

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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **December 27, 2022**

Kala Pharmaceuticals, Inc.

(Exact Name of Company as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

001-38150
(Commission File Number)

27-0604595
(IRS Employer Identification No.)

1167 Massachusetts Avenue
Arlington, MA 02476
(Address of Principal Executive Offices) (Zip Code)

Company's telephone number, including area code: **(781) 996-5252**

Not applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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, \$0.001 par value per share	KALA	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 1.01. Entry into a Material Definitive Agreement.

On December 27, 2022, Kala Pharmaceuticals, Inc. (the “Company”) and Combangio, Inc., a wholly-owned subsidiary of the Company, entered into an amendment (the “Loan Amendment”) with Oxford Finance LLC to the Loan and Security Agreement, dated May 4, 2021 (as amended, the “Loan Agreement”), by and among the Company, Combangio, Inc. and Oxford Finance LLC, in its capacity as lender (in such capacity, the “Lender”), and in its capacity as collateral agent (in such capacity, the “Agent”). Pursuant to the Loan Amendment, the Lender and Agent agreed to amend certain provisions of the Loan Agreement to permit the transfer of the listing of the Company’s common stock, par value \$0.001 per share (the “Common Stock”), from The Nasdaq Global Select Market to The Nasdaq Capital Market. Pursuant to the Loan Amendment, the Company agreed (A) to make partial prepayments of the principal amount of the term loan outstanding under the Loan Agreement as follows (the “Prepayments”): (1) a payment of \$5,000,000 on or before June 30, 2023, representing a partial prepayment of principal in the amount of \$4,672,897.20, plus a final payment fee of \$327,102.80 and (2) a payment of \$5,000,000 on or before January 31, 2024, representing a partial prepayment of principal in the amount of \$4,672,897.20, plus a final payment fee of \$327,102.80 and (B) the start date for the Company to make amortization payments under the Loan Agreement shall be changed from January 1, 2026 to January 1, 2025 (the “Amortization Date”).

Pursuant to the Loan Amendment, in addition to the Prepayments, if the Company makes an additional prepayment under the Loan Agreement equal to \$5,000,000 (inclusive of the final payment fee) on or prior to December 31, 2024 (the “First Extension Prepayment”), the Amortization Date will be automatically changed to July 1, 2025, and the maturity date of the Loan Agreement will be automatically changed from May 1, 2026 to November 1, 2026. If, in addition to the Prepayments and the First Extension Prepayment, the Company makes an additional prepayment under the Loan Agreement equal to \$2,500,000 (inclusive of the final payment fee) on or prior to June 30, 2025 (the “Second Extension Prepayment”), the Amortization Date will be automatically changed to January 1, 2026, and the maturity date of the Loan Agreement will be automatically changed to May 1, 2027.

Under the Loan Amendment, the Lender and Agent also agreed to waive the prepayment fees for the Prepayments, the First Extension Prepayment, the Second Extension Prepayment and any other prepayments under the Loan Agreement. Pursuant to the Loan Agreement, the Company also will be required to pay all accrued and unpaid interest on the principal amounts of the term loan being repaid at the time of repayment.

The description of the Loan Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Loan Amendment, a copy of which is filed as Exhibit 10.1 hereto and incorporated herein by reference.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information contained in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 8.01. Other Events.

IND Acceptance

On December 27, 2022, the Company announced that the U.S. Food and Drug Administration (the “FDA”) has accepted an investigational new drug (“IND”) application for the Company’s lead product candidate, KPI-012, for the treatment of persistent corneal epithelial defect (“PCED”).

The Company expects to initiate a Phase 2b clinical trial of KPI-012 for PCED in the first quarter of 2023. The Phase 2b clinical trial will be a multicenter, randomized, double-masked, vehicle-controlled, parallel-group study to evaluate the safety and efficacy of two doses of KPI-012 ophthalmic solution compared to vehicle when dosed topically four times per day for 56 days. The trial is expected to enroll approximately 90 adult patients with PCED, and the primary endpoint of the trial will be complete healing of the PCED as measured by corneal fluorescein staining. The Company expects to report topline data from the trial in the first quarter of 2024. If the results are positive, the Company believes the trial could serve as the first of two pivotal trials required to support the submission of a Biologics License Application to the FDA.

Second Closing of Private Placement

As previously disclosed, on November 28, 2022, the Company entered into a Securities Purchase Agreement (the “Securities Purchase Agreement”) with certain institutional investors named therein (the “Purchasers”), pursuant to which the Company agreed to issue and sell, in a private placement priced at-the-market under Nasdaq rules, shares (the “Common Shares”) of Common Stock and shares (the “Preferred Shares”, and together with the Common Shares, the “Private Placement Shares”) of Series E Convertible Non-Redeemable Preferred Stock, par value \$0.001 per share, of the Company (the “Series E Preferred Stock”), in two tranches for aggregate gross proceeds of up to \$31.0 million (collectively, the “Private Placement”).

On December 1, 2022, the Company issued and sold to the Purchasers at the first closing of the Private Placement, (i) 76,813 Common Shares, at a price per Common Share equal to \$5.75 and (ii) 9,666 Preferred Shares, at a price per Preferred Share equal to \$575.00 (the “Preferred Stock Price”), for aggregate gross proceeds of approximately \$6.0 million.

On December 27, 2022, following the certification by the Chief Executive Officer of the Company that the FDA accepted the Company’s IND application for KPI-012, the Company issued and sold to the Purchasers at a second closing of the Private Placement a total of 43,478 Preferred Shares, at a price per Preferred Share equal to the Preferred Stock Price, for aggregate gross proceeds of approximately \$25.0 million. The Private Placement and related matters are described in more detail in the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on November 28, 2022.

Cash Runway

The Company anticipates that its existing cash and cash equivalents, including the gross proceeds from the Private Placement, will enable it to fund its operations, lease and debt service obligations and capital expenditure requirements for approximately 24 months. The Company has based this estimate on assumptions that may prove to be wrong, and it could use its capital resources sooner than it currently expects.

Nasdaq Listing

As previously disclosed, on July 6, 2022, the Company received a deficiency letter from the Listing Qualifications Department (the “Staff”) of The Nasdaq Stock Market LLC (“Nasdaq”) notifying the Company that the listing of its Common Stock was not in compliance with Nasdaq Listing Rule 5450(b)(2)(A) (the “Minimum MVLS Requirement”) for continued listing on The Nasdaq Global Select Market, as the market value of the Company’s listed securities was less than \$50,000,000 for the previous 30 consecutive business days. The Staff also noted in its July 2022 letter that the Company was not in compliance with Nasdaq Listing Rule 5450(b)(1)(A), as its stockholders’ equity was less than \$10,000,000 and Nasdaq Listing Rule 5450(b)(3)(A), as its total assets and total revenue for the most recently completed fiscal year or for two of the three most recently completed fiscal years were less than \$50,000,000. A company that has its primary equity security listed on The Nasdaq Global Select Market must satisfy at least one of the standards in Nasdaq Listing Rule 5450(b).

In addition, as previously disclosed, on December 5, 2022, the Company received a deficiency letter from the Staff of Nasdaq notifying the Company that the listing of its Common Stock was not in compliance with Nasdaq Listing Rule 5450(b)(2)(C) (the “Minimum MVPHS Requirement”) for continued listing on The Nasdaq Global Select Market, as the market value of the Company’s publicly held shares was less than \$15,000,000 for each of the previous 30 consecutive business days.

In accordance with Nasdaq Listing Rule 5810(c)(3), the Company was provided a period of 180 calendar days, or until January 2, 2023, to regain compliance with the Minimum MVLS Requirement and a period of 180 calendar days, or until June 5, 2023, to regain compliance with the Minimum MVPHS Requirement. Alternatively, if the Company does not regain compliance with the Minimum MVLS Requirement or the Minimum MVPHS Requirement by the applicable compliance date, the Company may be eligible to transfer the listing of its Common Stock to The Nasdaq Capital Market, provided that the Company then meets the applicable requirements for continued listing on The Nasdaq Capital Market.

Following the receipt of the gross proceeds from the second tranche of the Private Placement and as of the date of this Current Report on Form 8-K, the Company believes it meets all of the applicable requirements to transfer the listing of its Common Stock from The Nasdaq Global Select Market to The Nasdaq Capital Market, including the requirements under Nasdaq’s “Equity” standard to maintain a minimum stockholders equity of \$2.5 million and a minimum market value of publicly held securities of \$1.0 million. Accordingly, the Company has applied to transfer the listing of its Common Stock to The Nasdaq Capital Market.

If Nasdaq does not approve a transfer to The Nasdaq Capital Market, and the Company does not regain compliance with the Minimum MVLS Requirement by January 2, 2023, the Company will receive written notification that its securities are subject to delisting. At that time, the Company may request a hearing before a Nasdaq Listing Qualifications Panel pursuant to the procedures set forth in the applicable Nasdaq Listing Rules. However, there can be no assurance that, if the Company receives a delisting notice and requests a hearing, it will be successful in maintaining its listing on Nasdaq.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

- 10.1 [Third Amendment to Loan and Security Agreement, dated December 27, 2022, by and among Kala Pharmaceuticals, Inc., Combangio, Inc. and Oxford Finance LLC, as collateral agent and lender](#)
 - 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)
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Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve substantial risks and uncertainties. Any statements in this Current Report on Form 8-K about the Company's future expectations, plans and prospects, including but not limited to statements about the Company's expectations with respect to potential advantages of KPI-012 and its mesenchymal stem cell secretome ("MSC-S") platform; anticipated timelines to initiate the Phase 2b clinical trial of KPI-012 and report topline data; the design of the Phase 2b clinical trial; the clinical utility of KPI-012 for PCED; anticipated regulatory filings; plans to pursue research and development of KPI-012 and its MSC-S platform for other indications; the timing and likelihood of prepayments under the Loan Agreement; its ability to transfer the listing of its Common Stock to The Nasdaq Capital Market and comply with the requirements for continued listing on The Nasdaq Capital Market; the sufficiency of the Company's cash resources for the period anticipated; and other statements containing the words "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "predict," "project," "target," "potential," "likely," "will," "would," "could," "should," "continue," and similar expressions constitute forward-looking statements. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including: the Company's ability to comply with the covenants under its outstanding loan agreement; uncertainties inherent in the initiation and conduct of preclinical studies and clinical trials; uncertainties regarding availability and timing of data from clinical trials; whether results of early clinical trials or trials in different disease indications will be indicative of the results of ongoing or future trials; whether results of the Phase 1b clinical trial of KPI-012 will be indicative of results for any future clinical trials and studies of KPI-012, including the planned Phase 2b clinical trial; uncertainties associated with regulatory review of clinical trials and applications for marketing approvals; the Company's ability to retain and hire key personnel; the impact of extraordinary external events, such as the current pandemic health event resulting from the novel coronavirus (COVID-19), and their collateral consequences; the sufficiency of cash resources and need for additional financing and other important factors, any of which could cause the Company's actual results to differ from those contained in the forward-looking statements discussed in the "Risk Factors" section of the Company's Annual Report on Form 10-K, most recently filed Quarterly Report on Form 10-Q and other filings the Company makes with the Securities and Exchange Commission. These forward-looking statements represent the Company's views as of the date of this Current Report on Form 8-K and should not be relied upon as representing the Company's views as of any date subsequent to the date hereof. The Company does not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

SIGNATURES

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

KALA PHARMACEUTICALS, INC.

Date: December 27, 2022

By: /s/ Eric L. Trachtenberg

Name: Eric L. Trachtenberg

Title: General Counsel, Chief Compliance Officer & Corporate Secretary

THIRD AMENDMENT TO LOAN AND SECURITY AGREEMENT

THIS THIRD AMENDMENT to Loan and Security Agreement (this “**Amendment**”) is entered into as of December 27, 2022 (the “**Amendment Date**”), by and among OXFORD FINANCE LLC, a Delaware limited liability company with an office located at 115 South Union Street, Suite 300, Alexandria, VA 22314 (“**Oxford**”), as collateral agent (in such capacity, “**Collateral Agent**”), the Lenders listed on Schedule 1.1 to the Loan Agreement (as defined below) or otherwise a party thereto from time to time including Oxford in its capacity as a Lender (each a “**Lender**” and collectively, the “**Lenders**”), and KALA PHARMACEUTICALS, INC., a Delaware corporation with an office located at 1167 Massachusetts Avenue, Arlington, MA 02476 (“**Kala**”) and COMBANGIO, INC., a Delaware corporation with an office located at 1440 O’Brien Drive, Suite D, Menlo Park CA 94025 (individually and collectively, jointly and severally, “**Borrower**”).

WHEREAS, Collateral Agent, Borrower and the Lenders party thereto from time to time have entered into that certain Loan and Security Agreement, dated as of May 4, 2021 (as amended, supplemented or otherwise modified from time to time, the “**Loan Agreement**”) pursuant to which the Lenders have provided to Borrower certain loans in accordance with the terms and conditions thereof; and

WHEREAS, Kala intends to transfer the listing of its common stock from the Nasdaq Global Select Market to the Nasdaq Capital Market (the “**Transfer Event**”);

WHEREAS, Borrower has requested that Collateral Agent and Lenders amend certain provisions of the Loan Agreement to permit the Transfer Event and to make certain other changes as provided herein;

WHEREAS, Borrower, Lenders and Collateral Agent desire to amend certain provisions of the Loan Agreement as provided herein and subject to the terms and conditions set forth herein, including, without limitation, amending the provisions of the Loan Agreement that would prohibit the Transfer Event;

NOW, THEREFORE, in consideration of the promises, covenants and agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Borrower, Lenders and Collateral Agent hereby agree as follows:

1. **Definitions.** Capitalized terms used herein but not otherwise defined shall have the respective meanings given to them in the Loan Agreement.
2. Section 2.2(b) of the Loan Agreement is hereby amended and restated in its entirety as follows:

(b) **Repayment.** Borrower shall make monthly payments of interest only commencing on the first (1st) Payment Date following the Funding Date of each Term Loan, and continuing on the Payment Date of each successive month thereafter through and including the Payment Date immediately preceding the Amortization Date. Borrower agrees to pay, on the Funding Date of each Term Loan, any initial partial interest payment otherwise due for the period between the Funding Date of such Term Loan and the first Payment Date thereof. Commencing on the Amortization Date, and continuing on the Payment Date of each month thereafter, Borrower shall make consecutive equal monthly payments of principal, together with applicable interest, in arrears, to each Lender, as calculated by Collateral Agent (which calculations shall be deemed correct absent manifest error) based upon: (1) the amount of such Lender’s Term Loan, (2) the effective rate of interest, as determined in Section 2.3(a), and (3) a repayment schedule equal to seventeen (17) months. All unpaid principal and accrued and unpaid interest with respect to each Term Loan is due and payable in full on the Maturity Date. Each Term Loan may only be prepaid in accordance with Sections 2.2(c) and 2.2(d).

3. Section 2.2(c) of the Loan Agreement is hereby amended and restated in its entirety as follows:

(c) Mandatory Prepayments.

(i) If the Term Loans are accelerated following the occurrence of an Event of Default, Borrower shall immediately pay to Lenders, payable to each Lender in accordance with its respective Pro Rata Share, an amount equal to the sum of: (i) all outstanding principal of the Term Loans plus accrued and unpaid interest thereon through the prepayment date, (ii) the Final Payment and (iii) all other Obligations that are due and payable, including Lenders' Expenses and interest at the Default Rate with respect to any past due amounts. Notwithstanding (but without duplication with) the foregoing, on the Maturity Date, if the Final Payment had not previously been paid in full in connection with the prepayment of the Term Loans in full, Borrower shall pay to Collateral Agent, for payment to each Lender in accordance with its respective Pro Rata Share, the Final Payment in respect of the Term Loan(s).

(ii) Notwithstanding anything herein to the contrary, on or before June 30, 2023, Borrower shall pay to Lenders, in accordance with each Lender's respective Pro Rata Share, an amount equal to Five Million Dollars (\$5,000,000.00) representing (i) partial prepayment of the outstanding principal amount of Term Loans in an amount equal to \$4,672,897.20, and (ii) the Final Payment in the amount of \$327,102.80 with respect to such principal amount being prepaid (the "**First Mandatory Prepayment**"). For the purposes of clarity, any partial prepayment shall be applied pro-rata to all outstanding amounts under each Term Loan, and shall be applied pro-rata within each Term Loan tranche to reduce amortization payments under Section 2.2(b) on a pro-rata basis. At the time of making the First Mandatory Prepayment, Borrower shall also pay the accrued and unpaid interest with respect to the principal amount being prepaid as part of the First Mandatory Prepayment.

(iii) Notwithstanding anything herein to the contrary, on or before January 31, 2024, in addition to the First Mandatory Prepayment, Borrower shall pay to Lenders, in accordance with each Lender's respective Pro Rata Share, an amount equal to Five Million Dollars (\$5,000,000.00) representing (i) partial prepayment of the outstanding principal amount of Term Loans in an amount equal to \$4,672,897.20, (ii) and the Final Payment in the amount of \$327,102.80 with respect to such principal amount being prepaid (the "**Second Mandatory Prepayment**"). For the purposes of clarity, any partial prepayment shall be applied pro-rata to all outstanding amounts under each Term Loan, and shall be applied pro-rata within each Term Loan tranche to reduce amortization payments under Section 2.2(b) on a pro-rata basis. At the time of making the Secondary Mandatory Prepayment, Borrower shall also pay the accrued and unpaid interest with respect to the principal amount being prepaid as part of the Second Mandatory Prepayment.

4. Section 2.2(d) of the Loan Agreement is hereby amended and restated as follows:

(d) Permitted Prepayment of Term Loans.

(i) Borrower shall have the option to prepay at any time all, but not less than all, of the Term Loans advanced by the Lenders under this Agreement, provided Borrower (i) provides written notice to Collateral Agent of its election to prepay the Term Loans at least ten (10) Business Days prior to such prepayment, and (ii) pays to the Lenders on the date of such prepayment, payable to each Lender in accordance with its respective Pro Rata Share, an amount equal to the sum of (A) all outstanding principal of the Term Loans plus accrued and unpaid interest thereon through the prepayment date, (B) the Final Payment, plus (C) all other Obligations that are due and payable, including Lenders' Expenses and interest at the Default Rate with respect to any past due amounts.

(ii) Notwithstanding anything herein to the contrary, Borrower shall also have the option to prepay at any time part of Term Loans advanced by the Lenders under this Agreement, provided Borrower (i) provides written notice to Collateral Agent of its election to prepay the Term Loans at least ten (10) Business Days prior to such prepayment, (ii) prepays such part of the Term Loans in a denomination that is a whole number multiple of Five Hundred Thousand Dollars (\$500,000.00) or the amounts set for the below with respect to the First Extension Prepayment and the Second Extension Prepayment, and (iii) pays to the Lenders on the date of such prepayment, payable to each Lender in accordance with its respective Pro Rata Share, an amount equal to the sum of (A) the portion of outstanding principal of such Term Loans plus all accrued and unpaid interest thereon through the prepayment date, (B) the applicable Final Payment, and (C) all other Obligations that are then due and payable, including Lenders' Expenses and interest at the Default Rate with respect to any past due amounts. For the purposes of clarity, any partial prepayment (including, without limitation, any partial prepayment made as part of the First Extension Prepayment or Second Extension Prepayment) shall be applied pro-rata to all outstanding amounts under each Term Loan, and shall be applied pro-rata within each Term Loan tranche to reduce amortization payments under Section 2.2(b) on a pro-rata basis.

If on or before December 31, 2024, Borrower makes a single prepayment in the aggregate amount of Five Million Dollars (\$5,000,000.00) (“**First Extension Prepayment**”) pursuant to this Section 2.2(d)(ii), after having made the First Mandatory Prepayment and Second Mandatory Prepayment, such prepayment will be applied as follows: (i) partial prepayment of the outstanding principal amount of Term Loans in an amount equal to \$4,672,897.20, (ii) and the Final Payment in the amount of \$327,102.80 with respect to such principal amount being prepaid. At the time of making the First Extension Prepayment, Borrower shall also pay the accrued and unpaid interest with respect to the principal amount being prepaid as part of the First Extension Prepayment.

If on or before June 30, 2025, Borrower makes a single prepayment in the aggregate amount of Two Million Five Hundred Thousand Dollars (\$2,500,000.00) (“**Second Extension Prepayment**”) pursuant to this Section 2.2(d)(ii), after having made the First Mandatory Prepayment, the Second Mandatory Prepayment and the First Extension Prepayment, such prepayment will be applied as follows: (i) partial prepayment of the outstanding principal amount of Term Loans in an amount equal to \$2,336,448.60, (ii) and the Final Payment in the amount of \$163,551.40 with respect to such principal amount being prepaid. At the time of making the Second Extension Prepayment, Borrower shall also pay the accrued and unpaid interest with respect to the principal amount being prepaid as part of Second Extension Prepayment.

(iii) Notwithstanding anything to the contrary contained in this Agreement, Borrower may rescind any notice of prepayment if such prepayment would have resulted from a refinancing of all or a portion of the Term Loans, which refinancing or transaction shall not be consummated or shall otherwise be delayed.

5. Section 2.5(d) of the Loan Agreement is hereby amended and restated as follows:

(d) Intentionally Left Blank; and

6. Section 8.1 of the Loan Agreement is hereby amended and restated in its entirety as follows:

8.1 Payment Default. Borrower fails to (a) make any payment of principal or interest on any Credit Extension on its due date (including, without limitation, pursuant to Section 2.2(b) or Section 2.2(c)), or (b) pay any other Obligations within three (3) Business Days after such Obligations are due and payable (which three (3) Business Day grace period shall not apply to payments due on the Maturity Date or the date of acceleration pursuant to Section 9.1 (a) hereof). During the cure period, the failure to cure the payment default is not an Event of Default (but no Credit Extension will be made during the cure period);

7. Section 8.13 of the Loan Agreement is hereby amended and restated as follows:

8.13 Delisting. The shares of common stock of Kala are delisted from the Nasdaq Stock Market because of failure to comply with the continued listing standards of the listing tier of the Nasdaq Stock Market on which such common stock is then listed or due to a voluntary delisting which results in such common stock not being listed on any nationally recognized stock exchange in the United States having listing standards at least as restrictive as the Nasdaq Capital Market. For the purposes of clarification, transfer of the listing of Kala’s common stock from the Nasdaq Global Select Market to the Nasdaq Capital Market shall not constitute an Event of Default under this Section 8.13.

8. Section 13.1 of the Loan Agreement is hereby amended by adding the following definitions thereto in alphabetical order:

“**Kala**” means KALA PHARMACEUTICALS, INC., a Delaware corporation.

“**First Extension Prepayment**” is defined in Section 2.2(d)(ii).

“**First Mandatory Prepayment**” is defined in Section 2.2(c)(ii).

“**Second Extension Prepayment**” is defined in Section 2.2(d)(ii).

“**Second Mandatory Prepayment**” is defined in Section 2.2(c)(iii).

9. Section 13.1 of the Loan Agreement is hereby further amended by amending and restating the following definitions therein as follows:

“**Amortization Date**” is January 1, 2025; *provided* that if the First Extension Prepayment is made by Borrower, the Amortization Date shall be July 1, 2025; and *provided, further* that if the First Extension Prepayment and the Second Extension Prepayment are made by Borrower, the Amortization Date shall be January 1, 2026.

“**Final Payment**” is a payment (in addition to and not a substitution for the regular monthly payments of principal plus accrued interest) due on the earliest to occur of (a) the Maturity Date, or (b) the acceleration of any Term Loan, or (c) the prepayment of a Term Loan pursuant to Section 2.2(c) or (d), equal to the original principal amount of such Term Loan multiplied by the Final Payment Percentage, payable to Lenders in accordance with their respective Pro Rata Shares. For the avoidance of doubt, the calculation of any Final Payment shall not include the principal amount prepaid in accordance with Section 2.2(c)(ii), Section 2.2(c)(iii) or Section 2.2(d)(ii) if a Final Payment based on such principal amount was made at the time of such prepayment.

“**Maturity Date**” is May 1, 2026; *provided* that if the First Extension Prepayment is made by Borrower, the Maturity Date shall be November 1, 2026; and *provided further* that if the First Extension Prepayment and the Second Extension Prepayment are made by Borrower, the Maturity Date shall be May 1, 2027.

“**Obligations**” are all of Borrower’s obligations to pay when due any debts, principal, interest, Lenders’ Expenses, the Final Payment, and other amounts Borrower owes the Lenders now or later, in connection with, related to, following, or arising from, out of or under, this Agreement or, the other Loan Documents, or otherwise, and including interest accruing after Insolvency Proceedings begin (whether or not allowed) and debts, liabilities, or obligations of Borrower assigned to the Lenders and/or Collateral Agent, and the performance of Borrower’s duties under the Loan Documents.

10. Section 13.1 of the Loan Agreement is hereby further amended by deleting therefrom the definition of “Prepayment Fee.”

11. **Limitation of Amendment.**

- a. The amendments and consents set forth above are effective for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (a) be a consent to any amendment, waiver or modification of any other term or condition of any Loan Document, or (b) otherwise prejudice any right, remedy or obligation which Lenders or Borrower may now have or may have in the future under or in connection with any Loan Document, as amended hereby.
- b. This Amendment shall be construed in connection with and as part of the Loan Documents and all terms, conditions, representations, warranties, covenants and agreements set forth in the Loan Documents, except as herein amended, are hereby ratified and confirmed and shall remain in full force and effect. For the avoidance of doubt, this Amendment shall be considered part of the Loan Documents.

12. To induce Collateral Agent and Lenders to enter into this Amendment, Borrower hereby represents and warrants to Collateral Agent and Lenders as follows:

- a. Immediately after giving effect to this Amendment (a) the representations and warranties contained in the Loan Documents are true, accurate and complete in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct in all material respects as of such date), and (b) no Event of Default has occurred and is continuing;

- b. Borrower has the power and due authority to execute and deliver this Amendment and to perform its obligations under the Loan Agreement, as amended by this Amendment;
 - c. The organizational documents of Borrower last delivered to Collateral Agent on before the date hereof, remain true, accurate and complete and have not been amended, supplemented or restated and are and continue to be in full force and effect;
 - d. The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, have been duly authorized;
 - e. The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not and will not contravene (i) any material law or regulation binding on or affecting Borrower, (ii) any material contractual restriction with a Person binding on Borrower, (iii) any material order, judgment or decree of any court or other governmental or public body or authority, or subdivision thereof, binding on Borrower, or (iv) the organizational documents of Borrower;
 - f. The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not require any order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by any governmental or public body or authority, or subdivision thereof, binding on Borrower, except as already has been obtained or made; and
 - g. This Amendment has been duly executed and delivered by Borrower and is the binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights.
13. Except as expressly set forth herein, the Loan Agreement shall continue in full force and effect without alteration or amendment. This Amendment and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements.
14. This Amendment shall be deemed effective as of the Amendment Date upon (a) the due execution and delivery by Borrower to Collateral Agent of this Amendment, (b) receipt by Borrower of gross proceeds of at least \$24,999,850.00 from the sale and issuance of its Series E Convertible Non-Redeemable Preferred Stock, pursuant to that certain Securities Purchase Agreement, dated November 28, 2022, entered into by Borrower with certain institutional investors named therein, on or after December 23, 2022 and on or before December 30, 2022 and (c) receipt of evidence (reasonably acceptable to Collateral Agent) by Collateral Agent of the fulfilment of the conditions set forth in clause (b) of this Section 14.

15. The Borrower hereby remises, releases, acquits, satisfies and forever discharges the Lenders and Collateral Agent, their agents, employees, officers, directors, predecessors, attorneys and all others acting or purporting to act on behalf of or at the direction of the Lenders and Collateral Agent (“**Releasees**”), of and from any and all manner of actions, causes of action, suit, debts, accounts, covenants, contracts, controversies, agreements, variances, damages, judgments, claims and demands whatsoever, in law or in equity, which any of such parties ever had, now has or, to the extent arising from or in connection with any act, omission or state of facts taken or existing on or prior to the date hereof, may have after the date hereof against the Releasees, for, upon or by reason of any matter, cause or thing whatsoever relating to or arising out of the Loan Agreement or the other Loan Documents on or prior to the date hereof through the date hereof. Without limiting the generality of the foregoing, the Borrower waives and affirmatively agrees not to allege or otherwise pursue any defenses, affirmative defenses, counterclaims, claims, causes of action, setoffs or other rights they do, shall or may have as of the date hereof, including the rights to contest: (a) the right of Collateral Agent and each Lender to exercise its rights and remedies described in the Loan Documents; (b) any provision of this Amendment or the Loan Documents; or (c) any conduct of the Lenders or other Releasees relating to or arising out of the Loan Agreement or the other Loan Documents on or prior to the date hereof.
16. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute one and the same instrument.
17. This Amendment and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of New York.

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IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to Loan and Security Agreement to be executed as of the date first set forth above.

BORROWER:

KALA PHARMACEUTICALS, INC.

By /s/ Mary Reumuth

Name: Mary Reumuth

Title: Chief Financial Officer

BORROWER:

COMBANGIO, INC.

By /s/ Mary Reumuth

Name: Mary Reumuth

Title: Treasurer

COLLATERAL AGENT AND LENDER:

OXFORD FINANCE LLC

By /s/ Colette H. Featherly

Name: Colette H. Featherly

Title: Senior Vice President
