UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-Q

(Mark One)

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

For the Quarterly Period Ended September 30, 2021

OR

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

For the transition period from_______to ________

Commission File Number**: 001-34079**

Ocuphire Pharma, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	**11-3516358**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
37000 Grand River Avenue, Suite 120 **Farmington Hills, MI**	**48335**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area **Code: (248) 681-9815**

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, $0.0001 par value per share	**OCUP**	**The Nasdaq Stock Market LLC**

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (section 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	☐	Non-accelerated filer	☒
Accelerated filer	☐	Smaller reporting company	☒
		Emerging growth company	☐

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

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

The number of outstanding shares of the registrant's common stock as of November 10, 2021 wasl7,300,481.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Ocuphire Pharma, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except share amounts and par value)

	As of	
	September 30, 2021 (unaudited)	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 22,250	$ 16,399
Short-term investments	383	—
Prepaids and other assets	560	1,269
Total current assets	23,193	17,668
Property and equipment, net	11	14
Total assets	$ 23,204	$ 17,682
Liabilities and stockholders' equity (deficit)		
Current liabilities:		
Accounts payable	$ 1,434	$ 1,214
Accrued expenses	1,204	1,971
Total current liabilities	2,638	3,185
Warrant liabilities	—	27,964
Total liabilities	2,638	31,149
Commitments and contingencies (Note 3)		
Stockholders' equity (deficit)		
Preferred stock, par value $0.0001; 10,000,000 shares authorized as of September 30, 2021 and December 31, 2020; no shares issued and outstanding at September 30, 2021 and December 31, 2020.	—	—
Common stock, par value $0.0001; 75,000,000 shares authorized as of September 30, 2021 and December 31, 2020; 17,295,434 and 10,882,495 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively.	2	1
Additional paid-in-capital	103,619	19,207
Accumulated deficit	(83,055)	(32,675)
Total stockholders' equity (deficit)	20,566	(13,467)
Total liabilities and stockholders' equity (deficit)	$ 23,204	$ 17,682

See accompanying notes.

Ocuphire Pharma, Inc.
Condensed Consolidated Statements of Comprehensive Loss
(in thousands, except share and per share amounts)
(unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Collaborations revenue	$ 489	$ —	$ 589	$ —
Operating expenses:				
General and administrative	1,595	565	6,707	1,508
Research and development	3,126	1,383	10,437	2,311
Acquired in-process research and development	—	—	—	2,126
Total operating expenses	4,721	1,948	17,144	5,945
Loss from operations	(4,232)	(1,948)	(16,555)	(5,945)
Interest expense	—	(179)	—	(1,422)
Fair value change of warrant liability and premium conversion derivatives	—	879	(33,829)	158
Gain on note extinguishment	—	—	—	1,260
Other income, net	2	—	4	9
Loss before income taxes	(4,230)	(1,248)	(50,380)	(5,940)
Benefit (provision) for income taxes	—	—	—	—
Net loss	(4,230)	(1,248)	(50,380)	(5,940)
Other comprehensive loss, net of tax	—	—	—	—
Comprehensive loss	$ (4,230)	$ (1,248)	$ (50,380)	$ (5,940)
Net loss per share:				
Basic and diluted (Note 11)	$ (0.25)	$ (0.33)	$ (3.64)	$ (1.61)
Number of shares used in per share calculations:				
Basic and diluted	16,925,006	3,743,907	13,841,067	3,678,840

See accompanying notes.

Ocuphire Pharma, Inc.
Condensed Consolidated Statements of Changes in Stockholders' Equity (Deficit)
(in thousands, except share amounts)
(Unaudited)

	Common Stock		Additional Paid–In Capital	Accumulated Deficit	Total Equity (Deficit)
	Shares	Amount			
Balance at December 31, 2019	2,852,485	$ —	$ 495	$ (8,055)	$ (7,560)
Issuance of common stock in exchange for in-process research and development	891,422	—	2,126	—	2,126
Share–based compensation	—	—	61	—	61
Net and comprehensive loss	—	—	—	(3,088)	(3,088)
Balance at March 31, 2020	3,743,907	—	2,682	(11,143)	(8,461)
Gain on note extinguishment (Note 4)	—	—	971	—	971
Share–based compensation	—	—	316	—	316
Net and comprehensive loss	—	—	—	(1,604)	(1,604)
Balance at June 30, 2020	3,743,907	—	3,969	(12,747)	(8,778)
Share–based compensation	—	—	616	—	616
Net and comprehensive loss	—	—	—	(1,248)	(1,248)
Balance at September 30, 2020	3,743,907	$ —	$ 4,585	$ (13,995)	$ (9,410)
Balance at December 31, 2020	10,882,495	$ 1	$ 19,207	$ (32,675)	$ (13,467)
Reclassification of Series A warrant liability to equity	—	—	61,793	—	61,793
Share–based compensation	40,000	—	494	—	494
Exercise of stock options	7,386	—	10	—	10
Net and comprehensive loss	—	—	—	(39,014)	(39,014)
Balance at March 31, 2021	10,929,881	1	81,504	(71,689)	9,816
Issuance of common stock and warrants in connection with registered direct offering	3,076,923	1	14,999	—	15,000
Issuance of common stock in connection with the at-the-market program	900,943	—	4,067	—	4,067
Issuance of common stock in connection with settlement with investors	350,000	—	1,614	—	1,614
Issuance costs	—	—	(1,271)		(1,271)
Share–based compensation	4,474	—	463	—	463
Exercise of Series B warrants	1,629,634	—	—	—	—
Net and comprehensive loss	—	—	—	(7,136)	(7,136)
Balance at June 30, 2021	16,891,855	2	101,376	(78,825)	22,553
Issuance of common stock in connection with the at-the-market program	332,600	—	1,739	—	1,739
Issuance costs	—	—	(50)	—	(50)
Share–based compensation	4,923	—	478	—	478
Exercise of options	66,056	—	76	—	76
Net and comprehensive loss	—	—	—	(4,230)	(4,230)
Balance at September 30, 2021	17,295,434	$ 2	$ 103,619	$ (83,055)	$ 20,566

See accompanying notes.

Ocuphire Pharma, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Operating activities		
Net loss	$ (50,380)	$ (5,940)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation	1,435	993
Depreciation	3	7
Non-cash acquired in-process research and development	—	2,126
Non-cash interest on convertible notes	—	433
Non-cash interest on convertible notes – related party	—	45
Non-cash discount amortization on convertible notes	—	874
Non-cash discount amortization on convertible notes – related party	—	70
Fair value change in warrant liabilities and premium conversion derivatives	33,829	(158)
Non-cash share settlement with investors	1,614	—
Receipt of investments related to license agreement	(289)	—
Unrealized gain from short-term investments	(94)	—
Gain on note extinguishment	—	(1,260)
Change in assets and liabilities:		
Prepaid expenses and other assets	709	126
Accounts payable	216	214
Accrued and other liabilities	(767)	31
Net cash used in operating activities	(13,724)	(2,439)
Investing activities		
Net cash used in investing activities	—	—
Financing activities		
Proceeds from issuance of common stock – registered direct offering	15,000	—
Proceeds from issuance of common stock – at-the-market program	5,806	—
Proceeds from issuance of convertible notes	—	1,748
Issuance costs	(1,317)	(1)
Deferred offering costs	—	(123)
Exercise of stock options	86	—
Net cash provided by financing activities	19,575	1,624
Net increase (decrease) in cash and cash equivalents	5,851	(815)
Cash and cash equivalents at beginning of period	16,399	1,537
Cash and cash equivalents at end of period	$ 22,250	$ 722
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ —	$ —
Cash paid for interest	$ —	$ —
Supplemental non-cash financing transactions:		
Non-cash reclassification of Series A warrant liability to equity	$ 61,793	$ —
Bifurcation of premium conversion derivative related to convertible notes	$ —	$ 831
Unpaid deferred offering and issuance costs	$ 4	$ 1,278
Net change in proceeds receivable from convertible note issuance	$ —	$ 450

See accompanying notes.

Notes to Condensed Consolidated Financial Statements

1. Company Description and Summary of Significant Accounting Policies

Nature of Business

Ocuphire Pharma, Inc. (together with its subsidiary OcuSub, Inc., the "Company" or "Ocuphire") is a clinical-stage ophthalmic biopharmaceutical company focused on developing and commercializing therapies for the treatment of several eye disorders. The Company's pipeline currently includes two small-molecule product candidates targeting front and back of the eye indications. The Company's lead product candidate, Nyxol® Eye Drops ("Nyxol"), is a once-daily eye drop formulation of phentolamine mesylate designed to reduce pupil diameter and improve visual acuity. The Company's second product candidate, APX3330, is a twice-a-day oral tablet, designed to target multiple pathways relevant to retinal and choroidal vascular diseases, such as diabetic retinopathy ("DR") and diabetic macular edema ("DME"). The Company has also in-licensed other product candidates including second-generation product candidates and analogs of APX3330, including APX2009 and APX2014.

The Company has sustained operating losses since inception and expects such losses to continue indefinitely until a sustained revenue source is realized. Management plans to continue financing the Company's operations primarily through additional issuances of the Company's equity and debt securities. If adequate funds are not available, the Company may be required to delay, reduce the scope of, or eliminate part or all of its research and development programs.

Reverse Merger with Rexahn

On June 17, 2020, Ocuphire, Rexahn Pharmaceuticals, Inc. ("Rexahn"), and Razor Merger Sub, Inc., a Delaware corporation and wholly-owned subsidiary of Rexahn ("Merger Sub"), entered into an Agreement and Plan of Merger and Reorganization, as amended on June 29, 2020 (as amended, the "Merger Agreement"), pursuant to which, among other things, and subject to the satisfaction or waiver of certain conditions set forth in the Merger Agreement, Merger Sub would merge with and into Ocuphire, with Ocuphire continuing as a wholly-owned subsidiary of Rexahn and the surviving corporation of the merger (the "Merger"). The Merger closed on November 5, 2020. Upon completion of the Merger, Rexahn changed its name to Ocuphire Pharma, Inc. and changed its ticker symbol on the Nasdaq Capital Market to "OCUP".

The Company's headquarters is located in Farmington Hills, Michigan.

COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 as a global pandemic. As a result of the COVID-19 pandemic, Ocuphire has experienced, and will likely continue to experience, disruptions in its manufacturing, supply chain, research and development operations, clinical enrollment, regulatory process as well as impacts to financial position and difficulties in obtaining more favorable financing terms. The global outbreak of COVID-19 continues to rapidly evolve. The extent to which the COVID-19 pandemic may impact Ocuphire's business and preclinical and clinical trials will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the duration of the outbreak, travel restrictions and social distancing in the U.S. and other countries, business closures or business disruptions and the effectiveness of actions taken in the U.S. and other countries to contain and treat the disease. Although Ocuphire cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on Ocuphire's results of future operations, financial position, and liquidity over the next 12 or more months.

Basis of Presentation

The accompanying condensed financial statements have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to such rules and regulations.

The December 31, 2020 condensed consolidated balance sheet was derived from audited financial statements, and may not include all disclosures required by GAAP; however, the Company believes that the disclosures are adequate to make the information presented not misleading. These unaudited condensed financial statements should be read in conjunction with the audited financial statements and the notes thereto for the fiscal year ended December 31, 2020.

In the opinion of management, all adjustments, consisting of only normal recurring adjustments that are necessary to present fairly the financial position, results of operations, and cash flows for the interim periods, have been made. The results of operations for the interim periods are not necessarily indicative of the operating results for the full fiscal year or any future periods.

The condensed consolidated financial statements of the Company include a subsidiary, OcuSub, Inc., which is wholly owned by the Company. All significant intercompany accounts and transactions have been eliminated in the preparation of the condensed consolidated financial statements.

All of the share and per share amounts presented were adjusted, on a retroactive basis, to reflect the exchange of each share of Ocuphire pre-Merger ("Private Ocuphire") into 1.0565 shares of the Company (the "Exchange Ratio"), except for par value and share authorizations of Private Ocuphire for periods presented prior to the Merger.

Notes to Condensed Consolidated Financial Statements

Going Concern

The Company's ability to continue operating as a going concern is contingent upon, among other things, its ability to secure additional financing and to achieve and maintain profitable operations. To continue to fund operations, Ocuphire will need to raise capital. The Company plans to issue additional equity instruments and possibly debt to finance operating and working capital requirements. While the Company expects to obtain the additional financing that is needed, there is no assurance that the Company will be successful in obtaining the necessary funding for future operations. These factors raise substantial doubt as to the Company's ability to continue as a going concern. The condensed consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of 90 days or less at the time of deposit to be cash equivalents.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk are cash and cash equivalent balances in bank accounts. The Company keeps its cash and cash equivalent balances with high quality financial institutions in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes that no significant concentration of credit risk exists with respect to those cash and cash equivalent balances.As of September 30, 2021, the Company had deposits that exceeded federally insured amounts by $21.8 million.

Short-term Investments

The Company determines the appropriate classification of its investments in debt and equity securities at the time of purchase and are recorded on a settlement date basis. The Company's investments are comprised of equity securities, which in accordance with the fair value hierarchy described below are recorded at fair value using Level l inputs on the condensed consolidated balance sheets. Subsequent changes in fair values are recorded in other income, net on the condensed consolidated statements of comprehensive loss. The Company classifies investments available to fund current operations as current assets on its condensed consolidated balance sheets. The Company did not recognize any impairments on its investments during the three and nine months ended September 30, 2021 and 2020.

Common Stock Valuation

Prior to the close of the Merger, due to the absence of an active market for Private Ocuphire's common stock, the Company utilized methodologies in accordance with the framework of the American Institute of Certified Public Accountants' Technical Practice Aid, *Valuation of Privately-Held Company Equity Securities Issued as Compensation*, to estimate the fair value of Private Ocuphire common stock. The valuation methodology included estimates and assumptions that required the Company's judgment. These estimates and assumptions included a number of objective and subjective factors, including external market conditions affecting the biotechnology industry sector, and the likelihood of achieving a liquidity event, such as an initial public offering ("IPO"), reverse merger or sale. Significant changes to the key assumptions used in the valuations resulted in different fair values of common stock at each valuation date.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition

The Company follows the provisions of Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers.* The guidance provides a five-step model to determine how revenue is recognized. The Company has entered into license agreements which have revenue recognition implications. (See Note 5 – Collaboration License Agreements.)

In determining the appropriate amount of revenue to be recognized, the Company performs the following steps: (i) identification of the contracts with a customer; (ii) determination of the performance obligations in the contract; (iii) measurement of the transaction price, including potential constraints on variable consideration; (iv) allocation of the transaction price to the performance obligations based on estimated stand-alone selling prices; and (v) recognition of revenue when (or as) the Company satisfies a performance obligation.

Notes to Condensed Consolidated Financial Statements

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in ASC 606. Performance obligations may include license rights, development services, and services associated with regulatory submission and approval processes. Significant management judgment is required to determine the level of effort required under an arrangement and the period over which the Company expects to complete its performance obligations under the arrangement. If the Company cannot reasonably estimate when its performance obligations are either completed or become inconsequential, then revenue recognition is deferred until the Company can reasonably make such estimates. Revenue is then recognized over the remaining estimated period of performance using the cumulative catch-up method.

As part of the accounting for these arrangements, the Company must develop assumptions that require judgment to determine the stand-alone selling price of each performance obligation identified in the contract. The Company uses key assumptions to determine the stand-alone selling price, which may include forecasted revenues, development timelines, reimbursement rates for personnel costs, discount rates and probabilities of technical and regulatory success. The Company allocates the total transaction price to each performance obligation based on the estimated relative standalone selling prices of the promised goods or service underlying each performance obligation.

Licenses of intellectual property: If the license to the Company's intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, the Company recognizes revenues from non-refundable, up-front fees allocated to the license when the license is transferred to the customer, and the customer can use and benefit from the license. For licenses that are bundled with other promises, the Company utilizes judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress for purposes of recognizing revenue from non-refundable, up-front fees. The Company evaluates the measure of progress each reporting period and, if necessary, adjusts the measure of performance and related revenue recognition.

Milestone payments: At the inception of each arrangement that includes milestone payments, the Company evaluates whether the milestones are considered probable of being achieved and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the value of the associated milestone (such as a regulatory submission) is included in the transaction price. Milestone payments that are not within the control of the Company, such as approvals from regulators, are not considered probable of being achieved until such contingency occurs (such as receipt of those approvals). When the Company's assessment of probability of achievement changes and variable consideration becomes probable, any additional estimated consideration is allocated to each performance obligation based on the estimated relative standalone selling prices of the promised goods or service underlying each performance obligation and recorded in license, collaboration, and other revenues based upon when the customer obtains control of each element.

Royalties: For arrangements that include sales-based royalties, including milestone payments based on the level of sales, and the license is deemed to be the predominant item to which the royalties relate, the Company recognizes revenue at the later of (a) when the related sales occur, or (b) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied).

Segment Information

Operating segments are components of an enterprise for which separate financial information is available and is evaluated regularly by the Company's chief operating decision maker in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is its Chief Executive Officer. The Company's Chief Executive Officer views the Company's operations and manages its business in one operating segment, which is the business of development and commercialization of products related to vision performance and health. Accordingly, the Company has a single reporting segment.

Fair Value Measurements

The Company follows accounting guidance that emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." Fair value measurements are defined on a three-level hierarchy:

Level 1 inputs: Unadjusted quoted prices for identical assets or liabilities in active markets;

Level 2 inputs: Quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active, or inputs which are observable, whether directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 inputs: Unobservable inputs that reflect the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability in which there is little, if any, market activity for the asset or liability at the measurement date.

As of September 30, 2021 and December 31, 2020, the fair values of cash and cash equivalents, prepaid and other assets, accounts payable and accrued expenses approximated their carrying values because of the short-term nature of these assets or liabilities. The estimated fair value of the Company's convertible notes while outstanding were based on amortized cost which was deemed to approximate fair value. The fair value of the short-term investments, while outstanding, were based on observable Level 1 inputs in the form of quoted market prices from a major stock exchange. The fair value of the warrant liabilities and premium conversion derivatives, while outstanding, were based on cash flow models discounted at current implied market rates evidenced in recent arms-length transactions representing expected returns by market participants for similar instruments and were based on Level 3 inputs. There were no transfers between fair value hierarchy levels during the three and nine months ended September 30, 2021 and 2020.

Notes to Condensed Consolidated Financial Statements

The fair value of financial instruments measured on a recurring basis is as follows (in thousands):

Description	As of September 30, 2021 Total	Level 1	Level 2	Level 3
Assets:				
Short-term investments	$ 383	$ 383	$ —	$ —
Total assets at fair value	$ 383	$ 383	$ —	$ —

Description	As of December 31, 2020 Total	Level 1	Level 2	Level 3
Liabilities:				
Warrant liabilities	$ 27,964	$ —	$ —	$ 27,964
Total liabilities at fair value	$ 27,964	$ —	$ —	$ 27,964

The following table provides a roll-forward of short-term investments measured at fair value on a recurring basis using observable level 1 inputs for the nine months ended September 30, 2021 and 2020 (in thousands):

	2021	2020
Short-term Investments		
Balance as of beginning of period	$ —	$ —
Receipt of investments related to license agreement	342	—
Unrealized gain	41	—
Balance as of end of period	$ 383	$ —

The following table provides a roll-forward of the warrant liabilities and premium conversion derivatives measured at fair value on a recurring basis using unobservable level 3 inputs for the nine months ended September 30, 2021 and 2020 (in thousands):

	2021	2020
Warrant liabilities		
Balance as of beginning of period	$ 27,964	$ —
Change in fair value of warrant liability	33,829	—
Reclassification of Series A warrants from liability to equity	(61,793)	—
Balance as of end of period	$ —	$ —

	2021	2020
Premium conversion derivatives		
Balance as of beginning of period	$ —	$ 2,714
Value assigned to the underlying derivatives in connection with convertible notes	—	831
Revaluation due to convertible note extinguishment	—	(3,087)
Change in fair value of premium conversion derivatives	—	(158)
Balance as of end of period	$ —	$ 300

There were no financial instruments measured on a non-recurring basis for any of the periods presented.

Recent Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update ("ASU") 2016-13, "Financial Instruments – Credit Losses". The ASU sets forth a "current expected credit loss" ("CECL") model which requires the Company to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost and applies to some off-balance sheet credit exposures. Recently, the FASB issued the final ASU to delay adoption for smaller reporting companies to calendar year 2023. The Company is currently assessing the impact of the adoption of this ASU on its consolidated financial statements.

In August 2020, FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, which, among other things, provides guidance on how to account for contracts on an entity's own equity. This ASU eliminates the beneficial conversion and cash conversion accounting models for convertible instruments. It also amends the accounting for certain contracts in an entity's own equity that are currently accounted for as derivatives because of specific settlement provisions. In addition, this ASU modifies how particular convertible instruments and certain contracts that may be settled in cash or shares impact the diluted EPS computation. The amendments in this ASU are effective for smaller reporting companies (as defined by the SEC) for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020. The Company is currently evaluating the impact of ASU 2020-06 on its consolidated financial statements.

Notes to Condensed Consolidated Financial Statements

2. Merger

On November 5, 2020, the Company completed its merger transaction with Rexahn in accordance with the terms of the Merger Agreement. Immediately after the Merger, there were approximately 7,091,878 shares of the Company's common stock, par value $0.0001 per share (the "Common Stock") outstanding (not including 3,749,992 Additional Shares under the Securities Purchase Agreement that were held in escrow subject to final adjustment). The former stockholders and option holders of Private Ocuphire (including the Investors under the Securities Purchase Agreement) owned, or held rights to acquire, in the aggregate approximately 86.6% of the fully-diluted Common Stock, which for these purposes is defined as the outstanding Common Stock, plus outstanding options of the Company, and not including any Additional Shares (the "Fully-Diluted Common Stock"), with the former Rexahn stockholders immediately prior to the Merger owning approximately 13.4% of the Fully-Diluted Common Stock. Pursuant to the Merger Agreement, the number of shares of Common Stock issued to Private Ocuphire's stockholders for each share of Ocuphire's common stock outstanding immediately prior to the Merger was calculated using an Exchange Ratio of approximately 1.0565 shares of Common Stock for each share of Private Ocuphire common stock. Immediately following the Merger, the stockholders of Private Ocuphire owned approximately 86.6% of the outstanding common stock of the Company.

The transaction was accounted for as an asset acquisition in accordance with GAAP. Under this method of accounting, Private Ocuphire was deemed to be the accounting acquirer for financial reporting purposes. This determination was primarily based on the facts that, immediately following the Merger: (i) Private Ocuphire's stockholders owned substantially all of the voting rights in the combined company, (ii) Private Ocuphire designated all, but one, of the members of the initial board of directors of the combined company, and (iii) Private Ocuphire's senior management held all key positions in the senior management of the combined company. As a result, as of the closing date of the Merger, the net assets of Rexahn were recorded at their acquisition-date relative fair values in the consolidated financial statements of the Company and the reported operating results prior to the Merger are those of Private Ocuphire.

Contingent Value Rights Agreement

On November 5, 2020, in connection with the Merger, the Company, Shareholder Representatives Services LLC, as representative of the Rexahn stockholders prior to the Merger, and Olde Monmouth Stock Transfer Co., Inc., as the rights agent, entered into a Contingent Value Rights Agreement (the "CVR Agreement").

Pursuant to the Merger Agreement and the CVR Agreement, Rexahn stockholders of record as of immediately prior to the Effective Time received one contingent value right ("CVR") for each share of Rexahn Common Stock held.

Each CVR entitles such holders to receive, for each calendar quarter (each, a "CVR Payment Period") during the 15-year period after the Closing (the "CVR Term"), an amount equal to the following:

- 90% of all payments received by Rexahn or its affiliates during such CVR Payment Period from or on behalf of BioSense Global LLC ("BioSense") pursuant to that certain License and Assignment Agreement, dated as of February 25, 2019, by and between BioSense and Rexahn, as amended by Amendment No. 1, dated August 24, 2019, and as further amended by Amendment No. 2, dated March 10, 2020, minus certain permitted deductions;

- 90% of all payments received by Rexahn or its affiliates during such CVR Payment Period from or on behalf of Zhejiang HaiChang Biotechnology Co., Ltd. ("HaiChang") pursuant to that certain Exclusive License Agreement, dated as of February 8, 2020, by and between HaiChang and Rexahn, minus certain permitted deductions; and

- 75% of the sum of (i) all cash consideration paid by a third party to Rexahn or its affiliates during the applicable CVR Payment Period in connection with the grant, sale or transfer of rights to Rexahn's pre-Closing intellectual property (other than a grant, sale or transfer of rights involving a sale or disposition of the post-Merger combined company) that is entered into during the 10-year period after the Closing ("Parent IP Deal"), plus (ii) with respect to any non-cash consideration received by Rexahn or its affiliates from a third party during the applicable CVR Payment Period in connection with any Parent IP Deal, all amounts received by Rexahn and its affiliates for such non-cash consideration at the time such non-cash consideration is monetized by Rexahn or its affiliates, minus (iii) certain permitted deductions. The Processa License Agreement is a Parent IP Deal.

The CVRs are not transferable, except in certain limited circumstances, will not be certificated or evidenced by any instrument, will not accrue interest and will not be registered with the SEC or listed for trading on any exchange. The CVR Agreement will continue in effect until the later of the end of the CVR Term and the payment of all amounts payable thereunder. As of September 30, 2021, $91,000 was due under the CVR Agreement and was recorded in the other income, net line item in the condensed consolidated statements of comprehensive loss.

As of the November 5, 2020, the Merger closing date, and September 30, 2021, no milestones under the license agreements subject to the CVR Agreement had been accrued as there were no potential milestones yet considered probable.

Former Rexahn Warrants

Upon the closing of the Merger, 231,433 unexercised Rexahn warrants to purchase Common Stock remained outstanding, the majority of which were subsequently repurchased according to the terms of the original warrant agreements. As of September 30, 2021, 66,538 of the Rexahn warrants remained outstanding with exercise prices ranging from $38.40 to $198.00 per share with an average remaining contractual life of2.2 years.

Notes to Condensed Consolidated Financial Statements

3. Commitments and Contingencies

Apexian Sublicense Agreement

On January 21, 2020, the Company entered into a sublicense agreement with Apexian Pharmaceuticals, Inc., pursuant to which it obtained exclusive worldwide patent and other intellectual property rights. In exchange for the patent and other intellectual rights, the Company agreed to certain milestone payments and royalty payments on future sales (See Note 9 — Apexian Sublicense Agreement). As of September 30, 2021, there was sufficient uncertainty with regard to both the outcome of the relevant clinical trials and the ability of the Company to obtain sufficient funding to support any of the cash milestone payments under the sublicense agreement that no liabilities were recorded related to the sublicense agreement.

Facility Leases

In May 2019, the Company entered into a short-term non-cancellable facility lease (the "Lease") for its operations and headquarters for a seven-month term beginning in June 2019. The Lease, as amended, has extended the term to December 31, 2022. Additionally, Ocuphire leased office space in Rockville, Maryland through June 30, 2021 previously occupied by Rexahn (the "Rexahn Lease"). The Lease and the Rexahn Lease qualified for the short-term lease exception under ASC 842. The monthly base rent, as amended, for the Lease is approximately $3,000. The monthly base rent for the Rexahn Lease was $13,000. The rent expense associated with the Lease amounted to $9,000 and $12,000 during the three months ended September 30, 2021 and 2020, respectively. The rent expense associated with the Lease and Rexahn Lease amounted to $107,000 and $30,000 during the nine months ended September 30, 2021 and 2020, respectively.

Issuance of Settlement Shares

On May 6, 2021, the Company issued 350,000 shares of common stock of the Company to three accredited investors pursuant to a settlement agreement, dated May 6, 2021, in exchange for a release of potential claims. The fair value of the share settlement of $1,614,000 was based on the closing Ocuphire stock price for that day. The fair value of the share settlement was recorded in general and administrative expenses in the accompanying condensed consolidated statements of comprehensive loss.

Other

In the ordinary course of business, from time to time, the Company may be subject to a broad range of claims and legal proceedings that relate to contractual allegations, patent infringement and other claims. In addition, the Company from time to time may be potentially committed to reimburse third parties for costs incurred associated with business development related transactions upon the achievement of certain milestones. The Company establishes accruals when applicable for matters and commitments which it believes losses are probable and can be reasonably estimated. To date, no loss contingency for such matters and potential commitments have been recorded. Although it is not possible to predict with certainty the outcome of these matters or potential commitments, the Company is of the opinion that the ultimate resolution of these matters and potential commitments will not have a material adverse effect on its results of operations or financial position.

4. Supplemental Balance Sheet Information

Prepaid and Other Assets

Prepaid and other assets consist of the following (in thousands):

	September 30, 2021	December 31, 2020
Prepaids	$ 514	$ 1,243
Other	46	26
Total prepaids and other assets	$ 560	$ 1,269

Property and Equipment, net

Property and equipment held for use by category are presented in the following table (in thousands):

	September 30, 2021	December 31, 2020
Equipment	$ 20	$ 20
Furniture	5	5
Total property and equipment	25	25
Less accumulated depreciation	(14)	(11)
Property and equipment, net	$ 11	$ 14

Depreciation expense was $1,000 for the three months ended September 30, 2021 and 2020, and $3,000 and $7,000 for the nine months ended September 30, 2021 and 2020, respectively.

Notes to Condensed Consolidated Financial Statements

Accrued Expenses

Accrued expenses consist of the following (in thousands):

	September 30, 2021	December 31, 2020
R&D services and supplies	$ 535	$ 1,440
Payroll	394	320
Professional services	267	186
Other	8	25
Total	$ 1,204	$ 1,971

5. Collaboration and License Agreements

BioSense License and Assignment Agreement

On March 10, 2020, pre-Merger, Rexahn entered into an amendment to its collaboration and license agreement, (as amended, the "BioSense License and Assignment Agreement") with BioSense to advance the development and commercialization of RX-3117 for all human uses in the Republic of Singapore, China, Hong Kong, Macau, and Taiwan (the "BioSense Territory"). Under the terms of the BioSense License and Assignment Agreement, the Company (i) granted BioSense an exclusive license to develop and commercialize pharmaceutical products containing RX-3117 as a single agent for all human uses in the BioSense Territory and (ii) assigned and transferred all of the former Rexahn patents and patent applications related to RX-3117 in the BioSense Territory. The upfront payment consisted of an aggregate of $1,650,000, of which $1,550,000 was paid to Rexahn prior to the Merger. During the nine months ended September 30, 2021, the Company satisfied a performance obligation for the $100,000 payment that was remaining and recorded this amount as collaboration revenue. The Company received payments from BioSense of $50,000 in April 2021 and $50,000 in July 2021.

Under the BioSense License and Assignment Agreement, the Company is eligible to receive additional milestone payments in an aggregate of up to $84,500,000 upon the achievement of development, regulatory and commercial goals and will also be eligible to receive tiered royalties at low double-digit rates on annual net sales in the BioSense Territory. The Company determined that none of the milestone payments under the BioSense License and Assignment Agreement were probable of payment as of September 30, 2021, and as a result, no revenue related to the milestones was recognized as the achievement of events entitling the Company to any milestone payments were highly susceptible to factors outside of the Company's control. Future sales-based royalties related to the exclusive license to develop RX-3117 will be recognized in the period the underlying sales transaction occurs.

Payments received under the BioSense License and Assignment Agreement are subject to the CVR Agreement described in Note 2 – Merger.

Processa License Agreement

On June 16, 2021, the Company entered into a license agreement (the "Processa License Agreement") with Processa Pharmaceuticals, Inc. ("Processa"), pursuant to which the Company has agreed to grant Processa an exclusive license to develop, manufacture and commercialize RX-3117 globally, excluding the BioSense Territory.

As consideration for the Processa License Agreement, the Company received an upfront payment in July 2021 consisting of 44,689 shares of Processa common stock with a value of $342,000 and a $200,000 cash payment. The Company is restricted from selling the Processa common stock for a period of one year. As additional consideration, Processa will make payments to the Company upon the achievement of certain development and regulatory milestones, which primarily consist of dosing a patient in pivotal trials or having a drug indication approved by a regulatory authority in the United States or another country. In addition, Processa will pay the Company mid-single-digit royalties based on annual sales under the license and will make one-time sales milestone payments based on the achievement during a calendar year of certain thresholds for annual sales. Processa is also required to give the Company 32% of any milestone payments received based on any sub-license agreement Processa may enter into with respect to the Processa License Agreement. The Company determined that none of the milestone payments under the Processa License Agreement were probable of payment as of September 30, 2021, and as a result, no revenue related to the milestones was recognized as the achievement of events entitling the Company to any milestone payments were highly susceptible to factors outside of the Company's control.

Notes to Condensed Consolidated Financial Statements

Processa is required to use commercially reasonable efforts, at its sole cost and expense, to conduct development activities in one or more countries, including meeting specific diligence milestones that consist of: (i) first patient administered drug in a clinical trial of a licensed product prior to the three (3) year anniversary of the effective date; and (ii) first patient administered drug in a pivotal clinical trial of a licensed product or first patient administered drug in a clinical trial for a second indication of a licensed product prior to the five (5) year anniversary of the effective date. Either party may terminate the agreement in the event of a material breach of the agreement that has not been cured following written notice and a 120-day opportunity to cure such breach, and Processa may terminate the agreement for any reason upon 120 days prior written notice to Ocuphire.

As of September 30, 2021, the Company has fulfilled its performance obligations with respect to the upfront payment under the Processa License Agreement and has recognized the associated licensing revenue in connection with the payment.

Payments received under the Processa License Agreement will be subject to the CVR Agreement described in Note 2 – Merger.

6. Convertible Notes

The Company entered into a series of unsecured convertible note financings (the "Convertible Notes") with certain investors beginning on May 25, 2018. The total issuance of Convertible Notes amounted to $8.5 million (see Note 10 - Related Party Transactions). On November 4, 2020, all of Ocuphire's outstanding Convertible Notes were converted into 977,128 shares of Ocuphire common stock as adjusted for the Exchange Ratio in connection with the completion of the Merger.

Prior to the completion of the Merger, on June 8, 2020, the Company amended the Convertible Notes (the "Conversion Agreement"). Under the Conversion Agreement, upon such date selected by the Company following Rexahn's receipt of the required Rexahn stockholder vote and prior to the effectiveness of the Merger, each Convertible Note shall automatically and without any action required by any purchaser or the Company be cancelled and, simultaneously with such cancellation, convert into that number of fully paid and non-assessable shares of the Company's common stock that is equal to 175% times the outstanding principal and accrued but unpaid interest ("Note Value") divided by the conversion price (the "Conversion Price"), rounded to the nearest whole share. The Conversion Price has the meaning of the per share price resulting from the quotient of (1) $100,000,000 less the aggregate amount of 175% times the Note Value of all of the Convertible Notes divided by (2) the fully diluted shares (the "Fully Diluted Shares"). Fully Diluted Shares has the meaning of: (1) all of the issued outstanding shares of the Company's common stock; and (2) the aggregate number of shares of the Company's common stock reserved for issuance under all outstanding options or other awards under equity incentive plans of the Company in effect as of such date of determination.

The addition of the new conversion feature under the Conversion Agreement represented a substantial modification to the Convertible Notes, and as such, the Company recorded the modification as a note extinguishment. On the modification date, the fair value of the Convertible Notes (inclusive of the embedded features) was $1,260,000 lower upon modification than the aggregate of the carrying value of the Convertible Notes and the fair value of the embedded features; the difference was recorded as a gain on note extinguishment in the accompanying condensed consolidated statements of comprehensive loss for the nine months ended September 30, 2020.

Lastly, an increase to additional paid-in capital in the amount of $971,000 was recorded in connection with the Conversion Agreement to account for the excess of the Convertible Notes' fair value over the aggregate value of outstanding note principal, accrued interest and fair value of the premium conversion derivatives upon execution of the Conversion Agreement.

The Convertible Notes accrued interest at a rate of 8% per annum, calculated on a 365-day year basis. Interest expense on principal during the three and nine months ended September 30, 2020 was $171,000 and $478,000, respectively.

The outstanding principal of, and accrued interest on, the Convertible Notes were payable on demand, in the absence of the Merger closing discussed above, at any time as of the first to occur of (i) September 30, 2020 or (ii) an event of default (each defined by the Convertible Notes as a Payoff Event). If, prior to a Payoff Event, the Company (i) completed an initial public offering ("IPO"), (ii) completed a change in control ("CIC"), (iii) completed a sale and issuance of its capital stock resulting in gross proceeds to the Company of at least $5 million ("Qualified Financing"), or (iv) completed a reverse merger transaction ("Reverse Merger"), then the outstanding principal of, and accrued but unpaid interest on the Convertible Notes would have automatically converted upon the earliest of such events to occur as follows:

- **IPO:** The Convertible Notes would have automatically converted into the number of fully paid and non-assessable shares of the Company's common stock equal to One Hundred and Seventy-Five Percent (175%) times Note Value divided by the per share price such shares were issued to purchasers of the Company's equity securities in the IPO rounded to the nearest whole share.

- **CIC:** The Convertible Notes would have automatically converted prior to the effectiveness of such CIC into that number of fully paid and non-assessable shares of the Company's common stock equal to Two Hundred Percent (200%) of the Note Value divided by the per share price of the Company's common stock at which the Company's common stock was valued in such CIC (after giving effect to such conversion). The Convertible Note holder would have been entitled to the same contractual rights and would have been bound by the same restrictions and obligations as the other stockholders of the Company in such CIC.

Notes to Condensed Consolidated Financial Statements

- **Qualified Financing**: The Convertible Notes would have automatically converted into that number of fully paid and non-assessable shares of the Company that were issued by the Company in the Qualified Financing, determined by dividing an amount equal to One Hundred and Seventy-Five Percent (175%) times the Note Value by the per share price such shares of the Company were issued to purchasers of the Company's equity securities in the Qualified Financing, rounded to the nearest whole share. The Convertible Note holder would have been entitled to the same contractual rights and would have been bound by the same restrictions and obligations as the other purchasers of shares in the Qualified Financing. A Qualified Financing was defined as a sale and issuance of capital stock of the Company (or its successor) in a single transaction or series of related transactions resulting in gross proceeds to the Company of not less than $5,000,000 (including new equity investment of at least $1,000,000 plus the sum of the outstanding principal amount of the Convertible Notes being so converted under this provision).

- **Reverse Merger (excluding close of Merger with Rexahn)**: The Convertible Notes would have automatically converted into that number of fully paid and non-assessable shares of the Combined Company whose shares were publicly traded in the United States or other jurisdiction following the completion of the Reverse Merger (the "Reverse Merger Parent"), determined by dividing an amount equal to One Hundred and Seventy-Five Percent (175%) times the Note Value divided by the per share price at which such shares were issued by the Reverse Merger Parent in such Reverse Merger, rounded to the nearest whole share. The Convertible Note holder would have been entitled to the same contractual rights and would have been bound by the same restrictions and obligations as the other stockholders of the Company in the Reverse Merger.

The Company was not permitted to prepay the Convertible Notes prior to a Payoff Event. The Convertible Notes contained default provisions, and when triggered, the holders of the Convertible Notes could have immediately accelerated payment of the Convertible Notes and the outstanding principal and interest would have become payable immediately. During a period of default, interest would have been assessed at a 12% per annum rate.

Redemption Features

The Company determined that all of the conversion provisions, except for the conversion provision upon Merger close, were redemption features that qualified as embedded derivatives. The qualifying embedded derivatives were collectively separated from their debt host upon the issuance of the Convertible Notes. The bifurcation of the embedded derivatives from the debt host resulted in a discount to the Convertible Notes in the amount of $831,000 during the nine months ended September 30, 2020. The embedded derivatives were accounted for separately on a fair market value basis. There were no outstanding premium conversion derivatives as of September 30, 2021 or December 31, 2020 given the conversion of the Convertible Notes. The Company recorded the fair value changes of the premium conversion derivatives while outstanding to the fair value change of warrant liability and premium conversion derivatives line item in the accompanying condensed consolidated statements of comprehensive loss which amounted to a benefit of $(879,000) and $(158,000) during the three and nine months ended September 30, 2020, respectively.

The Company recorded a discount to the Convertible Notes, attributed to both third party costs in connection with the note extinguishment and note issuance costs, of $10,000 during the nine months ended September 30, 2020. The note discounts associated with the bifurcation of derivatives, note extinguishment and issuances costs were amortized to interest expense over the term of the Convertible Notes usingthe straight-line method which approximated the effective interest method and amounted to $8,000 and $944,000 during the three and nine months ended September 30, 2020, respectively.

7. Stockholders' Equity (Deficit)

At-The-Market Program

On February 4, 2021, Ocuphire filed a Form S-3 shelf registration under the Securities Act of 1933 which was declared effective by the SEC on February 12, 2021 (the "2021 Shelf") under which the Company may offer and sell, from time to time in its sole discretion, securities having an aggregate offering price of up to $125 million. In connection with the 2021 Shelf, on March 11, 2021, Ocuphire entered into a Capital on DemandTM Sales Agreement with JonesTrading Institutional Services LLC ("JonesTrading") under which the Company may offer and sell, from time to time at its sole discretion, to or through JonesTrading, acting as agent and/or principal, shares of its common stock having an aggregate offering price of up to $40 million (the "2021 ATM"). During the three and nine months ended September 30, 2021, 332,600 and 1,233,543 shares, respectively, were sold under the 2021 ATM for gross proceeds in the amount of approximately $1.7 million and $5.8 million, respectively, before deducting issuance expenses in the amount of approximately of $0.1 million and $0.3 million, respectively.

Registered Direct Offering

On June 4, 2021, the Company entered into a placement agency agreement with A.G.P./Alliance Global Partners ("AGP"). Pursuant to the terms of the placement agency agreement, AGP on June 8, 2021 sold an aggregate of 3,076,923 shares of the Company's common stock and warrants to purchase1,538,461 shares of the Company's common stock (the "RDO Warrants") at an offering price of $4.875 per one share and 0.50 RDO Warrants, for gross proceeds of approximately $15,000,000, before AGP's fees and related offering expenses in the amount of approximately $1.1 million. The purchase agreement contains customary representations, warranties and agreements by the Company, customary conditions to closing, indemnification obligations of the Company, other obligations of the parties and termination provisions. The offering of the Securities (the "Registered Direct Offering") was made pursuant to the Company's 2021 Shelf.

Notes to Condensed Consolidated Financial Statements

The RDO Warrants have an exercise price of $6.09 per share, are exercisable from the initial issuance date of June 8, 2021, and will expirefive years following the initial exercise date. The fair value of the RDO Warrants was determined to be $6.4 million based on the Black-Scholes pricing model. Input assumptions used were as follows: a risk-free interest rate of 0.8%; expected volatility of 99.2%; expected life of 5 years; expected dividend yield of 0%; and the underlying fair market of the common stock. The RDO Warrants were classified in stockholders' equity (deficit) as the number of shares were fixed and determinable, no cash settlement was required and no other provisions precluded equity treatment. As of September 30, 2021, 1,538,461 RDO Warrants were outstanding.

Subject to limited exceptions, a holder of a RDO Warrant will not have the right to exercise any portion of its RDO Warrants if the holder, together with its affiliates, would beneficially own in excess of 4.99% (or, at the election of a holder prior to the date of issuance, 9.99%) of the number of shares of the Company's common stock outstanding immediately after giving effect to such exercise; provided, however, that upon prior notice to the Company, the holder may increase or decrease the beneficial ownership limitation, provided further that in no event shall the beneficial ownership limitation exceed 9.99%.

Pre-Merger Financing

Waiver Agreements

Effective February 3, 2021, each investor that invested in the Pre-Merger Financing (as defined below) entered into a Waiver Agreement with the Company (collectively, the "Waiver Agreements"). Pursuant to the Waiver Agreements, the investors and the Company agreed to waive certain rights, finalize the exercise price and number of Series A Warrants and Series B Warrants, eliminate certain financing restrictions, extend the term of certain leak-out agreements, and, in the case of certain investors, grant certain registration rights for the shares underlying the warrants.

The Waiver Agreements provide for the elimination of the full ratchet anti-dilution provisions, contained in the Series A Warrants (as certain of the anti-dilution provisions had previously caused liability accounting treatment for the Series A Warrants). Upon the effective date of the Waiver Agreement, the Series A Warrants were reclassified to equity.

Pursuant to the Waiver Agreements, the number of shares underlying all of the Series B Warrants was fixed to 1,708,334 in the aggregate with respect to all investors, eliminating any future resets.

Securities Purchase Agreement

On June 17, 2020, Ocuphire, Rexahn and certain investors entered into a Securities Purchase Agreement, which was amended and restated in its entirety on June 29, 2020 (as amended and restated, the "Securities Purchase Agreement"). Pursuant to the Securities Purchase Agreement, the investors invested a total of $21.15 million in cash, including $300,000 invested by five directors of Private Ocuphire and one director of Rexahn, upon closing of the Merger (the "Pre-Merger Financing"). Pursuant to the Pre-Merger Financing, (i) Ocuphire issued and sold to the investors shares of Private Ocuphire common stock (the "Initial Shares") which converted pursuant to the exchange ratio in the Merger into an aggregate of approximately 1,249,996 shares (the "Converted Initial Shares") of common stock, (ii) Ocuphire deposited into escrow, for the benefit of the Investors, additional shares of Private Ocuphire common stock (the "Additional Shares") which converted pursuant to the exchange ratio in the Merger into an aggregate of approximately 3,749,992 shares of common stock (the "Converted Additional Shares"), which Converted Additional Shares were delivered (or became deliverable) to the investors on November 19, 2020, and (iii) the Company agreed to issue to each investor on the tenth trading day following the consummation of the Merger (x) Series A Warrants representing the right to acquire shares of common stock equal to the sum of (A) the Converted Initial Shares purchased by the investor, (B) the Converted Additional Shares delivered or deliverable to the investor, without giving effect to any limitation on delivery contained in the Securities Purchase Agreement and (C) the initial number of shares of common stock, if any, underlying the Series B Warrants issued to the Investor and (y) additional warrants to purchase shares of common stock.

Series A Warrants

The Series A Warrants were issued on November 19, 2020 at an initial exercise price of $4.4795 per share, were immediately exercisable upon issuance and have a term of five years from the date of issuance. The Series A Warrants are exercisable for 5,665,838 shares of common stock in the aggregate (without giving effect to any limitation on exercise contained therein) and were outstanding as of September 30, 2021. Prior to the execution of the Waiver Agreements, the Series A Warrants were accounted for and classified as liabilities on the accompanying condensed consolidated balance sheets given certain price reset provisions not used for a fair valuation under a fixed for fixed settlement scenario as required for equity balance sheet classification. Upon the February 3, 2021 effective date of the Waiver Agreements, the Series A Warrants were reclassified to equity. A final fair valuation of the Series A Warrants was performed utilizing a Black Scholes model to estimate the aggregate fair value of the Series A Warrants prior to being re-classified as equity. Input assumptions used were as follows: risk-free interest rate 0.4%; expected volatility of 86.6%; expected life of 4.8 years; and expected dividend yield zero percent. The underlying stock price used was the market price as quoted on Nasdaq as of February 3, 2021, the effective date of the Waiver Agreement. The fair value change of the Series A Warrants was $ 33.8 million and was recorded to the fair value change in warrant liabilities and premium conversion derivatives line item on the accompanying condensed consolidated statements of comprehensive loss for the nine months ended September 30, 2021. As a result of the reclassification to equity, the Series A Warrants are no longer subject to remeasurement.

Notes to Condensed Consolidated Financial Statements

Series B Warrants

The Series B Warrants have an exercise price of $0.0001, were exercisable upon issuance and will expire on the day following the later to occur of (i) the Reservation Date (as defined therein), and (ii) the date on which the investor's Series B Warrants have been exercised in full (without giving effect to any limitation on exercise contained therein) and no shares remain issuable thereunder. The Series B Warrants are fixed and were exercisable for 1,708,334 shares of Common Stock, as of the effective date of the Waiver Agreement, in the aggregate (without giving effect to any limitation on exercise contained therein). In April 2021, investors exercised Series B Warrants for a total of 1,629,634 shares. As of September 30, 2021, 78,700 Series B warrants were outstanding.

The Series B Warrants were accounted for and classified as equity on the accompanying condensed consolidated balance sheets.

8. Share-based Compensation

Share-based compensation expense was included in general and administrative and research and development costs as follows in the accompanying condensed consolidated statements of comprehensive loss for the three and nine month periods indicated below (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
General and administrative	$ 322	$ 224	$ 804	$ 426
Research and development	156	392	631	567
Total share-based compensation	$ 478	$ 616	$ 1,435	$ 993

Ocuphire Stock Options

2020 Equity Incentive Plan

The stockholders of the Company approved the 2020 Equity Incentive Plan (the "2020 Plan") for stock-based awards, which became effective on November 5, 2020. Under the 2020 Plan, (i) 1,000,000 new shares of common stock were reserved for issuance and (ii) up to 70,325 additional shares of common stock may be issued, consisting of (A) shares that remain available for the issuance of awards under prior equity plans and (B) shares of common stock subject to outstanding stock options or other awards covered by prior equity plans that have been cancelled or expire on or after the date that the 2020 Plan became effective.

2018 Equity Incentive Plan

Prior to the 2020 Plan, the Company adopted a 2018 Equity Incentive Plan (the "2018 Plan") in April 2018 under which 1,241,387 shares of the Company's common stock were reserved for issuance to employees, directors and consultants upon the amendment of the 2018 Plan in December 2019. The reserve of common stock for the 2018 Plan has been adjusted to give effect to the Exchange Ratio.

Inducement Plan

On February 22, 2021, the Company adopted the Ocuphire Pharma, Inc. Inducement Plan (the "Inducement Plan"), pursuant to which the Company reserved 325,258 shares of its common stock to be used exclusively for grants of awards to individuals who were not previously employees or directors of the Company, as an inducement material to the individual's entry into employment with the Company within the meaning of Rule 5635(c)(4) of the Nasdaq Listing Rules.

The 2020 Plan, 2018 Plan and Inducement Plan permit the grant of stock options, appreciation rights, restricted stock, restricted stock units, performance stock and cash awards, and other share-based awards. Incentive and non-statutory stock options may be granted under the 2020 and 2018 Plans. Only non-statutory options may be granted under the Inducement Plan.

Notes to Condensed Consolidated Financial Statements

2020 Plan Evergreen Provision

Under the 2020 Plan, the shares reserved automatically increase on January 1st of each year, for a period of not more than ten years from the date the 2020 Plan is approved by the stockholders of the Company, commencing on January 1, 2021 and ending on (and including) January 1, 2030, by an amount equal to 5% of the shares of common stock outstanding as of December 31st of the preceding calendar year. Notwithstanding the foregoing, the Board of Directors may act prior to January 1st of a given year to provide that there will be no January 1st increase in the share reserve for such year or that the increase in the share reserve for such year will be a lesser number of shares of common stock than would otherwise occur pursuant to the preceding sentence. On January 1, 2021, 544,125 shares were added to the 2020 Plan as a result of the evergreen provision.

During the three and nine months ended September 30, 2021, 128,000 and 387,800 stock options were granted to newly-hired consultants and employees, respectively, generally vesting over a six (6) to forty-eight (48) month period. During the three and nine months ended September 30, 2020, 22,397 and 233,989 stock options to consultants were granted, respectively, generally vesting over an immediate to twenty-eight (28) month period. The Company recognized $452,000 and $616,000 in share-based compensation expense related to stock options during the three months ended September 30, 2021 and 2020, respectively, and $1,331,000 and $993,000 during the nine months ended September 30, 2021 and 2020, respectively. During the three and nine months ended September 30, 2021, 66,056 and 73,442 stock options were exercised, respectively, with an intrinsic value of $271,000 and $345,000, respectively. There were no exercises during the comparable prior year periods.

The weighted average fair value per share of options granted during the three and nine months ended September 30, 2021 was $3.69 and $4.47, respectively. The weighted average fair value per share of options granted during the three and nine months ended September 30, 2020 was $6.27 and $6.01, respectively. The Company measures the fair value of stock options with service-based and performance-based vesting criteria to employees, directors, consultants and directors on the date of grant using the Black-Scholes option pricing model. The Company does not have adequate history to support a calculation of volatility and expected term. As such, the Company has used a weighted-average volatility considering the volatilities of several guideline companies.

For purposes of identifying similar entities, the Company considered characteristics such as industry, length of trading history, and stage of life cycle. The assumed dividend yield was based on the Company's expectation of not paying dividends in the foreseeable future. The average expected life of the options was based on the contractual term for agreements that allow for exercise of vested options through the end of the contractual term upon termination of continuous service, and for all other agreements, was based on the midpoint between the vesting date and the end of the contractual term according to the "simplified method" as described in Staff Accounting Bulletin 110. The risk-free interest rate is determined by reference to implied yields available from U.S. Treasury securities with a remaining term equal to the expected life assumed at the date of grant. The Company records forfeitures when they occur.

The weighted-average assumptions used in the Black-Scholes option-pricing model are as follows during the three and nine months ended September 30, 2021 and 2020:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Expected stock price volatility	99.7%	87.6%	98.0%	94.8%
Expected life of options (years)	5.8	10.0	5.8	10.0
Expected dividend yield	0%	0%	0%	0%
Risk free interest rate	0.9%	0.7%	0.9%	0.7%

During the three and nine months ended September 30, 2021, 95,949 and 328,893 stock options vested, respectively. During the three and nine months ended September 30, 2020, 188,230 and 269,428 stock options vested (as adjusted for the Exchange Ratio), respectively.

During the three and nine months ended September 30, 2021, zero and 25,558 options were forfeited, respectively. During the three and nine months ended September 30, 2020, 22,399 and 30,323 options were forfeited, respectively. As of September 30, 2021, 922,300 shares were available for future issuance under the 2020 Plan and Inducement Plan. No shares were available for future issuance under the 2018 Plan.

Unrecognized share-based compensation cost was $2.8 million as of September 30, 2021. The unrecognized share-based expense is expected to be recognized over a weighted average period of 1.3 years.

Ocuphire Restricted Stock Awards

The Company did not grant any restricted stock awards (RSAs) during any of the periods presented. The RSAs granted in previous periods were subject to various vesting schedules. During the nine months ended September 30, 2021 and 2020, 40,000 and zero RSAs vested, respectively, and no RSAs were forfeited during the periods presented. The share-based compensation expense attributed to the RSAs during the nine months ended September 30, 2021 and 2020 was $22,000 and zero, respectively.

Notes to Condensed Consolidated Financial Statements

Ocuphire Stock Awards

The Company granted stock awards in the amount of 5,047 and 14,444 common shares to two board members in lieu of cash payments for services performed during the three and nine months ended September 30, 2021, respectively. The stock-based compensation related to these awards amounted to $26,000 and $82,000 during the three and nine months ended September 30, 2021, respectively.

Former Rexahn Options

Following the closing of the Merger, 82 and 123 outstanding, unexercised and vested options to purchase Common Stock granted under the Rexahn Pharmaceuticals Stock Option Plan, as amended (the "Rexahn 2003 Plan"), remained outstanding as of September 30, 2021 and December 31, 2020, respectively. During the nine months ended September 30, 2021, 41 options expired. The exercise price related to the outstanding options granted under the Rexahn 2003 Plan was $182.40 per share with an average remaining contractual life of 0.7 years.

9. Apexian Sublicense Agreement

On January 21, 2020, the Company entered into a sublicense agreement (as amended on June 4, 2020, the "Apexian Sublicense Agreement") with Apexian, pursuant to which it obtained exclusive worldwide patent and other intellectual property rights that constitute a Ref-1 Inhibitor program relating to therapeutic applications to treat disorders related to ophthalmic and diabetes mellitus conditions. The lead compound in the Ref-1 Inhibitor program is APX3330, which the Company intends to develop as an oral pill therapeutic to treat diabetic retinopathy and diabetic macular edema initially, and potentially later to treat wet age-related macular degeneration. As a result of the Sublicense Agreement, Apexian is considered by Ocuphire to be a related party.

In connection with the Apexian Sublicense Agreement, the Company issued a total of 891,422 shares (as adjusted for the Exchange Ratio) of its common stock to Apexian and to certain affiliates of Apexian. The share issuance transaction was recorded in the amount of $2.1 million as IPR&D expense for the nine months ended September 30, 2020 based on the fair market value of the common shares issued since no processes or activities that would constitute a "business" were acquired and none of the rights and underlying assets acquired had alternative future uses or reached a stage of technological feasibility.

The Company also agreed to make one-time milestone payments under the Apexian Sublicense Agreement for each of the first ophthalmic indication and the first diabetes mellitus indication for the Development and Regulatory milestones, and once for each of the Sales milestones. These milestone payments include (i) payments for specified developmental and regulatory milestones (including completion of the first Phase 2 trial and the first Phase 3 pivotal trial in the United States, and filing and achieving regulatory approval from the FDA for the first New Drug Application for a compound) totaling up to $11 million in the aggregate and (ii) payments for specified sales milestones of up to $20 million in the aggregate, which net sales milestone payments are payable once, upon the first achievement of such milestone. Lastly, the Company also agreed to make a royalty payment equal to a single-digit percentage of its net sales of products associated with the covered patents under the Apexian Sublicense Agreement. If it is not terminated pursuant to its terms, the Apexian Sublicense Agreement shall remain in effect until expiration of the last to expire of the covered patents.

None of the criteria to recognize milestone or royalty obligations were met during the nine-month period ended September 30, 2021.

10. Related Party Transactions

CVR Agreement

The Company entered into a CVR Agreement with the former Rexahn stockholders. See Note 2 – Merger.

Convertible Notes with Related Parties

The Company entered into Convertible Note Purchase Agreements with certain investors beginning on May 25, 2018. Through September 30, 2020, Convertible Notes in the principal aggregate amount of $0.7 million were issued to four board members and to two officers, one of which was also a board member of the Company. See Note 6 – Convertible Notes.

Apexian Sublicense Agreement

On January 21, 2020, as amended on June 4, 2020, the Company entered into a sublicense agreement with Apexian Pharmaceuticals, Inc. ("Apexian") and issued a total of 891,422 shares of common stock (as adjusted for the Exchange Ratio) to Apexian and to certain affiliates of Apexian, following which Apexian became a holder of over 5% of the Company's common stock. See Note 9 – Apexian Sublicense Agreement.

Notes to Condensed Consolidated Financial Statements

Pre-Merger Financing

Five directors of Private Ocuphire and one director of Rexahn participated in the Pre-Merger Financing, investing an aggregate of $300,000. Following the closing of the Merger, these directors received 17,729 Converted Initial Shares, 53,189 Converted Additional Shares, 80,366 Series A Warrants and 9,444 Series B Warrants. See Note 7 – Stockholders' Equity (Deficit).

Waiver Agreements

Six directors of the Company signed Waiver Agreements, waiving certain reset provisions and financing restrictions. These directors did not receive any of the additional Series B Warrants that were issued in connection with the Waiver Agreements. See Note 7 – Stockholders' Equity (Deficit).

11. Net loss per share

Basic loss per share of common stock is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted earnings or loss per share of common stock is computed similarly to basic earnings or loss per share except the weighted average shares outstanding are increased to include additional shares from the assumed exercise of any common stock equivalents, if dilutive. The Company's warrants, restricted stock awards and stock options while outstanding are considered common stock equivalents for this purpose. Diluted earnings is computed utilizing the treasury method for the warrants, restricted stock awards and stock options. No incremental common stock equivalents were included in calculating diluted loss per share because such inclusion would be anti-dilutive given the net loss reported for the periods presented. The historical share and per share data for periods prior to the November 5, 2020 closing of the Merger have been adjusted to give effect to the Exchange Ratio.

The following potential common shares were not considered in the computation of diluted net loss per share as their effect would have been anti-dilutive for the three and nine month periods ended presented below:

	September 30,	
	2021	**2020**
Warrants	7,282,999	—
Stock options	2,072,998	1,241,371
Unissued stock awards	5,047	—
Former Rexahn warrants	66,538	—
Former Rexahn options	82	—

12. Income Taxes

The effective tax rate for the three and nine months ended September 30, 2021 and 2020 was zero percent. As of September 30, 2021, a full valuation allowance has been established to reduce the Company's net deferred income tax assets. As such, no tax benefit related to the Company's pre-tax loss was recognized for any of the periods presented.

The Company's corporate returns are subject to examination for the 2018, 2019 and 2020 tax years for federal income tax purposes and subject to examination for the 2018, 2019 and 2020 tax years in one state jurisdiction. The Company does not have any reserves for income taxes that represent the Company's potential liability for uncertain tax positions.

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

The following discussion of our financial condition and results of operations should be read in conjunction with the financial statements and notes included in Part I "Financial Information", Item I "Financial Statements" of this Quarterly Report on Form 10-Q (the "Report") and the audited financial statements and related footnotes included in our Annual Report on Form 10-K for the year ended December 31, 2020.

Forward-Looking Statements

Certain statements contained in this Report are not statements of historical fact and are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements give current expectations or forecasts of future events or our future financial or operating performance. We may, in some cases, use words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "will," "would" or the negative of those terms, and similar expressions that convey uncertainty of future events or outcomes to identify these forward-looking statements.

These forward-looking statements reflect our management's beliefs and views with respect to future events, are based on estimates and assumptions as of the date of this Report and are subject to risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from those in these forward-looking statements. We discuss many of these risks in greater detail under Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020 and subsequent reports filed with or furnished to the Securities and Exchange Commission (the "SEC"). Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

Any forward-looking statement made by us in this Report speaks only as of the date hereof or as of the date specified herein. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by applicable laws or regulations.

Overview

Ocuphire is a clinical-stage ophthalmic biopharmaceutical company focused primarily on developing and commercializing therapies for the treatment of several eye disorders. Ocuphire's pipeline currently includes two small molecule product candidates targeting front and back of the eye indications.

Its lead product candidate, Nyxol® Eye Drops ("Nyxol"), is a once-daily eye drop formulation of phentolamine mesylate designed to reduce pupil diameter and improve visual acuity. Based on this mechanism of action, Nyxol can potentially be used for the treatment of multiple indications such as reversal of pharmacologically-induced mydriasis (which refers to the use of pharmacological agents to dilate the pupil for office-based eye exams), presbyopia (a gradual, age-related loss of the eyes' ability to focus on nearby objects) and dim light or night vision disturbances ("NVD"). Ocuphire management believes this multiple indication potential represents a significant market opportunity. Nyxol has been studied across three Phase 1, five Phase 2, and one Phase 3 trials enrolling over 500 patients with more than 330 patients treated with Nyxol. These trials have demonstrated promising clinical data for use in multiple ophthalmic indications. Ocuphire initiated a Phase 3 trial (MIRA-2) for reversal of pharmacologically-induced mydriasis ("RM") in the fourth quarter of 2020 and reported positive top-line results within four months on March 15, 2021. Ocuphire initiated a Phase 2 trial in combination with low dose pilocarpine for presbyopia (VEGA-1) in the first quarter of 2021 and reported positive top-line results on June 30, 2021. The company is now further evaluating the VEGA-1 results and designing the Phase 3 program to be initiated in the first half of 2022. Ocuphire also initiated a Phase 3 trial (LYNX-1) for the treatment of NVD in the fourth quarter of 2020; top-line data for this study are expected to be reported in early 2022. Building on the positive results of the MIRA-2 Phase 3 trial for Nyxol, a second Phase 3 registration trial (MIRA-3) and a small pediatric study (MIRA-4) are planned to start in the fourth quarter of 2021, with results expected in early 2022. Assuming successful and timely completion of these RM trials, Ocuphire anticipates submitting a New Drug Application ("NDA") for Nyxol to the U.S. Food and Drug Administration ("FDA") in late 2022 under the 505(b)(2) pathway.

Ocuphire's second product candidate, APX3330, is a twice-a-day oral tablet designed to target multiple pathways relevant to retinal and choroidal (the vascular layer of the eye) vascular diseases such as diabetic retinopathy ("DR") and diabetic macular edema ("DME") which, if left untreated, can result in permanent visual acuity loss and eventual blindness. DR is a disease resulting from diabetes in which chronically elevated blood sugar levels cause progressive damage to blood vessels in the retina. DME is a severe form of DR which involves leakage of protein and fluid into the macula, the central portion of the retina, causing swelling and damage. Prior to Ocuphire's in-licensing of the product candidate, APX3330 had been studied by third parties in six Phase 1 and five Phase 2 trials enrolling over 440 patients with more than 340 patients treated with APX3330 for inflammatory and oncology indications. These trials have demonstrated promising evidence of tolerability, pharmacokinetics, durability, and target engagement. Ocuphire initiated enrollment for the Phase 2 trial (ZETA-1) for APX3330 in April 2021 for the treatment of patients with moderately severe non-proliferative DR ("NPDR") or mild proliferative DR ("PDR"). Top-line data for this study are expected to be reported in the second half of 2022. Ocuphire has also in-licensed APX2009 and APX2014, which are additional second-generation product candidates and analogs of APX3330.

Merger with Rexahn

On November 5, 2020, Rexahn Pharmaceuticals, Inc., or Rexahn, now known as Ocuphire Pharma, Inc., completed its reverse merger or, the Merger, with what was then known as "Ocuphire Pharma, Inc.," or Private Ocuphire, in accordance with the terms of the Agreement and Plan of Merger and Reorganization dated as of June 17, 2020, as amended on June 29, 2020 ("Merger Agreement"). Rexahn's shares of common stock listed on The Nasdaq Capital Market, previously trading through the close of business on November 5, 2020 under the ticker symbol "REXN," commenced trading on The Nasdaq Capital Market, under the ticker symbol "OCUP," on November 6, 2020.

Immediately following the Merger, Private Ocuphire became a wholly-owned subsidiary of Rexahn. Upon consummation of the Merger, Rexahn adopted the business plan of Private Ocuphire.

Although Rexahn was the legal acquirer and issued shares of its common stock to effect the Merger with Ocuphire, Ocuphire was considered the accounting acquirer. In accordance with the accounting guidance under Accounting Standards Update ("ASU") 2017-01, the Merger was accounted for as an asset acquisition. Accordingly, the assets and liabilities of Rexahn were recorded as of the closing of the Merger at the purchase price of the accounting acquirer, Ocuphire. Ocuphire allocated the total purchase price among the individual assets acquired on a fair value basis or carrying value as appropriate. A final determination of these estimated fair values was based on the actual net tangible assets of Rexahn that existed as of the date of the completion of the transaction. As of the Closing, the net assets of Rexahn were recorded at their acquisition-date relative fair values in the consolidated financial statements of Ocuphire and the reported operating results prior to the Merger are those of Private Ocuphire.

Pursuant to the Merger Agreement, the number of shares of common stock issued to Private Ocuphire's stockholders for each share of Ocuphire's common stock outstanding immediately prior to the Merger was calculated using an exchange ratio ("Exchange Ratio") of 1.0565 shares of Common Stock for each share of Private Ocuphire common stock.

Strategic Outlook

As part of its strategy, Ocuphire will continue to explore opportunities to acquire additional ophthalmic assets and to seek strategic partners for late-stage development, regulatory preparation and commercialization in key global markets. To date, Ocuphire's primary activities have been conducting research and development activities, planning clinical trials, performing business and financial planning, recruiting personnel and raising capital. Ocuphire does not have any products approved for sale and has not generated any significant amounts of revenue. Ocuphire does not expect to generate significant revenues until, and unless, the FDA or other regulatory authorities approve Nyxol or APX3330 and Ocuphire successfully commercializes its product candidates. Until such time, if ever, as Ocuphire can generate substantial product revenue, Ocuphire expects to finance its cash needs through a combination of equity and debt financings as well as collaborations, strategic alliances and licensing arrangements. Through September 30, 2021, Ocuphire has funded its operations primarily through equity financings that totaled $41.9 million in gross proceeds, of which $21.15 million was received in connection with the Merger, net cash at Rexahn, a minor amount of license fee payments earned under license agreements related to Rexahn's RX-3117 drug compound, and through the issuance of convertible notes in private placements that totaled $8.5 million in gross proceeds. Ocuphire's net losses were $50.4 million and $5.9 million for the nine months ended September 30, 2021 and 2020, respectively. As of September 30, 2021, Ocuphire had an accumulated deficit of $83.1 million. Ocuphire anticipates that its expenses will increase substantially as it:

- continues clinical trials for Nyxol, APX3330 and for any other product candidate in its future pipeline;
- continues preclinical studies for Nyxol, APX3330 and for any other product candidate in its future pipeline;
- develops additional product candidates that it identifies, in-licenses or acquires;
- seeks regulatory approvals for any product candidates that successfully complete clinical trials;
- contracts to manufacture its product candidates;
- establishes on its own or with partners, a sales, marketing and distribution infrastructure to commercialize any products for which Ocuphire may obtain regulatory approval;
- maintains, expands and protects its intellectual property portfolio;
- hires additional staff, including clinical, scientific, operational and financial personnel, to execute its business plan;
- adds operational, financial and management information systems and personnel, including personnel to support its product development and potential future commercialization efforts; and
- continues to operate as a public company.

Ocuphire's net losses may fluctuate significantly from quarter-to-quarter and year-to-year, depending on the timing of its preclinical studies, clinical trials and its expenditures on other research and development activities as well as level of license fee payments received under license agreements in connection with the former Rexahn drug compounds.

Recent Developments

Clinical and CMC Milestones

As of September 30, 2021, three registration stability batches at the 50 L scale of Nyxol (0.75% Phentolamine Mesylate Ophthalmic Solution) were manufactured under cGMP conditions. One clinical stability batch of Placebo (Nyxol vehicle) was manufactured and packaged in a matching container closure configuration. These manufacturing campaigns were important corporate milestones because this material will be used in future Phase 3 clinical trials. Additionally, the product has been placed on an ICH Stability program for a 36-month duration. The body of data including the 12-month stability data from the three Nyxol manufacturing campaigns and stability programs will be used to support the planned Nyxol NDA submission for Reversal of Mydriasis in late 2022.

The planned six-month preclinical toxicology study in rabbits for chronic use related to Nyxol has been completed. Reports will be finalized and submitted to the FDA in the first half of 2022.

Regulatory Update

Ocuphire has submitted a Pediatric Investigation Plan for Nyxol which has been reviewed by the FDA.

COVID-19

With the resurgence of COVID-19 cases, Ocuphire may likely continue to experience disruptions in its manufacturing, supply chain, research and development operations, clinical enrollment, regulatory process, as well as impacts to financial position and difficulties in obtaining more favorable financing terms. The global outbreak of COVID-19 continues to rapidly evolve. Although Ocuphire cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on Ocuphire's results of future operations, financial position, and liquidity over the next 12 or more months.

Financial Operations Overview

Collaborations Revenue

Collaborations revenue to date was derived from fees earned from a license agreement withBioSense Global LLC ("BioSense") and Processa Pharmaceuticals, Inc. ("Processa") in connection with the Rexahn RX-3117 drug compound. We anticipate that we may earn additional revenues stemming from additional milestone and royalty payments from this or other license agreements related to Rexahn's legacy drug compounds; however, the attainment of milestones or level of sales required to earn royalty payments is highly uncertain for the reasons explained below.

To date, outside of the limited collaborations revenue referenced above, Ocuphire does not expect to generate significant revenue unless or until it obtains regulatory approval of and commercializes Nyxol or APX3330. If Ocuphire fails to complete the development of Nyxol, APX3330, or any other product candidate it may pursue in the future, in a timely manner, or fails to obtain regulatory approval, Ocuphire's ability to generate future revenue would be compromised.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel-related costs, including salaries, benefits and stock-based compensation costs, for personnel in functions not directly associated with research and administrative activities. Other significant costs include insurance coverage for directors and officers and other property and liability exposures, legal fees relating to intellectual property and corporate matters, professional fees for accounting and tax services, and other services provided by business consultants. Ocuphire anticipates that its general and administrative expenses will significantly increase in the future to support its continued research and development activities and costs associated with operating as a public company. These increases will include increased costs related to the hiring of additional personnel and fees for legal and professional services as well as other public-company related costs.

Research and Development Expenses

To date, Ocuphire's research and development expenses have related primarily to the clinical stage development of Nyxol. Research and development expenses consist of costs incurred in performing research and development activities, including compensation and benefits for research and development employees and costs for consultants, costs associated with preclinical studies and clinical trials, regulatory activities, manufacturing activities to support clinical activities, license fees, nonlegal patent costs, fees paid to external service providers that conduct certain research and development, and an allocation of overhead expenses. Research and development costs are expensed as incurred and costs incurred by third parties are expensed as the contracted work is performed. Ocuphire accrues for costs incurred as the services are being provided by monitoring the status of the study or project, and the invoices received from its external service providers. Ocuphire adjusts its accrual as actual costs become known. Research and development activities are central to Ocuphire's business model.

Ocuphire expects that Nyxol and APX3330 will have higher development costs during their later stages of clinical development, as compared to costs incurred during their earlier stages of development, primarily due to the increased size and duration of the later-stage clinical trials. Ocuphire expects its research and development expenses to significantly increase over the next several years. However, it is difficult for Ocuphire to determine with certainty the duration, costs and timing to complete its current or future preclinical programs and clinical trials of Nyxol, APX3330, and other product candidates. The duration, costs and timing of clinical trials and development of Nyxol, APX3330 and other product candidates will depend on a variety of factors that include, but are not limited to, the following:

- per patient trial costs;
- the number of patients that participate in the trials;
- the number of sites included in the trials;
- the countries in which the trials are conducted;
- the length of time required to enroll eligible patients;
- the number of doses that patients receive;
- the drop-out or discontinuation rates of patients;
- potential additional safety monitoring or other studies requested by regulatory agencies;
- the duration of patient follow-up;
- the phase of development of the product candidate;
- arrangements with contract research organizations and other service providers; and
- the efficacy and safety profile of the product candidates.

Acquired In-Process Research and Development Expenses

Ocuphire includes costs to acquire or in-license product candidates as acquired in-process research and development expenses. These costs are immediately expensed provided that the payments do not also represent processes or activities that would constitute a "business" as defined under accounting standards generally accepted in the United States of America ("U.S. GAAP") or provided that the product candidate has not achieved regulatory approval for marketing and, absent obtaining such approval, has no alternative future use. Royalties owed on future sales of any licensed product will be expensed in the period the related revenues are recognized. The costs associated with the Merger and the Apexian Sublicense Agreement were recorded as acquired in-process research and development expenses ("IPR&D").

Interest Expense

Interest expense consists of interest costs related to the Ocuphire convertible notes and was attributed to interest on principal and to amortization of debt discount while these instruments were outstanding. The Ocuphire convertible notes had an annual interest rate of 8%.

Fair Value Change in Warrant Liabilities and Premium Conversion Derivatives

The fair value change in warrant liabilities and premium conversion derivatives includes the change in the fair value of the warrant liabilities and the premium conversion derivatives during the period the premium conversion derivatives and warrant liabilities are outstanding.

Other Income, net

Other income, net includes interest earned from cash and cash equivalent investments, realized and unrealized gains (losses) from equity investments and reimbursements in connection with grants and other sources. Other expense reflected in this line item includes payments made by us in connection with the Contingent Value Rights Agreement (the "CVR Agreement") with former Rexahn shareholders.

Provision for Income Taxes

Provision for income taxes consists of federal and state income taxes in the United States, as well as deferred income taxes and changes in related valuation allowance reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Currently, there is no provision for income taxes, as Ocuphire has incurred operating losses to date, and a full valuation allowance has been provided on the net deferred tax assets as of September 30, 2021 and December 31, 2020.

Results of Operations

Comparison of the Three Months Ended September 30, 2021 and 2020

The following table summarizes Ocuphire's operating results for the periods indicated (in thousands):

	For the Three Months Ended September 30,		
	2021	2020	Change
Collaborations revenue	$ 489	$ —	$ 489
Operating expenses:			
General and administrative	1,595	565	1,030
Research and development	3,126	1,383	1,743
Total operating expenses	4,721	1,948	2,773
Loss from operations	(4,232)	(1,948)	(2,284)
Interest expense	—	(179)	179
Fair value change in warrant liabilities and premium conversion derivatives	—	879	(879)
Other income, net	2	—	2
Loss before income taxes	(4,230)	(1,248)	(2,982)
Provision for income taxes	—	—	—
Net loss	$ (4,230)	$ (1,248)	$ (2,982)

Collaborations Revenue

Collaborations revenue was $0.5 million for the three months ended September 30, 2021. Revenue during the period was derived from the collaboration and license agreement with Processa related to certain technology transfers. There was no collaborations revenue recognized during the comparable prior year period.

General and Administrative Expenses

General and administrative expenses for the three months ended September 30, 2021 were $1.6 million compared to $0.6 million for the three months ended September 30, 2020. The $1.0 million increase was primarily attributable to administrative employee headcount, stock-based compensation, insurance, legal costs, and costs associated with operating as a public company subsequent to the reverse merger in the current period. General and administrative expenses included $0.3 million and $0.2 million in stock-based compensation expense during the three months ended September 30, 2021 and 2020, respectively.

Research and Development Expenses

Research and development expenses for the three months ended September 30, 2021 were $3.1 million compared to $1.4 million for the three months ended September 30, 2020. The $1.7 million increase was primarily attributable to four new clinical trials and manufacturing activities for Nyxol and APX3330 as well as regulatory, preclinical and other development activities. Research and development expenses also included $0.2 million and $0.4 million in stock-based compensation expense during the three months ended September 30, 2021 and 2020, respectively.

Interest Expense

Non-cash interest expense for the three months ended September 30, 2020 of $0.2 million was comprised of interest on principal and amortization of debt discounts related to Ocuphire convertible notes. There was no interest expense during the current year period.

Fair Value Change in Warrant Liabilities and Premium Conversion Derivatives

The fair value change in warrant liabilities and premium conversion derivatives was an expense of $0.9 million for the three months ended September 30, 2020 attributed to the change in fair value for the premium conversion derivatives due primarily to fluctuations in the fair value of Ocuphire common stock and the number of potential shares of common stock issuable upon conversion of the underlying Ocuphire convertible notes that were outstanding during the period. The fair value change in warrant liabilities and premium conversion derivatives during the three months ended September 30, 2021 was under $1,000, related to Rexahn Warrants.

Other Income, net

Other income during the three months ended September 30, 2021 consisted primarily of unrealized gains from our short-term investments and to a lesser extent interest income from our cash and cash equivalent investments in the aggregate of $94,000. Other income during the three months ended September 30, 2020 was negligible.

During the three months ended September 30, 2021, Ocuphire had other expense of $92,000 stemming largely from payments due in connection with the CVR Agreement. Other expense during the three months ended September 31, 2020 was negligible.

Comparison of the Nine Months Ended September 30, 2021 and 2020

The following table summarizes Ocuphire's operating results for the periods indicated (in thousands):

	For the Nine Months Ended September 30,		
	2021	2020	Change
Collaborations revenue	$ 589	$ —	$ 589
Operating expenses:			
General and administrative	6,707	1,508	5,199
Research and development	10,437	2,311	8,126
Acquired in-process research and development	—	2,126	(2,126)
Total operating expenses	17,144	5,945	11,199
Loss from operations	(16,555)	(5,945)	(10,610)
Interest expense	—	(1,422)	1,422
Fair value change in warrant liabilities and premium conversion derivatives	(33,829)	158	(33,987)
Gain on note extinguishment	—	1,260	(1,260)
Other income, net	4	9	(5)
Loss before income taxes	(50,380)	(5,940)	(44,440)
Provision for income taxes	—	—	—
Net loss	$ (50,380)	$ (5,940)	$ (44,440)

Collaborations Revenue

Collaborations revenue was $0.6 million for the nine months ended September 30, 2021. Revenue during the period was derived from the collaboration and license agreements with Processa and BioSense related to certain technology transfers. There was no collaborations revenue recognized during nine months ended September 30, 2020.

General and Administrative Expenses

General and administrative expenses for the nine months ended September 30, 2021 were $6.7 million compared to $1.5 million for the nine months ended September 30, 2020. The $5.2 million increase was primarily attributable to administrative employee headcount, stock-based compensation, professional services, insurance, legal and settlement costs, and costs associated with operating as a public company subsequent to the reverse merger in the current period. General and administrative expenses included $0.8 million and $0.4 million in stock-based compensation expense during the nine months ended September 30, 2021 and 2020, respectively.

Research and Development Expenses

Research and development expenses for the nine months ended September 30, 2021 were $10.4 million compared to $2.3 million for the nine months ended September 30, 2020. The $8.1 million increase was primarily attributable to six new clinical trials and manufacturing activities for Nyxol and APX3330 as well as regulatory, preclinical and other development activities. Research and development expenses also included $0.6 million in stock-based compensation expense during the nine months ended September 30, 2021 and 2020.

Acquired In-Process Research and Development Expenses

On January 21, 2020, Ocuphire entered into a sublicense agreement with Apexian for continued research and development and potential commercialization of its lead product, APX3330 (the "Apexian Sublicense Agreement"). Ocuphire issued 891,422 shares (as adjusted for the Exchange Ratio) of its common stock to Apexian related to the Apexian Sublicense Agreement. The fair value of the common stock issued to Apexian was $2.1 million and was recorded as IPR&D expense during the nine months ended September 30, 2020. Accounting standards require that the fair value of IPR&D with no alternative future use be charged to expense on the acquisition date. There were no IPR&D costs in the current year period.

Interest Expense

Non-cash interest expense for the nine months ended September 30, 2020 of $1.4 million was comprised of interest on principal and amortization of debt discounts related to Ocuphire convertible notes. There was no interest expense during the current year period.

Fair Value Change in Warrant Liabilities and Premium Conversion Derivatives

The fair value change in warrant liabilities and premium conversion derivatives was an expense of $33.8 million for the nine months ended September 30, 2021 compared to a benefit of $0.2 million for the nine months ended September 30, 2020. The $34.0 million change was due primarily to the issuance of the Series A Warrants in connection with the Pre-Merger Financing in November 2020 and to the fluctuations in Ocuphire's common stock fair value and the number of potential shares of common stock issuable upon conversion of the underlying Ocuphire warrant liabilities and convertible notes that were outstanding during the relevant periods. Upon the February 3, 2021 effective date of the Waiver Agreements, the Series A Warrants were reclassified to equity and are no longer subject to remeasurement.

Gain on Note Extinguishment

Non-cash gain on note extinguishment for the nine months ended September 30, 2020 was $1.3 million as a result of the Note Conversion Agreement (as defined and further described below). The Note Conversion Agreement was deemed to be a substantial modification to the Ocuphire convertible notes (as defined below), and as such, the Company recorded the modification as a note extinguishment.

Other Income, net

Other income during the nine months ended September 30, 2021 and 2020 was $96,000 and $9,000, respectively. Other income consisted primarily of unrealized gains from our short-term investments and to a lesser extent interest income from our cash and cash equivalent investments during the nine months ended September 30, 2021. During the nine months ended September 30, 2020, Ocuphire had other income from cash and cash equivalent investments and from a grant received from the U.S. Small Business Administration for economic relief stemming from the COVID-19 pandemic.

During the nine months ended September 30, 2021, Ocuphire had other expense of $92,000 stemming largely from payments due in connection with the CVR Agreement. Other expense during the nine months ended September 31, 2020 was negligible.

Liquidity and Capital Resources

Capital Resources

As of September 30, 2021, Ocuphire's principal sources of liquidity consisted of cash and cash equivalents of $22.2 million. Ocuphire's cash and cash equivalents are invested primarily in cash deposits at a large, long-standing financial institutions.

Ocuphire has not generated any revenue and anticipates that it will continue to incur losses for the foreseeable future. Future capital requirements depend on many factors, including whether the Company:

- continues clinical trials and preclinical studies for Nyxol, APX3330 and for any other product candidate in its future pipeline;
- develops additional product candidates that it identifies, in-licenses or acquires;
- seeks regulatory approvals for any product candidates that successfully complete clinical trials;
- contracts to manufacture its product candidates;
- establishes on its own or with partners, a sales, marketing and distribution infrastructure to commercialize any products for which it may obtain regulatory approval;
- maintains, expands and protects its intellectual property portfolio;
- hires additional staff, including clinical, scientific, operational and financial personnel, to execute its business plan;
- adds operational, financial and management information systems and personnel, including personnel to support its product development and potential future commercialization efforts; and
- continues to operate as a public company.

Historical Capital Resources

Ocuphire's primary source of cash to fund Ocuphire's operations has been from various equity offerings in the amount of $41.9 million and the issuance of convertible notes subsequent to the Ocuphire's incorporation in April 2018 in the amount of $8.5 million, inclusive of the promissory notes exchanged for Ocuphire convertible notes.

Registered Direct Offering

On June 4, 2021, the Company entered into a placement agency agreement with A.G.P./Alliance Global Partners ("AGP"). Pursuant to the terms of the placement agency agreement, AGP on June 8, 2021, sold of an aggregate of 3,076,923 shares of the Company's common stock and warrants to purchase 1,538,461 shares of the Company's common stock (the "RDO Warrants") at an offering price of $4.875 per one Share and 0.50 RDO Warrants, for gross proceeds of approximately $15,000,000, before deducting AGP's fees and related offering expenses in the amount of approximately $1.1 million. The purchase agreement contains customary representations, warranties and agreements by the Company, customary conditions to closing, indemnification obligations of the Company, other obligations of the parties and termination provisions.

The RDO Warrants have an exercise price of $6.09 per share and are exercisable upon the initial issuance date of June 8, 2021, and will expire five years following the initial exercise date. Subject to limited exceptions, a holder of a RDO Warrant will not have the right to exercise any portion of its RDO Warrants if the holder, together with its affiliates, would beneficially own in excess of 4.99% (or, at the election of a holder prior to the date of issuance, 9.99%) of the number of shares of common stock outstanding immediately after giving effect to such exercise; provided, however, that upon prior notice to the Company, the holder may increase or decrease the beneficial ownership limitation, provided further that in no event shall the beneficial ownership limitation exceed 9.99%. As of September 30, 2021, 1,538,461 RDO Warrants were still outstanding.

The offering of the Securities was made pursuant to the Company's effective shelf registration statement on Form S-3.

At-The-Market Program

On February 4, 2021, Ocuphire filed a Form S-3 shelf registration under the Securities Act which was declared effective by the SEC on February 12, 2021 (the "2021 Shelf") under which the Company may offer and sell, from time to time in its sole discretion, securities having an aggregate offering price of up to $125 million. In connection with the 2021 Shelf, on March 11, 2021, Ocuphire entered into a Capital on Demand™ Sales Agreement with JonesTrading Institutional Services LLC ("JonesTrading") under which the Company may offer and sell, from time to time at its sole discretion, to or through JonesTrading, acting as agent and/or principal, shares of its common stock having an aggregate offering price of up to $40 million (the "2021 ATM"). During the three and nine months ended September 30, 2021, 332,600 shares and 1,233,543 shares were sold under the 2021 ATM, respectively, for gross proceeds in the amount of approximately $1.7 million and $5.8 million, respectively.

Pre-Merger Financing

Securities Purchase Agreement

On June 17, 2020, Ocuphire, Rexahn and certain investors entered into a Securities Purchase Agreement, which was amended and restated in its entirety on June 29, 2020 (as amended and restated, the "Securities Purchase Agreement"). Pursuant to the Securities Purchase Agreement, the investors invested a total of $21.15 million in cash, including $300,000 invested by directors of Private Ocuphire and one director of Rexahn, upon closing of the Merger (the "Pre-Merger Financing"). Pursuant to the Pre-Merger Financing, (i) Ocuphire issued and sold to the investors shares of Private Ocuphire common stock (the "Initial Shares") which converted pursuant to the exchange ratio in the Merger into an aggregate of approximately 1,249,996 shares (the "Converted Initial Shares") of common stock, (ii) Ocuphire deposited into escrow, for the benefit of the Investors, additional shares of Private Ocuphire common stock (the "Additional Shares") which converted pursuant to the exchange ratio in the Merger into an aggregate of approximately 3,749,992 shares of common stock (the "Converted Additional Shares"), which Converted Additional Shares were delivered (or became deliverable) to the investors on November 19, 2020, and (iii) the Company agreed to issue to each investor on the tenth trading day following the consummation of the Merger (x) Series A Warrants representing the right to acquire shares of common stock equal to the sum of (A) the Converted Initial Shares purchased by the investor, (B) the Converted Additional Shares delivered or deliverable to the investor, without giving effect to any limitation on delivery contained in the Securities Purchase Agreement and (C) the initial number of shares of common stock, if any, underlying the Series B Warrants issued to the Investor and (y) additional warrants to purchase shares of common stock.

Waiver Agreements

Effective February 3, 2021, each investor that invested in the Pre-Merger Financing (each, a "Holder") entered into a Waiver Agreement with the Company (collectively, the "Waiver Agreements"). Pursuant to the Waiver Agreements, the Holders and the Company agreed to waive certain rights, finalize the exercise price and number of Series A Warrants and Series B Warrants, eliminate certain financing restrictions, extend the term of certain leak-out agreements, and, in the case of certain Holders, grant certain registration rights for the shares underlying the warrants.

The Waiver Agreements provide for the permanent waiver of the full ratchet anti-dilution provisions, contained in the Series A Warrants (as certain of the anti-dilution provisions had previously caused liability accounting treatment for the Series A Warrants). Upon the effective date of the Waiver Agreement, the Series A Warrants were reclassified to equity.

Pursuant to the Waiver Agreements, the number of shares underlying all of the Series B Warrants was fixed to 1,708,334 in the aggregate with respect to all Holders.

Series A Warrants

The Series A Warrants were issued on November 19, 2020 at an initial exercise price of $4.4795 per share, were immediately exercisable upon issuance and have a term of five years from the date of issuance. The Series A Warrants are exercisable for 5,665,838 shares of common stock in the aggregate (without giving effect to any limitation on exercise contained therein). As of September 30, 2021, 5,665,838 Series A Warrants were still outstanding.

At issuance, the Series A Warrants contained certain provisions that could have resulted in a downward adjustment of the initial exercise price and an upward adjustment in the number of shares underlying the warrants if Ocuphire were to have issued or sold, or made an agreement to issue or sell, any shares of common stock for a price lower than the exercise price then in effect. Pursuant to the terms of the Waiver Agreements, these provisions are no longer in effect.

Series B Warrants

The Series B Warrants have an exercise price of $0.0001, were exercisable upon issuance and will expire on the day following the later to occur of (i) the Reservation Date (as defined therein), and (ii) the date on which the investor's Series B Warrants have been exercised in full (without giving effect to any limitation on exercise contained therein) and no shares remain issuable thereunder. The Series B Warrants were initially exercisable for 665,836 shares of Common Stock in the aggregate (without giving effect to any limitation on exercise contained therein) and ultimately became exercisable for 1,708,334 shares of Common Stock upon execution of the Waiver Agreements. As of September 30, 2021, 78,700 Series B Warrants were still outstanding.

At issuance, the Series B Warrants contained certain provisions that could have resulted in the issuance of additional Series B Warrants depending on the dollar volume-weighted average prices of a share of Common Stock during a 45-trading day Reset Period. Pursuant to the terms of the Waiver Agreements, those provisions are no longer in effect.

Ocuphire Convertible Notes

From May 2018 through March 2020, Ocuphire issued convertible notes (the "Ocuphire convertible notes") for aggregate gross proceeds of $8.5 million, inclusive of the promissory notes exchanged for Ocuphire convertible notes. The final closing of the Ocuphire convertible notes occurred on March 10, 2020. The Ocuphire convertible note had an interest an interest rate of 8% per annum. On November 4, 2020, all of Ocuphire's outstanding notes were converted into 977,128 shares of Ocuphire common stock as adjusted for the Exchange Ratio in connection with the completion of the Merger.

The original Convertible Note Purchase Agreement (the "Note Purchase Agreement") was dated May 25, 2018. Under the original terms of the Note Purchase Agreement, the Ocuphire convertible notes were payable on demand on July 31, 2019 unless converted earlier pursuant to their terms. Such conversion would automatically occur if Ocuphire (i) completed an initial public offering ("IPO"), (ii) completed a change in control ("CIC"), (iii) completed a sale and issuance of its capital stock resulting in gross proceeds to Ocuphire of at least $5.0 million ("Qualified Financing"), or (iv) completed a reverse merger transaction ("Reverse Merger"), each a "Conversion Event". Upon a Conversion Event, the Ocuphire convertible notes would have automatically converted into the following:

- *Qualified Financing or IPO:* An amount of shares of Ocuphire common stock equal to 135% of the Note Value *divided by* the per share price of Ocuphire common stock issued to purchasers in the Qualified Financing or IPO.
- *CIC:* An amount of shares of Ocuphire common stock equal to 200% of the Note Value *divided by* the per share price of Ocuphire common stock based on the valuation of such CIC.
- *Reverse Merger:* Either (i) shares of Ocuphire common stock issued in the Reverse Merger or (ii) equity securities of the Reverse Merger counterparty, in an amount equal to 135% of the Note Value *divided by* the per share price at which such shares were issued to either stockholders of Ocuphire or stockholders of the Reverse Merger counterparty.

The Note Purchase Agreement was amended and restated on January 22, 2019 (the "Amended and Restated Mezz Note Purchase Agreement"). Under the Amended and Restated Mezz Note Purchase Agreement, the demand date of the Ocuphire convertible notes was extended to December 31, 2019 and the conversion provisions under the Ocuphire convertible notes were restated such that, upon a Conversion Event, the Ocuphire convertible notes would have automatically converted into the following:

- *IPO:* An amount of shares of Ocuphire common stock equal to the greater of: (i) 150% of the Note Value *divided by* the per share price of Ocuphire common stock issued to purchasers in the IPO, and (ii) 100% of the Note Value *divided by* the per share price of $10.37.

- *CIC:* An amount of shares of Ocuphire common stock equal to the greater of: (i) 200% of the Note Value *divided by* the per share price of Ocuphire common stock based on the valuation of such CIC, and (ii) 100% of the Note Value *divided by* the per share price of $10.37.

- *Qualified Financing*: An amount of shares of Ocuphire common stock equal to 150% of the Note Value *divided by* the per share price of Ocuphire common stock issued to purchasers in the Qualified Financing.

- *Reverse Merger*: Either shares of Ocuphire common stock issued in the Reverse Merger or equity securities of the Reverse Merger counterparty, in an amount equal to the greater of: (i) 150% of the Note Value *divided by* the per share price at which such shares were issued to either stockholders of Ocuphire or stockholders of the Reverse Merger counterparty, and (ii) 100% Note Value *divided by* the per share price of $10.37.

The Amended and Restated Mezz Note Purchase Agreement was further amended on November 20, 2019 (the "First Amendment"). The terms under the First Amendment reflect the current terms in effect for the Ocuphire convertible notes as of the date of this proxy statement/prospectus/information statement, except as further amended by the Note Conversion Agreement (defined below). The First Amendment extended the demand date of the Ocuphire convertible notes from December 31, 2019 to September 30, 2020, and changed the basis of interest from a 360-day year, 30-day month basis to a 365-day year basis. In addition, the First Amendment increased the automatic conversion factor applied to the Note Value to 175% in the event of an IPO, Qualified Financing or Reverse Merger and removed the fixed conversion option provision of $10.37 per share in the event of an IPO, CIC or Reverse Merger.

On June 8, 2020, holders of the Ocuphire convertible notes entered into the Note Conversion Agreement with Ocuphire (the "Note Conversion Agreement"). The Note Conversion Agreement provided that prior to the consummation of the merger, following the Rexahn special meeting, all of the Ocuphire convertible notes would automatically convert into an amount of shares of Ocuphire common stock equal to 175% of the Note Value divided by the Fully Diluted Shares. "Fully Diluted Shares" for this purpose means as of the Conversion Date the sum of the following: (1) all of the issued outstanding shares of Ocuphire common stock; and (2) the aggregate number of shares of Ocuphire common stock reserved for issuance under all outstanding options or other awards under equity incentive plans of Ocuphire in effect as of the date of conversion.

The Note Conversion Agreement further provided that upon the issuance of shares of Ocuphire common stock in the conversion, each convertible note would be cancelled and extinguished without the need for surrender of such notes and all obligations of Ocuphire, including any obligations for payment of principal and interest on the convertible notes, would be unconditionally and irrevocably discharged.

Cash Flows

The following table summarizes Ocuphire's cash flows for the periods indicated (in thousands):

	For the Nine Months Ended September 30,	
	2021	2020
Net cash used in operating activities	$ (13,724)	$ (2,439)
Net cash provided by (used in) investing activities	—	—
Net cash provided by financing activities	19,575	1,624
Net increase (decrease) in cash and cash equivalents	$ 5,851	$ (815)

Cash Flow from Operating Activities

For the nine months ended September 30, 2021, cash used in operating activities of $13.7 million was attributable to a net loss of $50.4 million, partially offset by $36.5 million in non-cash operating expenses and a net change of $0.2 million in Ocuphire's net operating assets and liabilities. The non-cash expenses consisted of the fair value change in the warrant liabilities of $33.8 million, a share settlement with certain investors in the amount of $1.6 million, stock-based compensation of $1.4 million, non-cash impact from the receipt of common stock stemming from the fulfillment of revenue milestones ($0.4) million and depreciation expense of $3,000. The change in operating assets and liabilities was primarily attributable to a decrease in Ocuphire's prepaid expenses offset in part by a net decrease in accrued liabilities in connection with operating as a public company post-Merger.

For the nine months ended September 30, 2020, cash used in operating activities of $2.4 million was attributable to a net loss of $5.9 million, partially offset by $3.1 million in non-cash expenses and a net change of $0.4 million in Ocuphire's net operating assets and liabilities. The non-cash expenses consisted of the fair value of common shares issued related to IPR&D in the amount of $2.1 million, interest and discount amortization related to the Ocuphire convertible notes of $1.4 million, fair value change in the premium conversion derivatives of $(0.2) million, gain on note extinguishment ($1.2) million related to the Note Conversion Agreement, $1.0 million related to stock-based compensation and depreciation expense of $7,000. The change in operating assets and liabilities was primarily attributable to a decrease in prepaid expenses and increase in accounts payable and accrued expenses associated with the fluctuations of Ocuphire's operating expenses.

Cash Flow from Investing Activities

There were no sources or uses from investing activities during the periods presented.

Cash Flow from Financing Activities

Net cash provided by financing activities during the nine months ended September 30, 2021 was $19.6 million in connection with proceeds received from both the Registered Direct Offering and 2021 ATM, net of issuance costs, and to a much lesser extent proceeds in connection with the exercise of stock options.

Net cash provided by financing activities during the nine months ended September 30, 2020 was $1.6 million consisting of proceeds from the issuance of the Ocuphire convertible notes, offset partially by deferred offering costs of $0.1 million.

Liquidity and Capital Resource Requirements

Ocuphire has no significant sources of revenue to sustain its present activities. Ocuphire does not expect to generate significant revenue until, and unless, the FDA or other regulatory authorities approve Nyxol or APX3330 and Ocuphire successfully commercializes its product candidates. Until such time, if ever, as Ocuphire can generate substantial product revenue, it expects to finance its cash needs through a combination of equity and debt financings as well as collaborations, strategic alliances and licensing arrangements. Ocuphire does not have any committed external source of funds. To the extent that Ocuphire raises additional capital through the sale of equity or convertible debt securities, the ownership interest of Ocuphire's stockholders will be diluted, and the terms of these securities may include liquidation, warrants, or other preferences that adversely affect your rights as a common stockholder. Debt financing, if available, may involve agreements that include covenants limiting or restricting Ocuphire's ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If Ocuphire raises additional funds through collaborations, strategic alliances or licensing arrangements with pharmaceutical partners, Ocuphire may have to relinquish valuable rights to its technologies, future revenue streams or grant licenses on terms that may not be favorable to Ocuphire. If Ocuphire is unable to raise additional funds through equity or debt financings or through collaborations, strategic alliances or licensing arrangements when needed, Ocuphire may be required to delay, limit, reduce or terminate its product development, future commercialization efforts, or grant rights to develop and market its product candidates that Ocuphire would otherwise prefer to develop and market itself.

Future Capital Requirements

Ocuphire's independent registered public accounting firm included an explanatory paragraph in its report on Ocuphire's financial statements as of and for the years ended December 31, 2020 and 2019, noting the existence of substantial doubt about Ocuphire's ability to continue as a going concern. This uncertainty arose from management's review of Ocuphire's results of operations and financial condition and its conclusion that, based on Ocuphire's operating plans, Ocuphire did not have sufficient existing working capital to sustain operations through December 31, 2021. Since the issuance of the independent registered public accounting firm's report, Ocuphire has raised $19.5 million, net of offering expenses, through the sale of common stock in the Registered Direct Offering and the 2021 ATM. To continue to fund operations, Ocuphire will need to raise capital. Ocuphire may obtain additional financing in the future through the issuance of common stock, through other equity or debt financings or through collaborations or partnerships with other companies. Ocuphire may not be able to raise additional capital on terms acceptable to it, or at all, and any failure to raise capital as and when needed could compromise Ocuphire's ability to execute on its business plan.

The development of Nyxol and APX3330 is subject to numerous uncertainties, and Ocuphire has based its operating plans on assumptions that may prove to be substantially different than what Ocuphire currently anticipates, which could result in cash resources being used sooner than Ocuphire currently expects. Additionally, the process of advancing early-stage product candidates and testing product candidates in clinical trials is costly, and the timing of progress in these clinical trials is uncertain. Ocuphire's ability to successfully transition to profitability will be dependent upon achieving a level of product sales adequate to support its cost structure. Ocuphire may not ever achieve profitability or generate positive cash flow from operating activities.

Contractual Obligations and Commitments

Facility Lease

Ocuphire leases a facility under a non-cancellable operating lease that commenced on June 8, 2019 and expires on December 31, 2022, as amended, for a base rent in the amount of $3,000 per month. Additionally, Ocuphire was leasing 5,466 square feet of office space in Rockville, Maryland previously occupied by Rexahn for a base rent of approximately $13,000 per month. The Rockville, Maryland lease expired in June 2021.

Apexian Sublicense Agreement

On January 21, 2020, Ocuphire entered into the Apexian Sublicense Agreement, pursuant to which it obtained exclusive worldwide patent and other intellectual property rights that constitute a Ref-1 Inhibitor program relating to therapeutic applications to treat disorders related to ophthalmic and diabetes mellitus conditions. The lead compound in the Ref-1 Inhibitor program is APX3330, which Ocuphire intends to develop as an oral tablet therapeutic to treat DR and diabetic macular edema, and potentially wet age-related macular degeneration.

In connection with the Apexian Sublicense Agreement, Ocuphire issued 891,422 shares (as adjusted for the Exchange Ratio) of Private Ocuphire common stock to Apexian and certain of Apexian's affiliates. The share issuance transaction was recorded in the amount of $2.1 million as IPR&D expense during the nine months ended September 30, 2020 based on the fair market value of the common shares issued since no processes or activities that would constitute a "business" were acquired and none of the rights and underlying assets acquired had alternative future uses or reached a stage of technological feasibility. Ocuphire also paid the balance remaining of $0.4 million of Ref-1 Inhibitor program costs to Apexian following the Company's listing on a major stock exchange.

Ocuphire agreed to make one-time milestone payments under the Apexian Sublicense Agreement for each of the first ophthalmic indication and the first diabetes mellitus indication. These milestone payments include (i) payments for specified developmental and regulatory milestones (including completion of the first Phase 2 trial and the first Phase 3 pivotal trial in the United States, and filing and achieving regulatory approval from the FDA for the first New Drug Application for a compound) totaling up to $11 million in the aggregate and (ii) payments for specified sales milestones of up to $20 million in the aggregate, which net sales milestone payments are payable once, upon the first achievement of such milestone.

Lastly, Ocuphire also agreed to make royalty payments equal to a single-digit percentage of its net sales of products covered by the patents under the Apexian Sublicense Agreement. None of the milestone or royalty payments were triggered as of the date of this proxy statement/prospectus/information statement.

Other Commitments

In the course of normal operations, Ocuphire entered into cancellable purchase commitments with its suppliers for various key research, clinical and manufacturing services. The purchase commitments covered by these arrangements are subject to change based on Ocuphire's research and development efforts.

Critical Accounting Policies

Our financial statements are prepared in accordance with U.S. generally accepted accounting principles. These accounting principles require us to make estimates and judgments that can affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the reported amounts of revenue and expense during the periods presented. We believe that the estimates and judgments upon which we rely are reasonably based upon information available to us at the time that we make these estimates and judgments. To the extent that there are material differences between these estimates and actual results, our financial results will be affected. The accounting policies that reflect our more significant estimates and judgments and which we believe are the most critical to aid in fully understanding and evaluating our reported financial results are described in Note 1 — "Company Description and Summary of Significant Accounting Policies " to our condensed consolidated financial statements included in "Part 1, Item 1 – Financial Statements" in this Report.

There were no additional material changes to our critical accounting policies or estimates disclosed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the year ended December 31, 2020 other than the new policies itemized below in connection with the commencement of collaborations revenue during the nine months ended September 30, 2021.

Revenue Recognition

We follow the provisions of ASC 606, *Revenue from Contracts with Customers.* The guidance provides a unified model to determine how revenue is recognized. We have entered into license agreements which have revenue recognition implications.

In determining the appropriate amount of revenue to be recognized, we perform the following steps: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations based on estimated selling prices; and (v) recognition of revenue when (or as) we satisfy each performance obligation.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in ASC Topic 606. Performance obligations may include license rights, development services, and services associated with regulatory submission and approval processes. Significant management judgment is required to determine the level of effort required under an arrangement and the period over which we expect to complete our performance obligations under the arrangement. If we cannot reasonably estimate when our performance obligations are either completed or become inconsequential, then revenue recognition is deferred until we can reasonably make such estimates. Revenue is then recognized over the remaining estimated period of performance using the cumulative catch-up method.

As part of the accounting for these arrangements, we must develop assumptions that require judgment to determine the stand-alone selling price of each performance obligation identified in the contract. We use key assumptions to determine the stand-alone selling price, which may include forecasted revenues, development timelines, reimbursement rates for personnel costs, discount rates and probabilities of technical and regulatory success. We allocate the total transaction price to each performance obligation based on the estimated relative standalone selling prices of the promised goods or service underlying each performance obligation.

Licenses of intellectual property: If the license to our intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, we recognize revenues from non-refundable, up-front fees allocated to the license when the license is transferred to the customer, and the customer can use and benefit from the license. For licenses that are bundled with other promises, we utilize judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress for purposes of recognizing revenue from non-refundable, up-front fees. We evaluate the measure of progress each reporting period and, if necessary, adjust the measure of performance and related revenue recognition.

Milestone payments: At the inception of each arrangement that includes milestone payments, we evaluate whether the milestones are considered probable of being achieved and estimate the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the value of the associated milestone (such as a regulatory submission) is included in the transaction price. Milestone payments that are not within our control, such as approvals from regulators, are not considered probable of being achieved until those approvals are received. When our assessment of probability of achievement changes and variable consideration becomes probable, any additional estimated consideration is allocated to each performance obligation based on the estimated relative standalone selling prices of the promised goods or service underlying each performance obligation and recorded as revenue based upon when the customer obtains control of each element.

Royalties: For arrangements that include sales-based royalties, including milestone payments based on the level of sales, and the license is deemed to be the predominant item to which the royalties relate, we recognize revenue at the later of (a) when the related sales occur, or (b) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied).

Short-term Investments

We determine the appropriate classification of its investments in debt and equity securities at the time of purchase and are recorded on a settlement date basis. Our investments are comprised of equity securities. We classify investments available to fund current operations as current assets on our condensed consolidated balance sheets. Realized and unrealized gains or losses stemming from these investments are recorded in other income, net on the condensed consolidated statements of comprehensive loss.

Recent Accounting Pronouncements

Refer to Note 1- “Company Description and Summary of Significant Accounting Policies” to our condensed consolidated financial statements included in “Part 1, Item 1 – Financial Statements” in this Report for a discussion of recently issued accounting pronouncements.

Off-Balance Sheet Arrangements

None.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable for smaller reporting companies.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information we are required to disclose in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

We designed and evaluated our disclosure controls and procedures recognizing that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance and not absolute assurance of achieving the desired control objectives. Also, the design of a control system must reflect the fact that there are resource constraints and that the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. The design of any system of controls is based, in part, upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Under the supervision of and with the participation of our management, including our principal executive officer and principal financial officer, we evaluated the effectiveness of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15(d)- 15(e) promulgated under the Exchange Act as of September 30, 2021. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of September 30, 2021.

Ocuphire Pharma, Inc.
Form 10-Q

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the quarter ended September 30, 2021, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may be involved in various claims and legal proceedings relating to claims arising out of our operations. We are not currently a party to any legal proceedings that, in the opinion of our management, are likely to have a material adverse effect on our business. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 1A. Risk Factors

There have been no material changes in our risk factors previously disclosed in Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020. You should carefully consider the risks and uncertainties described therein.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable to our Company.

Item 5. Other Information

None.

Item 6. Exhibits

EXHIBIT NUMBER	DESCRIPTION OF DOCUMENT
10.1	Third Lease Amendment, dated as of September 9, 2021, by and between the Company and Duke & Duke
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.

Ocuphire Pharma, Inc.
Form 10-Q

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.

Dated: November 12, 2021

Ocuphire Pharma, Inc.

By: /s/ Mina Sooch
Mina Sooch
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Amy Rabourn
Amy Rabourn
Vice President Finance
(Principal Financial Officer)

Exhibit 10.1

THIRD LEASE AMENDMENT

This Lease Amendment made this 9th day of September, 2021 by and between DUKE & DUKE, a Limited Partnership, of 37000 Grand River Avenue, Suite 360, Farmington Hills, MI 48335, as "LANDLORD" and Ocuphire Pharma, Inc. of 37000 Grand River Avenue, Suite 120, Farmington Hills, MI 48335, as "TENANT'.

WITNESSETH

WHEREAS, on or about the 31st day of August, 2021, Landlord and Tenant entered into a Lease Agreement with a First Amendment on October 29, 2019, and a Second Amendment on November 17, 2020. The Lease together with any and all Amendments and/or riders is herein collectively referred to as, "Lease". The certain demised premises consists of 1,623 rentable square feet and being commonly known as Suite 120 at 37000 Grand River Avenue, Farmington Hills, MI 48335; and

WHEREAS, the parties wish to amend this Lease in respect to the demised premises in that Tenant will extend the term of the Lease; and

NOW THEREFORE, in consideration of monies to be paid and covenants and conditions to be performed, IT IS HEREBY AGREED AS FOLLOWS:

1. That the rent for the Suite known as Suite 120 will be as follows;

   01/01/2022 – 12/31/2022 $22.00 per rentable square foot

2. That the expiration date of Tenant's Lease shall be December 31, 2022.

3. Tenant Share: 2.13%

4. Base Tax: $1.39

5. Miscellaneous: The Lease remains in full force and effect and has not been modified or extended except as specifically set in this Third Amendment and extension of lease agreement. To the extent of any conflict between this Amendment and extension of lease agreement and the lease, the provisions of this Third Amendment shall control.

TENANT:

Ocuphire Pharma, Inc.

/s/ Mina Sooch
Name: Mina Sooch
Its: CEO
Date: 9/9/2021

LANDLORD:

DUKE & DUKE,
a Limited Partnership

/s/ Thomas Duke
Name: Thomas Duke
Its: Gen Ptnr
Date: 9/9/2021

Exhibit 31.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a) OR 15d-14(a), AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES OXLEY ACT OF 2002**

I, Mina Sooch, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2021 of Ocuphire Pharma, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: November 12, 2021

/s/ Mina Sooch
Name: Mina Sooch
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a) OR 15d-14(a), AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES OXLEY ACT OF 2002**

I, Amy Rabourn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2021 of Ocuphire Pharma, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: November 12, 2021

/s/ Amy Rabourn

Name: Amy Rabourn
Title: Vice President of Finance
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER, PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002*

Pursuant to the requirement set forth in Rule 13a-14(b) or Rule 15d-14(b) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code, Mina Sooch, Chief Executive Officer of Ocuphire Pharma, Inc. (the "Company") hereby certifies that, to the best of her knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2021, to which this Certification is attached as Exhibit 32.1 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act, and

2. The information contained in the Report fairly presents, in all material respects, the financial condition of the Company at the end of the period covered by the Report and results of operations of the Company for the period covered by the Report.

/s/ Mina Sooch
Mina Sooch
Chief Executive Officer
(Principal Executive Officer)

Dated: November 12, 2021

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* This certification accompanies the report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Ocuphire Pharma, Inc. under the Securities Act of 1933, as amended, or the Exchange Act made before or after the date of the report, irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER,
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002***

Pursuant to the requirement set forth in Rule 13a-14(b) or Rule 15d-14(b) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code, Amy Rabourn, Vice President of Finance of Ocuphire Pharma, Inc. (the "Company") hereby certifies that, to the best of her knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2021, to which this Certification is attached as Exhibit 32.2 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act, and

2. The information contained in the Report fairly presents, in all material respects, the financial condition of the Company at the end of the period covered by the Report and results of operations of the Company for the period covered by the Report.

/s/ Amy Rabourn
Amy Rabourn
Vice President of Finance
(Principal Financial Officer)

Dated: November 12, 2021

* This certification accompanies the report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Ocuphire Pharma, Inc. under the Securities Act of 1933, as amended, or the Exchange Act made before or after the date of the report, irrespective of any general incorporation language contained in such filing.