UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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, 2021

OR

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

For the transition period from _____ to _____

COMMISSION FILE NUMBER: 001-38365

EYENOVIA, INC.

(Exact name of Registrant as Specified in Its Charter)

DELAWARE	**47-1178401**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
295 Madison Avenue, Suite 2400 NEW YORK, NY	**10017**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (917) 289-1117

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.0001 Par Value	EYEN	Nasdaq Capital Market

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

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

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

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Smaller reporting company ☒

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any news 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 Act). Yes ☐ No ☒

The number of outstanding shares of the registrant's common stock was 25,855,599 as of May 12, 2021.

EYENOVIA, INC.

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2021

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

EYENOVIA, INC.

Condensed Balance Sheets

	March 31, 2021 (unaudited)	December 31, 2020
Assets		
Current Assets:		
Cash and cash equivalents	$ 24,907,048	$ 28,371,828
Deferred license costs	800,000	1,600,000
License fee and expense reimbursements receivables	908,231	2,966,039
Prepaid expenses and other current assets	1,409,929	453,478
Total Current Assets	28,025,208	33,391,345
Property and equipment, net	707,419	396,380
Security deposit	119,035	119,035
Total Assets	$ 28,851,662	$ 33,906,760
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 1,815,117	$ 1,461,665
Accrued compensation	570,732	1,150,672
Accrued expenses and other current liabilities	1,189,092	1,480,692
Deferred rent - current portion	6,857	7,809
Deferred license fee	12,000,000	14,000,000
Notes payable - current portion	783,818	97,539
Total Current Liabilities	16,365,616	18,198,377
Deferred rent - non-current portion	38,634	38,684
Notes payable - non-current portion	307,291	365,814
Total Liabilities	16,711,541	18,602,875
Commitments and contingencies (Note 7)		
Stockholders' Equity:		
Preferred stock, $0.0001 par value, 6,000,000 shares authorized; 0 shares issued and outstanding as of March 31, 2021 and December 31, 2020, respectively	-	-
Common stock, $0.0001 par value, 90,000,000 shares authorized; 25,623,577 and 24,978,585 shares issued and outstanding as of March 31, 2021 and December 31, 2020, respectively	2,563	2,498
Additional paid-in capital	94,930,144	92,742,306
Accumulated deficit	(82,792,586)	(77,440,919)
Total Stockholders' Equity	12,140,121	15,303,885
Total Liabilities and Stockholders' Equity	$ 28,851,662	$ 33,906,760

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

EYENOVIA, INC.

Condensed Statements of Operations
(unaudited)

	For the Three Months Ended March 31,	
	2021	**2020**
Operating Income		
Revenue	$ 2,000,000	$ -
Cost of revenue	(800,000)	-
Gross Profit	1,200,000	-
Operating Expenses:		
Research and development	4,247,726	3,634,287
General and administrative	2,300,327	1,836,782
Total Operating Expenses	6,548,053	5,471,069
Loss From Operations	(5,348,053)	(5,471,069)
Other Income (Expense):		
Interest expense	(5,148)	(3,681)
Interest income	1,534	23,840
Net Loss	$ (5,351,667)	$ (5,450,910)
Net Loss Per Share - Basic and Diluted	$ (0.21)	$ (0.31)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	25,330,563	17,308,804

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

EYENOVIA, INC.

Condensed Statements of Changes in Stockholders' Equity
(unaudited)

	For the Three Months Ended March 31, 2021				
	Common Stock		Additional Paid-In	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balance - December 31, 2020	24,978,585	$ 2,498	$ 92,742,306	$ (77,440,919)	$ 15,303,885
Exercise of stock warrants	644,992	65	1,530,925	-	1,530,990
Stock-based compensation	-	-	656,913	-	656,913
Net loss	-	-	-	(5,351,667)	(5,351,667)
Balance - March 31, 2021	25,623,577	$ 2,563	$ 94,930,144	$ (82,792,586)	$ 12,140,121

	For the Three Months Ended March 31, 2020				
	Common Stock		Additional Paid-In	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balance - January 1, 2020	17,100,726	$ 1,710	$ 69,409,949	$ (57,671,052)	$ 11,740,607
Issuance of common stock and warrants in private placement [1]	2,675,293	267	5,451,475	-	5,451,742
Stock-based compensation	-	-	583,865	-	583,865
Net loss	-	-	-	(5,450,910)	(5,450,910)
Balance - March 31, 2020	19,776,019	$ 1,977	$ 75,445,289	$ (63,121,962)	$ 12,325,304

[1] Includes gross proceeds of $5,984,931, less total issuance costs of $533,189.

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

EYENOVIA, INC.

Condensed Statements of Cash Flows
(unaudited)

	For the Three Months Ended March 31,	
	2021	**2020**
Cash Flows From Operating Activities		
Net loss	$ (5,351,667)	$ (5,450,910)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of property and equipment	33,281	28,229
Stock-based compensation	656,913	583,865
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(251,091)	(189,021)
License fee and expense reimbursements receivables	2,057,808	-
Deferred license costs	800,000	-
Accounts payable	353,452	(288,600)
Accrued compensation	(579,940)	(568,864)
Accrued expenses and other current liabilities	(291,600)	(32,623)
Deferred license fee	(2,000,000)	-
Deferred rent	(1,002)	(3)
Net Cash Used In Operating Activities	(4,573,846)	(5,917,927)
Cash Flows From Investing Activities		
Purchases of property and equipment [1]	(344,320)	(93,930)
Net Cash Used In Investing Activities	(344,320)	(93,930)
Cash Flows From Financing Activities		
Proceeds from sale of common stock and warrants in private placement [2]	-	5,569,136
Proceeds from exercise of stock warrants	1,530,990	-
Repayments of notes payable	(77,604)	(52,051)
Payment of offering issuance costs	-	(1,738)
Net Cash Provided By Financing Activities	1,453,386	5,515,347
Net Decrease in Cash and Cash Equivalents	(3,464,780)	(496,510)
Cash and cash equivalents - Beginning of Period	28,371,828	14,152,601
Cash and cash equivalents - End of Period	$ 24,907,048	$ 13,656,091
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the periods for:		
Interest	$ 3,997	$ 1,699
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Accrual of private placement offering costs	$ -	$ 115,656
Purchase of insurance premium financed by note payable	$ 705,360	$ 475,216

[1] Includes $203,799 of leasehold improvements and $140,521 of equipment purchases for the three months ended March 31, 2021.
[2] Includes gross proceeds of $5,984,931, less issuance costs of $415,795 deducted directly from the private placement proceeds.

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

EYENOVIA, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS

(UNAUDITED)

Note 1 – Business Organization, Nature of Operations and Basis of Presentation

Eyenovia, Inc. ("Eyenovia" or the "Company") is a clinical stage ophthalmic company developing a pipeline of advanced therapeutics based on its propriety array print (MAP™) platform technology. Eyenovia aims to achieve clinical microdosing of next-generation formulations of novel and existing ophthalmic pharmaceutical agents using its high-precision targeted ocular delivery system, branded the Optejet®, which has the potential to replace conventional eye dropper delivery and improve safety, tolerability, patient compliance and topical delivery success for ophthalmic eye treatments. In the clinical trials, the Optejet has demonstrated that Eyenovia's targeted horizontal microdose delivery can achieve a significantly higher rate of successful ocular topical delivery compared to the established rate reported with traditional eye drops (~ 90% vs. ~ 50%). Using its proprietary delivery technology, Eyenovia is developing the next generation of smart ophthalmic therapies which target new indications or new combinations where there are currently no comparable drug therapies approved by the U.S. Food and Drug Administration (the "FDA"). Eyenovia's microdose therapeutics follow the FDA-designated pharmaceutical registration and regulatory process. Its products are classified by the FDA as drugs, and not medical devices or drug-device combination products.

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and disclosures required by U.S. GAAP for complete financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the condensed financial statements of the Company as of March 31, 2021 and for the three months ended March 31, 2021 and 2020. The results of operations for the three months ended March 31, 2021 are not necessarily indicative of the operating results for the full year ending December 31, 2021 or any other period. These unaudited condensed financial statements should be read in conjunction with the audited financial statements and related disclosures of the Company as of December 31, 2020 and for the year then ended, which were included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 30, 2021.

Note 2 – Summary of Significant Accounting Policies

Since the date of the Company's Annual Report on Form 10-K for the year ended December 31, 2020, there have been no material changes to the Company's significant accounting policies, except as disclosed below.

Liquidity and Going Concern

As of March 31, 2021, the Company had cash of approximately $24.9 million and an accumulated deficit of approximately $82.8 million. For the three months ended March 31, 2021 and 2020, the Company incurred net losses of approximately $5.4 million and $5.5 million, respectively, and used cash in operations of approximately $4.6 million and $5.9 million, respectively. The Company does not have recurring revenue and has not yet achieved profitability. The Company expects to continue to incur cash outflows from operations. The Company expects that its research and development and general and administrative expenses will continue to increase and, as a result, it will eventually need to generate significant product revenues to achieve profitability. These circumstances raise substantial doubt about the Company's ability to continue as a going concern for at least one year from the date that these financial statements are issued. Implementation of the Company's plans and its ability to continue as a going concern will depend upon the Company's ability to raise further capital, through the sale of additional equity or debt securities or otherwise, to support its future operations.

The Company's operating needs include the planned costs to operate its business, including amounts required to fund working capital and capital expenditures. The Company's future capital requirements and the adequacy of its available funds will depend on many factors, including the Company's ability to successfully commercialize its products and services, competing technological and market developments, and the need to enter into collaborations with other companies or acquire other companies or technologies to enhance or complement its product and service offerings. If the Company is unable to secure additional capital, it may be required to curtail its research and development initiatives and take additional measures to reduce costs in order to conserve its cash.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents in the financial statements.

The Company has cash deposits in a financial institution which, at times, may be in excess of Federal Deposit Insurance Corporation ("FDIC") insurance limits. The Company has not experienced losses in such accounts and periodically evaluates the creditworthiness of its financial institutions. As of March 31, 2021 and December 31, 2020, the Company had cash balances in excess of FDIC insurance limits of $24,657,048 and $28,121,828, respectively.

Net Loss Per Common Share

Basic net loss per common share is computed by dividing net loss by the weighted average number of common shares outstanding during the period plus fully vested shares that are subject to issuance for little or no monetary consideration. Diluted earnings per share reflects the potential dilution that could occur if securities or other instruments to issue common stock were exercised or converted into common stock.

The following securities are excluded from the calculation of weighted average diluted common shares because their inclusion would have been anti-dilutive:

	March 31,	
	2021	**2020**
Options	3,429,342	2,262,438
Warrants	1,366,321	3,344,154
Restricted stock units	105,306	60,355
Total potentially dilutive shares	4,900,969	5,666,947

Revenue Recognition

Our revenues are generated primarily through research, development and commercialization agreements. The terms of such agreements may contain multiple promised goods and services, which may include (i) licenses to our intellectual property, and (ii) in certain cases, payment in connection with the manufacturing and delivery of clinical supply materials. Payments to us under these arrangements typically include one or more of the following: non-refundable, upfront license fees; milestone payments; payments for clinical product supply, and royalties on future product sales.

We analyze our arrangements to assess whether such arrangements involve joint operating activities. For collaboration arrangements that are deemed to be within the scope of Accounting Standards Codification ("ASC") Topic 808, "Collaborative Arrangements" ("ASC 808"), we allocate the contract consideration between such joint operating activities and elements that are reflective of a vendor-customer relationship and, therefore, within the scope of ASC Topic 606, "Revenue from Contracts with Customers" ("ASC 606"). Our policy is to recognize amounts allocated to joint operating activities as a reduction in research and development expense.

Under ASC 606, we recognize revenue when our customers obtain control of promised goods or services, in an amount that reflects the consideration which we expect to receive in exchange for those goods or services. To determine revenue recognition for arrangements that we determine are within the scope of ASC 606, we perform the following five steps:

- Step 1: Identify the contract with the customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognize revenue when the company satisfies a performance obligation.

We must make significant judgments in our revenue recognition process, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each performance obligation. In addition, arrangements that include rights to additional goods or services that are exercisable at a customer's discretion are generally considered discretionary purchase options. We assess if these options provide a material right to the customer and if so, they are considered performance obligations.

For upfront license fees, we must consider how many performance obligations are in the contract and, if more than one, how to allocate the fee to those performance obligations upon satisfaction of the performance obligation(s). Milestone payments represent variable consideration that will be recognized when the performance obligation is achieved. Sales-based royalty payments derived from usage of intellectual property are recognized when those sales occur.

During 2020, the Company entered into a license agreement (the "Arctic Vision License Agreement") with Arctic Vision (Hong Kong) Limited ("Arctic Vision") and a license agreement (the "Bausch License Agreement") with Bausch Health Companies, Inc. ("Bausch Health"). Each license has three revenue components: 1) an upfront license fee; 2) milestone payments; and 3) royalty payments. See Note 7 – Commitments and Contingencies for additional details.

Deferred License Fee

The Company enters into license agreements which provide for the receipt of non-refundable, upfront licensing payments. These payments are recorded as deferred license fees and will be earned and recognized as revenue upon the satisfaction of performance obligations. See Note 7 – Commitments and Contingencies for additional details.

Deferred License Costs

The Company enters into license agreements which provide for payment of license costs in connection with the Company's receipt of license fees. These payments are recorded as deferred license costs and will be recorded as an expense when the related license fee revenue is recognized. See Note 8 – Related Party Transactions for additional details.

Recently Adopted Accounting Standards

In August 2018, the FASB issued Accounting Standards Update ("ASU") No. 2018-13 "Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement" ("ASU 2018-13"). The amendments in ASU 2018-13 modify the disclosure requirements on fair value measurements based on the concepts in the FASB Concepts Statement, including the consideration of costs and benefits. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. The amendments are effective for fiscal years beginning after December 15, 2020. The Company adopted ASU 2018-13 effective January 1, 2021. This standard did not have a material impact on the Company's financial position, results of operations or cash flow.

Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02 "Leases (Topic 842)" ("ASU 2016-02"). ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02, as amended, is now effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The FASB issued ASU 2019-01 "Leases (Topic 842) Codification Improvements" in March 2019 and ASU 2018-10 "Codification Improvements to Topic 842, Leases" and ASU 2018-11 "Leases (Topic 842) Targeted Improvements" in July 2018, and ASU 2018-20 "Leases (Topic 842) - Narrow Scope Improvements for Lessors" in December 2018. ASU 2019-01, ASU 2018-10 and ASU 2018-20 provide certain amendments that affect narrow aspects of the guidance issued in ASU 2016-02. ASU 2018-11 allows all entities adopting ASU 2016-02 to choose an additional (and optional) transition method of adoption, under which an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Company is currently evaluating ASU 2016-02 and its impact on its financial position, results of operations, and cash flows.

In December 2019, the FASB issued ASU 2019-12, “Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes,” which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. ASU 2019-12 is effective for fiscal years beginning after December 15, 2021. The Company is currently evaluating ASU 2019-12 and its impact on its financial position, results of operations, and cash flows.

Note 3 – Prepaid Expenses and Other Current Assets

As of March 31, 2021 and December 31, 2020, prepaid expenses and other current assets consisted of the following:

	March 31, 2021	December 31, 2020
Payroll tax receivable	$ 270,682	$ 151,942
Prepaid insurance expenses	863,119	110,094
Prepaid general and administrative expenses	109,918	-
Prepaid licenses and subscriptions	-	57,051
Prepaid conference expenses	21,603	29,403
Prepaid board of directors expenses	69,353	68,250
Prepaid rent and security deposit	25,004	25,004
Other	50,250	11,734
Total prepaid expenses and other current assets	$ 1,409,929	$ 453,478

Note 4 – Accrued Compensation

As of March 31, 2021 and December 31, 2020, accrued compensation consisted of the following:

	March 31, 2021	December 31, 2020
Accrued bonus expenses	$ 284,698	$ 938,873
Accrued payroll expenses	286,034	211,799
Total accrued compensation	$ 570,732	$ 1,150,672

Note 5 – Accrued Expenses and Other Current Liabilities

As of March 31, 2021 and December 31, 2020, accrued expenses and other current liabilities consisted of the following:

	March 31, 2021	December 31, 2020
Accrued research and development expenses	$ 1,119,083	$ 348,254
Accrued consulting and professional services	18,167	235,355
Credit card payable	34,523	50,002
Accrued franchise tax	13,100	32,480
Accrued licensing fees	-	804,447
Accrued interest	4,219	3,068
Accrued expense reimbursements	-	5,459
Other	-	1,627
Total accrued expenses and other current liabilities	$ 1,189,092	$ 1,480,692

Note 6 – Notes Payable

As of March 31, 2021 and December 31, 2020, notes payable consisted of the following:

	March 31, 2021			December 31, 2020		
	Current Portion	Non-Current Portion	Total	Current Portion	Non-Current Portion	Total
BankDirect Capital Finance loan	$ 627,756	$ -	$ 627,756	$ -	$ -	$ -
Paycheck Protection Program loan	156,062	307,291	463,353	97,539	365,814	463,353
Total	$ 783,818	$ 307,291	$ 1,091,109	$ 97,539	$ 365,814	$ 463,353

On February 24, 2021, the Company issued a note payable for the purchase of a directors and officers liability insurance policy. The note payable is payable in nine monthly payments consisting of principal and interest amounting to $79,343 for an aggregate principal amount of $705,360. The note accrues interest at a rate of 2.96% per year and matures on November 24, 2021.

On May 8, 2020, the Company received cash proceeds of $463,353 pursuant to a loan provided in connection with the Paycheck Protection Program under the CARES Act (the “PPP Loan”). The PPP Loan provides for monthly installment payments of $19,508 beginning in August 2021 with the remaining balance due on May 3, 2022, the maturity date. The PPP Loan bears interest at a fixed rate of 1.00% per annum.

Under the terms of the CARES Act, as amended by the Paycheck Protection Program Flexibility Act of 2020, the Company is eligible to apply for and receive forgiveness for all or a portion of its PPP Loan. The Company applied for loan forgiveness on the PPP Loan in March 2021. Such forgiveness will be determined, subject to limitations, based on the use of the loan proceeds for certain permissible purposes as set forth in the PPP Loan, including, but not limited to, payroll costs and mortgage interest, rent or utility costs (collectively, “Qualifying Expenses”) incurred during the 24 weeks subsequent to funding, and on the maintenance of employee and compensation levels following the funding of the PPP Loan. The Company has used the proceeds of its PPP Loan for Qualifying Expenses. However, no assurance is provided that the Company will be able to obtain forgiveness of its PPP Loan in whole or in part. Any amounts that are not forgiven incur interest at 1.0% per annum and monthly repayments of principal and interest are deferred until six months after the Small Business Administration makes a determination on forgiveness. While the PPP Loan currently has a two-year maturity, the amended law permits the borrower to request a five-year maturity from its lender. During the three months ended March 31, 2021 and 2020, the Company recorded interest expense of $1,151 and $0, respectively.

Note 7 – Commitments and Contingencies

See Note 8 – Related Party Transactions for certain commitments and contingencies entered into with certain related parties.

Litigations, Claims and Assessments

The Company may be involved in legal proceedings, claims and assessments arising in the ordinary course of business. The Company records legal costs associated with loss contingencies as incurred and accrues for all probable and estimable settlements.

Arctic Vision License Agreement

On August 10, 2020, the Company entered into the Arctic Vision License Agreement pursuant to which Arctic Vision may develop and commercialize MicroPine for the treatment of progressive myopia and MicroLine for the treatment of presbyopia in Greater China (mainland China, Hong Kong, Macau and Taiwan) and South Korea.

Under the terms of the Arctic Vision License Agreement, the Company received a non-refundable, upfront payment of $4.0 million, before any payments to Senju Pharmaceutical Co., Ltd. (“Senju”), due under the Exclusive License Agreement between the Company and Senju, as amended on April 8, 2020 and a Letter Agreement dated August 10, 2020 (the “Senju License Agreement”). The Company had recorded the $4.0 million payment as a deferred license fee until the payment is earned. The Company considers payment earned once certain trial data has been fully submitted to Arctic Vision, permitting Arctic Vision to obtain regulatory approval with the National Medical Products Administration. The trial data for one of the two products (MicroPine) was fully submitted to Arctic Vision by March 31, 2021. Therefore, one half of the upfront payment, or $2.0 million, has been earned. As a result, the Company will recognize $2.0 million of deferred license fees and recognize $0.8 million of deferred license costs related to the Senju payment as of March 31, 2021.

In addition, the Company may receive up to a total of $41.75 million in additional payments, based on various development and regulatory milestones, including the initiation of clinical research and approvals in Greater China and South Korea, and development costs.

Arctic Vision also will purchase its supply of MicroPine and MicroLine from the Company or, for such products not supplied by the Company, pay the Company a mid-single digit percentage royalty on net sales of such products, subject to certain adjustments. No royalty payments were earned through March 31, 2021. The Company will pay a mid-double digit percentage of such payments, royalties, or net proceeds of such supply to Senju pursuant to the Senju License Agreement. See Note 8 – Related Party Transactions for additional details.

Bausch License Agreement

On October 9, 2020, the Company entered into the Bausch License Agreement pursuant to which Bausch Health may develop and commercialize the Bausch Licensed Product in the Licensed Territory.

In connection with the Bausch License Agreement, Bausch Health paid the Company a non-refundable, upfront payment of $10.0 million. The Company has recorded this payment as a deferred license fee until the payment is earned. The Company will consider payment earned once certain trial data has been fully submitted to Bausch Health and certain administrative functions are transferred to Bausch Health, permitting Bausch Health to assume supervisory oversight of the ongoing MicroPine study (the CHAPERONE study). The upfront payment had not been earned as of March 31, 2021.

Bausch Health could also pay the Company up to an aggregate of approximately $35.0 million in additional payments, depending on the achievement of certain regulatory and launch-based milestones. No milestone payments were earned through March 31, 2021.

Under the terms of the Bausch License Agreement, on a country-to-country basis and Bausch Licensed Product-by- Bausch Licensed Product basis, Bausch Health will pay the Company royalties on a tiered basis (ranging from mid-single digit to mid-teen percentages) on gross profits from the sales of the Bausch Licensed Product in the Licensed Territory, subject to certain adjustments in the event of generic entry, negative gross profits or patent expiration, for a period of the later to occur of the 10th anniversary of the first commercial sale of a Bausch Licensed Product in such country in the Licensed Territory or the expiration of the last valid patent claim for a Bausch Licensed Product in such country in the Licensed Territory. No royalty payments were earned through March 31, 2021.

Note 8 – Related Party Transactions

Lease Agreements

The Company's Vice President of Research and Development and Manufacturing ("VP of R&D") owns a company that entered into a lease agreement with the Company on September 15, 2016 to lease 953 square feet of space located in Reno, Nevada with respect to its research and development activities. The initial monthly base rent was $3,895 per month over the term of the lease and the security deposit was $3,895. On September 15, 2018, the Company amended the lease agreement to extend it until September 14, 2020 and increase the monthly base rent and security deposit to $4,012. On September 15, 2020, the Company amended the lease agreement to extend it until September 14, 2022 and increase the monthly base rent and security deposit to $5,404. The Company made $82,500 of leasehold improvements related to this lease which are included on the condensed balance sheet. The Company's rent expense for this space is recorded in Research and Development on the condensed statement of operations and amounted to $17,020 and $12,036 for the three months ended March 31, 2021 and 2020, respectively.

Senju License Agreement

During 2015, the Company entered into an Exclusive License Agreement with Senju whereby the Company agreed to grant to Senju an exclusive, royalty-bearing license for its microdose product candidates for Asia to sublicense, develop, make, have made, manufacture, use, import, market, sell, and otherwise distribute the microdose product candidates. In consideration for the license, Senju agreed to pay to Eyenovia five percent (5%) royalties for the term of the license agreement. The agreement will continue in full force and effect, on a country-by-country basis, until the latest to occur of: (i) the tenth (10th) anniversary of the first commercial sale of a microdose product candidate in Asia; or (ii) the expiration of the licensed patents. As of the date of this filing, there had been no commercial sales of a microdose product candidate in Asia, such that no royalties had been earned. Senju is owned by the family of a former member of the Company's Board of Directors and, together, they beneficially own greater than 5% of the Company's common stock.

On April 8, 2020, Eyenovia entered into an amendment (the "License Amendment") to the Exclusive License Agreement. Pursuant to the License Amendment, the Company can license to any third party the right to research, develop, commercialize, manufacture or use certain products identified below (the "Senju Licensed Products") previously licensed to Senju in China (including the People's Republic of China, Hong Kong, Macao, and Taiwan) and South Korea (the "Territory") if such a license is executed by the Company by April 8, 2021. The Senju Licensed Products are those using piezo-print technology in a microdose dispenser with (i) atropine sulfate as its sole active ingredient to treat myopia in humans and (ii) pilocarpine as its sole active ingredient to treat presbyopia in humans.

Pursuant to the License Amendment, the Company must pay Senju (a) close to a mid-double digit percentage of revenue on any lump-sum payments the Company receives from the third party, revenue (net of costs) obtained by the Company from contract research and/or development of the Senju Licensed Product in the Territory, and revenue (net of costs) obtained by the Company from contract manufacture for the device of the Senju Licensed Product in the Territory, the aggregate of which must be at least a high seven figure dollar amount minimum payment to Senju; and (b) a lower-double digit percentage of any sales royalty revenue the Company receives from the third party. Since the Company executed a third-party license prior to April 8, 2021, the License Amendment will remain in effect for the duration of the license, subject to early termination.

The Exclusive License Agreement was further amended in a Letter Agreement by and between the Company and Senju on August 10, 2020 (the "Letter Agreement"). Pursuant to the Letter Agreement, the Company will pay a mid-double digit percentage of certain payments, royalties, or net proceeds received from Arctic Vision in connection with the Arctic Vision License Agreement to Senju.

See Note 7 – Commitments and Contingencies – Arctic Vision License Agreement for additional details.

Note 9 – Stockholders' Equity

Securities Purchase Agreement

On March 24, 2020, the Company closed on a private placement of approximately $6.0 million of Units. Each Unit consists of (i) one share of the Company's common stock, (ii) a one-year warrant to purchase 0.5 of a share of common stock ("Class A Warrant"), and (iii) a five-year warrant to purchase 0.75 of a share of common stock ("Class B Warrant") (collectively, the Class A Warrants and Class B Warrants, the "Warrants"). The Units were sold to the public at a price of $2.21425 per Unit and to certain directors and executive officers at a price of $2.42625 per Unit. The Company generated approximately $5.3 million of net proceeds in the offering after deducting placement agent fees and offering expenses. In the offering, the Company issued an aggregate of 2,675,293 shares of common stock, Class A Warrants to purchase up to 1,337,659 shares of common stock, and Class B Warrants to purchase up to 2,006,495 shares of common stock. The exercise price of the Class A Warrants issued to the public is $2.058 per share and the exercise price of the Class A Warrants issued to the directors and officers is $2.27 per share. The exercise price of the Class B Warrants issued to the public is $2.4696 per share and the exercise price of the Class B Warrants issued to the directors and officers is $2.724 per share.

In connection with the private placement, on March 23, 2020, the Company also entered into a Registration Rights Agreement with the investors. Pursuant to the Registration Rights Agreement, the Company must file with the SEC, no later than 30 days following the date on which the Company files its Form 10-K for the year ended December 31, 2019 with the SEC, a registration statement on Form S-3 covering the shares of common stock issued in the offering and the shares of common stock underlying the Warrants. The Company timely filed the registration statement on Form S-3 (Registration Statement No. 333-237790), which was declared and has remained effective with the SEC since May 13, 2020.

Stock Options

In applying the Black-Scholes option pricing model to stock options granted, the Company used the following approximate assumptions:

	For the Three Months Ended March 31,	
	2021	**2020**
Expected term (years)	5.85	5.85
Risk free interest rate	0.92%	1.32%
Expected volatility	94%	101%
Expected dividends	0.00%	0.00%

The Company has computed the fair value of stock options granted using the Black-Scholes option pricing model. Option forfeitures are accounted for at the time of occurrence. The expected term is the estimated period of time that options granted are expected to be outstanding. The Company utilizes the "simplified" method to develop an estimate of the expected term of "plain vanilla" employee option grants. The Company does not yet have a trading history to support its historical volatility calculations. Accordingly, the Company is utilizing an expected volatility figure based on a review of the historical volatility of comparable entities over a period of time equivalent to the expected life of the instrument being valued. The risk-free interest rate was determined from the implied yields from U.S. Treasury zero-coupon bonds with a remaining term consistent with the expected term of the instrument being valued.

The weighted average estimated grant date fair value of the stock options granted for the three months ended March 31, 2021 and 2020 was approximately $3.82 and $4.13 per share, respectively.

A summary of the option activity during the three months ended March 31, 2021 is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life In Years	Aggregate Intrinsic Value
Outstanding January 1, 2021	3,427,705	$ 3.37		
Granted	1,637	5.11		
Outstanding March 31, 2021	3,429,342	$ 3.37	7.7	$ 7,126,014
Exercisable March 31, 2021	1,862,537	$ 3.54	6.7	$ 3,889,820

The following table presents information related to stock options as of March 31, 2021:

Options Outstanding		Options Exercisable	
Exercise Price	Outstanding Number of Options	Weighted Average Remaining Life In Years	Exercisable Number of Options
$ 1.24	260,000	4.0	260,000
$ 1.95	673,544	6.3	673,544
$ 2.72	764,419	-	-
$ 2.74	6,000	7.8	4,333
$ 2.89	263,500	-	-
$ 3.11	659,849	8.4	369,646
$ 3.43	58,920	-	-
$ 3.48	45,000	-	-
$ 3.71	43,000	-	-
$ 4.00	2,000	7.6	1,556
$ 4.68	25,000	8.8	9,029
$ 5.10	6,000	7.4	5,000
$ 5.11	1,637	-	-
$ 5.19	16,500	7.4	13,750
$ 5.25	26,668	5.5	26,668
$ 5.77	50,000	-	-
$ 6.20	300,387	7.3	283,298
$ 6.30	60,000	7.3	53,333
$ 8.72	166,918	7.0	162,380
	3,429,342	6.7	1,862,537

Warrants

A summary of the Warrant activity for the three months ended March 31, 2021 is presented below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life In Years	Aggregate Intrinsic Value
Outstanding January 1, 2021	2,011,313	$ 2.43		
Exercised	(644,992)	2.37		
Outstanding March 31, 2021	1,366,321	$ 2.51	4.0	$ 3,530,228
Exercisable March 31, 2021	1,366,321	$ 2.51	4.0	$ 3,530,228

The following table presents information related to Warrants as of March 31, 2021:

Warrants Outstanding		Warrants Exercisable	
Exercise Price	Outstanding Number of Warrants	Weighted Average Remaining Life In Years	Exercisable Number of Warrants
$ 2.4696	1,149,941	4.0	1,149,941
$ 2.7240	216,380	4.0	216,380
	1,366,321	4.0	1,366,321

Stock-Based Compensation Expense

The Company recorded stock-based compensation expense related to stock options and restricted stock units of $656,913 ($329,713 of which was included within research and development expenses and $327,200 was included within general and administrative expenses on the condensed statements of operations) and $583,865 ($307,409 of which was included within research and development expenses and $276,456 was included within general and administrative expenses on the condensed statements of operations) during the three months ended March 31, 2021 and 2020, respectively. As of March 31, 2021, there was $3,069,508 of unrecognized stock-based compensation expense which the Company expects to recognize over a weighted average period of 1.8 years.

Note 10 – Employee Benefit Plans

401(k) Plan

In April 2019, the Company adopted the Eyenovia 401(k) Plan (the “Plan”), which went into effect in May 2019. All Company employees are able to participate in the Plan, subject to eligibility requirements as outlined in the Plan documents. Under the terms of the Plan, eligible employees are able to defer a percentage of their pay every pay period up to annual limitations set by Congress and the Internal Revenue Service under Section 401(k) of the Internal Revenue Code. For 2021, the Company’s Board of Directors has approved a matching contribution equal to 100% of elective deferrals up to 4% of eligible earnings with the matching contribution subject to certain vesting requirements as outlined in the Plan documents. During the three months ended March 31, 2021 and 2020, the Company recorded expense of $64,178 and $57,971 associated with its matching contributions, respectively.

Note 11 – Subsequent Events

Stock Warrant Exercises

Subsequent to March 31, 2021, the Company issued an aggregate of 232,022 shares of common stock pursuant to the exercise of warrants for aggregate proceeds of $573,001 at an exercise price of $2.4696.

Loan and Security Agreement

On May 7, 2021, the Company entered into a Loan and Security Agreement (the "Loan") with Silicon Valley Bank (the "Lender") for an aggregate principal amount of up to $25.0 million. The Loan bears interest at annual rate equal to the greater of (a) the sum of 1.25% plus the prime rate as reported in The Wall Street Journal and (b) 5.00%. The Loan matures on May 1, 2025. The initial tranche in the amount of $7.5 million was received by the Company on May 7, 2021. In connection with the Loan, the Company issued to the Lender warrants to purchase 91,884 shares of common stock at an exercise price per share equal to $4.76. The warrants are exercisable for a period of ten years from the date of issuance. At the Company's option, Eyenovia has the ability to draw down the remaining $17.5 million in gross proceeds in two tranches over the next two years based upon the achievement of several milestones in accordance with the terms of the agreement.

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

The following discussion and analysis of the results of operations and financial condition of Eyenovia, Inc. ("Eyenovia," the "Company," "we," "us" and "our") as of March 31, 2021 and for the three months ended March 31, 2021 and 2020 should be read in conjunction with our unaudited condensed financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q and with our audited financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2020 as filed with the Securities and Exchange Commission ("SEC") on March 30, 2021.

Forward Looking Statements

This report contains "forward-looking statements." Specifically, all statements other than statements of historical facts included in this report, including regarding our financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. These forward-looking statements are based on the beliefs of management at the time these statements were made, as well as assumptions made by and information currently available to management. When used in this report, the words "anticipate," "believe," "estimate," "expect," "may," "might," "will," "continue" "intend," and "plan" and words or phrases of similar import are intended to identify forward-looking statements. These statements reflect our current view with respect to future events and are subject to risks, uncertainties and assumptions related to various factors that could cause actual results and the timing of events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section titled "Risk Factors" included in our most recent Annual report on Form 10-K filed with the SEC. Furthermore, such forward-looking statements speak only as of this Quarterly Report on Form 10-Q. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Overview

We are a clinical stage ophthalmic company developing a pipeline of advanced therapeutics based on our proprietary microdose array print (MAP™) platform technology. We aim to achieve clinical microdosing of next-generation formulations of novel and existing ophthalmic pharmaceutical agents using our high-precision targeted ocular delivery system, branded the Optejet®. Optejet µ-therapeutics have the potential to replace conventional eye dropper delivery and improve safety, tolerability, patient compliance and topical delivery success for ophthalmic eye treatments. In the clinical trials, the Optejet has demonstrated that our targeted horizontal microdose delivery can achieve a significantly higher rate of successful ocular topical delivery compared to the established rate reported with traditional eye drops (~ 90% vs. ~ 50%). Our technology is designed to achieve single-digit µl-volume physiologic drug delivery with up to a 75% reduction in ocular drug and preservative topical dosing and has demonstrated significant improvement in the therapeutic index in drugs used for mydriasis and IOP lowering through three Phase II and Phase III trials. Conventional eye formulations lack high-precision micro-volume delivery and expose the ocular surface to approximately 300% more medication and preservatives than are physiologically indicated leading to clinically recognized ocular and non-ocular side effects. Using the Optejet, we are developing the next generation of smart ophthalmic therapeutics which target new indications or new combinations where there are currently no comparable drug therapies approved by the U.S. Food and Drug Administration, or the FDA. Our microdose therapeutics follow the FDA-designated pharmaceutical registration and regulatory process. Our products are classified by the FDA as drugs, and not medical devices or drug-device combination products.

Our pipeline is currently focused on the late-stage development of novel, potential first-in-class therapeutic indications for an estimated over five million potential patients with progressive myopia in the United States and estimated over one hundred million potential patients with age-related near vision impairment, or presbyopia – indications where there is tremendous unmet need and no known existing FDA-approved therapies. We are also developing the first microdose fixed combination ophthalmic pharmaceutical for mydriasis to address the estimated over 100 million annual comprehensive eye exams with pupil dilation.

MicroPine is our first-in-class topical therapy for the treatment of progressive myopia, a back-of-the-eye ocular disease associated with pathologic axial elongation and sclero-retinal stretching. In the United States, myopia is estimated to affect approximately 25 million children, with up to five million considered to be at risk for high myopia. In February 2019, the FDA accepted our investigational new drug application, or IND, to initiate a Phase III registration trial of MicroPine (the CHAPERONE study) to reduce the progression of myopia in children. We enrolled the first patient in the CHAPERONE study in June 2019. Due to the COVID-19 pandemic, we previously experienced delays in trial enrollment and initiation as a result of reduced clinical trial activities and operations at investigator sites. However, we have since been able to resume enrollment in the CHAPERONE study.

On October 9, 2020, we entered into a License Agreement (the "Bausch License Agreement") with a subsidiary of Bausch Health Companies Inc. ("Bausch Health") pursuant to which Bausch Health may develop and commercialize MicroPine in the United States and Canada. Under the terms of the Bausch License Agreement, we received an upfront payment of $10.0 million and we may receive up to a total of $35.0 million in additional payments, based on the achievement of certain regulatory and launch-based milestones. Bausch Health also will pay us royalties on a tiered basis (ranging from mid-single digit to mid-teen percentages) on gross profits from sales of MicroPine in the United States and Canada, subject to certain adjustments. Under the terms of the Bausch License Agreement, Bausch Health is in the process of assuming oversight and has assumed the costs related to the ongoing CHAPERONE study.

MicroLine is our pharmacologic treatment for presbyopia. Presbyopia is a non-preventable, age-related hardening of the lens, which causes the gradual loss of the eye's ability to focus at near and impairs near visual acuity. There currently are no known FDA-approved drugs for the improvement of near vision in patients with presbyopia, although other companies have related therapies in their pipeline. We have two planned Phase III VISION trials for MicroLine, and initiated the first of these trials in December 2020.

On August 10, 2020, we entered into a License Agreement (the "Arctic Vision License Agreement") with Arctic Vision (Hong Kong) Limited ("Arctic Vision"), pursuant to which Arctic Vision may develop and commercialize MicroPine and MicroLine in Greater China (mainland China, Hong Kong, Macau and Taiwan) and South Korea. Under the terms of the Arctic Vision License Agreement, we received an upfront payment of $4.0 million before any payments to Senju Pharmaceutical Co., Ltd. ("Senju"). In addition, we may receive up to a total of $41.75 million in additional payments, based on various development and regulatory milestones, including the initiation of clinical research and approvals in Greater China and South Korea, and development costs. Arctic Vision also will purchase its supply of MicroPine and MicroLine from us or, for such products not supplied by us, pay us a mid-single digit percentage royalty on net sales of such products, subject to certain adjustments. We will pay a mid-double digit percentage of such payments, royalties, or net proceeds of such supply to Senju pursuant to the Exclusive License Agreement with Senju dated March 8, 2015, as amended by the License Amendment dated April 8, 2020, and a Letter Agreement dated August 10, 2020 (the "Senju License Agreement").

MydCombi™ (or MicroStat) is our fixed combination formulation of phenylephrine-tropicamide for mydriasis, designed to be a novel approach for the estimated over one hundred million office-based comprehensive and diabetic eye exams performed every year in the United States. We have completed two Phase III trials for MydCombi and announced positive results from these studies, known as MIST-1 and MIST-2. In March 2021, the FDA accepted our new drug application, or NDA, for MydCombi with an expected Prescription Drug User Fee Act, or PDUFA, date of October 28, 2021.

We have not completed development of any product candidate and we have therefore not generated any revenues from product sales.

Historically, we have financed our operations principally through equity offerings, including our initial public offering, numerous public offerings in 2018, 2019 and August 2020, and our private placement that closed in March 2020. Recently we also have generated cash through licensing arrangements and our credit facility with Silicon Valley Bank. However, based upon our current operating plan, there is substantial doubt about our ability to continue as a going concern for a period of at least the next twelve months. Our ability to continue as a going concern depends on our ability to raise additional capital, through the sale of equity or debt securities to support our future operations. If we are unable to secure additional capital, we may be required to curtail our research and development initiatives and take additional measures to reduce costs.

Our net losses were $5.4 million for the three months ended March 31, 2021. As of March 31, 2021, we had working capital and an accumulated deficit of $11.7 million and $82.8 million, respectively.

Financial Overview

Revenue and Cost of Revenue

In August and October 2020, we entered into the Arctic Vision License Agreement and Bausch License Agreement, respectively. Both of these agreements provide for the Company to earn revenue from an upfront licensing fee, the achievement of various development and regulatory milestones, and royalty income on sales of licensed products. Pursuant to the Senju License Agreement, we will pay a mid-double digit percentage of such payments from the Arctic Vision License Agreement to Senju. See Note 7 – Commitments and Contingencies and Note 8 – Related Party Transactions.

Research and Development Expenses

Research and development expenses are incurred in connection with the research and development of our microdose-therapeutics and consist primarily of contract service expenses. Given where we are in our life cycle, we do not separately track research and development expenses by project. Our research and development expenses consist of:

- direct clinical and non-clinical expenses, which include expenses incurred under agreements with contract research organizations, contract manufacturing organizations, and costs associated with preclinical activities, development activities and regulatory activities;

- personnel-related expenses, which include expenses related to consulting agreements with individuals that have since entered into employment agreements with us as well as salaries and other compensation of employees that is attributable to research and development activities; and

- facilities and other expenses, which include direct and allocated expenses for rent and maintenance of facilities, marketing, insurance and other supplies used in research and development activities.

We expense research and development costs as incurred. We record costs for some development activities, such as clinical trials, based on an evaluation of the progress to completion of specific tasks using data such as subject enrollment, clinical site activations or other information our vendors provide to us.

In addition, our license agreements with Arctic Vision and Bausch Health require them to assume or reimburse us for specified research and development costs.

We expect that our research and development expenses will increase with the continuation of the aforementioned initiatives.

General and Administrative Expenses

General and administrative expenses consist primarily of payroll and related expenses, legal and other professional services, as well as non-cash stock-based compensation expense. We anticipate that our general and administrative expenses will increase in the future as we increase our headcount to support our continued research and development and the potential commercialization of our product candidates. We also anticipate increased expenses related to audit, legal, regulatory, and tax-related services associated with maintaining compliance with exchange listing and SEC requirements. In addition, director and officer insurance premiums and investor relations costs associated with being a public company are expected to increase in future periods.

Results of Operations

Three Months Ended March 31, 2021 Compared with Three Months Ended March 31, 2020

Revenue and Cost of Revenue

In August 2020, we received a $4.0 million upfront payment under the Arctic Vision License Agreement, and made a related payment of $1.6 million to Senju. This upfront payment was recorded as $4.0 million of deferred license fee and $1.6 million of deferred cost of revenue. The trial data for one of the two products (MicroPine) was fully submitted to Arctic Vision during the three months ended March 31, 2021. Therefore, one half of the upfront payment, or $2.0 million, has been earned. As a result, the Company will recognize $2.0 million of deferred license fees and recognize $0.8 million of deferred license costs related to the Senju payment for the three months ended March 31, 2021. There was no revenue or cost of revenue for the three months ended March 31, 2020.

Research and Development Expenses

Research and development expenses for the three months ended March 31, 2021 totaled $4.2 million, an increase of $0.6 million, or 17%, as compared to $3.6 million recorded for the three months ended March 31, 2020.

Research and development expenses consisted of the following:

	For the Three Months Ended March 31,	
	2021	2020
Direct clinical and non-clinical expenses	$ 2,537,027	$ 1,902,164
Personnel-related expenses	1,200,991	915,148
Supplies and materials	149,767	497,596
Non-cash stock-based compensation expenses	329,713	307,409
Other	30,228	11,970
Total research and development expenses	$ 4,247,726	$ 3,634,287

The increase in direct clinical and non-clinical expenses was primarily due to an increase in production and testing for MydCombi and the formulation of MicroLine and fewer COVID–19 restrictions. The increase in personnel-related expenses was primarily due to new hires. The decrease in supplies and materials was primarily due to there already being an adequate supply of materials required for the Chaperone study. The increase in non-cash stock-based compensation expense was primarily due to the amortization of several stock options granted in the second half of 2020.

General and Administrative Expenses

General and administrative expense for the three months ended March 31, 2021 totaled $2.3 million, an increase of $0.5 million, or 25%, as compared to $1.8 million recorded for the three months ended March 31, 2020. This increase was primarily attributable to a $0.2 million increase in personnel-related expenses which resulted from new hires and the increase in non-cash stock-based compensation expense, a $0.2 million increase in sales and marketing expenses mainly due to an increase in promotional materials and a $0.1 million increase in directors and officers insurance premium.

Liquidity and Capital Resources

Since inception, we have experienced negative cash flows from operations. As of March 31, 2021, our accumulated deficit since inception was $82.8 million.

As of March 31, 2021, we had a cash balance of $24.9 million, working capital of $11.7 million and stockholders' equity of $12.1 million. As of March 31, 2021 and December 31, 2020, we had $1.1 million and $0.5 million, respectively, of debt outstanding.

These conditions raise substantial doubt about our ability to continue as a going concern for at least one year from the date that the financial statements included elsewhere in this Quarterly Report on Form 10-Q are issued. Our financial statements do not include adjustments to the amounts and classification of assets and liabilities that may be necessary should we be unable to continue as a going concern. Our ability to continue as a going concern depends on our ability to raise additional capital through the sale of equity or debt securities to support our future operations. Our operating needs include the planned costs to operate our business, including amounts required to fund research and development activities including clinical studies, working capital and capital expenditures. Our future capital requirements and the adequacy of our available funds will depend on many factors, including our ability to successfully commercialize our products and services, competing technological and market developments, and the need to enter into collaborations with other companies or acquire other companies or technologies to enhance or complement our product and service offerings. If we are unable to secure additional capital, we may be required to curtail our research and development initiatives and take additional measures to reduce costs in order to conserve our cash.

During the three months ended March 31, 2021 and 2020, our sources and uses of cash were as follows:

Net cash used in operating activities for the three months ended March 31, 2021 was $4.6 million, which includes cash used to fund a net loss of $5.4 million, reduced by $0.7 million of non-cash expenses and $0.1 million of cash provided by changes in operating assets and liabilities. Net cash used in operating activities for the three months ended March 31, 2020 was $5.9 million, which includes cash used to fund a net loss of $5.5 million, reduced by $0.6 million of non-cash expenses, plus $1.1 million of cash used to fund changes in operating assets and liabilities.

Cash used in investing activities for the three months ended March 31, 2021 was $0.3 million, which was related to leasehold improvement expenditures and the purchase of property and equipment. There was less than $0.1 million used in investing activities for purchases of leasehold improvements and property and equipment for the three months ended March 31, 2020.

Net cash provided by financing activities for the three months ended March 31, 2021 totaled $1.5 million, which was mainly attributable to aggregate proceeds from the exercise of stock warrants. Cash provided by financing activities for the three months ended March 31, 2020 totaled $5.5 million, which was primarily attributable to aggregate proceeds from the sale of common stock and warrants in a private placement.

On May 7, 2021, the Company entered into a Loan and Security Agreement (the “Loan”) with Silicon Valley Bank (the “Lender”) for an aggregate principal amount of up to $25.0 million. The Loan bears interest at annual rate equal to the greater of (a) the sum of 1.25% plus the prime rate as reported in The Wall Street Journal and (b) 5.00%. The Loan matures on May 1, 2025. The initial tranche in the amount of $7.5 million was received by the Company on May 7, 2021. In connection with the Loan, the Company issued to the Lender warrants to purchase 91,884 shares of common stock at an exercise price per share equal to $4.76. The warrants are exercisable for a period of ten years from the date of issuance. At the Company’s option, Eyenovia has the ability to draw down the remaining $17.5 million in gross proceeds in two tranches over the next two years based upon the achievement of several milestones in accordance with the terms of the agreement.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements between us and any other entity that have, or are reasonably likely to have, a current or future effect on financial conditions, changes in financial conditions, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

Critical Accounting Policies

For a description of our critical accounting policies, see Note 2 – Summary of Significant Accounting Policies in Part 1, Item 1 of this Quarterly Report on Form 10-Q.

Recently Adopted Accounting Standards

For a description of recently adopted accounting standards, including adoption dates and estimated effects, if any, on our condensed financial statements, see Note 2 – Summary of Significant Accounting Policies in Part 1, Item 1 of this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Smaller reporting companies such as us are not required to provide the information required by this item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial and accounting officer, of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

In designing and evaluating our disclosure controls and procedures, management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on their evaluation, our principal executive officer and principal financial and accounting officer concluded that, as of March 31, 2021, our disclosure controls and procedures were designed to, and were effective to, provide assurance at a reasonable level that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial and accounting officer, as appropriate, to allow timely decisions regarding required disclosures as of March 31, 2021.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting that occurred during the first quarter of 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None**.**

Item 1A. Risk Factors.

Smaller reporting companies such as us are not required to provide the information required by this item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 3. Defaults upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Exhibit Description	Incorporated by Reference (Unless Otherwise Indicated)			
		Form	File No.	Exhibit	Filing Date
10.1#	Amendment to Executive Employment Agreement, dated February 1, 2021, by and between the Company and Michael M. Rowe	8-K	001-38365	10.1	February 3, 2021
31.1	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—	—	Filed herewith
31.2	Certification of the Principal Financial and Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—	—	Filed herewith
32.1	Certification of the Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	—	—	—	Filed herewith
32.2	Certification of the Principal Financial and Accounting Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	—	—	—	Filed herewith
101	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) Condensed Balance Sheets as of March 31, 2021 and December 31, 2020; (ii) Condensed Statements of Operations for the Three Months Ended March 31, 2021 and 2020; (iii) Condensed Statements of Changes in Stockholders' Equity for the Three Months Ended March 31, 2021 and 2020; Condensed Statements of Cash Flows for the Three Months Ended March 31, 2021 and 2020; and (iv) Notes to Condensed Financial Statements	—	—	—	Filed herewith.

Management contract or other compensatory plan.

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.

EYENOVIA, INC.

Date: May 14, 2021

By: /s/ John Gandolfo
John Gandolfo
Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Tsontcho Ianchulev, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Eyenovia, Inc. for the quarterly period ended March 31, 2021;

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 14, 2021

/s/ Tsontcho Ianchulev
Name: Tsontcho Ianchulev
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John Gandolfo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Eyenovia, Inc. for the quarterly period ended March 31, 2021;

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 14, 2021

/s/ John Gandolfo
Name: John Gandolfo
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report of Eyenovia, Inc. (the "Company") on Form 10-Q for the quarterly period ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Tsontcho Ianchulev, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to 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 14, 2021

/s/ Tsontcho Ianchulev
Name: Tsontcho Ianchulev
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report of Eyenovia, Inc. (the "Company") on Form 10-Q for the quarterly period ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Gandolfo, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to 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 14, 2021

/s/ John Gandolfo

Name: John Gandolfo
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)