent sale of the commercial partner's products occurs. The Company's commercial partners are obligated to report their net product sales and the resulting royalty due to the Company typically within 60-days from the end of each quarter. Based on historical product sales, royalty receipts and other relevant information, the Company recognizes royalty income each quarter and subsequently determines a true-up when it receives royalty reports and payment from its commercial partners. Historically, these true-up adjustments have been immaterial.

Sale of Future Royalties — The Company has sold its rights to receive certain royalties on product sales. In the circumstance where the Company has sold its rights to future royalties under a royalty purchase agreement (RPA) and also maintains limited continuing involvement in the arrangement (but not significant continuing involvement in the generation of the cash flows that are due to the purchaser), the Company defers recognition of the proceeds it receives for the sale of royalty streams and recognizes such unearned revenue as revenue under the units-of-revenue method over the life of the underlying license agreement. Under the units-of-revenue method, amortization for a reporting period is calculated by computing a ratio of the proceeds received from the purchaser to the total payments expected to be made to the purchaser over the term of the agreement, and then applying that ratio to the period's cash payment.

Estimating the total payments expected to be received by the purchaser over the term of such arrangements requires management to use subjective estimates and assumptions. Changes to the Company's estimate of the payments expected to be made to the purchaser over the term of such arrangements could have a material effect on the amount of revenues recognized in any particular period.

Research Collaborations — The Company recognizes revenue over the term of the statements of work under any funded research collaborations. Revenue recognition for consideration, if any, related to a license option right is assessed based on the terms of any such future license agreement or is otherwise recognized at the completion of the research collaborations.

Please refer to Note 3 for further details on the license and collaboration agreements into which the Company has entered and corresponding amounts of revenue recognized during the current and prior year periods.

Cost of sales — Cost of sales consist of costs associated with the manufacture of YUTIQ® and DEXYCU®, certain period costs for DEXYCU® product revenue, product shipping and, as applicable, royalty expense. The inventory costs for YUTIQ® include purchases of various components, the active pharmaceutical ingredient (API), and direct labor and overhead for the product manufactured in the Company's Watertown, Massachusetts facility. The inventory costs for DEXYCU® include purchased components, the API and third-party manufacturing, and assembly.

For the three months ended March 31, 2024 and 2023, product revenue-based royalty expense as a component of cost of sales was immaterial.

Recently Adopted and Recently Issued Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07—*Segment Reporting* (Topic 280): *Improvements to Reportable Segment Disclosures*. This ASU was issued to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This ASU applies to all public entities that are required to report segment information in accordance with Topic 280, Segment Reporting. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted and the standard should be applied retrospectively. ASU 2023-07 will be effective for the Company for the annual period of its fiscal year ending December 31, 2024. The Company does not anticipate the adoption of this ASU will have a material impact on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09—*Income Taxes* (Topic 740)*: Improvements to Income Tax Disclosures.* This ASU was issued to address investor requests for more transparency about income tax information through improvements to income tax disclosure primarily related to the rate reconciliation and income taxes paid information, and to improve the effectiveness of income tax disclosures. This ASU is effective for public entities for annual periods beginning after December 15, 2024. Early adoption is permitted. ASU 2023-09 will be effective for the Company in the first quarter of its fiscal year ending December 31, 2025. The Company is currently evaluating the impact the adoption of this ASU will have on its consolidated financial statements.

3. Revenue

Product Revenue Reserves and Allowances

From January 1, 2023 through May 17, 2023 (the date the Company entered into the product rights agreement (PRA) with Alimera, pursuant to which the Company granted an exclusive license and rights to its YUTIQ® (fluocinolone acetonide intravitreal implant) 0.18 mg (YUTIQ®) product to Alimera, the Company's product revenues were primarily from sales of YUTIQ® in the U.S. For the three months ended March 31, 2024, the Company's product revenues were primarily from the Company's existing commercial supply agreements with Alimera. For the three months ended March 31, 2024 and 2023, the Company's product revenues were made up primarily of $

0.7
million and $

7.4
million from the sales of YUTIQ®. Sales of DEXYCU® for the three months ended March 31, 2024 and 2023 were immaterial.

The following table summarizes activity in each of the product revenue allowance and reserve categories for the three months ended March 31, 2024 and 2023 (in thousands):

	Chargebacks, Discounts and Fees	Government and Other Rebates	Returns	Total
Beginning balance at January 1, 2024	$ 83	$ —	$ 677	$ 760
Provision related to sales in the current year	—	—	—	—
Adjustments related to prior period sales	70	—	—	70
Deductions applied and payments made	(112)	—	(54)	(166)
Ending balance at March 31, 2024	$ 41	$ —	$ 623	$ 664

	Chargebacks, Discounts and Fees	Government and Other Rebates	Returns	Total
Beginning balance at January 1, 2023	$ 859	$ 158	$ 871	$ 1,888
Provision related to sales in the current year	823	—	—	823
Adjustments related to prior period sales	40	(40)	(18)	(18)
Deductions applied and payments made	(846)	(103)	(32)	(981)
Ending balance at March 31, 2023	$ 876	$ 15	$ 821	$ 1,712

Returns are recorded as a reduction of accounts receivable on the condensed consolidated balance sheets. Chargebacks, discounts and fees and rebates are recorded as a component of accrued expenses on the condensed consolidated balance sheets (See Note 6).

License and Collaboration Agreements and Royalty Income

Alimera Product Rights Agreement and Commercial Supply Agreement

On May 17, 2023 (the Closing Date), the Company entered into a PRA with Alimera. Under the PRA, the Company granted to Alimera an exclusive and sublicensable right and license (the License) under the Company's and its affiliates' interest in certain of the Company's and its affiliates' intellectual property to develop, manufacture, sell, commercialize, and otherwise exploit certain products, including YUTIQ®, for the treatment and prevention of uveitis in the entire world except Europe, the Middle East and Africa (EMEA).

Additionally, pursuant to the PRA, the Company transferred and assigned to Alimera certain assets (the Transferred Assets) and certain contracts with third parties related to YUTIQ®, including the new drug application for YUTIQ® (collectively, the Asset Transfer). Pursuant to the PRA, Alimera paid the Company a $

75.0

million upfront payment. Alimera will also make four quarterly payments of $

1.875

million to the Company totaling $

7.5

million during 2024. Alimera will also pay royalties to the Company from 2025 to 2028 at a percentage of low-to-mid double digits of Alimera's related U.S. annual net sales of certain products (including YUTIQ®) in excess of certain thresholds, beginning at $

70

million in 2025, and increasing annually thereafter. Upon Alimera's payment of the Upfront Payment and the 2024 quarterly payments, the licenses and rights granted to Alimera will automatically become perpetual and irrevocable. Payments received from Alimera are non-refundable.

On the Closing Date, the Company and Alimera also entered into a commercial supply agreement (CSA), pursuant to which, during the term of the PRA, the Company agreed to manufacture and exclusively supply to Alimera agreed-upon quantities of YUTIQ® necessary for Alimera to commercialize YUTIQ® in the United States at certain cost plus amounts, subject to adjustments and potential extensions and terminations set forth in the CSA (the Supply Transaction and together with the License and the Asset Transfer, the Transaction).

The Company classified the cash proceeds of the $

75.0

million Upfront Payment received from Alimera as deferred revenue at the Closing Date, pursuant to the PRA and the CSA because the License and supply units to be delivered under both agreements comprise a single, combined performance obligation as Alimera will not have the right or ability to manufacture YUTIQ® (or have YUTIQ® manufactured by a third-party contract manufacturing organization) over the initial two-year term pursuant to the CSA. The combined performance obligation is satisfied over time using the units delivered output method to measure progress based on initial estimated supply units of YUTIQ® over the two-year term for purposes of recognizing revenue, such that revenue is recognized based on the value transferred in the form of units of product in the satisfaction of a performance obligation. Through this method, the Company compares the actual units delivered to date with the current estimated total to be delivered in the contractual term to measure the satisfaction of the performance obligation and recognize revenue. The Company will monitor its estimate of total units to be delivered to determine if an adjustment is needed to ensure that revenue is recognized proportionally for units delivered to date relative to the total units expected to be delivered for the combined performance obligation. Such estimates of the total delivery will be reassessed on an ongoing basis. If the Company determines that a change in estimate is necessary, it will adjust revenue using a cumulative catch-up method.

During the three months ended March 31 2024, the Company recognized $

0.7

million of revenue from sales of product supply to Alimera under the CSA and recorded this amount in product sales, net on the consolidated

statements of comprehensive loss. The Company recognized $

10.4

million of license and collaboration revenue related to the PRA for the three months ended March 31, 2024. As of March 31, 2024, the Company had $

37.0

million as current and no non-current deferred revenue recognized under the PRA, respectively.

SWK Royalty Purchase Agreement

Pursuant to a royalty purchase agreement (RPA) with SWK Funding LLC (SWK), the Company sold its right to receive royalty payments on future sales of products subject to a licensing and development agreement, as amended, with Alimera (the Amended Alimera Agreement) for an upfront cash payment of $

16.5
million. The Company classified the proceeds received from SWK as deferred revenue at inception of the RPA and is recognizing revenue as royalty payments are made from Alimera to SWK. The Company recognized $

0.3
million and $

0.3
million of royalty revenue related to the RPA for the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024, the Company had $

1.4
million and $

12.1
million as current and non-current deferred revenue recognized under the RPA, respectively. As of December 31, 2023, the Company classified $

1.4
million and $

12.4
million as current and non-current deferred revenue recognized under the RPA, respectively.

Ocumension Therapeutics

Pursuant to license agreements and a Memorandum of Understanding signed with the Company, Ocumension has:

1. An exclusive license for the development and commercialization of its three-year micro insert using the Durasert technology for the treatment of posterior segment uveitis of the eye (YUTIQ® in the U.S.) in Mainland China, Hong Kong, Macau, and Taiwan at its own cost and expense in return for royalties based on sales with the Company supplying products for clinical trials and commercial sale;
2. An exclusive license for the development and commercialization in Mainland China, Hong Kong, Macau, and Taiwan of DEXYCU® for the treatment of post-operative inflammation following ocular surgery at its own cost and expense in return for royalties based on sales with the Company supplying product for clinical trials and commercial sale; and
3. Exclusive rights to develop and commercialize YUTIQ® and DEXYCU® products under its own brand names in South Korea and other jurisdictions across Southeast Asia in Brunei, Burma (Myanmar), Cambodia, Timor-Leste, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, and Vietnam, at its own cost and expense in return for royalties based on sales with the Company supplying product for clinical trials and commercial sale.

The Chief Executive Officer of Ocumension is a member of the Company's board of directors (the Board).

During the three months ended March 31, 2024, the Company recognized $

0.2
million, in royalty income from Ocumension. There were

no
sales to Ocumension under the supply agreement for the three months ended March 31, 2024. License and collaboration revenue related to additional technical assistance during the three months ended March 31, 2024 and 2023 was immaterial.

Exclusive License Agreement with Betta Pharmaceuticals, Co., Ltd.

On May 2, 2022, the Company entered into an exclusive license agreement (the Betta License Agreement) with Betta Pharmaceuticals Co., Ltd. (Betta), an affiliate of Equinox Sciences, LLC (Equinox) (see Note 13). Under the Betta License Agreement, the Company granted to Betta an exclusive, sublicensable, royalty-bearing license under certain of the Company's intellectual property to develop, use (but not make or have made), sell, offer for sale, and import the Company's product candidate, DURAVYU™, an investigational sustained delivery treatment for anti-VEGF-mediated retinal diseases combining vorolanib, a selective and patent-protected tyrosine kinase inhibitor (TKI) with Durasert E™ (the Licensed Product), in the field of ophthalmology (the Betta Field) in the greater area of China, including China, the Hong Kong Special Administrative Region, the Macau Special Administrative Region, and Taiwan (the Betta Territory). The Company retained rights under the Company's intellectual property to, among other things, conduct clinical trials on the Licensed Product in the Betta Field in the Betta Territory.

In consideration for the rights granted by the Company, Betta agreed to pay the Company tiered, mid-to-high single-digit royalties based upon annual net sales of Licensed Products in the Betta Territory. The royalties are payable on a Licensed Product-by-Licensed Product and region-by-region basis commencing on the first commercial sale of a Licensed Product in a region and continuing until the later of (i) the date that is twelve (12) years after first commercial sale of such Licensed Product in such region, and (ii) the first day of the month following the month in which a generic product corresponding to such Licensed Product is launched in the relevant region. The royalty rate is subject to reduction under certain circumstances, including when there is no valid claim of a licensed patent that covers a Licensed Product in a particular region.

Betta is responsible for all costs relating to development, registration, manufacturing, marketing, advertising, promotional, launch, and sales activities in connection with the Licensed Products in the Betta Field in the Betta Territory. Betta is required to use commercially reasonable efforts to develop, seek regulatory approval for, and commercialize at least one Licensed Product in the Betta Field in the Betta Territory. The Betta License Agreement also requires Betta to achieve certain diligence milestones relating to regulatory filings, patient dosing, and regulatory approval by certain specified deadlines set forth in the Betta License Agreement, subject to certain exceptions and extensions as set forth in the Betta License Agreement. Betta's development activities will be

conducted pursuant to a development plan subject to periodic updates. In the event that the Company conducts a global registrational clinical trial for a Licensed Product in the Betta Field, Betta will have the right to participate in such clinical trial by including clinical trial sites in the Betta Territory in accordance with the terms of the Betta License Agreement. The Company has also agreed to provide certain technology transfer and other support services to Betta subject to certain conditions and limitations set forth in the Betta License Agreement.

The revenue the Company recognized for the three months ended March 31, 2024 and 2023, related to this agreement was immaterial.

4. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following (in thousands):

	March 31, 2024	December 31, 2023
Prepaid expenses	$ 2,908	$ 1,695
Prepaid clinical trials	6,698	6,335
Other	1,483	1,009
Total prepaid expenses and other current assets	$ 11,089	$ 9,039

5. Inventory

Inventory consisted of the following (in thousands):

	March 31, 2024	December 31, 2023
Raw materials	$ 1,448	$ 1,303
Work in process	1,085	882
Finished goods	1,724	1,721
Total inventory	$ 4,257	$ 3,906

6. Accrued Expenses

Accrued expenses consisted of the following (in thousands):

	March 31, 2024	December 31, 2023
Personnel costs	$ 5,499	$ 12,631
Clinical trial costs	8,736	3,305
Professional fees	813	666
Sales chargebacks, rebates and other revenue reserves	664	760

Other	228	159
Total accrued expenses	$ 15,940	$ 17,521

7. Leases

On March 8, 2022, the Company amended the lease for its headquarters in Watertown, Massachusetts totaling 21,649 square feet (i) to extend the term to May 31, 2028, for 13,650 square feet of laboratory and manufacturing operations space, with the landlord agreeing to provide the Company a construction allowance of up to $0.7 million to be applied toward upgrades and improvements within the space; (ii) to rent an additional 11,999 square feet of office space within the building through May 31, 2028 (New Premises); and (iii) to terminate a portion of the lease comprising 7,999 square feet of office space in the building in accordance with its existing contractual term on May 31, 2025. The amendment also reinstated the Company's right to extend the lease for the space it occupies after May 31, 2025, for one additional period of five years. Rent for the extension period would be at the fair market rent for comparable space in comparable properties in the Watertown area. During the second quarter of 2022, the Company recognized a $2.9

million increase to its lease liabilities and right-of-use (ROU) assets resulting from the lease amendment for the term extension of the laboratory and manufacturing operations space.

The lease for the New Premises commenced during the third quarter of 2022. The Company occupied the New Premises when the landlord substantially completed its construction for the space, after which the Company's obligation to pay base rent began. The Company recognized an increase of $

1.6
million to its lease liabilities and $

1.7
million to its ROU assets resulting from the lease for the New Premises.

The Company previously provided a cash-collateralized $

0.2
million irrevocable standby letter of credit as security for the Company's obligations under the lease, which will remain in effect through the period that is four months beyond the expiration date of the amended lease. The Company will also be required to pay its proportionate share of certain operating costs and property taxes applicable to the leased premises in excess of new base year amounts.

On January 23, 2023, the Company entered into a lease agreement for its new standalone manufacturing facility, including office and lab space located at 600 Commerce Drive, Northbridge, Massachusetts. The new leased premises will consist of approximately

40,000
square feet. The lease includes a non-cancellable lease term of fifteen years and four months , with

two
options to extend the lease term for two additional terms of either five years or ten years at

95
% of the then-prevailing fair market rent. The lease term will commence upon the substantial completion of construction of the facility and related leasehold improvements, which are owned by the lessor, to prepare the premises for the Company's intended use, which is currently expected to occur during the second half of 2024. The Company's obligation to pay base rent will begin four months following the commencement of the lease term. The lease will create significant rights and obligations for the Company, including the payment of base rent on monthly basis, of which the Company estimates will total approximately $

40.8
million during the initial non-cancellable term of the lease (i.e., fifteen years and four months). The Company will be responsible for real estate taxes, maintenance, and other operating expenses applicable to the leased premises. As of March 31, 2024, a lease commencement date in accordance with ASC 842, *Leases* , had not occurred, as such,

no

ROU or lease liability has been recorded as of March 31, 2024.

Since the Company elected to account for each lease component and its associated non-lease components as a single combined component, all contract consideration was allocated to the respective lease components. The expected lease terms include non-cancellable lease periods. Renewal option periods have not been included in the determination of the lease terms as they are not deemed reasonably certain of exercise. Variable lease payments, such as common area maintenance, real estate taxes, and property insurance are not included in the determination of the lease's ROU asset or lease liability.

As of March 31, 2024, the weighted average remaining term of the Company's operating leases was 4.0 years and the weighted average discount rate was

5.84
%.

Supplemental balance sheet information related to operating leases as of March 31, 2024 and December 31, 2023 are as follows (in thousands):

	March 31, 2024	December 31, 2023
Other current liabilities – operating lease current portion	$ 1,098	$ 563
Operating lease liabilities – noncurrent portion	4,624	4,906
Total operating lease liabilities	$ 5,722	$ 5,469

Operating lease expense recognized was $

0.4
million and $

0.4
million, excluding $

0.1
million and $

0.05
million of variable lease costs, for the three months ended March 31, 2024 and 2023, respectively, and was included in the accompanying consolidated statements of comprehensive loss.

The Company's total future minimum lease payments under non-cancellable leases at March 31, 2024 were as follows (in thousands):

	Operating Leases
Remainder of 2024	$ 1,045
2025	1,494
2026	1,589
2027	1,637
Thereafter	693
Total lease payments	$ 6,458
Less imputed interest	(736)
Total	$ 5,722

8. Stockholders' Equity

ATM Facility

In August 2020, the Company entered into an at-the-market facility (the ATM Facility) with Cantor Fitzgerald & Co (Cantor). Pursuant to the ATM Facility, the Company may, at its option, offer and sell shares of its common stock from time to time, through or to Cantor, acting as sales agent. The Company will pay Cantor a commission of

3.0
% of the gross proceeds from any future sales of such shares.

During the three months ended March 31, 2024 and 2023, the Company did

no

t sell any shares of its common stock under the ATM Facility.

Warrants to Purchase Common Shares

Pursuant to a credit agreement, the Company issued a warrant to SWK to purchase (i)

40,910
shares of the Company's common stock on March 28, 2018 at an exercise price of $

11.00
per share with a seven-year term and (ii)

7,773
shares of the Company's common stock on June 26, 2018 at an exercise price of $

19.30
per share with a seven-year term.

In January 2024, SWK exercised their warrants in full via cashless exercise resulting in the net share issuance of

25,666
shares.

9. Share-Based Payment Awards

Equity Incentive Plan

Prior to June 20, 2023, the Company had authorized the issuance of

5,900,000
shares of the Company's common stock under the 2016 Long-Term Incentive Plan (the 2016 Plan), of which

184,904
shares remained available for future grants.

At the Company’s Annual Meeting of Stockholders held on June 20, 2023 , the Company’s stockholders approved the adoption of the 2023 Long Term Incentive Plan (the 2023 Plan) and authorized up to

3,500,000
shares of common stock reserved for issuance to participating employees plus the

184,904
shares that remained available for grant under the 2016 Plan upon adoption of the 2023 Plan plus any shares that would have otherwise have become available for grant under the Company's 2008 Plan or the 2016 Plan as a result of termination or forfeiture of awards under such plan. The 2023 Plan replaced the 2008 Plan and the 2016 Plan. At March 31, 2024, a total of approximately

176,000
shares were available for new awards under the 2023 Plan.

Starting March 2022, the Company granted non-statutory stock options to new employees as inducement awards to enter into employment with the Company. The grants were approved by the Compensation Committee of the board of directors and awarded in accordance with Nasdaq Listing Rule 5635(c)(4). Although not awarded under the 2023 Plan or the 2016 Plan, the grants are subject to and governed by the terms and conditions of the plan in effect at the time of the grant.

Stock Options

The following table provides a reconciliation of stock option activity under the Company’s equity incentive plan and for inducement awards for the three months ended March 31, 2024:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2024	6,304,767	$ 9.98		
Granted	1,706,582	21.27		
Exercised	(444,184)	9.66		
Forfeited	(136,148)	7.31		
Outstanding at March 31, 2024	7,431,017	$ 12.64	7.95	$ 64,740
Exercisable at March 31, 2024	2,976,446	$ 12.73	6.35	$ 27,295

The Company's stock options generally vest over four years with 25% vesting after one year of service followed by ratable monthly vesting over the remaining three years . Nonemployee awards are granted similar to the Company's employee awards. All option grants have a 10 -year term. Options to purchase a total of 1,086,001 shares of the Company's common stock vested during the three months ended March 31, 2024.

In determining the grant date fair value of option awards granted during the three months ended March 31, 2024, the Company applied the Black-Scholes option pricing model based on the following key assumptions:

Option life (in years)	5.5 - 6.08
Stock volatility	97% - 99%
Risk-free interest rate	3.84% - 4.28%
Expected dividends	0.0%

The following table summarizes information about employee, non-executive director and external consultant stock options for the three months ended March 31, 2024 (in thousands except per share amount):

	Three Months Ended March 31, 2024
Weighted average grant date fair value per share	$ 16.91
Total cash received from exercise of stock options	$ 4,294
Total intrinsic value of stock options exercised	$ 6,802

Time-Vested Restricted Stock Units

Time-vested restricted stock units (RSUs) issued to date under the 2016 Plan and the 2023 Plan generally vest on a ratable annual basis over 3 years. The related stock-based compensation expense is recorded over the requisite service period, which is the vesting period. The fair value of all time-vested RSUs is based on the closing share price of the Company's common stock on the date of grant.

The following table provides a reconciliation of RSU activity under the 2016 Plan and the 2023 Plan for the three months ended March 31, 2024:

	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value
Nonvested at January 1, 2024	1,333,192	$ 5.31
Granted	636,100	20.40
Vested	(533,688)	6.23
Forfeited	(32,452)	7.31
Nonvested at March 31, 2024	1,403,152	$ 11.76

At March 31, 2024, the weighted average remaining vesting term of the RSUs was 1.74 years.

Employee Stock Purchase Plan

The Company's Employee Stock Purchase Plan (the ESPP) allows qualified participants to purchase the Company's common stock twice a year at

85

% of the lesser of the average of the high and low sales price of the Company's common stock on (i) the first trading day of the relevant offering period and (ii) the last trading day of the relevant offering period. The number of shares of the Company's common stock each employee may purchase under this plan, when combined with all other employee stock purchase plans, is limited to the lower of an aggregate fair market value of $

25,000

during each calendar year, or

5,000

shares of the Company's common stock in any one offering period. The Company has maintained consecutive six-month offering periods since August 1, 2019 . During the three months ended March 31, 2024,

25,015

shares of the Company's common stock were issued pursuant to the ESPP.

The Company estimated the fair value of the option component of the ESPP shares at the date of grant using a Black-Scholes valuation model. During the three months ended March 31, 2024, the compensation expense from ESPP shares was $

0.1

million. During the three months ended March 31, 2023, the compensation expense from ESPP shares was immaterial.

Stock-Based Compensation Expense

The Company's consolidated statements of comprehensive loss included total compensation expense from stock-based payment awards as follows (in thousands):

	Three Months Ended March 31,	
	2024	**2023**
Compensation expense included in:		
Research and development	$ 7,827	$ 1,240
Sales and marketing	—	430
General and administrative	4,872	1,380
	$ 12,699	$ 3,050

During the three months ended March 31, 2024, the Company modified certain stock option and restricted stock awards in connection with the termination of two executives resulting in incremental compensation expense of $

5.6

million.

At March 31, 2024, there was approximately $

43.3

million of unrecognized compensation expense related to outstanding equity awards under the 2023 Plan, the 2016 Plan, the inducement awards and the ESPP that is expected to be recognized as expense over a weighted average period of approximately 1.8 years.

10. License and Asset Purchase Agreements

Equinox Science, LLC

In February 2020, the Company entered into an Exclusive License Agreement (the Equinox License Agreement) with Equinox, pursuant to which Equinox granted the Company an exclusive, sublicensable, royalty-bearing right and license to certain patents, and other Equinox intellectual property to research, develop, make, have made, use, sell, offer for sale, and import the compound vorolanib and any pharmaceutical products comprising the compound for local delivery to the eye for the prevention or treatment of age-related macular degeneration, diabetic retinopathy and retinal vein occlusion using the Company's proprietary localized delivery technologies (the Original Field), in each case, throughout the world except China, Hong Kong, Taiwan, and Macau (the Company Territory).

In consideration for the rights granted by Equinox, the Company (i) made a one time, non-refundable, non-creditable upfront cash payment of $

1.0

million to Equinox in February 2020, and (ii) agreed to pay milestone payments totaling up to $

million upon the achievement of certain development and regulatory milestones, consisting of (a) completion of a Phase II clinical trial for the compound or a licensed product, (b) the filing of a new drug application or foreign equivalent for the compound or a licensed product in the United States, European Union, or United Kingdom and (c) regulatory approval of the compound or a licensed product in the United States, European Union, or United Kingdom.

The Company also agreed to pay Equinox tiered royalties based upon annual net sales of licensed products in the Company Territory. The royalties are payable with respect to a licensed product in a particular country in the Company Territory on a country-by-country and licensed product-by-licensed product basis until the later of (i) twelve years after the first commercial sale of such licensed product in such country and (ii) the first day of the month following the month in which a generic product corresponding to

such licensed product is launched in such country. The royalty rates range from the high-single digits to low-double digits depending on the level of annual net sales. The royalty rates are subject to reduction during certain periods when there is no valid patent claim that covers a licensed product in a particular country.

On May 2, 2022, concurrent with the Company entering into the Betta License Agreement (see Note 3), the Company entered into Amendment #1 to the Equinox License Agreement, pursuant to which the Original Field was expanded to cover the prevention or treatment of ophthalmology indications using the Company's proprietary localized delivery technologies, and certain conforming changes were made to the Equinox License Agreement in connection therewith.

No

R&D expense was recorded for the three months ended March 31, 2024 and 2023, respectively, related to the Equinox License Agreement as no milestones were achieved.

11. Fair Value Measurements

The following tables summarize the Company's assets by significant categories carried at fair value measured on a recurring basis by valuation hierarchy (in thousands):

	March 31, 2024					
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cash Equivalents	Marketable Securities
Level 1:						
Money market funds	$ 261,712	$ —	$ —	$ 261,712	$ 261,712	$ —
Subtotal	$ 261,712	$ —	$ —	$ 261,712	$ 261,712	$ —
Level 2:						
Commercial paper	$ 7,482	$ —	$ —	$ 7,482	$ —	$ 7,482
U.S. Treasury securities	8,957	—	—	8,957	—	8,957
U.S. Agency securities	11,900	—	(4)	11,896	—	11,896
Subtotal	$ 28,339	$ —	$ (4)	$ 28,335	$ —	$ 28,335
Total	$ 290,051	$ —	$ (4)	$ 290,047	$ 261,712	$ 28,335

	December 31, 2023					
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cash Equivalents	Marketable Securities
Level 1:						
Money market funds	$ 270,476	$ —	$ —	$ 270,476	$ 270,476	$ —

Subtotal	$ 270,476	$ —	$ —	$ 270,476	$ 270,476	$ —
Level 2:						
Commercial paper	$ 19,295	$ 8	$ —	$ 19,303	$ 1,998	$ 17,305
U.S. Treasury securities	17,762	8	—	17,771	2,990	14,781
U.S. Agency securities	17,694	8	(1)	17,701		17,701
Subtotal	$ 54,751	$ 24	$ (1)	$ 54,775	$ 4,988	$ 49,787
Total	$ 325,227	$ 24	$ (1)	$ 325,251	$ 275,464	$ 49,787

At March 31, 2024 and December 31, 2023, a total of $ 261.7 million or 90 %, and a total of $ 270.5 million or 98.2 %, respectively, of the Company's interest-bearing cash equivalent balances were concentrated in one institutional money market fund that has investments consisting primarily of Repurchase Agreements, U.S Treasuries, and U.S. Government Agency Debts. The Company had $ 28.3 million or 10 %, and a total $ 5.0 million or 1.8 % of the Company's interest-bearing cash equivalent balance which consisted of investment-grade Commercial paper and investment-grade U.S. Treasury securities at March 31, 2024, and December 31, 2023, respectively. Generally, these deposits may be redeemed upon demand and, therefore, the Company believes they have minimal risk.

The Company's cash equivalents and marketable securities are classified within Level 1 or Level 2 on the basis of valuations using quoted market prices or alternative pricing sources and models utilizing market observable inputs, respectively. The marketable securities have been valued on the basis of valuations provided by third-party pricing services, as derived from such services' pricing models. Inputs to the models may include, but are not limited to, reported trades, executable bid and ask prices, broker/dealer quotations, prices or yields of securities with similar characteristics, benchmark curves or information pertaining to the issuer, as well as industry and economic events. The pricing services may use a matrix approach, which considers information regarding securities with similar characteristics to determine the valuation for a security, and have been classified as Level 2.

The carrying amounts of accounts receivable, accounts payable and accrued expenses approximate fair value because of their short-term maturity.

12. Contingencies

Legal Proceedings

The Company is subject to various routine legal proceedings and claims incidental to its business, which management believes will not have a material effect on the Company's financial position, results of operations, or cash flows.

U.S. Department of Justice Subpoena

In August 2022, the Company received a subpoena from the U.S. Attorney's Office for the District of Massachusetts seeking production of documents related to sales, marketing and promotional practices, including as pertain to DEXYCU® (DOJ Investigation). The Company is cooperating fully with the government in connection with this matter. At this time, the Company is unable to predict the duration, scope, or outcome of this matter or whether it could have a material impact on the Company's financial condition, results of operations, or cash flow.

13. Net Loss per Share

Basic net loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. For periods in which the Company reports net income, diluted net income per share is determined by adding to the basic weighted average number of common shares outstanding the total number of dilutive common equivalent shares using the treasury stock method, unless the effect is anti-dilutive. Potentially dilutive shares were not included in the calculation of diluted net loss per share for each of the three months ended March 31, 2024 and 2023 as their inclusion would be anti-dilutive.

The Company issued

3,272,727

shares of Pre-Funded Warrants (PFW) to purchase common stock, in connection with the November 2021 underwritten public offering. The PFWs were included in the basic and diluted net loss per share calculation during the three months ended March 31, 2024 and 2023, respectively.

On April 18, 2024,

2,181,818
warrants were exercised in full as a cashless exercise, resulting in a net issuance of

2,180,776
common shares.

Potential common stock equivalents excluded from the calculation of diluted earnings per share because the effect would have been anti-dilutive were as follows:

	Three Months Ended March 31,	
	2024	**2023**
Stock options	7,431,017	6,069,096
ESPP	3,718	19,539
Warrants	—	48,683
Restricted stock units	1,403,152	311,017
	8,837,887	6,448,335

14. Related Party Transactions

On December 18, 2023, the Company entered into a consulting agreement with Dr. John Landis who also serves as the Company's Chair of the Science Committee and a member of the board of directors. Pursuant to the terms of the consulting agreement, Dr. Landis is entitled to receive an annual compensation payment of up to $

0.6
million in exchange for performing certain research

and development services as the Company's interim head of development. On January 5, 2024, pursuant to the consulting agreement, the Company granted Dr. Landis (i) stock options to purchase

20,000
shares of the Company’s common stock and (ii)

10,000
of restricted stock units. All equity grants to Dr. Landis vest after one year . He also received the Board stock option award to purchase

25,014
shares of the Company’s common stock. The compensation expense related to the consulting agreement recognized by the Company for the three months ended March 31, 2024, was $

0.2
million. Additionally, the Company recorded accounts payable of $

0.1
million in the accompanying consolidated balance sheets related to services provided by Dr. Landis, as of March 31, 2024.

The former Chief Executive Officer and current Executive Vice Chair of the Board is a member of the board of directors of Altasciences, the parent company of Calvert Laboratories, Inc. (Calvert Labs), an entity with which the Company conducts business. The Company recorded $

0.6
million and $

0.4
million of research and development expense in the accompanying consolidated statements of comprehensive loss related to preclinical and analytical services provided by Altasciences for the three months ended March 31, 2024 and 2023, respectively. Additionally, the Company recorded accounts payable of $

0.5
million and $

0.3
million, and prepaid expenses of $

0.2
million and $

0.5
million in the accompanying consolidated balance sheets related to services provided by Altasciences, as of March 31, 2024 and December 31, 2023, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Note Regarding Forward-Looking Statements

Various statements made in this Quarterly Report on Form 10-Q are forward-looking and involve risks and uncertainties. All statements that address activities, events or developments that we intend, expect or believe may occur in the future are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements give our current expectations or forecasts of future events and are not statements of historical or current facts. These statements include, among others, statements about:

- the potential for DURAVYU™, as an investigational sustained delivery intravitreal treatment deploying a bioerodible Durasert E™ insert of vorolanib, a selective and patented tyrosine kinase inhibitor (TKI) targeting wet age-related macular degeneration (wet AMD), non-proliferative diabetic retinopathy (NPDR), and diabetic macular edema (DME);
- our expectations regarding the timing and outcome of our ongoing and planned clinical trials for DURAVYU™ for the treatment of wet AMD, NPDR, and DME;
- our expectations regarding the timing and clinical development of our other product candidates, including EYP-2301, a TIE-2 agonist, razuprotafib, formulated in Durasert E™ to potentially improve outcomes in serious retinal diseases;
- our strategic alliances with other companies;
- our belief that our cash, cash equivalents, and investments in marketable securities of $299.3 million at March 31, 2024, will provide a cash runway into 2026 through topline data for the DURAVYU™ Phase 3 pivotal trials in wet AMD;
- our ability to obtain additional capital in sufficient amounts and on terms acceptable to us, and the consequences of failing to do so;
- our future expenses and capital expenditures;
- our expectations regarding the timing and results of the August 2022 subpoena from the U.S. Attorney's Office for the District of Massachusetts (DOJ) seeking production of documents related to sales, marketing and promotional practices (DOJ Subpoena), including as pertain to DEXYCU®;
- our ability to manufacture DURAVYU™ or any other products or product candidates, in sufficient quantities and quality;
- our expectations regarding our ability to obtain and adequately maintain sufficient intellectual property protection for DURAVYU™ and any other products or product candidates, and to avoid claims of infringement of third-party intellectual property rights;
- the effect of legal and regulatory developments; and,
- our expectation that we will continue to incur significant expenses and that our operating losses and our net cash outflows to fund operations will continue for the foreseeable future.

Forward-looking statements also include statements other than statements of current or historical fact, including, without limitation, all statements related to any expectations of revenues, expenses, cash flows, earnings or losses from operations, cash required to maintain current and planned operations, capital or other financial items; any statements of the plans, strategies and objectives of management for future operations; any plans or expectations with respect to product research, development and commercialization, including regulatory approvals; any other statements of expectations, plans, intentions or beliefs; and any statements of assumptions underlying any of the foregoing. We often, although not always, identify forward-looking statements by using words or phrases such as "likely", "expect", "intend", "anticipate", "believe", "estimate", "plan", "project", "forecast", and "outlook".

The following are some of the factors that could cause actual results to differ materially from the anticipated results or other expectations expressed, anticipated, or implied in our forward-looking statements:

- the effectiveness and timeliness of our clinical trials, and the usefulness of the data;
- the sufficiency of our existing cash resources into 2026 through topline data for the DURAVYU™ Phase 3 pivotal trials in wet AMD;
- our access to needed capital;
- fluctuations in our operating results;
- the duration, scope and outcome of any governmental inquiries or investigations;
- the success of current and future license and collaboration agreements, including our agreements with Alimera Sciences, Inc. (Alimera), Betta Pharmaceuticals Co., Ltd. (Betta), Equinox Science, LLC (Equinox) and Ocumension Therapeutics (Ocumension);
- our dependence on contract research organizations, vendors and investigators;
- our ability to manufacture clinical and commercial supply of our products and product candidates;
- the extent to which the global economic conditions, uncertainty caused by geopolitical violence and unrest and public health crises impact our business, the medical community, and the global economy;

- market acceptance of our product candidates, if approved;
- protection of intellectual property and avoiding intellectual property infringement;
- product liability; and
- other factors described in our filings with the SEC.

We cannot guarantee that the results and other expectations expressed, anticipated or implied in any forward-looking statement will be realized. The risks set forth under Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, as supplemented by the risks set forth under Item 1A of this Quarterly Report on Form 10-Q, describe major risks to our business, and you should read and interpret any forward-looking statements together with these risks. A variety of factors, including these risks, could cause our actual results and other expectations to differ materially from the anticipated results or other expectations expressed, anticipated or implied in our forward-looking statements. Should known or unknown risks materialize, or should underlying assumptions prove inaccurate, actual results could differ materially from past results and those anticipated, estimated, or projected in the forward-looking statements. You should bear this in mind as you consider any forward-looking statements.

Our forward-looking statements speak only as of the dates on which they are made. We do not undertake any obligation to publicly update or revise our forward-looking statements even if experience or future changes makes it clear that any projected results expressed or implied in such statements will not be realized.

EYEPOINT®, DEXYCU®, YUTIQ®, DURASERT®, DELIVERING INNOVATION TO THE EYE® and WITH AN EYE ON PATIENTS® are our trademarks. Retisert® and Vitrasert® are Bausch & Lomb's trademarks. YUTIQ® is licensed to Alimera Sciences and Ocumension Therapeutics in their respective territories. ILUVIEN® is Alimera Sciences Inc.'s trademark. The reports we file or furnish with the SEC, including this Quarterly Report on Form 10-Q, also contain trademarks, trade names and service marks of other companies, which are the property of their respective owners.

Our Business

Overview

We are a company committed to developing and commercializing innovative therapeutics to help improve the lives of patients with serious retinal diseases. Our pipeline leverages our proprietary Durasert E™ technology for sustained intraocular drug delivery. The Company's lead product candidate, DURAVYU™, is an investigational sustained delivery treatment for anti-vascular endothelial growth factor (anti-VEGF) -mediated retinal diseases combining vorolanib, a selective and patent-protected tyrosine kinase inhibitor with Durasert E™. DURAVYU™ is presently in Phase 2 clinical trials as a sustained delivery treatment for wet age-related macular degeneration (wet AMD), the leading cause of vision loss among people 50 years of age and older in the United States, non-proliferative diabetic retinopathy (NPDR), and diabetic macular edema (DME). We expect to initiate pivotal Phase 3 clinical trials in wet AMD in the second half of 2024.

Recent Developments

- In May 2024, we announced topline results of our Phase 2 PAVIA clinical trial evaluating DURAVYU™ (vorolanib intravitreal insert), previously known as EYP-1901, in patients with non-proliferative diabetic retinopathy (NPDR). The data demonstrated that DURAVYU™ has a biologic effect in patients with NPDR with a favorable safety and tolerability profile, however the trial did not meet the pre-specified primary endpoint. We plan to provide an update on the path forward for DURAVYU™ as a potential treatment in NPDR following a review of the full 12-month data.
- On April 23, 2024, an end of Phase 2 meeting was held with the Food and Drug Administration (FDA) to discuss our proposed phase 3 (pivotal) clinical program for wet AMD indication. Final meeting minutes from the FDA are pending.
- In March 2024, we announced the appointment of Ramiro Ribeiro, M.D., Ph.D. as Chief Medical Officer. Dr. Ribeiro is a trained retinal specialist and joins EyePoint from Apellis Pharmaceuticals, where he served as Vice President, Head of Clinical Development.

R&D Highlights

- In February 2024, we announced results from new subgroup analyses from the Phase 2 DAVIO 2 clinical trial of DURAVYU™. The presented analyses of the data reveal: in the sub-group of patients who were supplement-free up to 6 months, the DURAVYU™ groups demonstrated numerical superiority in change in BCVA along with strong anatomic control compared to the aflibercept control group. This result confirms that the positive topline data from the Phase 2 DAVIO 2 trial were driven by DURAVYU™ and not by study eyes requiring supplemental injection; visual and anatomical outcomes were not meaningfully influenced by differences in patient baseline BCVA, duration of wet AMD diagnosis, or historical treatment burden; and DURAVYU™ outcomes are consistent and durable in a range of wet AMD patient types.

Critical Accounting Policies and Estimates

The preparation of consolidated financial statements in conformity with GAAP requires that we make certain estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. We base our estimates, judgments and assumptions on historical experience, anticipated results and trends, and on various other factors that we believe are reasonable under the circumstances at the time. By their nature, these estimates, judgments and assumptions are subject to an inherent degree of uncertainty. Actual results may differ from our estimates under different assumptions or conditions. In our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, we set forth our critical accounting policies and estimates, which included revenue recognition, reserves for variable consideration associated with our commercial revenue and recognition of expense in outsourced clinical trial agreements. See Note 2 of the notes to our unaudited condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q for a description of our accounting policies and estimates for reserves for variable consideration related to product sales.

Results of Operations

Three Months Ended March 31, 2024 Compared to Three Months Ended March 31, 2023:

	Three Months Ended March 31,		Change	
	2024	2023	Amounts	%
Revenues:				
Product sales, net	$ 658	$ 7,394	$ (6,736)	-91%
License and collaboration agreements	10,563	34	10,529	30968%
Royalty income	463	255	208	82%
Total revenues	11,684	7,683	4,001	52%
Operating expenses:				
Cost of sales	759	640	119	19%
Research and development	30,139	13,618	16,521	121%
Sales and marketing	6	5,737	(5,731)	-100%
General and administrative	14,101	9,242	4,859	53%
Total operating expenses	45,005	29,237	15,768	54%
Loss from operations	(33,321)	(21,554)	(11,767)	55%
Other income (expense):				
Interest and other income, net	4,037	1,202	2,835	236%
Interest expense	—	(812)	812	-100%
Total other income (expense), net	4,037	390	3,647	935%
Net loss	$ (29,284)	$ (21,164)	$ (8,120)	38%
Net loss per share - basic and diluted	$ (0.55)	$ (0.56)	$ 0.01	-2%
Weighted average shares outstanding - basic and diluted	52,913	37,486	15,427	41%
Net loss	$ (29,284)	$ (21,164)	$ (8,120)	38%

Product Sales, Net

Product sales, net represents the gross sales of YUTIQ® and DEXYCU® less provisions for product sales allowances. Product sales, net decreased by $6.7 million, or 91%, to $0.7 million for the three months ended March 31, 2024 compared to $7.4 million for the three months ended March 31, 2023. This decrease was driven by the agreement that granted license and rights to YUTIQ® to Alimera in May 2023. For the three months ended March 31, 2024, product sales, net were primarily from the sales of product supply under the existing commercial supply agreement (CSA) with Alimera.

License and Collaboration Agreement

License and collaboration agreement revenues were $10.6 million for the three months ended March 31, 2024. This activity was related to the recognition of a portion of deferred revenue related to the agreement to license YUTIQ® product rights to Alimera.

Royalty Income

Royalty income increased by $0.2 million, or 82%, to $0.5 million for the three months ended March 31, 2024 compared to $0.3 million for the three months ended March 31, 2023. The increase was attributable to Ocumension Therapeutics royalties from YUTIQ® product sales in China.

Cost of Sales

Cost of sales, increased by $0.1 million, or 19%, to $0.8 million for the three months ended March 31, 2024 from $0.6 million for the three months ended March 31, 2023. This increase was primarily due to higher sales volume to Alimera compared to commercial sales in the year prior, as well as additional distribution costs passed back to Alimera as part of the transition services agreement. Revenue related to these costs passed back to Alimera are included in license and collaboration revenues.

Research and Development

Research and development expenses increased by $16.5 million, or 121%, to $30.1 million for the three months ended March 31, 2024 from $13.6 million for the same period in the prior year. This increase was attributable primarily to (i) $5.6 million associated with non-cash equity award modifications expense, (ii) $4.2 million in increased clinical trial costs related to DURAVYU™ in Phase 2 clinical trials for wet AMD (DAVIO2), NPDR (PAVIA), and DME (VERONA), (iii) $2.4 million in higher clinical trial material expense (iv) $2.0 million higher personnel expense to support clinical trial activity and product development, including non-cash stock compensation, (v) $1.5 million in severance related expense, and (vi) $1.0 million in higher other R&D expenses.

Sales and Marketing

Sales and marketing expenses decreased by $5.7 million, or 100%, for the three months ended March 31, 2024 from $5.7 million for the same period in the prior year. This decrease was driven by discontinued YUTIQ® promotion due to the agreement that granted YUITQ® license and rights to Alimera in Q2 2023 and the Company's exit from the commercial business.

General and Administrative

General and administrative expenses increased by $4.9 million, or 53%, to $14.1 million for the three months ended March 31, 2024 from $9.2 million for the same period in the prior year. This increase was primarily attributable to $3.5 million in stock-based compensation and $1.3 million in personnel costs.

Interest (Expense) Income

Interest income from investments in marketable securities and institutional money market funds increased by $2.8 million, or 236%, to $4.0 million for the three months ended March 31, 2024 compared to $1.2 million in the prior year quarter. This increase was due primarily to an increase in cash and marketable securities and higher interest rates in the current calendar quarter.

There was no interest expense in the three months ended March 31, 2024 due to the repayment of the loan under the loan and security agreement with Silicon Valley Bank (SVB Loan Agreement) on May 17, 2023. Interest expense for the three months ended March 31, 2023 was $0.8 million.

Liquidity and Capital Resources

We have had a history of operating losses and an absence of significant recurring cash inflows from revenue, and at March 31, 2024 we had a total accumulated deficit of $771.4 million. Our operations have been financed primarily from sales of our equity securities, issuance of debt and a combination of license fees, milestone payments, royalty income, and other fees received from collaboration partners.

Financing Activities

On May 17, 2023, we utilized a portion of the Upfront Payment from the Alimera PRA (see Note 3) and repaid in full all outstanding amounts under the SVB Loan Agreement. The SVB Loan Agreement was then terminated, and all security interests and other liens granted to or held by the Lender were terminated and released.

During the three months ended March 31, 2024, we did not sell any shares of our common stock under our at-the-market offering facility.

Future Funding Requirements

At March 31, 2024, we had cash, cash equivalents, and investments in marketable securities of $299.3 million. We expect that our cash and investments in marketable securities will enable us to fund our current operating plan through topline data for the planned Phase 3 wet AMD pivotal trials into 2026. Due to the difficulty and uncertainty associated with the design and implementation of preclinical studies and clinical trials, we will continue to assess our cash and cash equivalents and future funding requirements. However, there is no assurance that additional funding will be achieved and that we will succeed in our future operations. We expect to continue to incur substantial additional operating losses for at least the next several years as we continue to develop our product candidates and seek marketing approval and, subject to obtaining such approval, the eventual commercialization of our product candidates. If we obtain marketing approval for any of our product candidates, we will incur significant sales, marketing and manufacturing expenses. We also expect to continue to incur significant costs to comply with corporate governance, internal controls and similar requirements associated with operating as a public reporting company.

Actual cash requirements could differ from management's projections due to many factors including additional investments in research and development programs, clinical trial expenses for DURAVYU™ and EYP-2301, competing technological and market developments and the costs of any strategic acquisitions and/or development of complementary business opportunities.

The amount of additional capital we will require will be influenced by many factors, including, but not limited to:

1. the scope, progress, results, and costs of clinical trials of DURAVYU™, as a sustained delivery intravitreal treatment for wet AMD, NPDR, and DME
2. our expectations regarding the timing and clinical development of our product candidates, including DURAVYU™ and EYP-2301;
3. the duration, scope and outcome of the DOJ Subpoena and its impact on our financial condition, results of operations, or cash flows;
4. whether and to what extent we internally fund, whether and when we initiate, and how we conduct additional pipeline product development programs;
5. payments we receive under any new collaboration agreements or payments expected from existing agreements;
6. whether and when we are able to enter into strategic arrangements for our products or product candidates and the nature of those arrangements;
7. the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing any patent claims;
8. changes in our operating plan, resulting in increases or decreases in our need for capital; and
9. our views on the availability, timing, and desirability of raising capital.

We expect to seek additional funding to sustain our future operations and while we have successfully raised capital in the past, the ability to raise capital in future periods is not assured. We do not know if additional capital will be available when needed or on terms favorable to us or our stockholders. Collaboration, licensing or other agreements may not be available on favorable terms, or at all. If we seek to sell our equity securities, we do not know whether and to what extent we will be able to do so, or on what terms. If available, additional equity financing may be dilutive to stockholders, debt financing may involve restrictive covenants or other unfavorable terms and dilute our existing stockholders' equity, and funding through collaboration, licensing or other commercial agreements may be on unfavorable terms, including requiring us to relinquish rights to certain of our technologies or products. If adequate financing is not available if and when needed, we may delay, reduce the scope of, or eliminate research or development programs, if any, postpone or cancel the pursuit of product candidates, or otherwise significantly curtail our operations to reduce our cash requirements and extend our capital.

Our consolidated statements of historical cash flows are summarized as follows (in thousands):

	Three Months Ended March 31,		
	2024	2023	Change
Cash flows from operating activities:			
Net loss	$ (29,284)	$ (21,164)	$ (8,120)
Changes in operating assets and liabilities	(14,314)	1,418	(15,732)
Other adjustments to reconcile net loss to cash flows from operating activities:	12,427	2,911	9,516
Net cash (used in) provided by operating activities	$ (31,171)	$ (16,835)	$ (14,336)
Net cash (used in) provided by investing activities	$ 20,806	$ 32,086	$ (11,280)
Net cash (used in) provided by financing activities	$ 115	$ (5,119)	$ 5,234

Operating cash outflows for the three months ended March 31, 2024 totaled $31.2 million, primarily due to our net loss of $29.3 million reduced by $12.4 million of non-cash expenses, which included $12.7 million of stock-based compensation and $0.3 million for depreciation of property and equipment, partially offset by $0.6 million of amortization and accretion of marketable securities. This was partially offset by cash outflows related to changes in working capital of $14.3 million, including $8.8 million of deferred revenue related to the agreement to license YUTIQ® product rights to Alimera, and $5.5 million of other working capital changes.

Operating cash outflows for the three months ended March 31, 2023 totaled $16.8 million, primarily due to our net loss of $21.2 million, reduced by $2.9 million of non-cash expenses, which included $3.1 million of stock-based compensation, and $0.1 million for depreciation of property and equipment, partially offset by $0.2 million for the amortization of debt discount and premium and discount on available-for-sale marketable securities. Net loss was also reduced by cash inflows related to changes in operating assets and liabilities of $1.4 million primarily due to lower accounts receivable.

For the three months ended March 31, 2024, $22.0 million of net cash was provided by the sales of marketable securities, and $1.2 million was used for the purchase of property and equipment.

For the three months ended March 31, 2023, $32.6 million of net cash was provided by the sales of marketable securities, and $0.5 million was used for the purchase of property and equipment.

Net cash used in financing activities for the three months ended March 31, 2024 totaled $0.1 million and consisted of the following:

(i) $4.6 million provided by the exercise of stock options

(ii) $4.4 million used for the settlement of stock units to satisfy statutory tax withholding

(iii) $0.1 million used for payment of equity issue costs.

Net cash used in financing activities for the three months ended March 31, 2023 totaled $5.1 million and consisted of the following:

(i) $5.2 million used by lower borrowings of the revolving facility

(ii) $0.1 million net proceeds primarily from the exercise of stock options.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended, and are not required to provide the information under this item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2024. The term "disclosure controls and procedures", as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure, particularly during the period in which this Quarterly Report on Form 10-Q was being prepared.

Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving its desired objectives, and our management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of March 31, 2024, our principal executive officer and principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2024 covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

We are subject to various routine legal proceedings and claims incidental to our business, which management believes will not have a material effect on our financial position, results of operations or cash flows.

We previously disclosed that in August 2022, we received a subpoena from the U.S. Attorney's Office for the District of Massachusetts seeking production of documents related to sales, marketing and promotional practices, including as pertain to DEXYCU®. We are cooperating fully with the government in connection with this matter. At this time, we are unable to predict the duration, scope or outcome of this matter or whether it could have a material impact on our financial condition, results of operation or cash flow.

Item 1A. Risk Factors

This section augments and updates certain risk factors disclosed in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2023 (the Annual Report). The following risk factors should be read together with the other risk factors disclosed in the Annual Report. In addition to the other information in this Quarterly Report on Form 10-Q, all of the risk factors should be carefully considered in evaluating us and our common stock. Any of these risks, many of which are beyond our control, could materially and adversely affect our financial condition, results of operations or cash flows, or cause our actual results to differ materially from those projected in any forward-looking statements. We may also face other risks and uncertainties that are not presently known, are not currently believed to be material, or are not identified below because they are common to all businesses. Past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods. For more information, see "Note Regarding Forward-Looking Statements" in this Quarterly Report on Form 10-Q.

We use our own facility for the manufacturing of YUTIQ® and rely on third party suppliers for key components, and any disruptions to our or our suppliers' operations could adversely affect YUTIQ®'s commercial viability and our ability to supply YUTIQ® to Alimera.

Pursuant to our agreements with our commercialization partners, we currently manufacture commercial supplies of YUTIQ® ourselves at our Watertown, MA facility and rely on third party suppliers for key components of YUTIQ®. We have, and will continue, to perform extensive audits of our suppliers, vendors and contract laboratories. The cGMP requirements govern, among other things, recordkeeping, production processes and controls, personnel and quality control. To ensure that we continue to meet these requirements, we have and will continue to expend significant time, money, and effort.

The commercial manufacture of medical products is complex and requires significant expertise and capital investment, including the development of advanced manufacturing techniques and process controls. Manufacturers of medical products often encounter difficulties in production, particularly in scaling out and validating initial production and ensuring the absence of contamination. These problems include difficulties with production costs and yields, quality control, including stability of the product, quality assurance testing, operator error, shortages of qualified personnel, as well as compliance with strictly enforced federal, state, and foreign regulations. We cannot assure you that any issue relating to the manufacture of YUTIQ® will not occur in the future.

The FDA also may, at any time following approval of a product for sale, audit our manufacturing facilities. If any such inspection or audit identifies a failure to comply with applicable regulations or if a violation of our product specifications or applicable regulation occurs independent of such an inspection or audit, the FDA may issue a Form FDA-483 and/or an untitled or warning letter, or we or the FDA may require remedial measures that may be costly and/or time consuming for us to implement and that may include the temporary or permanent suspension of commercial sales, recalls, market withdrawals, seizures or the temporary or permanent closure of a facility. We recently received an FDA Form 483 at the conclusion of an FDA inspection of our facility in February 2024, which included certain observations, and a subsequent determination that our facility has been classified as Official Action Indicated (OAI), which could lead to an enforcement action or, if left unaddressed, negatively affect our manufacturing of YUTIQ®. We are currently in the process of addressing each of the FDA's observations and we believe we can successfully address all of the observations by implementing required corrective and preventive actions.

If our Contract Research Organizations (CROs), Contract Manufacturing Organizations (CMOs), Contract Development Manufacturing Organizations (CDMOs), vendors, and investigators do not successfully carry out their responsibilities or if we lose our relationships with them, our development efforts with respect to our product candidates could be delayed.

We are dependent on CROs, CMOs, CDMOs, vendors, and investigators for pre-clinical testing and clinical trials related to our product development programs, including for DURAVYU™ and other product candidates. These parties are not our employees, and we cannot control the amount or timing of resources that they devote to our programs. If they do not timely fulfill their responsibilities or if their performance is inadequate, the development, and commercialization of our product candidates could be delayed.

The parties with which we contract for execution of clinical trials play a significant role in the conduct of the trials and the subsequent collection and analysis of data. Their failure to meet their obligations could adversely affect clinical development of our product candidates. In addition, if we or our CROs fail to comply with applicable current Good Clinical Practices (GCP), the clinical data generated in our clinical trials may be deemed unreliable and the Food and Drug Administration (FDA) may require us to perform additional clinical trials before approving any marketing applications. Upon inspection, the FDA may determine that our clinical trials did not comply with GCP.

Switching or adding additional CROs involves additional cost and requires management time and focus. Identifying, qualifying and managing performance of third-party service providers can be difficult, time-consuming and cause delays in our development programs. In addition, there is a natural transition period when a new CRO commences work and the new CRO may not provide the same type or level of services as the original provider. Though we carefully manage our relationships with our CROs, there can be no assurance that we will not encounter challenges or delays in the future or that these delays or challenges will not have a material adverse impact on our business, financial condition and prospects. If any of our relationships with our CROs terminate, we may not be able to enter into arrangements with alternative CROs or to do so on commercially reasonable terms. As a result, delays may occur, which can materially impact our ability to meet our desired clinical development timelines.

Additionally, our CMOs may experience manufacturing difficulties due to resource constraints or as a result of labor disputes or unstable political environments. If our CMOs were to encounter any of these difficulties, our ability to provide our product candidate to patients in clinical trials, or to provide product for the treatment of patients once approved, would be jeopardized.

In addition, any facilities located outside the United States (U.S.) that are used by us or by our CMOs or CDMOs to manufacture, test, and optimize our product candidates will be subject to various regulatory requirements of the jurisdiction in which they are located and in addition be subject to trade laws and regulations of the U.S. that may restrict our ability to continue to utilize certain CMOs or CDMOs. Foreign CMOs or CDMOs may be subject to U.S. legislation or investigations, including the proposed BIOSECURE Act, sanctions, trade restrictions, and other foreign regulatory requirements, which could increase the cost or reduce the supply of material available to us, delay the procurement or supply of such material, delay or impact clinical trials, have an adverse effect on our clinical drug development efforts and could adversely affect our financial condition and business prospects. For example, we currently engage with WuXi Apptec (WuXi), to perform certain process development, manufacturing and testing associated with one of our product candidates, EYP-2301. WuXi has been identified as a U.S. national security threat in the proposed BIOSECURE Act, which, if enacted, or if alternatively implemented through executive or administrative action, could restrict WuXi's business in the U.S. or the ability of businesses in the U.S. to conduct business with WuXi.

Moreover, if a foreign regulatory authority curtails operations at such foreign facilities of our CMOs or CDMOs, or if trade laws are adopted limiting our ability to use such CMO or CDMO facilities, we may need to find alternative facilities, which could negatively impact our clinical development timelines.

Because we have relied on third parties, our internal capacity to perform certain functions is limited. Outsourcing these functions involves risks that third parties may not perform to our standards, may not produce results in a timely manner or may fail to perform at all. In addition, the use of third-party service providers requires us to disclose our proprietary information to these parties, which could increase the risk that this information will be misappropriated. We currently have a small number of employees, which limits the internal resources we have available to identify and monitor our third-party providers. To the extent we are unable to identify and successfully manage the performance of third-party service providers in the future, our ability to advance our product candidates through clinical trials will be compromised. Though we carefully manage our relationships with our CROs, CMOs, and CDMOs, there can be no assurance that we will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse impact on our business, financial condition, and prospects.

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

Rule 10b5-1 Trading Arrangements

The Company permits officers and directors to adopt written trading plans, known as “Rule 10b5-1 trading arrangements”, as such term defined in Item 408(a) of Regulation S-K for the purchase or sale of the Company's securities, which are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act. During the three months ended March 31, 2024, our executive officers and directors adopted, modified or terminated Rule 10b5-1 trading arrangements for the purchase or sale of our common stock as noted below:

Name and Title of Director or Officer	Action	Date of Adoption	Duration of the Plan or Termination Date	Aggregate Number of Shares of Common Stock that may be Sold under the Plan
Jay Duker, MD, President and Chief Executive Officer	Termination	June 6, 2023	January 17, 2024	146,498
Jay Duker, MD, President and Chief Executive Officer	Adoption	February 7, 2024	February 7, 2025	128,344
Scott Jones, Chief Commercial Officer	Termination	September 21, 2023	February 6, 2024	161,655
Dario Paggiarino, Former Chief Medical Officer	Termination	June 22, 2023	February 5, 2024	204,357
Anthony Adamis, Director	Adoption	February 12, 2024	February 12, 2025	57,766
David Guyer, MD, Director	Adoption	January 25, 2024	January 31, 2025	104,864

Item 6. Exhibits

Exhibit No.	Exhibit Description	Incorporated by Reference to SEC Filing		
		Form	SEC Filing Date	Exhibit No.
2.1#	Product Rights Agreement, dated May 17, 2023, by and between EyePoint Pharmaceuticals, Inc. and Alimera Sciences, Inc.	8-K	05/18/23	2.1
3.1	Certificate of Incorporation of pSivida Corp.	8-K12G3	06/19/08	3.1
3.2	Certificate of Amendment of the Certificate of Incorporation of pSivida Corp.	10-K	09/13/17	3.2
3.3	Certificate of Correction to Certificate of Amendment of the Certificate of Incorporation of pSivida Corp.	8-K	04/02/18	3.1
3.4	Certificate of Amendment of Certificate of Incorporation, as amended, of EyePoint Pharmaceuticals, Inc.	8-K	06/27/18	3.1
3.5	By-Laws of EyePoint Pharmaceuticals, Inc.	10-K	09/18/18	3.5
3.6	Amendment No. 1 to the By-Laws of EyePoint Pharmaceuticals, Inc.	8-K	11/06/18	3.1
3.7	Certificate of Amendment of the Certificate of Incorporation, as amended, of EyePoint Pharmaceuticals, Inc.	8-K	06/23/20	3.1
3.8	Certificate of Amendment of the Certificate of Incorporation, as amended, of EyePoint Pharmaceuticals, Inc.	8-K	12/08/20	3.1
4.1	Form of Specimen Stock Certificate for Common Stock	8-K12G3	06/19/08	4.1
4.2	Form of Pre-Funded Warrant to Purchase Common Stock	8-K	11/19/21	4.1
10.1**+	Employment Agreement, dated March 4, 2024, by and between EyePoint Pharmaceuticals, Inc. and Ramiro Ribeiro, M.D., Ph.D			
31.1*	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended, 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	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.			
101.SCH	Inline XBRL Taxonomy Extension Schema Document			
104	Cover Page Interactive Data File (embedded within the inline XBRL document and included in Exhibit 101)			

Portions of this exhibit have been omitted in compliance with Item 601(b)(10) of Regulation S-K. The Company agrees to furnish a supplemental copy of the exhibit or any omitted schedule or similar attachment to the Securities and Exchange Commission upon request.

* Filed herewith
** Furnished herewith
+ Indicates management contract or compensatory arrangement.

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.

EyePoint Pharmaceuticals, Inc.

Date: May 9, 2024

By: /s/ Jay S. Duker
Name: Jay S. Duker, M.D.
Title: President and Chief Executive Officer
(Principal Executive Officer)

Date: May 9, 2024

By: /s/ George O. Elston
Name: George O. Elston
Title: Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 10.1

EMPLOYMENT AGREEMENT

This Employment Agreement (hereinafter the "Agreement") is made as of March 1, 2024 (the "Effective Date"), by and between **Ramiro Ribeiro, M.D., Ph.D**, who currently resides at *** ("Employee") and **EyePoint Pharmaceuticals, Inc.** (hereinafter together with its subsidiaries, and related or affiliated entities referred to as the "Company"), having its headquarters at 480 Pleasant Street, Suite C-400, Watertown, Massachusetts 02472 (collectively the "Parties").

Recitals

WHEREAS, Employee desires to be employed by and the Company desires to employ Employee as its Chief Medical Officer; and

WHEREAS, the Company and Employee desire to set forth the terms and conditions under which the Company agrees to employ Employee and Employee agrees to be employed by the Company in accordance with the terms and conditions set forth herein.

Agreement

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Company and Employee hereby agree as follows:

1. Position, Duties and Place of Employment.

(a) Employee will commence employment on March 1, 2024 or such other date as the Company and Employee may agree (the "Start Date") on a full-time basis, as the Chief Medical Officer, reporting to the President & Chief Executive Officer ("CEO") of the Company. This is an exempt position. During Employee's employment, Employee may be asked from time to time to serve as a director or officer of one or more of the Company's subsidiaries, in each case, without further compensation. If Employee's employment with the Company terminates for any reason, then concurrently with such termination, Employee will be deemed to have resigned from any director, officer, trustee, or other positions Employee may hold with the Company, the Company's subsidiaries, or any of their respective related committees, trusts, or other similar entities, in each case unless otherwise agreed in writing by the Company and Employee.

(b) Employee agrees to perform the duties of Employee's position and such other duties as may reasonably be assigned to Employee consistent therewith from time to time. Employee also agrees that, while employed by the Company, Employee will devote Employee's full business time and best efforts, business judgment, skill and knowledge exclusively to the advancement of the business interests of the Company and to the discharge of all assigned duties and responsibilities for them. This does not preclude Employee from serving on Advisory and Corporate Boards, so long as doing so does not conflict or interfere with (i) the performance of Employee's duties and responsibilities pursuant to this Agreement or (ii) the advancement of the Company's business interests to the best of Employee's ability.

(c) Employee agrees that, while employed by the Company, Employee will comply with all Company policies, practices and procedures and all codes of ethics or business conduct applicable to Employee's position, as in effect from time to time.

(d) Employee's principal place of employment hereunder shall be the Company's headquarters in Watertown, Massachusetts. Employee acknowledges and agrees that Employee may be required to travel from time to time for business reasons.

2. Compensation and Benefits. During Employee's employment, as compensation for all services performed by Employee for the Company and its subsidiaries and subject to Employee's full performance of Employee's obligations hereunder, the Company will provide Employee the following pay and benefits:

(a) Base Salary. The Company will pay Employee a base salary at the rate of Four Hundred Eighty-Five Thousand Dollars ($485,000) per year, payable in accordance with the regular payroll practices of the Company (as may be adjusted, from time to time, the "Base Salary").

(b) Sign-On Bonus. Employee shall be entitled to receive a total of $60,000 (the "Sign-On Bonus"), subject to applicable payroll taxes and withholdings, payable as follows: (i) $30,000 to be paid upon the first regular payroll date after the Start Date; and, provided that Employee has not been terminated for Cause and has not voluntarily terminated employment with the Company without Good Cause; (ii) $30,000 (the "Second Tranche") payable on the first regular payroll date after the date that is three (3) months after the Start Date. Notwithstanding the foregoing, in the event that, (x) on or before the twelve-month anniversary of the Start Date, Employee voluntarily terminates employment with the Company without Good Cause, or Employee's employment is terminated for Cause, the entire Sign-On Bonus paid to Employee prior to such employment termination event shall be subject to forfeiture, and the net amount of the Sign-On Bonus (after withheld taxes) shall be repaid by Employee to the Company within three (3) business days following such termination event or (y) between and including the twelve-month anniversary of the Start Date and the fifteen-month anniversary of the Start Date, Employee voluntarily terminates employment with the Company without Good Cause, or Employee's employment is terminated for Cause, the Second Tranche shall be subject to forfeiture, and the net amount of the Second Tranche (after withheld taxes) shall be repaid by Employee to the Company within three (3) business days following such termination event.

(c) Bonus Compensation. For each fiscal year completed during Employee's employment under this Agreement, Employee will be eligible for an annual cash bonus. Employee's target bonus will be 45% of the Base Salary (the "Target Bonus"), with the actual amount of any such bonus being determined by the Board of Directors of the Company (the "Board") in its sole discretion, based on Employee's performance and that of the Company against goals established by the Board and consistent with any applicable plan or program documents and generally applicable Company policies. Except as otherwise expressly provided in Section 4 hereof, Employee must be employed through the date a bonus is paid in order to earn the bonus. If Employee's employment terminates, for any reason, prior to payout of the bonus, the bonus is not earned.

(d) Participation in Employee Benefit Plans. Employee will be entitled to participate in the Company's employee benefit plans in effect for employees of the Company generally, except to the extent such plans are duplicative of benefits otherwise provided Employee under this Agreement (e.g., a severance pay plan). Employee's participation will be subject to the terms of the applicable plan documents and generally applicable Company policies, as the same may be in effect from time to time, and any other restrictions or limitations imposed by law.

(e) Vacations. Employee will be entitled to four (4) weeks of vacation per year, in addition to holidays observed by the Company. Vacation will accrue monthly on a pro-rated basis. Vacation may be taken at such times and intervals as Employee shall determine, subject to the business needs of the Company. Vacation shall otherwise be subject to the policies of the Company, as in effect from time to time.

(f) Business Expenses. The Company will pay or reimburse Employee for all reasonable business expenses incurred or paid by Employee in the performance of Employee's duties and responsibilities for the Company, subject to any maximum annual limit and other restrictions on such expenses set by the Company and to such reasonable substantiation and documentation as may be specified from time to time. Employee's right to payment or reimbursement for business expenses hereunder shall be subject to the following additional rules: (i) the amount of expenses eligible for payment or reimbursement during any calendar year shall not affect the expenses eligible for payment or reimbursement in any other calendar year, (ii) payment or reimbursement shall be made not later than December 31 of the calendar year following the calendar year in which the expense or payment was incurred, and (iii) the right to payment or reimbursement is not subject to liquidation or exchange for any other benefit.

3. Termination of Employment. Employee's employment under this Agreement shall continue until terminated pursuant to this Section 3.

(a) By the Company for Cause. The Company may terminate Employee's employment for Cause upon notice to Employee setting forth in reasonable detail the nature of the Cause. The following, as determined by the Board in its reasonable, good faith judgment, shall constitute "Cause" for termination: (i) material or willful failure to perform duties reasonably expected and/or requested of Employee (other than by reason of disability) if not cured within 30 days of written notice of such failure; (ii) material breach of this Agreement or any other agreement between Employee and the Company, including but not limited to any Confidential Information,

Non-Disclosure, Non-Solicitation, Non-Compete, and Rights to Intellectual Property Agreement if not cured within 30 days of written notice of such breach; (iii) commission of, or plea of nolo contendere to, a felony or other crime involving moral turpitude; (iv) commission of fraudulent or illegal act in performance of Employee's duties or otherwise with respect to the Company; (v) failure to adhere to moral and ethical business principles consistent with the Company's Code of Business Conduct and/or policies in effect from time to time; (vi) engaging in an act or series of acts constituting misconduct resulting in a misstatement of the Company's financial statements due to material non-compliance with any financial reporting requirement within the meaning of Section 304 of the Sarbanes-Oxley Act of 2002; or (vii) other conduct that is or could reasonably be expected to be harmful to the interests or reputation of the Company.

(b) By the Company Without Cause. The Company may terminate Employee's employment at any time other than for Cause upon thirty (30) days' notice to employee.

(c) By Employee for Good Cause. Employee may terminate Employee's employment for Good Cause by (A) providing notice to the Company specifying in reasonable detail the condition giving rise to the Good Cause no later than the thirtieth (30th) day following Employee's first becoming aware of such event or condition; (B) providing the Company a period of (30) days to remedy the event or condition; and (C) providing written notice to the Company terminating Employee's employment for Good Cause within fifteen (15) days following the expiration of the period to remedy if the Company fails to remedy the condition. The following, if occurring without Employee's consent, shall constitute "Good Cause" for termination by Employee: (i) a material diminution in the nature or scope of Employee's position, duties, or authority (other than temporarily while Employee is physically or mentally incapacitated to such a degree that Employee would be eligible for disability benefits under the Company's disability income plan or as required by applicable law); (ii) a material reduction in the Base Salary or the Target Bonus percentage; (iii) a material breach by the Company of this Agreement; or (iv) a requirement by the Company that Employee relocate to a location more than forty (40) miles from the Company's headquarters in Watertown, Massachusetts.

(d) By Employee Without Good Cause. Employee may terminate Employee's employment at any time without Good Cause upon thirty (30) days' notice to the Company. The Board may elect to waive such notice period or any portion thereof; but in that event, the Company shall pay Employee the Base Salary for that portion of the notice period so waived.

(e) Death and Disability. Employee's employment hereunder shall automatically terminate in the event of Employee's death during employment. In the event Employee becomes disabled during employment and, as a result, is unable to continue to perform substantially all of Employee's duties and responsibilities under this Agreement, either with or without reasonable accommodation, the Company will continue to pay Employee the Base Salary and to provide Employee benefits in accordance with Section 2(d) above, to the extent permitted by plan terms, for up to twelve (12) weeks of disability during any period of three hundred sixty-five (365) consecutive calendar days. If Employee is unable to return to work after twelve (12) weeks of disability, the Company may terminate Employee's employment, upon notice to Employee. If any question shall arise as to whether Employee is disabled to the extent that Employee is unable to

perform substantially all of Employee's duties and responsibilities for the Company and its subsidiaries, Employee shall, at the Company's request, submit to a medical examination by a physician selected by the Company to whom Employee or Employee's guardian, if any, has no reasonable objection to determine whether Employee is so disabled, and such determination shall for purposes of this Agreement be conclusive of the issue. If such a question arises and Employee fails to submit to the requested medical examination, the Company's determination of the issue shall be binding on Employee.

4. Other Matters Related to Termination.

(a) Final Compensation. In the event of termination of Employee's employment with the Company, howsoever occurring, the Company shall pay Employee (i) the Base Salary for the final payroll period of Employee's employment, pro-rated through the date that Employee's employment terminates; (ii) compensation at the rate of the Base Salary for any accrued, unused vacation time; and (iii) reimbursement, in accordance with Section 2(f) hereof, for business expenses incurred by Employee but not yet paid to Employee as of the date Employee's employment terminates; provided Employee submits all expenses and supporting documentation required within sixty (60) days of the date Employee's employment terminates, and provided further that such expenses are reimbursable under Company policies as then in effect (all of the foregoing, "Final Compensation"). Except as otherwise provided in Section 4(a)(iii), Final Compensation will be paid to Employee within thirty (30) days following the date of termination (or such shorter period required by law).

(b)Severance Payments. Subject to Section 4(c) below, in the event of any termination of Employee's employment pursuant to Section 3(b) or Section 3(c) above, the Company will pay Employee, in addition to Final Compensation, (i) the Base Salary for the period of twelve (12) months from the date of termination; (ii) the Target Bonus for the calendar year in which Employee's employment terminates, pro-rated through the date that Employee's employment terminates; (iii) one (1) times the Target Bonus; in cases (i), (ii) and (iii), payable in equal installments during the period of Base Salary continuation under clause (i); and (iv) provided Employee timely elects continuation coverage for Employee and Employee's eligible dependents under the federal law known as "COBRA" or similar state law, a monthly amount that equals the portion of the monthly health premiums paid by the Company on Employee's behalf and that of Employee's eligible dependents immediately preceding the date that Employee's employment terminates until the earlier of (A) the last day of the period of Base Salary continuation under clause (i) and (B) the date that Employee and Employee's eligible dependents become ineligible for COBRA coverage to the extent permissible by law and plan terms. The severance payments described in clauses (i) through (iv) above are referred to as the "Severance Payments". In addition, in the event of any termination of Employee's employment pursuant to Section 3(b) or Section 3(c) above, any unvested equity awards held by Employee as of immediately prior to Employee's termination of employment that would have vested as of the first anniversary of the date of Employee's termination of employment had Employee remained in continuous employment with the Company or any subsidiary through such first anniversary will vest upon Employee's termination of employment and any such equity awards that are subject to exercise shall remain exercisable until the earlier of three (3) months following the date of Employee's termination of employment and the last day of the option term (the "Equity Acceleration").

(c) Change of Control Severance Payments. In the event of any termination of Employee's employment pursuant to Section 3(b) or Section 3(c) above, in each case within sixty (60) days prior to, or within eighteen (18) months following, the occurrence of a Change of Control (the "Change of Control Period"), the Company will pay Employee, in addition to Final Compensation and in lieu of the Severance Payments and the Equity Acceleration set forth in Section 4(b) above, (i) the Base Salary for the period of eighteen (18) months from the date of termination; (ii) the Target Bonus for the calendar year in which Employee's employment terminates, pro-rated through the date that Employee's employment terminates; (iii) one and one-half (1.5) times the Target Bonus; in cases (i), (ii) and (iii), payable in a lump sum; and (iv) provided Employee timely elects continuation coverage for Employee and Employee's eligible dependents under the federal law known as "COBRA" or similar state law, a monthly amount that equals the portion of the monthly health premiums paid by the Company on Employee's behalf and that of Employee's eligible dependents immediately preceding the date that Employee's employment terminates until the earlier of (A) the end of the eighteen (18) month period immediately following the date of termination and (B) the date that Employee and Employee's eligible dependents become ineligible for COBRA coverage to the extent permissible by law and plan terms. The severance payments described in clauses (i) through (iv) above are referred to as the "Change of Control Severance Payments". In addition, in the event of any termination of Employee's employment pursuant to Section 3(b) or Section 3(c) above, in each case during the Change in Control Period, all of Employee's then-outstanding equity awards shall immediately accelerate and vest in full upon such termination of employment and any such equity awards that are subject to exercise shall remain exercisable until the earlier of three (3) months following the date of Employee's termination of employment and the last day of the option term (the "Change of Control Equity Acceleration").

(d) Conditions to and Timing of Severance Payments. Any obligation of the Company to provide Employee the Severance Payments and the Equity Acceleration, or the Change of Control Severance Payments and the Change of Control Equity Acceleration, as applicable, is conditioned, however, on Employee's cooperation in the transition of Employee's duties and Employee's execution, return to the Company, and non-revocation of a Severance Agreement and General Release acceptable to the Company, which shall include a release of all claims against the Company, all affiliated and related entities, and/or persons deemed necessary by the Company (the "Release"). The Release may also include Confidentiality, Non-Disparagement, No-Reapply, Tax Indemnification, and/or other appropriate terms. Employee shall not be entitled to receive the Severance Payments and the Equity Acceleration, or the Change of Control Severance Payments and the Change of Control Equity Acceleration, as applicable, unless Employee executes and returns the Release to the Company, and such Release becomes effective and non-revocable, within sixty (60) days following Employee's termination of employment (or such shorter period provided for in the Release). Unless otherwise provided by this Agreement, the first payment of the Severance Payment or the Change of Control Severance Payment, as applicable, will be made on the Company's next regular payday following the effective date of the Release; but that first payment shall include all amounts accrued retroactive to the day following the date Employee's employment terminated. Notwithstanding anything contained herein to the contrary, in the event that the period during which Employee may review and revoke the Release begins in one calendar year and ends in the following calendar year, any severance payments hereunder that constitute non-qualified deferred compensation subject to Section 409A of the Internal Revenue Code of

1986, as amended ("Section 409A"), shall be paid to Employee no earlier than January 1 of the second calendar year.

(e) Benefits Termination. Except as provided in Sections 4(b) and (c) above or under COBRA, Employee's participation in all employee benefit plans shall terminate in accordance with the terms of the applicable benefit plans based on the date of termination of Employee's employment, without regard to any continuation of the Base Salary or other payment to Employee following termination and Employee shall not be eligible to earn vacation or other paid time off following the termination of Employee's employment.

(f) Assistance in Litigation. Employee agrees to reasonably cooperate with the Company in the defense or prosecution of any claims or actions that relate to events or occurrences that transpired while Employee is or was employed by the Company. Employee's cooperation includes, but is not limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company as requested at mutually convenient times. Employee's cooperation also includes fully cooperating with the Company in connection with any investigation or review by any federal, state, or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while Employee is or was employed by the Company.

(g) Survival. Provisions of this Agreement shall survive any termination of employment if so provided in this Agreement or if necessary or desirable to accomplish the purposes of other surviving provisions, including without limitation Employee's obligations under Section 4. The obligation of the Company to make payments to Employee under Section 4, are expressly conditioned upon continued full performance of Employee's obligations under Section 4 hereof. Upon termination by either Employee or the Company, all rights, duties and obligations of Employee and the Company to each other shall cease, except as otherwise expressly provided in this Agreement.

5. Timing of Payments and Section 409A.

(a) Notwithstanding anything to the contrary in this Agreement, if at the time Employee's employment terminates, Employee is a "specified employee," as defined below, any and all amounts payable under this Agreement on account of such separation from service that would (but for this provision) be payable within six (6) months following the date of termination, shall instead be paid on the next business day following the expiration of such six (6) month period or, if earlier, upon Employee's death; except (A) to the extent of amounts that do not constitute a deferral of compensation within the meaning of Treasury regulation Section l.409A-1(b) (including without limitation by reason of a short-term deferral or the safe harbor set forth in Section l.409A l (b)(9)(iii), as determined by the Company in its reasonable good faith discretion); (B) benefits which qualify as excepted welfare benefits pursuant to Treasury regulation Section l.409Al(a)(5); or (C) other amounts or benefits that are not subject to the requirements of, or satisfy an exception from treatment as deferred compensation under, Section 409A. For purposes of this Agreement, all references to "termination of employment" and correlative phrases shall be construed to require a "separation from service" (as defined in Section l.409A-l(h) of the Treasury regulations after giving effect to the presumptions contained therein), and the term "specified

employee" means an individual determined by the Company to be a specified employee under Treasury regulation Section l.409A-l(i).

(b) Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments.

(c) In no event shall the Company have any liability relating to the failure or alleged failure of any payment or benefit under this Agreement to comply with, or be exempt from, the requirements of Section 409A.

6. Definitions. For purposes of this Agreement, the term "Change of Control" means:

(a) The acquisition by any Person (defined for purposes of this definition as any individual, entity or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Securities Exchange Act of 1934, as amended ("Exchange Act")) of beneficial ownership (within the meaning of *Rule* 13d-3 promulgated under the Exchange Act) of 35% or more of the common stock of the Company; provided, however, that for purposes of this subsection (a), an acquisition shall not constitute a Change of Control if it is: (i) either by or directly from the Company, or by an entity controlled by the Company, (ii) by any employee benefit plan, including any related trust, sponsored or maintained by the Company or an entity controlled by the Company ("Benefit Plan"), or (iii) by an entity pursuant to a transaction that complies with clauses (i), (ii) and (iii) of subsection (c) below; or

(b) Individuals who, as of the effective date of this Agreement, constitute the Board (together with the individuals identified in the proviso to this subsection (b), the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the effective date of this Agreement whose election, or nomination for election by the Company's stockholders, was approved by at least a majority of the directors then comprising the Incumbent Board shall be treated as a member of the Incumbent Board unless he or she assumed office as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger or consolidation involving the Company, or a sale or other disposition of all or substantially all of the assets of the Company (a "Transaction"), in each case unless, following such Transaction, (i) all or substantially all of the Persons who were the beneficial owners of the common stock of the Company outstanding immediately prior to such Transaction beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities of the entity resulting from such Transaction (including, without limitation, an entity that as a result of such Transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Transaction, of the outstanding common stock of the Company, (ii) no Person (excluding any entity or wholly-owned subsidiary of any entity resulting from such Transaction or any Benefit Plan of the Company or such entity or wholly-owned subsidiary of such entity resulting from such

Transaction) beneficially owns, directly or indirectly, 35% or more of the combined voting power of the then outstanding voting securities of such entity except to the extent that such ownership existed prior to the transaction and (iii) at least a majority of the members of the board of directors or similar board of the entity resulting from such Transaction were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Transaction; or

(d)Approval by the stockholders of the Company of a liquidation or dissolution of the Company.

7. Conflicting Agreements. Employee hereby represents and warrants that the signing of this Agreement and the performance of Employee's obligations under it will not breach or be in conflict with any other agreement to which Employee is a party or is bound, and that Employee is not subject to any covenants against competition or similar covenants or any court order that could affect the performance of Employee's obligations under this Agreement. Employee agrees that Employee will not disclose to or use on behalf of the Company any confidential or proprietary information of a third party without that party's consent.

8. Withholding. All payments made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law.

9. Assignment. Neither Employee nor the Company may make any assignment of this Agreement or any interest in it, by operation of law or otherwise, without the prior written consent of the other; provided, however, the Company may assign its rights and obligations under this Agreement without Employee's consent to one of its subsidiaries or to any individual, corporation, limited liability company, association, partnership, estate, trust or any other entity or organization with whom the Company shall hereafter effect a reorganization, consolidate or merge, or to whom the Company shall hereafter transfer all or substantially all of its properties or assets. This Agreement shall inure to the benefit of and be binding upon Employee and the Company, and each of its respective successors, executors, administrators, heirs and permitted assigns.

10.Severability. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

11. Miscellaneous. This Agreement sets forth the entire agreement between Employee and the Company, and replaces all prior and contemporaneous communications, agreements and understandings, written or oral, with respect to the terms and conditions of Employee's employment, other than the **Confidential Information, Non-Disclosure, Non-Solicitation, Non-Compete, and Rights to Intellectual Property Agreement**, dated March 1, 2024, a copy of which is attached as **Exhibit A** and incorporated herein by reference. This Agreement may not be modified or amended, and no breach shall be deemed to be waived, unless agreed to in writing by Employee and an expressly authorized representative of the Board.

12.Notice. Any notice required to, or permitted to, be given under this agreement shall be sufficient if in writing (a) delivered personally, (b) sent by first class certified mail, return receipt requested, postage and fees pre-paid, or (c) sent by prepaid overnight delivery service, to the Parties at the following addresses (or at such other addresses as shall be specified by the Parties in a like notice):

If to Company:

EyePoint Pharmaceuticals, Inc.
480 Pleasant Street
Suite C-400
Watertown, MA 02472
Attention: Jennifer Leonard, Chief People Officer & SVP, IT

If to Employee:

Ramiro Ribeiro, M.D., Ph.D
***

All notices shall be deemed to have been given upon receipt if delivered personally, or by recognized overnight courier, or five (5) days after mailing if mailed.

13. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without regard to its conflicts of law provisions. Any claim arising out of, or relating to this Agreement including, without limitation, any action commenced by the Company for preliminary and permanent injunctive relief or other equitable relief, shall be instituted in any federal or state court in the Commonwealth of Massachusetts. Each party agrees not to assert by way of motion, as a defense or otherwise, in any such claim, that such party is not subject personally to the jurisdiction of such court, that the claim is brought in an inconvenient forum, that the venue of the claim is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court. Each party further irrevocably submits to the exclusive jurisdiction of such court in any such claim.

Any and all service of process and any other notice in any such claim shall be effective against any party if given personally or by registered mail, return receipt requested, mailed to such party as provided herein. Nothing herein contained shall be deemed to affect the right of any party to serve process in any manner permitted by law.

14.Usage. All pronouns and any variations thereof shall be considered to refer to the masculine, feminine or neuter, singular or plural, as the context may require. All terms defined in the Agreement in their singular or plural forms have correlative meanings when used herein in their singular or plural forms, respectively. Unless otherwise expressly provided the words

“include” “includes” and “including” do not limit the preceding words or terms and shall be deemed followed by the words “without limitation.”

15.Headings. The headings in this Agreement are for reference only, and shall not affect the interpretation of this Agreement.

16.Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts, together shall constitute one, and the same, instrument. Each counterpart may consist of a number of copies hereof each signed by less than all, but together signed by all of the parties hereto.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

EyePoint Pharmaceuticals, Inc. Employee

By: /s/ Jennifer Leonard /s/ Ramiro Ribeiro
Jennifer Leonard Ramiro Ribeiro
Chief People Officer & SVP, IT

Date: March 1, 2024 Date: March 1, 2024

EXHIBIT A

Confidential Information, Non-Disclosure, Non-Solicitation, Non-Compete, and Rights to Intellectual Property Agreement

Exhibit 31.1

Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.

CERTIFICATIONS

I, Jay S. Duker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of EyePoint Pharmaceuticals, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: May 9, 2024

/s/ Jay S. Duker
Name: Jay S. Duker, M.D.
Title: President and Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.

CERTIFICATIONS

I, George O. Elston, certify that:

1. I have reviewed this quarterly report on Form 10-Q of EyePoint Pharmaceuticals, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: May 9, 2024

/s/ George O. Elston
Name: George O. Elston
Title: Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Exhibit 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.

In connection with the Quarterly Report of EyePoint Pharmaceuticals, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jay S. Duker, President and Chief Executive Officer of the Company, certify that to the best of my knowledge:

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

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

Date: May 9, 2024

/s/ Jay S. Duker
Name: Jay S. Duker, M.D.
Title: President and Chief Executive Officer (Principal Executive Officer)

Exhibit 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.

In connection with the Quarterly Report of EyePoint Pharmaceuticals, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, George O. Elston, Executive Vice President and Chief Financial Officer of the Company, certify that to the best of my knowledge:

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

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

Date: May 9, 2024

/s/ George O. Elston
Name: George O. Elston
Title: Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)