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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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, 2022
or

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

For the transition period from _____to
Commission file number: 001-34475

OMEROS CORPORATION
(Exact name of registrant as specified in its charter)

Washington	**91-1663741**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
201 Elliott Avenue West Seattle, Washington	**98119**
(Address of principal executive offices)	**(Zip Code)**

(206) 676-5000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

(Title of each class)	(Trading symbol)	(Name of each exchange on which registered)
Common Stock, par value $0.01 per share	**OMER**	**The Nasdaq Stock Market LLC**

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

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

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

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

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

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

As of November 4, 2022, the number of outstanding shares of the registrant's common stock, par value $0.01 per share, was 62,730,015.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), which are subject to the "safe harbor" created by those sections for such statements. Forward-looking statements are based on our management's beliefs and assumptions and on currently available information. All statements other than statements of historical fact are "forward-looking statements." Terms such as "anticipate," "believe," "could," "estimate," "expect," "goal," "intend," "likely," "look forward to," "may," "objective," "plan," "possible," "potential," "predict," "project," "should," "slate," "target," "will," "would," and similar expressions and variations thereof are intended to identify forward-looking statements, but these terms are not the exclusive means of identifying such statements. Examples of these statements include, but are not limited to, statements regarding:

- our estimates regarding how long our existing cash, cash equivalents, short-term investments and revenues will fund our anticipated operating expenses, capital expenditures and debt service obligations;
- our expectations related to future milestone and royalty payments potentially payable to us under the terms of the asset purchase agreement under which we divested our former commercial ophthalmology product OMIDRIA® (phenylephrine and ketorolac intraocular solution);
- our expectations regarding clinical plans and anticipated or potential paths to regulatory approval of narsoplimab by the U.S. Food and Drug Administration ("FDA") and the European Medicines Agency (the "EMA") in hematopoietic stem cell transplant-associated thrombotic microangiopathy ("HSCT-TMA"), immunoglobulin A ("IgA") nephropathy, COVID-19 and atypical hemolytic uremic syndrome ("aHUS");
- our expectations regarding the clinical, therapeutic and competitive benefits and importance of our drug candidates, our ability to design, initiate and/or successfully complete clinical trials and other studies for our drug candidates, and our plans and expectations regarding our ongoing or planned clinical trials, including for MASP-2 inhibitors narsoplimab and OMS1029, and our lead MASP-3 inhibitor OMS906, and for our other investigational candidates, including OMS527;
- whether and when a marketing authorization application ("MAA") may be filed with the EMA for narsoplimab in any indication, and whether the EMA, the FDA, or regulatory agencies in any other jurisdiction will grant approval for narsoplimab in any indication;
- our plans for the commercial launch of narsoplimab following any regulatory approval and our estimates and expectations regarding coverage and reimbursement for any approved products;
- our plans and expectations regarding development of narsoplimab for the treatment of critically ill COVID-19 patients, including statements regarding the therapeutic potential of narsoplimab for the treatment of COVID-19, discussions with government agencies regarding narsoplimab for the treatment of COVID-19 and expectations for the treatment of COVID-19 patients in additional clinical trials;
- with respect to our ongoing or planned clinical development programs, our expectations regarding: whether enrollment in any ongoing or planned clinical trial will proceed as expected; whether we can capitalize on the financial and regulatory incentives provided by orphan drug designations granted by FDA, the European Commission (the "EC"), or the EMA; and whether we can capitalize on the regulatory incentives provided by fast-track or breakthrough therapy designations granted by FDA;
- our expectation that we will rely on contract manufacturers to manufacture narsoplimab, if approved, for commercial sale and to manufacture our other drug candidates, including OMS906 and OMS1029, for purposes of clinical supply and in anticipation of potential commercialization;
- our ability to raise additional capital through the capital markets or through one or more corporate partnerships, equity offerings, debt financings, collaborations, licensing arrangements or asset sales;

- our expectations about the commercial competition that our drug candidates, if commercialized, face or may face;
- the expected course and costs of existing claims, legal proceedings and administrative actions, our involvement in potential claims, legal proceedings and administrative actions, and the merits, potential outcomes and effects of both existing and potential claims, legal proceedings and administrative actions, as well as regulatory determinations, on our business, prospects, financial condition and results of operations;
- the extent of protection that our patents provide and that our pending patent applications will provide, if patents are issued from such applications, for our technologies, programs, and drug candidates;
- the factors on which we base our estimates for accounting purposes and our expectations regarding the effect of changes in accounting guidance or standards on our operating results;
- our expected financial position, performance, revenues, growth, costs and expenses, magnitude of net losses and the availability of resources, including the impact of rising interest rates and inflation in the global economy; and
- our ability to recruit and retain key personnel.

Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including the risks, uncertainties and other factors described in this Quarterly Report on Form 10-Q under the headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in our other filings with the U.S. Securities and Exchange Commission (the “SEC”). Given these risks, uncertainties and other factors, actual results or anticipated developments may not be realized or, even if substantially realized, may not have the expected consequences to or effects on our company, business or operations. Accordingly, you should not place undue reliance on these forward-looking statements, which represent our estimates and assumptions only as of the date of the filing of this Quarterly Report on Form 10-Q. You should read this Quarterly Report on Form 10-Q completely and with the understanding that our actual results in subsequent periods may materially differ from current expectations. Except as required by applicable law, we assume no obligation to update or revise any forward-looking statements contained herein, whether as a result of any new information, future events or otherwise.

OMEROS CORPORATION
FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2022

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

OMEROS CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

(unaudited)

	September 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 145,533	$ 100,808
Short-term investments	75,431	56,458
OMIDRIA contract royalty asset, short-term	47,744	44,319
Receivables, net	13,854	38,155
Prepaid expense and other assets	5,983	8,216
Total current assets	288,545	247,956
OMIDRIA contract royalty asset	143,641	140,251
Right of use assets	22,464	28,276
Property and equipment, net	1,847	1,731
Restricted investments	1,054	1,054
Total assets	$ 457,551	$ 419,268
Liabilities and shareholders' equity (deficit)		
Current liabilities:		
Accounts payable	$ 17,089	$ 13,400
Accrued expenses	18,016	33,134
Current portion of lease liabilities	4,409	5,255
Total current liabilities	39,514	51,789
Unsecured convertible senior notes, net	314,819	313,458
OMIDRIA royalty obligation	125,000	—
Lease liabilities, non-current	23,533	29,126
Other accrued liabilities - noncurrent	999	1,115
Commitments and contingencies (Note 10)		
Shareholders' equity (deficit):		
Preferred stock, par value $0.01 per share, 20,000,000 shares authorized; none issued and outstanding at September 30, 2022 and December 31, 2021.	—	—
Common stock, par value $0.01 per share, 150,000,000 shares authorized at September 30, 2022 and December 31, 2021; 62,730,015 and 62,628,855 shares issued and outstanding at September 30, 2022 and December 31, 2021, respectively.	627	626
Additional paid-in capital	717,509	706,288
Accumulated deficit	(764,450)	(683,134)
Total shareholders' equity (deficit)	(46,314)	23,780
Total liabilities and shareholders' equity (deficit)	$ 457,551	$ 419,268

See accompanying Notes to Condensed Consolidated Financial Statements

OMEROS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(In thousands, except share and per share data)

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Costs and expenses:				
Research and development	$ 38,568	$ 25,818	$ 86,172	$ 88,448
Selling, general and administrative	12,198	14,010	37,079	42,280
Total costs and expenses	50,766	39,828	123,251	130,728
Loss from continuing operations	(50,766)	(39,828)	(123,251)	(130,728)
Interest expense	(4,932)	(4,911)	(14,799)	(14,718)
Interest and other income	906	461	2,069	1,212
Net loss from continuing operations	(54,792)	(44,278)	(135,981)	(144,234)
Net income from discontinued operations	37,336	21,575	54,665	57,848
Net loss	$ (17,456)	$ (22,703)	$ (81,316)	$ (86,386)
Basic and diluted net income (loss) per share:				
Net loss from continuing operations	$ (0.87)	$ (0.70)	$ (2.17)	$ (2.32)
Net income from discontinued operations	0.59	0.34	0.87	0.93
Net loss	$ (0.28)	$ (0.36)	$ (1.30)	$ (1.39)
Weighted-average shares used to compute basic and diluted net income (loss) per share	62,730,015	62,510,727	62,728,276	62,267,557

See accompanying Notes to Condensed Consolidated Financial Statements

OMEROS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

(In thousands, except share data)

(unaudited)

	Common Stock		Additional Paid-In	Accumulated	
	Shares	Amount	Capital	Deficit	Total
Balance at January 1, 2021	61,671,231	$ 616	$ 751,304	$ (872,672)	$ (120,752)
Exercise of stock options and warrants	580,781	6	6,327	—	6,333
At the market offering costs	—	—	(241)	—	(241)
Cumulative effect of adopting ASU 2020-06	—	—	(70,779)	(4,697)	(75,476)
Stock-based compensation expense	—	—	3,271	—	3,271
Net loss	—	—	—	(35,090)	(35,090)
Balance at March 31, 2021	62,252,012	622	689,882	(912,459)	(221,955)
Exercise of stock options	238,928	2	1,133	—	1,135
Stock-based compensation expense	—	—	3,117	—	3,117
Net loss	—	—	—	(28,593)	(28,593)
Balance June 30, 2021	62,490,940	624	694,132	(941,052)	(246,296)
Exercise of stock options	51,328	1	607	—	608
Stock-based compensation expense	—	—	5,694	—	5,694
Net loss	—	—	—	(22,703)	(22,703)
Balance September 30, 2021	62,542,268	$ 625	$ 700,433	$ (963,755)	$ (262,697)
Balance at January 1, 2022	62,628,855	$ 626	$ 706,288	$ (683,134)	$ 23,780
Exercise of stock options	101,160	1	413	—	414
Stock-based compensation expense	—	—	3,892	—	3,892
Net loss	—	—	—	(33,011)	(33,011)
Balance at March 31, 2022	62,730,015	627	710,593	(716,145)	(4,925)
Stock-based compensation expense	—	—	3,072	—	3,072
Net loss	—	—	—	(30,849)	(30,849)
Balance June 30, 2022	62,730,015	627	713,665	(746,994)	(32,702)
Stock-based compensation expense	—	—	3,844	—	3,844
Net loss	—	—	—	(17,456)	(17,456)
Balance September 30, 2022	62,730,015	$ 627	$ 717,509	$ (764,450)	$ (46,314)

See accompanying Notes to Condensed Consolidated Financial Statements

OMEROS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(unaudited)

	Nine Months Ended September 30,	
	2022	2021
Operating activities:		
Net loss	$ (81,316)	$ (86,386)
Adjustments to reconcile net loss to net cash used in operating activities:		
Early termination of operating lease	(454)	—
Stock-based compensation expense	10,808	12,082
Non-cash interest expense	1,361	1,256
Depreciation and amortization	789	1,062
Changes in operating assets and liabilities:		
Receivables	24,301	(30,057)
Prepaid expenses and other	1,769	5,740
OMIDRIA contract royalty asset	(6,815)	—
Accounts payable and accrued expense	(11,544)	4,796
Net cash used in operating activities	(61,101)	(91,507)
Investing activities:		
Purchases of investments	(103,573)	(5)
Proceeds from the sale and maturities of investments	84,600	81,500
Purchases of property and equipment	(100)	(203)
Net cash provided by (used in) investing activities	(19,073)	81,292
Financing activities:		
Proceeds from OMIDRIA liability for future royalties	125,000	—
Proceeds upon exercise of stock options and warrants	414	8,076
Payments on finance lease obligations	(515)	(706)
At the market offering costs	—	(241)
Net cash provided by financing activities	124,899	7,129
Net decrease in cash and cash equivalents	44,725	(3,086)
Cash and cash equivalents at beginning of period	100,808	10,501
Cash and cash equivalents at end of period	$ 145,533	$ 7,415
Supplemental cash flow information		
Cash paid for interest	$ 13,437	$ 14,889
Property acquired under finance lease	$ 806	$ 139

See accompanying Notes to Condensed Consolidated Financial Statements

OMEROS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note 1—Organization and Basis of Presentation

General

Omeros Corporation ("Omeros," the "Company" or "we") is a clinical-stage biopharmaceutical company committed to discovering, developing and commercializing small-molecule and protein therapeutics for large-market as well as orphan indications targeting immunologic diseases, including complement-mediated diseases and cancers related to dysfunction of the immune system, as well as addictive and compulsive disorders. We marketed our first drug product, OMIDRIA® (phenylephrine and ketorolac intraocular solution) 1% / 0.3% for use during cataract surgery or intraocular lens replacement in the United States (the "U.S.") until we sold OMIDRIA and related business assets on December 23, 2021 (see "Sale of OMIDRIA Assets" below for additional information).

Our drug candidate narsoplimab, targeting mannan-binding lectin-associated serine protease-2 ("MASP-2") and the lectin pathway of complement, is the subject of a biologics license application ("BLA") pending before the U.S. Food and Drug Administration ("FDA") for the treatment of hematopoietic stem cell transplant-associated thrombotic microangiopathy ("HSCT-TMA"). On October 18, 2021, we announced the receipt of a Complete Response Letter ("CRL") from FDA indicating that the BLA could not be approved as submitted. In November 2022, we received the decision by FDA's Office of New Drugs ("OND") denying our appeal of the CRL. Although our appeal was denied, the decision proposes a path forward for resubmission of the BLA based on survival data from the completed pivotal trial versus a historical control group, with or without an independent literature analysis.

Clinical development of narsoplimab also includes programs focused on complement-mediated disorders, including immunoglobulin A ("IgA") nephropathy, atypical hemolytic uremic syndrome ("aHUS") and COVID-19. Our pipeline of investigational agents also includes: our long-acting MASP-2 inhibitor OMS1029, which is currently in a Phase 1 clinical trial, and OMS906, our inhibitor of mannan-binding lectin-associated serine protease 3 ("MASP-3") targeting the alternative pathway of complement, which has completed a Phase 1 clinical trial and is being advanced into clinical programs for paroxysmal nocturnal hemoglobinuria ("PNH") and complement 3 ("C3") glomerulopathy.

Basis of Presentation

Our condensed consolidated financial statements include the financial position and results of operations of Omeros and our wholly owned subsidiaries. All inter-company transactions have been eliminated. The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Certain prior year amounts in the condensed consolidated balance sheets, statements of operations, statements of stockholders' equity (deficit) and statements of cash flows and the notes to the condensed consolidated financial statements have been reclassified in the condensed consolidated financial statements to conform to the current year presentation.

Sale of OMIDRIA Assets

On December 23, 2021, we completed the sale of OMIDRIA and certain related assets and liabilities to Rayner Surgical Inc. ("Rayner") pursuant to an Asset Purchase Agreement dated December 1, 2021 (the "Asset Purchase Agreement"). We received a payment of $126.0 million at closing and receive royalty payments on worldwide sales of OMIDRIA and potentially a $200.0 million milestone payment if separate payment for OMIDRIA is secured in the U.S. for a continuous period of at least four years before January 1, 2025.

As a result of the divestiture, the results of OMIDRIA operations (e.g., revenues and operating costs) are included in discontinued operations in our condensed consolidated statements of operations and comprehensive loss for all periods presented (see "Note 3 – Discontinued Operations").

Risks and Uncertainties

As of September 30, 2022, we had cash, cash equivalents and short-term investments of $221.0 million and outstanding accounts receivable of $13.9 million. Our loss for the quarter ended September 30, 2022 was $17.5 million. Included in our loss for the quarter was a $29.0 million noncash benefit related to the revaluation of our OMIDRIA contract royalty asset, which was partially offset by $4.6 million of noncash operating expenses. Our loss for the nine months ended September 30, 2022 was $81.3 million and included $30.5 million of noncash benefit related to the revaluation of our OMIDRIA contract royalty asset along with differences between actual and estimated royalties in the third quarter, which was partially offset by $12.5 million of noncash operating expenses.

We plan to continue to fund our operations for the next twelve months with our existing cash and investments, our current accounts receivable, and our portion of OMIDRIA royalties. There is also the potential for us to receive a $200.0 million milestone related to achievement of long-term OMIDRIA separate payment if, prior to January 1, 2025, separate payment for OMIDRIA is secured under Medicare Part B for at least four continuous years. If FDA approval is granted for narsoplimab for HSCT-TMA, we expect that sales of narsoplimab will also provide funds for our operations. We have a sales agreement through which we may, from time to time, offer and sell shares of our common stock in an “at the market” equity offering for aggregate sales proceeds of up to $150.0 million. Should it be determined to be strategically advantageous, we could pursue debt financings as well as public and private offerings of our equity securities, similar to those we have previously completed, or other strategic transactions, which may include licensing a portion of our existing technology.

Management believes the assets on hand along with our portion of expected OMIDRIA royalties to be received are adequate to finance our operations at least through November 9, 2023. Accordingly, the accompanying condensed consolidated financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant items subject to such estimates include OMIDRIA contract royalty asset valuation, stock-based compensation expense, and accruals for clinical trials and manufacturing of drug product. We base our estimates on historical experience and on various other factors, including the impact of the COVID-19 pandemic, that we believe are reasonable under the circumstances; however, actual results could differ from these estimates.

Note 2—Significant Accounting Policies

Discontinued Operations

We review the presentation of planned or completed business dispositions in the condensed consolidated financial statements based on the available information and events that have occurred. The review consists of evaluating whether the business meets the definition of a component for which the operations and cash flows are clearly distinguishable from the other components of the business and, if so, whether it is anticipated that after the disposal the cash flows of the component would be eliminated from continuing operations and whether the disposition represents a strategic shift that has a major effect on operations and financial results.

Planned or completed business dispositions are presented as discontinued operations when all the criteria described above are met. For those divestitures that qualify as discontinued operations, all comparative periods presented are reclassified in the consolidated balance sheets. Additionally, the results of operations of a discontinued operation are reclassified to income from discontinued operations, for all periods presented in the condensed consolidated statements of operations and comprehensive loss. Results of discontinued operations include all revenues and expenses directly derived from such businesses; general corporate overhead is not allocated to discontinued operations. The OMIDRIA assets sold to Rayner qualify as a discontinued operation (see “Note 3 – Discontinued Operations”).

OMIDRIA Royalties and OMIDRIA Contract Royalty Assets

We have rights to receive future royalties from Rayner on OMIDRIA net sales at rates that vary based on geography and certain regulatory contingencies. Therefore, future OMIDRIA royalties are treated as variable consideration. The sale of OMIDRIA qualified as an asset sale under GAAP. To measure the OMIDRIA contract royalty asset, we used the expected value approach, which is the sum of the discounted probability-weighted royalty payments, net of tax, we would receive using a range of potential outcomes, to the extent that it is probable that a significant reversal in the amount of cumulative income recognized will not occur. Accordingly, the contract royalty asset excludes the achievement of the potential $200.0 million milestone payment and any non-U.S. royalties to the extent it is probable that a significant reversal in the amount of cumulative income recognized will not occur. Royalties earned are primarily recorded as a reduction to the OMIDRIA contract royalty asset. The amounts recorded in discontinued operations will reflect interest earned on the outstanding OMIDRIA contract royalty asset and any amounts received that are different from the expected royalties recorded at closing. The OMIDRIA contract royalty asset is re-measured periodically using the expected value approach based on actual results and future expectations. Any required adjustment to the OMIDRIA contract royalty asset will be recorded into discontinued operations.

OMIDRIA Royalty Obligation

On September 30, 2022, we sold to DRI Healthcare Acquisitions LP (“DRI”) an interest in a portion of our future OMIDRIA royalty receipts for a purchase price of $125.0 million in cash (see “Note 8 – OMIDRIA Royalty Obligation”).

The $125.0 million cash consideration obtained is classified as liability and is recorded as an “OMIDRIA royalty obligation” on our condensed consolidated balance sheet. The liability is being amortized over the term of the arrangement using the implied effective interest rate of 9.4% and interest expense is recorded as a component of continuing operations.

To the extent our estimates of future royalties are greater or less than previous estimates, we will adjust the carrying amount of the liability for future OMIDRIA royalties to the present value of the revised estimated cash flows, discounted at the original effective interest rate utilizing the cumulative catch-up method. The offset to the adjustment would be recognized as a component of net income (loss) from continuing operations.

OMIDRIA Revenue Recognition

Prior to the sale of OMIDRIA on December 23, 2021, when we entered into a customer contract, we performed the following five steps: (i) identified the contract with a customer; (ii) identified the performance obligations in the contract; (iii) determined the transaction price; (iv) allocated the transaction price to the performance obligations in the contract; and (v) recognized revenue when (or as) we satisfy a performance obligation.

We generally recorded OMIDRIA product sales when the product was delivered to our wholesalers. OMIDRIA product sales were recorded net of wholesaler distribution fees and estimated chargebacks, rebates, returns and purchase-volume discounts. Accruals or allowances were established for these deductions in the same period when revenue was recognized, and actual amounts incurred were offset against the applicable accruals or allowances. We reflected each of these accruals or allowances as either a reduction in the related accounts receivable or as an accrued liability, depending on how the amount is expected to be settled.

Inventory

We expense inventory costs related to product candidates as research and development expenses until regulatory approval is reasonably assured in the U.S. or the European Union (the “EU”). Once approval is reasonably assured, costs, including amounts related to third-party manufacturing, transportation and internal labor and overhead, will be capitalized.

Right of Use Assets and Related Lease Liabilities

We record operating leases as right-of-use assets and recognize the related lease liabilities equal to the fair value of the lease payments using our incremental borrowing rate when the implicit rate in the lease agreement is not readily available. We recognize variable lease payments, when incurred. Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease.

We record finance leases as a component of property and equipment and amortize these assets within operating expenses on a straight-line basis to their residual values over the shorter of the term of the underlying lease or the estimated useful life of the equipment. The interest component of a finance lease is included in interest expense and recognized using the effective interest method over the lease term.

We account for leases with initial terms of 12 months or less as operating expenses on a straight-line basis over the lease term.

Stock-Based Compensation

Stock-based compensation expense is recognized for all share-based payments, including grants of stock option awards and restricted stock unit awards ("RSU"), based on estimated fair values. The fair value of our stock options is calculated using the Black-Scholes option-pricing model which requires judgmental assumptions around volatility, forfeiture rates and expected option term. Compensation expense is recognized over the optionees' requisite service periods, which is generally the vesting period, using the straight-line method. Forfeiture expense is estimated at the time of grant and revised in subsequent periods if actual forfeitures differ from those estimates.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases. Deferred tax assets and liabilities are measured using enacted tax rates applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. We recognize the effect of income tax positions only if those positions are more likely than not of being sustained upon an examination. A valuation allowance is established when it is more likely than not that the deferred tax assets will not be realized.

Note 3—Discontinued Operations

On December 23, 2021, we completed the sale of OMIDRIA and certain related assets, including inventory and prepaid expenses. We retained the outstanding accounts receivable and all outstanding liabilities related to OMIDRIA as of the closing date.

Upon closing, we received an up-front cash payment of $126.0 million. We receive a 50% royalty on OMIDRIA net sales in the U.S. until the earlier of January 1, 2025 or the payment of the $200.0 million milestone described below. After such date, we will receive a 30% royalty on OMIDRIA net sales in the U.S. (the "U.S. base royalty rate") until the expiration or termination of the last issued and unexpired U.S. patent. The U.S. base royalty rate is reduced to 10% upon the occurrence of certain events described in the Asset Purchase Agreement, including during any specific period in which OMIDRIA is no longer eligible for separate payment. We will also receive a royalty of 15% on OMIDRIA net sales outside the U.S. on a country-by-country basis until the expiration or termination of the last issued and unexpired OMIDRIA patent in such country. We will receive a $200.0 million milestone payment if, prior to January 1, 2025, separate payment for OMIDRIA is secured in the U.S. for a continuous period of at least four years.

During the three and nine months ended September 30, 2022, we earned royalties of $16.5 million and $47.6 million, respectively, on sales of OMIDRIA which we recorded as a reduction from the OMIDRIA contract royalty asset. During the three and nine months ended September 30, 2022, we also recorded $37.3 million and $54.7 million, respectively, of

income in discontinued operations representing interest income and remeasurement adjustments to the OMIDRIA contract royalty asset. The following schedule presents a rollforward of the OMIDRIA contract royalty asset (in thousands):

OMIDRIA contract royalty asset at December 31, 2021	$ 184,570
Royalties earned	(47,555)
Royalty interest income and other	23,857
Remeasurement adjustments	30,513
OMIDRIA contract royalty asset at September 30, 2022	$ 191,385

Net income from discontinued operations is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(In thousands)			
Product sales, net	$ —	$ 30,004	$ —	$ 79,888
Royalty interest income and other	8,229	—	23,857	—
Remeasurement adjustments	29,043	—	30,513	—
Other income (expenses), net	64	(8,429)	295	(22,040)
Net income from discontinued operations	$ 37,336	$ 21,575	$ 54,665	$ 57,848

Cash flow from discontinued operations is as follows:

	Nine Months Ended September 30,	
	2022	2021
	(In thousands)	
Total operating inflows (outflows) from discontinued operations	$ 12,037	$ (23,828)

Note 4—Net Loss Per Share

Our potentially dilutive securities include potential common shares related to our stock options, warrants, RSUs and unsecured convertible senior notes. Diluted earnings per share (“Diluted EPS”) considers the impact of potentially dilutive securities except in periods in which there is a loss because the inclusion of the potential common shares would have an anti-dilutive effect. Diluted EPS excludes the impact of potential common shares related to our stock options in periods in which the option exercise price is greater than the average market price of our common stock for the period.

Potentially dilutive securities excluded from Diluted EPS are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
2023 Notes convertible to common stock [1]	4,941,739	4,941,739	4,941,739	4,941,739
Outstanding options to purchase common stock	19,292	1,781,619	8,246	2,504,901
Outstanding restricted stock units	201,467	—	208,962	—
Total potentially dilutive shares excluded from net loss per share	5,162,498	6,723,358	5,158,947	7,446,640

(1) The 2023 Notes (defined below) are subject to a capped call arrangement that potentially reduces the dilutive effect as described in “Note 7 — Unsecured Convertible Senior Notes.” Any potential impact of the capped call arrangement is excluded from this table.

Note 5—Certain Balance Sheet Accounts

OMIDRIA Contract Royalty Asset

The OMIDRIA contract royalty asset consists of the following:

	September 30, 2022	December 31, 2021
	(In thousands)	
Short-term contract royalty asset	$ 47,744	$ 44,319
Long-term contract royalty asset	143,641	140,251
Total OMIDRIA contract royalty asset	$ 191,385	$ 184,570

Receivables, net

Receivables, net consists of the following:

	September 30, 2022	December 31, 2021
	(In thousands)	
Royalty and trade receivables, net	$ 13,113	$ 36,505
Sublease and other receivables	741	1,650
Total receivables, net	$ 13,854	$ 38,155

Trade receivables are net of product return and chargeback allowances. Product returns and chargeback allowances were $2.0 million as of December 31, 2021.

Property and Equipment, Net

Property and equipment, net consists of the following:

	September 30, 2022	December 31, 2021
	(In thousands)	
Finance leases	$ 6,785	$ 5,979
Laboratory equipment	3,121	3,091
Computer equipment	1,076	1,069
Office equipment and furniture	625	625
Total cost	11,607	10,764
Less accumulated depreciation and amortization	(9,760)	(9,033)
Total property and equipment, net	$ 1,847	$ 1,731

For each of the three months ended September 30, 2022 and September 30, 2021, depreciation and amortization expense was $0.3 million. For the nine months ended September 30, 2022 and September 30, 2021, depreciation and amortization expense was $0.8 million and $1.1 million, respectively.

Accrued Expenses

Accrued expenses consists of the following:

	September 30, 2022	December 31, 2021
	(In thousands)	
Clinical trials	$ 4,958	$ 2,430
Interest payable	3,703	5,172
Employee compensation	3,704	3,706
Contract research and development	2,639	3,916
Consulting and professional fees	2,338	7,455
Sales rebates, fees and discounts	—	8,442
Other accrued expenses	674	2,013
Total accrued expenses	$ 18,016	$ 33,134

Note 6—Fair-Value Measurements

As of September 30, 2022, and December 31, 2021, all investments were classified as short-term and available-for-sale on the accompanying condensed consolidated balance sheets. Investment income, which was included as a component of other income, consists of interest earned.

On a recurring basis, we measure certain financial assets at fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability, an exit price, in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The accounting standard establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs, where available. The following summarizes the three levels of inputs required:

Level 1—Observable inputs for identical assets or liabilities, such as quoted prices in active markets;

Level 2—Inputs other than quoted prices in active markets that are either directly or indirectly observable; and

Level 3—Unobservable inputs in which little or no market data exists, therefore they are developed using estimates and assumptions developed by us, which reflect those that a market participant would use.

Our fair value hierarchy for our financial assets and liabilities measured at fair value on a recurring basis are as follows:

	September 30, 2022			
	Level 1	Level 2	Level 3	Total
		(In thousands)		
Assets:				
Money-market funds classified as short-term investments	$ 75,431	$ —	$ —	$ 75,431
Money-market funds classified as non-current restricted investments	1,054	—	—	1,054
Total	$ 76,485	$ —	$ —	$ 76,485

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
		(In thousands)		
Assets:				
Money-market funds classified as short-term investments	$ 56,458	$ —	$ —	$ 56,458
Money-market funds classified as non-current restricted investments	1,054	—	—	1,054
Total	$ 57,512	$ —	$ —	$ 57,512

Cash held in demand deposit accounts of $145.5 million and $100.8 million is excluded from our fair-value hierarchy disclosure as of September 30, 2022 and December 31, 2021, respectively. There were no unrealized gains or losses associated with our investments as of September 30, 2022 or December 31, 2021. The carrying amounts reported in the accompanying condensed consolidated balance sheets for receivables, accounts payable, other current monetary assets and liabilities approximate fair value.

See “Note 7—Unsecured Convertible Senior Notes” for the carrying amount and estimated fair value of our outstanding convertible senior notes.

Note 7—Unsecured Convertible Senior Notes

In November 2018, we issued $210.0 million in aggregate principal amount of our 6.25% Convertible Senior Notes (the “2023 Notes”), and in August and September 2020, we issued $225.0 million in aggregate principal amount of our 5.25% Convertible Senior Notes (the “2026 Notes”). We used a portion of the proceeds from the 2026 Notes to repurchase $115.0 million principal amount of the 2023 Notes and terminate a corresponding portion of the related capped call for the 2023 Notes, as described below.

Unsecured convertible senior notes outstanding at September 30, 2022 and December 31, 2021 are as follows:

	Balance as of September 30, 2022		
	2023 Notes	2026 Notes	Total
		(In thousands)	
Principal amount	$ 95,000	$ 225,030	$ 320,030
Unamortized debt issuance costs	(789)	(4,422)	(5,211)
Total unsecured convertible senior notes, net	$ 94,211	$ 220,608	$ 314,819
Fair value of outstanding unsecured convertible senior notes (1)	$ 88,113	$ 132,543	

	Balance as of December 31, 2021		
	2023 Notes	2026 Notes	Total
		(In thousands)	
Principal amount	$ 95,000	$ 225,030	$ 320,030
Unamortized discount	(1,282)	(5,290)	(6,572)
Total unsecured convertible senior notes, net	$ 93,718	$ 219,740	$ 313,458
Fair value of outstanding unsecured convertible senior notes (1)	$ 87,163	$ 171,867	

(1) The fair value is classified as Level 3 due to the limited trading activity for the unsecured convertible senior notes.

2023 Unsecured Convertible Senior Notes

Our 2023 Notes are unsecured and accrue interest at an annual rate of 6.25% per annum, payable semi-annually in arrears on May 15 and November 15 of each year. The 2023 Notes mature on November 15, 2023 unless earlier purchased, redeemed or converted in accordance with their terms.

As of September 30, 2022, the unamortized debt issuance costs of $0.8 million will be amortized to interest expense at an effective interest rate of 7.0% over the remaining term.

Subject to the satisfaction of certain conditions, the 2023 Notes are convertible into cash, shares of our common stock or a combination thereof, as we elect at our sole discretion. The initial conversion rate is 52.0183 shares of our common stock per $1,000 of note principal (equivalent to an initial conversion price of approximately $19.22 per share

of common stock), which equals approximately 4.9 million shares of common stock issuable upon conversion, subject to adjustment in certain circumstances.

To reduce the dilutive impact or potential cash expenditure associated with the conversion of the 2023 Notes, we entered into a capped call transaction (the "2023 Capped Call"), which covers the number of shares of our common stock underlying the 2023 Notes when our common stock share price is trading between the initial conversion price of $19.22 and $28.84. In connection with the partial repurchase of the 2023 Notes, we entered into a capped call termination contract to unwind a proportionate amount of the 2023 Capped Call. As of September 30, 2022, approximately 4.9 million shares remained outstanding on the 2023 Capped Call.

The following table sets forth total interest expense recognized in connection with the 2023 Notes:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(In thousands)		(In thousands)	
Contractual interest expense	$ 1,484	$ 1,484	$ 4,453	$ 4,453
Amortization of debt issuance costs	167	156	493	459
Total	$ 1,651	$ 1,640	$ 4,946	$ 4,912

2026 Unsecured Convertible Senior Notes

Our 2026 Notes are unsecured and accrue interest at an annual rate of 5.25% per annum, payable semi-annually in arrears on February 15 and August 15 of each year. The 2026 Notes mature on February 15, 2026, unless earlier purchased, redeemed or converted in accordance with their terms.

As of September 30, 2022, the unamortized debt issuance costs of $4.4 million will be amortized to interest expense at an effective interest rate of 5.9% over the remaining term.

Subject to the satisfaction of certain conditions, the 2026 Notes are convertible into cash, shares of our common stock or a combination thereof, as we elect at our sole discretion. The initial conversion rate is 54.0906 shares of our common stock per $1,000 of note principal (equivalent to an initial conversion price of approximately $18.4875 per share of common stock), which equals approximately 12.2 million shares of common stock issuable upon conversion, subject to adjustment in certain circumstances.

To reduce the dilutive impact or potential cash expenditure associated with the conversion of the 2026 Notes, we entered into capped call transactions (the "2026 Capped Calls"), which cover the number of shares of our common stock underlying the 2026 Notes when our common stock share price is trading between the initial conversion price of $18.49 and $26.10. However, should the market price of our common stock exceed the $26.10 cap, then the conversion of the 2026 Notes would have a dilutive impact or may require a cash expenditure to the extent the market price exceeds the cap price.

The following table sets forth interest expense recognized related to the 2026 Notes:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(In thousands)		(In thousands)	
Contractual interest expense	$ 2,954	$ 2,954	$ 8,861	$ 8,861
Amortization of debt issuance costs	294	277	869	797
Total	$ 3,248	$ 3,231	$ 9,730	$ 9,658

Future Minimum Principal Payments

Future minimum principal payments for the 2023 Notes and 2026 Notes as of September 30, 2022 are as follows:

	(In thousands)
2023	$ 95,000
2024	—
2025	—
2026	225,030
2027	—
Total future minimum principal payments under the 2023 Notes and 2026 Notes	$ 320,030

Note 8—OMIDRIA Royalty Obligation

On September 30, 2022, we sold to DRI an interest in our future OMIDRIA royalty receipts and received $125.0 million in cash consideration. DRI is entitled to receive royalties on OMIDRIA net sales between September 1, 2022 and December 31, 2030, subject to annual caps. DRI receives their prorated monthly cap amount before we receive any royalty proceeds. DRI is not entitled to carry-forward nor recoup any shortfall if the royalties paid by Rayner for an annual period are less than the cap amount applicable to each discrete calendar year. Additionally, DRI has no recourse to or security interest in our assets other than our OMIDRIA royalty receipts, and we retain all royalty receipts in excess of the respective cap in any given calendar year. The maximum payout DRI is entitled to receive is $188.4 million which, if fully paid, would be an effective interest rate of 9.4%.

The annual caps are as follows:

- $1.7 million for the remainder of calendar year 2022
- $13.0 million for calendar year 2023
- $20.0 million for calendar year 2024
- $25.0 million for calendar years 2025 through 2028
- $26.3 million for calendar year 2029
- $27.5 million for calendar year 2030

The OMIDRIA royalty obligation is classified as a Level 3 liability as its valuation requires substantial judgment and estimation of factors that are not currently observable in the market. As of September 30, 2022, the carrying value approximates its estimated fair value.

Note 9—Leases

We have an operating lease for our office and laboratory facilities with an initial term that ends in November 2027 and two options to extend the lease term by five years each. On January 14, 2022, we entered into an agreement with our landlord to early terminate a portion of the rentable square footage of our office and laboratory facilities, which reduced the right of use asset by $4.7 million and related liability by $5.2 million. We recorded a non-cash gain of $0.5 million upon early termination of this portion of the lease. In addition, we carry various finance leases for laboratory equipment.

Supplemental lease information is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(In thousands)		(In thousands)	
Lease cost				
Operating lease cost	$ 1,659	$ 1,961	$ 4,529	$ 5,528
Finance lease cost:				
Amortization	250	243	570	854
Interest	32	40	123	127
Variable lease cost	813	863	2,395	2,667
Sublease income	(432)	(447)	(1,377)	(1,288)
Net lease cost	$ 2,322	$ 2,660	$ 6,240	$ 7,888

Cash paid for amounts included in the measurement of lease liabilities is as follows:

	Nine Months Ended September 30,	
	2022	2021
	(In thousands)	
Cash paid for amounts included in the measurement of lease liabilities		
Cash payments for operating leases	$ 5,312	$ 5,521
Cash payments for financing leases	$ 598	$ 684

Note 10—Commitments and Contingencies

Contracts

We have various agreements with third parties that collectively require payment of termination fees totaling $20.6 million as of September 30, 2022 if we cancel the work within specific time frames, either prior to commencing or during performance of the contracted services.

Development Milestones and Product Royalties

We have licensed a variety of intellectual property from third parties that we are currently developing or may develop in the future. These licenses may require milestone payments during the clinical development processes or upon approval of commercial sale as well as low single- to low double-digit royalties on the net income or net sales of the product. For the three months and nine months ended September 30, 2022 and September 30, 2021, development milestone expenses were insignificant. Should narsoplimab be approved, we would owe milestone payments to development partners and be obligated to pay low single-digit royalties on net sales of the product.

Note 11—Shareholders' Deficit

Common Stock and Warrants

On March 1, 2021, we entered into a sales agreement to sell shares of our common stock having an aggregate offering price of up to $150.0 million, from time to time, through an "at the market" equity offering program. As of September 30, 2022, we have not sold any shares under this program.

In March 2021, a cashless exercise was executed for 43,115 warrants, resulting in the issuance of 24,901 shares of our common stock. As of September 30, 2022, warrants to purchase 200,000 shares of our common stock remained outstanding with an exercise price of $23.00 per share. The warrants expire on April 12, 2023.

Note 12—Stock-Based Compensation

Our stock option plans provide for the grant of incentive and non-qualified stock options, restricted stock awards, RSUs, warrants and other stock awards to employees, non-employee directors and consultants.

Stock-based compensation is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(In thousands)			
Continuing operations				
Research and development	$ 1,672	$ 2,444	$ 4,777	$ 5,284
Selling, general and administrative	2,200	2,906	6,170	6,038
Total stock-based compensation in continuing operations	3,872	5,350	10,947	11,322
Discontinued operations	(28)	344	(139)	760
Total stock-based compensation	$ 3,844	$ 5,694	$ 10,808	$ 12,082

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The following assumptions were applied to all stock option grants:

	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
Estimated weighted-average fair value	$ 2.97	$ 2.93
Weighted-average assumptions:		
Expected volatility	89 %	88 %
Expected life, in years	6.0	6.0
Risk-free interest rate	2.83 %	2.81 %
Expected dividend yield	— %	— %

Stock option activity for all stock plans and related information is as follows:

	Options Outstanding	Weighted-Average Exercise Price per Share	Remaining Contractual Life (In years)	Aggregate Intrinsic Value (In thousands)
Balance at December 31, 2021	12,709,887	$ 12.61		
Granted	2,631,334	3.96		
Exercised	(101,160)	4.10		
Forfeited	(574,203)	13.58		
Balance at September 30, 2022	14,665,858	$ 11.08	5.7	$ 78
Vested and expected to vest at September 30, 2022	14,202,672	$ 11.16	5.6	$ 70
Exercisable at September 30, 2022	10,277,595	$ 12.11	4.2	$ —

As of September 30, 2022, there were 4.4 million unvested options outstanding that will vest over a weighted-average period of 2.4 years. The total estimated compensation expense yet to be recognized on outstanding options is $22.6 million.

The Company has 200,000 unvested RSUs outstanding as of September 30, 2022 that vest 50% on December 1, 2022 and 50% on December 1, 2023.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q.

Overview

Omeros Corporation ("Omeros," the "Company" or "we") is an innovative biopharmaceutical company committed to discovering, developing and commercializing small-molecule and protein therapeutics for large-market and orphan indications targeting immunologic diseases, including complement-mediated diseases and cancers related to dysfunction of the immune system, as well as addictive and compulsive disorders.

Our drug candidate narsoplimab is the subject of a biologics license application ("BLA") pending before the U.S. Food and Drug Administration ("FDA") for the treatment of hematopoietic stem cell transplant-associated thrombotic microangiopathy ("HSCT-TMA"). On October 18, 2021, we announced the receipt of a Complete Response Letter ("CRL") from FDA regarding the BLA. In the CRL, FDA expressed difficulty in estimating the treatment effect of narsoplimab in HSCT-TMA and asserted that additional information would be needed to support regulatory approval. In February 2022, we had a Type A post-action meeting with FDA to discuss the CRL. Although we felt that we adequately addressed all of the issues noted in the CRL, the meeting minutes included a number of the review division's critiques that we believe had already been addressed and/or were inaccurate. As a result, in June 2022, we submitted a Formal Dispute Resolution Request appealing the issuance of the CRL to a higher level within FDA, in this case the Office of New Drugs ("OND"), and requesting that OND direct the review division to accept a Class 1 resubmission of the BLA and to commence labeling discussions with Omeros immediately thereafter.

In November 2022, we received OND's decision denying our appeal. Although our request for immediate resubmission of the BLA and commencement of labeling discussions was denied, the decision proposes a path forward to a resubmission of the BLA based on survival data from the completed pivotal trial versus a historical control group. Specifically, the decision proposes the resubmission of the narsoplimab BLA including a comparison of the existing response data from the completed pivotal trial to a threshold derived from an independent literature analysis and evidence of increased survival from patients in the pivotal trial compared to an appropriate historical control group. The decision also notes that persuasive evidence of superior survival versus a well-matched historical control group could be sufficient even in the absence of the independent literature analysis. The specific approach to resubmission and its details would be determined through discussion with the review division. We are currently evaluating the decision and potential next steps in relation to the narsoplimab BLA and there can be no assurances that the potential paths proposed by OND in its decision will be satisfactory in terms of the information, time and/or expenditure required for resubmission, or that any resubmission will result in approval of narsoplimab for HSCT-TMA.

We also have multiple late clinical-stage development programs ongoing with narsoplimab, which are focused on: complement-mediated disorders, including immunoglobulin A ("IgA") nephropathy, atypical hemolytic uremic syndrome ("aHUS") and COVID-19. We have successfully completed a Phase 1 study of OMS906, our lead MASP-3 inhibitor targeting the alternative pathway of complement. We are initiating a Phase 1b clinical trial evaluating OMS906 in patients with paroxysmal nocturnal hemoglobinuria ("PNH") who have had an unsatisfactory response to the C5 inhibitor ravulizumab. We are also working to expand our program of OMS906 clinical trials to include treatment-naïve PNH patients and complement 3 ("C3") glomerulopathy patients, as well as one or more related indications. Dosing in a Phase 1 clinical trial of OMS1029, our long-acting, next-generation MASP-2 inhibitor began in August 2022 and continues on track. We have successfully completed a Phase 1 study in our phosphodiesterase 7 ("PDE7") inhibitor program focused on addiction and in non-clinical evaluation for treatment of dyskinesias related to levodopa treatment of Parkinson's disease. We also have a diverse group of preclinical programs, including GPR174, a novel target in immuno-oncology that modulates a new cancer immunity axis that we discovered. Inhibitors of GPR174 are part of our proprietary G protein-coupled receptor ("GPCR") platform through which we control 54 GPCR drug targets and their corresponding compounds. Also as part of our immuno-oncology platform, we are developing other novel anti-cancer therapeutics as well as adoptive T cell/CAR-T therapies.

We previously developed and commercialized OMIDRIA® (phenylephrine and ketorolac intraocular solution) 1%/0.3%, which is approved by FDA for use during cataract surgery or intraocular lens ("IOL") replacement to maintain pupil size by preventing intraoperative miosis (pupil constriction) and to reduce postoperative ocular pain. We marketed OMIDRIA in the United States (the "U.S.") from the time of its commercial launch in 2015 until December 2021.

On December 23, 2021, we completed the sale of OMIDRIA and certain related assets and liabilities to Rayner Surgical Inc. ("Rayner") pursuant to an Asset Purchase Agreement dated December 1, 2021 (the "Asset Purchase Agreement"). We received $126.0 million in cash at the closing and we receive a royalty of 50% of the net revenue, as defined in the Asset Purchase Agreement, from sales of OMIDRIA in the U.S. between the closing date and the earlier of January 1, 2025 or the payment of the $200.0 million milestone described below. After such date, we will receive a royalty of 30% of the net revenue from sales of OMIDRIA in the U.S. until the expiration or termination of the last issued and unexpired patent with respect to OMIDRIA in the U.S. The U.S. base royalty rate is subject to a reduction down to 10% upon the occurrence of certain events described in the Asset Purchase Agreement, including during any specific period in which OMIDRIA is no longer eligible for separate payment (i.e., outside the packaged payment rate for the surgical procedure) under Medicare Part B. We will also will receive a royalty of 15% of the net revenue from sales of OMIDRIA outside the U.S. on a country-by-country basis between the closing date and the expiration or termination of the last issued and unexpired patent with respect to OMIDRIA in such country. In addition, we will receive a $200.0 million milestone payment if, prior to January 1, 2025, separate payment for OMIDRIA is secured under Medicare Part B for a continuous period of at least four years.

On September 30, 2022, we sold to DRI Healthcare Acquisitions LP ("DRI") an interest in a portion of our future OMIDRIA royalty receipts and received $125.0 million in cash consideration. DRI receives their prorated monthly cap amount before we receive any royalty proceeds. DRI is not entitled to carry-forward or to recoup any shortfall if the royalties paid by Rayner for an annual period are less than the cap amount applicable to each discrete calendar year. Additionally, DRI has no recourse to or security interest in our assets other than our OMIDRIA royalty receipts and we retain all royalty receipts in excess of the respective cap in any given calendar year. The maximum payout DRI is entitled to receive is $188.4 million which, if fully paid, is an effective interest rate of 9.4%.

The annual caps are as follows:

- $1.7 million for the remainder of calendar year 2022
- $13.0 million for calendar year 2023
- $20.0 million for calendar year 2024
- $25.0 million for calendar years 2025 through 2028
- $26.3 million for calendar year 2029
- $27.5 million for calendar year 2030

Clinical Development Programs

Our clinical stage development programs include:

- *MASP-2 - narsoplimab (OMS721) - Lectin Pathway Disorders.* Narsoplimab, also referred to as OMS721, is our lead fully human monoclonal antibody targeting mannan-binding lectin-associated serine protease-2 ("MASP-2"), a novel pro-inflammatory protein target involved in activation of the lectin pathway of the complement system. The lectin pathway plays an important role in the body's inflammatory response and becomes activated as a result of tissue damage or microbial pathogen invasion. Inappropriate or uncontrolled activation of the lectin pathway can cause serious diseases and disorders. MASP-2 is the effector enzyme of the lectin pathway, and the current development focus for narsoplimab is diseases that are strongly associated with activation of the lectin pathway.

  In October 2020, we reported final clinical data from our pivotal trial of narsoplimab in HSCT-TMA, a frequently lethal complication of HSCT. In November 2020, we completed the rolling submission of our BLA for narsoplimab for the treatment of HSCT-TMA, and FDA accepted the BLA for filing in January 2021 under its Priority Review program. On October 18, 2021, we announced the receipt of a CRL from FDA regarding the

BLA. In the CRL, the FDA review division expressed difficulty in estimating the treatment effect of narsoplimab in HSCT-TMA and asserted that additional information would be needed to support regulatory approval. In June 2022, we appealed the issuance of the CRL through a formal dispute resolution process and requested that OND direct the FDA review division to accept a Class 1 resubmission of the existing BLA and to commence labeling discussions with Omeros immediately thereafter. As described above, in November 2022 we received OND's decision denying our appeal. Although the decision denied our request for immediate resubmission of the BLA and commencement of labeling discussions, it also proposed a path forward to resubmission based on submission of survival data from a historical control group, with or without an independent literature analysis. We are currently evaluating the decision and next steps with respect to the narsoplimab BLA.

In the EU, the EMA has confirmed narsoplimab's eligibility for EMA's centralized review of a single marketing authorization application ("MAA") that, if approved, would authorize the product to be marketed in all EU member states and EEA countries. Although our resources are currently focused primarily on BLA approval in the U.S., we continue to advance toward submission of our MAA.

Narsoplimab has received multiple designations from FDA and from the EMA across three current indications. These include:

- HSCT-TMA: In the U.S., FDA has granted narsoplimab (1) breakthrough therapy designation in patients who have persistent TMA despite modification of immunosuppressive therapy and (2) orphan drug designation for the treatment of HSCT-TMA. In the EU, narsoplimab has been granted designation as an orphan medicinal product for treatment in hematopoietic stem cell transplantation.

- IgA nephropathy: In the U.S., FDA has granted narsoplimab (1) breakthrough therapy designation for the treatment of IgA nephropathy and (2) orphan drug designation in IgA nephropathy. In the EU, narsoplimab has been granted designation as an orphan medicinal product for the treatment of primary IgA nephropathy.

- aHUS: In the U.S., FDA has granted narsoplimab orphan drug designation for the prevention (inhibition) of complement-mediated TMAs and fast-track designation for the treatment of patients with aHUS.

In our IgA nephropathy program, patient enrollment in the narsoplimab Phase 3 clinical trial, ARTEMIS-IGAN, continues to progress toward an anticipated readout of 9-month proteinuria data by mid-2023. The single Phase 3 trial design is a randomized, double-blind, placebo-controlled multicenter trial in patients at least 18 years of age with biopsy-confirmed IgA nephropathy and 24-hour urine protein excretion greater than 1 g/day at baseline on optimized renin-angiotensin system blockade. This trial includes a run-in period. Initially, patients are expected to receive an IV dose of study drug each week for 12 weeks; additional weekly dosing can be administered to achieve optimal response. The primary endpoint, which we believe may suffice for regular or accelerated approval depending on the effect size, is reduction in proteinuria at 36 weeks after the start of dosing. In the event of regular approval, estimated glomerular filtration rate ("eGFR") becomes a safety endpoint only. In the event that the primary endpoint at 36 weeks results in accelerated approval from FDA, we expect to assess change in eGFR at approximately 144 weeks after the start of dosing. These eGFR data, if satisfactory, would then likely form the basis for subsequent regular approval. In response to investigators' concerns about extended withholding of narsoplimab treatment from any high-proteinuria patient initially randomized to the placebo-treated group, FDA will allow patients in that sub-population to receive open-label treatment with narsoplimab after at least 18 months of blinded treatment.

The Phase 3 clinical program in patients with aHUS, in which patient recruitment is ongoing, consists of one Phase 3 clinical trial – a single-arm (*i.e.*, no control arm), open-label trial in patients with newly diagnosed or ongoing aHUS. This trial is targeting approximately 40 patients for regular approval in the EU and accelerated approval in the U.S. and, as required by FDA, approximately 80 total patients for regular approval in the U.S. The trial includes multiple sites in the U.S., Asia and Europe; however, enrollment has been slow in part due to

prioritizing the use of resources within our narsoplimab programs on HSCT-TMA, COVID-19 and IgA nephropathy.

Narsoplimab also has been administered under compassionate use to treat COVID-19 patients in Italy and in the U.S. and was the only complement inhibitor included in the I-SPY COVID-19 trial, a nationwide, late-stage adaptive platform trial evaluating multiple agents as potential treatments for COVID-19, sponsored by Quantum Leap Healthcare Collaborative ("Quantum Leap"), in which results of the narsoplimab treatment arm were reported in September 2022.

The I-SPY COVID-19 trial was designed for rapid screening of agents that show promise for two primary endpoints in critically ill COVID-19 patients: the time to recovery (defined as reduction in oxygen demand) and the risk of mortality. The study utilized Quantum Leap's adaptive platform trial design methodology, which focuses on the simultaneous, efficient assessment of multiple investigational agents. To streamline enrollment and allow rapid assessment of multiple drugs as required during the pandemic, the platform trial's initial design included a requirement that patients be randomized prior to consenting to trial participation. Because such analyses are known to create a risk of bias, Quantum Leap also prespecified analyses based on all randomized patients (the industry-standard intent-to-treat population). Substantial imbalance in the consented population was detected and created a marked and statistically significant bias against the narsoplimab arm, rendering analysis of the consented population meaningless. However, as pre-specified by the analysis plan, the I-SPY trial's data monitoring committee terminated the narsoplimab arm based on this analysis prior to reaching the maximum of 125 patients. Quantum Leap subsequently revised the protocol for its I-SPY COVID trial to obtain patient consent prior to randomization. Neither the trial's futility nor graduation criteria had been met in the analysis of the randomized population at the time the narsoplimab arm was terminated.

Narsoplimab was to be administered at a dose of 4 mg/kg given as a 30-minute intravenous infusion (up to a maximum of 370 mg per infusion) twice weekly for the earlier of a total of 4 weeks (i.e., 9 doses) or until hospital discharge. There were 91 patients randomized to the narsoplimab arm of the trial across 27 participating US sites. The 91 randomized patients were compared to the 116 patients concurrently randomized to the control arm. All patients received standard of care including dexamethasone and remdesivir. Bayesian statistics were prespecified and employed for analyses.

Analysis in the randomized patient population showed that the addition of narsoplimab to treatment of critically ill patients with COVID-19 reduces the mortality risk (hazard ratio [HR]=0.81, with probability [HR <1] equal to 0.77). Narsoplimab showed the largest reduction in mortality risk to date across all drugs reported from the I-SPY COVID Trial. Narsoplimab was not observed to shorten the time to recovery in critically ill patients with COVID-19 in this study. The study did not identify any new safety signals for narsoplimab in the setting of critically ill COVID-19 patients.

Next steps in the development of narsoplimab for COVID-19 are dependent on the availability of government or other external funding and support. We continue to engage in discussions with the U.S. government regarding its preparedness strategy for the current and potential future pandemics, including anticipated future funding programs and opportunities intended to advance development of therapeutics for COVID-19 and other infective diseases.

- MASP 2 – OMS1029 - Lectin Pathway Disorders. We are also developing a longer-acting second-generation antibody targeting MASP-2. This program is designated "OMS1029." A Phase 1 clinical trial assessing safety, tolerability and pharmacokinetics/pharmacodynamics ("PK/PD") of OMS1029 in healthy subjects began dosing in August 2022 and is currently ongoing. Designed for longer duration of pharmacologic activity than narsoplimab, we anticipate that OMS1029 will enable us to pursue a range of indications complementary to those for narsoplimab. Based on animal PK/PD data to date, dosing in humans is expected to be once-monthly to once-quarterly by subcutaneous or intravenous administration.

- *MASP-3 - OMS906 - Alternative Pathway Disorders.* As part of our MASP program, we have identified mannan-binding lectin-associated serine protease 3 ("MASP-3"), which has been shown to be the key activator

of the complement system's alternative pathway (the "APC"). We believe that we are the first to make this and related discoveries associated with the APC. The complement system is part of the immune system's innate response, and the APC is considered the amplification loop within the complement system. MASP-3 is responsible for the conversion of pro-factor D to factor D; converted factor D is necessary for the activation of the APC. Based on our alternative pathway-related discoveries, we have expanded our intellectual property position to protect our inventions stemming from these discoveries beyond MASP-2 associated inhibition of the lectin pathway to include inhibition of the alternative pathway. Our current primary focus in this program is developing MASP-3 inhibitors for the treatment of disorders related to the APC.

OMS906 received designation from FDA as an orphan drug for the treatment of PNH in July 2022.

We have completed a placebo-controlled, double-blind, single-ascending-dose Phase 1 clinical trial to evaluate the safety, tolerability, pharmacodynamics and pharmacokinetics of OMS906 in healthy subjects. Preliminary data from the Phase 1 trial were previously reported. OMS906 was well-tolerated at all doses tested and preliminary human pharmacokinetic and pharmacodynamic data were consistent with once-monthly subcutaneous dosing and every-other-month or less frequent IV dosing. The data also showed high level suppression of alternative pathway activity. Clinical results of the Phase 1 study are scheduled to be presented at the annual meeting of the American Society of Hematology to be held in December 2022.

We are initiating a Phase 1b clinical trial in patients with PNH who have had an unsatisfactory response to the C5 inhibitor ravulizumab. We are also initiating clinical trials in our OMS906 program to include treatment-naïve PNH patients and C3 glomerulopathy patients, as well as one or more related indications.

- *PDE7 - OMS527*. Our PDE7 inhibitor program is based on our discoveries of previously unknown links between PDE7 and any addiction or compulsive disorder, and between PDE7 and any movement disorders, such as Parkinson's disease. PDE7 appears to modulate the dopaminergic system, which plays a significant role in regulating both addiction and movement. We believe that PDE7 inhibitors could be effective therapeutics for the treatment of addictions and compulsions as well as for movement disorders. Data generated in preclinical studies support the continued study of PDE7 inhibitors in both of these therapeutic areas.

  In September 2019, we reported positive results from our completed Phase 1 clinical trial designed to assess the safety, tolerability and pharmacokinetics of the compound in healthy subjects. In the double blind, randomized Phase 1 study, the study drug, referred to as OMS182399, met the primary endpoints of safety and tolerability and showed a favorable and dose-proportional pharmacokinetic profile supporting once-daily dosing. There was no apparent food effect on plasma exposure to OMS182399. Continued clinical development in our PDE7 program is currently subject to allocation of internal financial and other resources, which at present are prioritized for other programs, and/or accessing external funding.

  In addition to our work in addiction, researchers at Emory University are evaluating, in clinically predictive primate models, the potential of our PDE7 inhibitors to improve levodopa-induced dyskinesias. More than 50% of Parkinson's patients develop dyskinesias following prolonged levodopa treatment.

Preclinical Development Programs and Platforms

Our preclinical programs and platforms include:

- *Other MASP Inhibitor Preclinical Programs*. We have generated positive preclinical data from MASP-2 inhibition in *in vivo* models of age-related macular degeneration, myocardial infarction, diabetic neuropathy, stroke, traumatic brain injury, ischemia-reperfusion injury, and other diseases and disorders. In our OMS906 monoclonal antibody program, we have generated positive data from MASP-3 inhibition in a well-established animal model associated with PNH as well as positive data in a well-established animal model of arthritis. Development efforts are also directed to a small-molecule inhibitor of MASP-2 designed for oral administration as well as to small-molecule inhibitors of MASP-3 and bispecific small- and large-molecule inhibitors of MASP-2/-3.

- *GPR174, GPCR Platform and Immuno-oncology Platform*. We have developed a proprietary cellular redistribution assay which we use in a high-throughput manner to identify synthetic ligands, including antagonists, agonists and inverse agonists, that bind to and affect the function of orphan GPCRs. We have screened Class A orphan GPCRs against our small-molecule chemical libraries using the cellular redistribution assay and have identified and confirmed compounds that interact with 54 of the 81 Class A orphan GPCRs linked to a wide range of indications including cancer as well as metabolic, cardiovascular, immunologic, inflammatory and central nervous system disorders. One of our priorities in this program is GPR174, which is involved in the modulation of the immune system. In *ex vivo* human studies, our small-molecule inhibitors targeting GPR174 upregulate the production of cytokines, block multiple checkpoints and tumor promoters, and suppress regulatory T cells. Based on our data, we believe that GPR174 controls a major, previously unrecognized pathway in cancer and modulation of the receptor could provide a seminal advance in immuno-oncologic treatments for a wide range of tumors. Our studies in mouse models of melanoma and colon carcinoma found that GPR174-deficiency resulted in significantly reduced tumor growth and improved survival of the animals versus normal mice. Our discoveries suggest a new approach to cancer immunotherapy that targets inhibition of GPR174 and can be combined with and significantly improve the tumor-killing effects of other oncologic agents, including radiation, adenosine pathway inhibitors and checkpoint inhibitors. These discoveries include (1) identification of cancer-immunity pathways controlled by GPR174, (2) the identification of phosphatidylserine as a natural ligand for GPR174, (3) a collection of novel small-molecule inhibitors of GPR174 and (4) a synergistic enhancement of “tumor-fighting” cytokine production by T cells following the combined inhibition of both GPR174 and the adenosine pathway, another key metabolic pathway that regulates tumor immunity. We are developing, and plan to advance to clinical trials, inhibitors of GPR174 and of the pathways affected by this receptor and/or adenosine receptors.

  Additionally, we are advancing preclinical research on potential molecular and cellular therapies for cancer. On the molecular front, we are generating potential drug candidates that could specifically target cancer cells and kill them directly or indirectly through the potentiation of the immune system. On the cellular front, we are evaluating novel approaches for both CAR T and adoptive T cell therapies. Our proprietary technology resulted in preferential expansion of tumor specific T cells with enhanced tumor killing ability. It also increased cytokine production and skewed T cells towards a central memory phenotype, preventing potential relapse associated with a lack of memory T cells. We continue to develop and validate our novel approach, which we believe could improve response rates for patients receiving either engineered or native T cell therapies for liquid or solid tumors.

Financial Summary

On December 23, 2021, we completed the sale of our commercial product OMIDRIA and certain related assets, including inventory and prepaid expenses, to Rayner. We are entitled to royalties on world-wide sales of OMIDRIA and potentially a $200.0 million milestone payment if separate payment for OMIDRIA is secured in the U.S. for a continuous period of at least four years before January 1, 2025. On September 30, 2022, we sold to DRI an interest in a portion of our future OMIDRIA royalty receipts and received $125.0 million in cash consideration. The maximum payout DRI is entitled to receive is $188.4 million.

As a result of the OMIDRIA divestiture, all the revenues and expenses related to OMIDRIA have been reclassified to net income from discontinued operations in our condensed consolidated statements of operations and comprehensive loss and excluded from continuing operations for all periods presented (see “Net Income from Discontinued Operations” below for additional information).

As of September 30, 2022, we had $221.0 million in cash and cash equivalents and short-term investments available for general corporate use.

Results of Operations

Research and Development Expenses

Our research and development expenses can be divided into three categories: direct external expenses, which include clinical research and development and preclinical research and development activities; internal, overhead and other expenses; and stock-based compensation expense. Direct external expenses consist primarily of expenses incurred pursuant to agreements with third-party manufacturing organizations prior to receiving regulatory approval for a drug candidate, contract research organizations ("CROs"), clinical trial sites, collaborators, and licensors and consultants. Costs are reported in preclinical research and development until the program enters the clinic. Internal, overhead and other expenses consist of personnel costs, overhead costs such as rent, utilities and depreciation and other miscellaneous costs. The following table illustrates our expenses associated with these activities:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(In thousands)			
Continuing research and development expenses:				
Direct external expenses:				
Clinical research and development:				
MASP-2 program - OMS721 (narsoplimab)	$ 23,097	$ 10,057	$ 40,839	$ 36,652
MASP-3 program - OMS906	2,015	1,582	3,997	4,743
MASP-2 program - OMS1029	1,502	—	1,502	—
Other	171	200	389	463
Total clinical research and development	26,785	11,839	46,727	41,858
Preclinical research and development	1,125	1,998	6,374	10,091
Total direct external expenses	27,910	13,837	53,101	51,949
Internal overhead and other expenses	8,986	9,537	28,294	31,215
Stock-based compensation expenses	1,672	2,444	4,777	5,284
Total continuing research and development expenses	$ 38,568	$ 25,818	$ 86,172	$ 88,448

Clinical research and development expenses increased $14.9 million for the three months ended September 30, 2022 compared to the prior year period due primarily to the manufacturing of narsoplimab drug substance in the third quarter of 2022 for future commercial or clinical use and the transitioning of OMS1029 from preclinical research and development to clinical research and development upon the initiation of human trials during the third quarter of 2022. For the nine months ended September 30, 2022 compared to the prior year period, the $4.9 million increase in clinical research and development was primarily due to higher commercial and clinical narsoplimab drug substance manufacturing costs in 2022. We expense inventory costs related to product candidates as research and development until regulatory approval is reasonably assured in either the U.S. or the EU.

The $0.9 million decrease in our preclinical research and development expenses for the three months ended September 30, 2022 as compared to the same period in 2021 is due primarily to the transitioning of OMS1029 from preclinical research and development to clinical research and development during the third quarter of 2022.

The $3.7 million decrease in our preclinical research and development expenses for the nine months ended September 30, 2022 as compared to the same period in 2021 is due primarily to third-party manufacturing costs and animal toxicology studies related to our OMS1029 development program in 2021 that were not incurred in 2022. The migration of OMS1029 from preclinical research and development to clinical research and development during the third quarter of 2022 also contributed to the decrease.

Internal overhead and other expenses decreased $0.6 million and $2.9 million for the three and nine months ended September 30, 2022 compared to the three and nine months ended September 30, 2021 due to a reduction in employee-related costs and returning a small portion of our leased building to the landlord in the first quarter of the current year.

The decreases in stock-based compensation for the three and nine months ended September 30, 2022 compared to the same periods in the prior year are due to the valuation and timing of the vesting of employee stock options.

We expect overall research and development costs will decrease in the fourth quarter of 2022 compared to the third quarter of 2022 as we do not expect to manufacture additional narsoplimab drug substance in the fourth quarter of 2022.

At this time, we are unable to estimate with certainty the longer-term costs we will incur in the continued development of our drug candidates due to the inherently unpredictable nature of our preclinical and clinical development activities. Clinical development timelines, the probability of success and development costs can change materially as new data become available and as expectations change. Our future research and development expenses will depend, in part, on the preclinical or clinical success of each drug candidate as well as ongoing assessments of each program's commercial potential. In addition, we cannot forecast with precision which drug candidates, if any, may be subject to future collaborations, when such arrangements will be secured, if at all, and to what degree such arrangements would affect our development plans and capital requirements.

We are required to expend substantial resources in the development of our drug candidates due to the lengthy process of completing clinical trials and seeking regulatory approval. Any failure or delay in completing clinical trials, or in obtaining regulatory approvals, could delay our generation of product revenue and increase our research and development expenses.

Selling, General and Administrative Expenses

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(In thousands)			
Continuing selling, general and administrative expenses:				
Selling, general and administrative expenses, excluding stock-based compensation expense	$ 9,998	$ 11,104	$ 30,909	$ 36,242
Stock-based compensation expense	2,200	2,906	6,170	6,038
Total continuing selling, general and administrative expenses	$ 12,198	$ 14,010	$ 37,079	$ 42,280

Total selling, general and administrative expenses decreased by $1.8 million and $5.2 million for the three and nine months ended September 30, 2022, respectively, compared to the same periods in the prior year. The decreases were primarily related to narsoplimab pre-launch sales and marketing development costs in the prior year and the timing of legal costs.

The changes in stock-based compensation expense for the three and nine months ended September 30, 2022 compared to the same periods in the prior year are due to the valuation and timing of the vesting of employee stock options.

We expect selling, general and administrative expenses in the fourth quarter of 2022 will be similar to the third quarter.

Interest Expense

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(In thousands)			
Interest expense	$ 4,932	$ 4,911	$ 14,799	$ 14,718

Interest expense is primarily comprised of contractual interest and amortization of debt issuance and debt discount related to our 6.25% Convertible Senior Notes (the "2023 Notes") and 5.25% Convertible Senior Notes (the "2026 Notes") as well as interest on our finance leases (see "Note 7— Unsecured Convertible Senior Notes" in the Notes to Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q).

Interest and Other Income

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(In thousands)			
Interest and other income	$ 906	$ 461	$ 2,069	$ 1,212

Other income principally includes interest earned on our cash and investments and sublease rental income. The increases in other income for the three and nine months ended September 30, 2022 compared to the same periods in the prior year are due primarily to increased interest earned on our cash and investments.

OMIDRIA Royalties

On December 23, 2021, we sold our commercial drug, OMIDRIA, to Rayner. We currently receive royalty payments of 50% of Rayner's U.S. net sales of OMIDRIA (see the "Overview" section of Management's Discussion and Analysis of Financial Condition and Results of Operations for additional details).

On September 30, 2022, we sold to DRI an interest in a portion of our future OMIDRIA royalty receipts and received $125.0 million in cash consideration. The $125.0 million cash consideration obtained is classified as a liability and is recorded as an "OMIDRIA royalty obligation" on our condensed consolidated balance sheet.

DRI is entitled to receive royalties on OMIDRIA net sales between September 1, 2022 and December 31, 2030, up to the amount of a fixed annual cap. DRI receives payment of royalties monthly, as received from Rayner, up to the amount of a prorated monthly cap amount before we receive any royalty proceeds. (See the "Overview" section of Management's Discussion and Analysis of Financial Condition and Results of Operations and "Note 8 – OMIDRIA Royalty Obligation" in the Notes to Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q for additional details.)

During the nine months ended September 30, 2022, we earned royalties of $47.6 million on sales of OMIDRIA which we recorded as a reduction from the OMIDRIA contract royalty asset. We also recorded $54.7 million of income in discontinued operations representing interest income and remeasurement adjustments related to the OMIDRIA contract royalty asset. The following schedule presents a rollforward of the OMIDRIA contract royalty asset (in thousands):

OMIDRIA contract royalty asset at December 31, 2021	$ 184,570
Royalties earned	(47,555)
Royalty interest income and other	23,857
Remeasurement adjustments	30,513
OMIDRIA contract royalty asset at September 30, 2022	$ 191,385

Net Income from Discontinued Operations

As a result of the OMIDRIA divestiture, all the revenue and expenses related to OMIDRIA have been reclassified to discontinued operations in our condensed consolidated statements of operations and comprehensive loss for all periods presented.

Net income from discontinued operations is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(In thousands)			
Product sales, net	$ —	$ 30,004	$ —	$ 79,888
Royalty interest income and other	8,229	—	23,857	—
Remeasurement adjustments	29,043	—	30,513	—
Other income (expenses), net	64	(8,429)	295	(22,040)
Net income from discontinued operations	$ 37,336	$ 21,575	$ 54,665	$ 57,848

In November 2022, CMS issued its final Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems rule for calendar year 2023. The rule continues CMS' established policy regarding separate payment for non-opioid pain management surgical drugs and confirms that for calendar year 2023 CMS will continue to pay separately for OMIDRIA when used in ambulatory surgical centers.

Financial Condition - Liquidity and Capital Resources

For the three months ended September 30, 2022, we incurred a net loss of $17.5 million, including non-cash charges of $4.6 million and a $29.0 million non-cash gain on the remeasurement of the OMIDRIA contract royalty asset. For the nine months ended September 30, 2022, we incurred a net loss of $81.3 million, including non-cash charges of $12.5 million and a $30.5 million non-cash gain on the remeasurement of the OMIDRIA contract royalty asset. As of September 30, 2022, we had $221.0 million in cash, cash equivalents and short-term investments available for general corporate use. This is a $98.4 million dollar increase from June 30, 2022. Excluding the $125.0 million in proceeds we received from the DRI transaction, our third quarter decrease in cash, cash equivalents and short-term investments was $26.6 million.

We plan to continue to fund our operations with our cash and investments, OMIDRIA royalties and, potentially, the $200.0 million milestone related to achieving long-term OMIDRIA separate payment. If FDA approval is granted for narsoplimab for HSCT-TMA, we expect that sales of narsoplimab would also provide funds for our operations. In addition, we have a sales agreement to sell shares of our common stock, from time to time, in an "at the market" equity offering facility through which we may offer and sell shares of our common stock in an aggregate amount of up to $150.0 million. Should it be determined to be strategically advantageous, we could also pursue debt financings as well as public and private offerings of our equity securities, similar to those we have previously completed, or other strategic transactions, which may include licensing a portion of our existing technology. Should it be necessary to manage our operating expenses, we could also reduce our projected cash requirements by delaying clinical trials, reducing selected research and development efforts, or implementing other restructuring activities. We have $95.0 million of 2023 Notes that will mature and become due in November 2023. Unless the debt is converted to equity at or prior to maturity, we plan to fund the repayment of the 2023 Notes through a combination of cash on hand, cash generated from operations, including through sales of narsoplimab for HSCT-TMA, if approved by FDA, the $200.0 million milestone related to OMIDRIA, if long-term separate payment is achieved for OMIDRIA, strategic transactions, sales of stock or through issuance of additional debt.

Cash Flow Data

	Nine Months Ended September 30,	
	2022	2021
	(In thousands)	
Selected cash flow data		
Cash provided by (used in):		
Operating activities	$ (61,101)	$ (91,507)
Investing activities	$ (19,073)	$ 81,292
Financing activities	$ 124,899	$ 7,129

Operating Activities. Net cash used in operating activities for the nine months ended September 30, 2022 decreased by $30.4 million as compared to the same period in 2021. The decrease in cash used was primarily due to a $54.4 million change in cash provided from receivables resulting from collecting and not replacing trade receivables outstanding at December 31, 2021 due to the sale of OMIDRIA to Rayner in December 2021. In the prior year period, receivables increased due to reinstatement of OMIDRIA separate payment in December 2020, which resulted in increased sales and receivables during the first nine months of 2021. Other changes in operating activities between the periods included a $5.1 million decrease in our net loss, a $6.8 million decrease in the OMIDRIA contract royalty asset, a $16.3 million decrease in accounts payable and accrued expenses and a $5.9 million decrease in prepaids and other.

Investing Activities. Cash flows from investing activities primarily reflect cash used to purchase short-term investments and proceeds from the sale of short-term investments, thus causing a shift between our cash and cash equivalents and short-term investment balances. Because we manage our cash usage with respect to our total cash, cash equivalents and short-term investments, we do not consider fluctuations in cash flows from investing activities to be important to the understanding of our liquidity and capital resources.

Net cash used by investing activities during the nine months ended September 30, 2022 was $19.1 million compared to net cash provided by investing activities of $81.3 million for the same period in the preceding year. The $100.4 million change between years is due to the purchase of short-term investments with a portion of the cash received upon the sale of OMIDRIA to Rayner.

Financing Activities. Net cash provided by financing activities during the nine months ended September 30, 2022 increased $117.8 million compared to the same period in 2021 primarily due to payment received from DRI in relation to the sale of future royalties, partially offset by a reduction in proceeds from the exercise of employee stock options.

Contractual Obligations and Commitments

Our future minimum contractual commitments and obligations were reported in our Annual Report on Form 10-K for the year ended December 31, 2021. Other than the following, our future minimum contractual obligations and commitments have not changed materially from the amounts previously reported.

Operating Leases

Our lease for our office and laboratory space ends in November 2027. We have two options to extend the lease term by five years each. On January 14, 2022, we entered into an agreement with our landlord to early terminate a portion of the rentable square footage of our office and laboratory facilities. In addition, we carry various finance leases for laboratory equipment. As of September 30, 2022, the remaining aggregate non-cancelable rent payable under the initial term of the lease, excluding common area maintenance and related operating expenses, is $36.1 million.

Convertible Notes

See “Note 7 – Unsecured Convertible Senior Notes” in the Notes to Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q.

OMIDRIA Royalty Obligation

See "Note 8 – OMIDRIA Royalty Obligation" in the Notes to Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q.

Goods and Services

We have certain other non-cancelable obligations under various agreements that relate to goods and services. As of September 30, 2022, our aggregate firm commitments were $20.6 million.

We may be required, in connection with in-licensing or asset acquisition agreements, to make certain royalty and milestone payments. We cannot, at this time, determine when or if the related milestones will be achieved or whether the events triggering the commencement of payment obligations will occur. Therefore, such payments are not included in the amounts described above.

Critical Accounting Policies and Significant Judgments and Estimates

Aside from using the catch-up method to account for our OMIDRIA royalty obligation (see "Note 2 – Significant Accounting Policies – OMIDRIA Royalty Obligation" in the Notes to Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q), there have not been any material changes in our critical accounting policies and significant judgments and estimates as disclosed in Part II, Item 7, "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, 2021, which was filed with the SEC on March 1, 2022.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk is primarily confined to our investment securities. The primary objective of our investment activities is to preserve our capital to fund operations. We also seek to maximize income from our investments without assuming significant risk. To achieve our objectives, we maintain a portfolio of investments in high-credit-quality securities. As of September 30, 2022, we had cash, cash equivalents and short-term investments of $221.0 million. In accordance with our investment policy, we invest funds in highly liquid, investment-grade securities. These securities in our investment portfolio are not leveraged and are classified as available-for-sale. We currently do not hedge interest rate exposure. Because of the short-term maturities of our investments, we do not believe that an increase in market rates would have a materially negative impact on the realized value of our investment portfolio. We actively monitor changes in interest rates and, with our current portfolio of short-term investments, we are not exposed to potential loss due to changes in interest rates.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of September 30, 2022. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of September 30, 2022, our principal executive officer and principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) under the Exchange Act that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, in the ordinary course of business, we may be involved in various claims, lawsuits and other proceedings. As of the date of filing of this Quarterly Report on Form 10-Q, we were not involved in any material legal proceedings.

ITEM 1A. RISK FACTORS

We operate in an environment that involves a number of risks and uncertainties. Before making an investment decision you should carefully consider the risks described in Part I, Item 1A, “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2021, as filed with the SEC on March 1, 2022. In assessing the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2021, you should also refer to the other information included therein and in this Quarterly Report on Form 10-Q. In addition, we may be adversely affected by risks that we currently deem to be immaterial or by other risks that are not currently known to us. Due to these risks and uncertainties, known and unknown, our past financial results may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. The trading price of our common stock could decline due to any of these risks and you may lose all or part of your investment.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

Exhibit Number	Description
10.1	Royalty Purchase Agreement dated September 30, 2022 between Omeros Corporation and DRI Healthcare Acquisitions LP
31.1	Certification of Principal Executive Officer Pursuant to Rule 13-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer Pursuant to Rule 13-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Link base Document

101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104.1	Cover Page Interactive Data File, formatted in Inline XBRL (included in Exhibit 101)

The certifications attached as Exhibits 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the SEC and are not to be incorporated by reference into any filing of Omeros Corporation under the Securities Act or the Exchange Act, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

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

OMEROS CORPORATION

Dated: November 9, 2022

/s/ Gregory A. Demopulos
Gregory A. Demopulos, M.D.
President, Chief Executive Officer and Chairman of the Board of Directors

Dated: November 9, 2022

/s/ Michael A. Jacobsen
Michael A. Jacobsen
Vice President, Finance, Chief Accounting Officer and Treasurer

ROYALTY PURCHASE AGREEMENT

BETWEEN

OMEROS CORPORATION

AND

DRI HEALTHCARE ACQUISITIONS LP

Dated as of September 30, 2022

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ROYALTY PURCHASE AGREEMENT dated as of September 30, 2022 (this "*Agreement*"), between Omeros Corporation, a Washington corporation ("*Seller*"), and DRI Healthcare Acquisitions LP, a Delaware limited partnership ("*Purchaser*") (each, a "*Party*" and together, the "*Parties*").

INTRODUCTION

Seller is a party to that certain Asset Purchase Agreement, by and among Seller and Rayner Surgical Inc. ("*Rayner Surgical*") and solely for the purpose of Article V and Section 6.24 thereof, Rayner Surgical Group Limited, dated as of December 1, 2021, as supplemented by (i) the letter agreement between Seller and Rayner Surgical dated December 23, 2021 ("*2021 Letter Agreement*") and (ii) the 2022 Letter Agreement (as defined below) (such Asset Purchase Agreement as so supplemented by the 2021 Letter Agreement and 2022 Letter Agreement, all of three of which are as set forth on Schedule 4.11(a), and as may be further supplemented, amended or modified from time to time solely to the extent such supplement, amendment or modification is made in accordance therewith and in accordance with this Agreement (and it being understood, for the avoidance of doubt, that no such supplement, amendment or modification will have a retroactive effect unless such supplement, amendment or modification specifically states that it shall have a retroactive effect), the ("*APA*").

Seller desires to sell, transfer, assign and convey to Purchaser, and Purchaser desires to purchase, acquire and accept from Seller, all of Seller's right, title and interest in and to the Purchased Assets (as defined below), for the consideration and on the terms and subject to the conditions set forth in this Agreement.

In consideration of the representations, warranties, covenants, and agreements set forth herein and for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Seller and Purchaser hereby agree as follows:

ARTICLE I

DEFINITIONS; INTERPRETATION

Section 1.1 Definitions. As used in this Agreement, the following terms shall have the following meanings, and capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the APA. In the event a capitalized term used herein is defined in both this Agreement and the APA, the meaning given to such term in this Agreement shall control unless otherwise specified:

"*2021 Letter Agreement*" has the meaning set forth in the preamble hereto.

"*2022 Letter Agreement*" means the letter agreement among Seller, Rayner Surgical and Rayner Surgical Group Limited dated September 28, 2022.

"*Affiliate*" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, Controls, or is Controlled by, or is under common Control with, such Person.

"*Agreement*" has the meaning set forth in the preamble hereto.

"*Annual Purchased Receivables Cap*" means:

- for the partial calendar year from September 1, 2022 through December 31, 2022: U.S. $1.67 million;
- for calendar year 2023: U.S. $13 million;
- for calendar year 2024: U.S. $20 million;
- for calendar years 2025-2028 (inclusive): U.S. $25 million for each such calendar year;
- for calendar year 2029: U.S. $26.25 million; and
- for calendar year 2030: U.S. $27.50 million.

"*APA*" has the meaning set forth in the Introduction.

"*APA Closing*" means the closing of the transactions contemplated by the APA, which closing was consummated on December 23, 2021.

"*APA Omidria Provisions*" means the following provisions of the APA (and the definitions in the APA of the defined terms used in such provisions), in each case solely to the extent, and solely in the circumstances where, such provisions (and such definitions as used in such provisions) apply to the Purchased Receivables: Sections 2.7(c) through (g) (inclusive) ("Royalty Terms"), Sections 2.9 through 2.11 (inclusive) ("Payment Mechanics; Withholding and Indirect Taxes"), Section 6.27 ("Patents; Licensing; Royalty Buy-Out"), Article IX ("Indemnification; Survival"), Section 11.1 ("Assignment") and Section 11.13 ("Equitable Remedies"). For clarity, and as an example, Sections 2.9 through 2.11 of the APA to the extent, and in the circumstances where, they are applied to the Milestone Payment (as defined in the APA) shall not constitute "APA Omidria Provisions".

"*Applicable Withholding Certificate*" means (a) IRS Form W-9 (or any applicable successor form) if Purchaser (or, if Purchaser is a disregarded entity, Purchaser's owner) is a "United States person" (as defined in Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended) or (b) IRS Form W-8BEN-E (or any applicable successor form) if Purchaser (or, if Purchaser is a disregarded entity, Purchaser's owner) is not a United States person (as defined in Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended).

"*Back-Up Security Interest*" has the meaning set forth in Section 2.4(b).

"*Bill of Sale and Assignment*" means that certain bill of sale and assignment, substantially in the form of Exhibit D attached hereto, entered into by Seller and Purchaser as of the date hereof.

"*Business Day*" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions located in (i) the City of New York in the State of New York, (ii) the City of Seattle in the State of Washington or (iii) the City of Toronto in the Province of Ontario, Canada are permitted or required by applicable Law to remain closed.

"*Cap and Catch-Up Mechanisms*" means, collectively, (a) the Annual Purchased Receivables Caps, (b) the Monthly Amounts and (c) the Catch-Up Mechanisms.

"*Catch-Up Mechanisms*" means the catch-up mechanisms set forth in Section 6.2.

"*Closing*" has the meaning set forth in Section 3.1.

"*Closing Date*" has the meaning set forth in Section 3.1.

"*Confidential Information*" has the meaning set forth in Section 7.10(b).

"*Consent*" means any consent, approval, license, permit, order, authorization, registration, declaration, filing or notice.

"*Contingent Royalty Reduction*" means a reduction in the Royalty as expressly permitted pursuant to Section 2.7(c)(ii) of the APA.

"*Contract*" means any legally binding agreement, arrangement, loan or credit agreement, note, bond, guaranty, mortgage, indenture, instrument, lease, sublease, license, deed of trust, undertaking, commitment or other oral or written contract or binding understanding.

"*Control*" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or other voting interests, by contract or otherwise.

"*Escrow Agent*" means Wilmington Trust, as escrow agent.

"*Escrow Agreement*" means that certain Escrow Agreement, substantially in the form of Exhibit B attached hereto, entered into by Seller, Purchaser, and the Escrow Agent.

"*Excluded Assets*" means collectively: (a) the contractual right to payment under the APA of Retained Receivables; (b) the Retained Receivables; (c) any Royalty Payments payable by Rayner Surgical during the time prior to September 1, 2022 or from and after January 1, 2031; and (c) any reimbursements, milestone payments, fees, indemnification, damages, awards, settlement payments or any other payments, compensation or consideration of any kind pursuant to, under or in respect of the APA, excluding such consideration paid or payable to Purchaser pursuant to the terms of this Agreement relating to Purchased Receivables and Related Payment Provisions.

"*Financing Sources*" means, with respect to any Person, (a) any commercial bank or other lender that provides non-convertible debt financing in the ordinary course of its business to such Person, (b) those Persons that provide financing (whether in the form of debt, equity or otherwise) to such Person in accordance with contractual relationships and not directly related to or entered into in contemplation of the transactions contemplated hereby and (c) rating agencies.

"*Governmental Entity*" means any federal, state, provincial, local or foreign government or any court of competent jurisdiction, arbitral body, administrative, judicial or agency, department, political subdivision, commission, bureau or tribunal or other governmental authority, domestic or foreign.

"*Judgment*" means any judgment, order, injunction, consent, writ, decree or stipulation granted, issued or entered by a Governmental Entity.

"*Knowledge of Seller*" or "*Knowledge*", when used with respect to Seller, means the current actual knowledge of (a) Gregory A. Demopulos, MD, Chief Executive Officer of Seller, (b) Michael A. Jacobsen, Chief Accounting Officer of Seller, and (c) Peter B. Cancelmo, JD, General Counsel of Seller.

"*Law*" means any provision of federal, state, provincial, local or foreign law (including common law), statute, rule, regulation, ordinance or code issued or promulgated by any Governmental Entity.

"*Liens*" means any mortgage, security interest, pledge, hypothecation, charge, adverse claims, easements, rights of first or last refusal, negotiation or similar priority, option, deed of trust, participation interest, deposit arrangement, title retention, conditional sale, financing lease or other security arrangement, or encumbrance, whether imposed by Contract, Law or otherwise.

"*Monthly Amount*" means, for a given calendar month during the Purchased Royalty Period, a monthly amount of Purchased Receivables determined by dividing such calendar year's Annual Purchased Receivables Cap by twelve (12) (or in the case of the partial calendar year 2022 referred to in the definition of "Annual Purchased Receivables Cap", four (4)). While any given calendar year may have a different amount for the Annual Purchased Receivables Cap, the method of dividing such amount into Monthly Amounts shall be the same.

"*OMIDRIA*" means the Product and all Subject Products (as those terms are defined in the APA).

"*Out-of-Scope Set-Off*" means, in all cases, any Set-Off against Royalties by Rayner Surgical of any actual or alleged amount owing from Seller to Rayner Surgical in respect of any right of Rayner Surgical against Seller arising from or in connection with any matter other than the Purchased Receivables, whether such Set-Off is made pursuant to Section 2.7(c)(iii) of the APA or otherwise (it being understood and agreed that any dispute between Seller and Rayner Surgical that is unrelated to the Purchased Receivables constitutes a "matter other than the Purchased Receivables"). For clarity, (a) a Contingent Royalty Reduction is not an Out-of-Scope Set-Off, (b) any withholding or other Set-Off permitted pursuant to Section 2.10 or Section 2.11 of the APA is not an Out-of-Scope Set-Off, *provided*, *that*, such withholding or other Set-Off is subject to Section 6.3 hereof and (c) a credit or other Set-Off against future Royalties by Rayner Surgical of amounts it may be owed pursuant to Section 2.7(e) of the APA for an overpayment of Receivables is not an Out-of-Scope Set-Off, *provided further*, *that*, such Set-Off shall be subject to Section 7.4(b)(iv) hereof.

"*Party*" shall have the meaning set forth in the preamble.

"*Permitted Liens*" means, collectively:

(i) Liens expressly set forth in Section 2.4(b) of this Agreement;

(ii) Liens expressly set forth in the Escrow Agreement;

(iii) the Escrow Agreement itself;

(iv) Liens created by, or in favor of, Purchaser;

(v) the deposit arrangement expressly set forth in Section 2.9(a) of the APA; and

(vi) the provisions set forth in Section 6.27(c) of the APA and in the 2021 Letter Agreement.

"*Person*" means any individual, firm, corporation, partnership, limited liability company, trust, joint venture, association, unincorporated organization, Governmental Entity or other entity or organization.

"*Proceeds*" means any amounts actually recovered from a Person (other than Purchaser) as a result of any litigations, settlement or resolution of actions, suits, proceedings, claims or disputes to the extent related to the Receivables (including Purchased Receivables) or the APA Omidria Provisions.

"*Product*" has the meaning set forth in the APA.

"*Purchase Price*" has the meaning set forth in Section 2.1(b).

"*Purchased Assets*" means the Purchased Receivables, together with the contractual right to payment under the APA to the Receivables to the extent of the Purchased Receivables.

"*Purchased Receivables*" means one hundred percent (100%) of Receivables payable by Rayner Surgical during each calendar year (or the partial calendar year for 2022) of the Purchased Royalty Period up to an amount not to exceed the Annual Purchased Receivables Cap applicable to such calendar year (or such partial calendar year), but subject in all cases to the Monthly Amounts and the Catch-Up Mechanisms. For clarity, the foregoing is without prejudice to the Related Payment Provisions, pursuant to which Purchaser may be paid certain of the Purchased Receivables and other amounts.

"*Purchased Receivables Shortfall*" means, at any time with respect to a given calendar year (or the partial calendar year for 2022) during the Purchased Royalty Period, an amount (but only if greater than zero) equal to the Annual Purchased Receivables Cap for such calendar year (or such partial calendar year 2022) less the Specified Amount for such calendar year (or such partial calendar year 2022) as of such time.

"*Purchased Royalty Period*" means, with respect to any Subject Product and any country, the period beginning on (and including) September 1, 2022 and ending on (and including) the earlier of (a) December 31, 2030, and (b) the last day of the calendar month that is two calendar months after the calendar month during which the Royalty Term (as defined in the APA) applicable to such Subject Product and such country expires.

"*Purchaser*" has the meaning set forth in the preamble.

"*Purchaser Material Adverse Effect*" means any one or more of: (a) a material adverse effect on the ability of Purchaser to consummate the transactions contemplated by the Transaction Documents and perform its obligations under the Transaction Documents and (b) a material adverse effect on (i) the validity or enforceability of any Transaction Document against Purchaser or (ii) the rights of Seller thereunder.

"*Rayner Surgical*" has the meaning set forth in the Introduction (including, for clarity, any successors or assigns, as applicable, solely to the extent permitted pursuant to the terms of this Agreement and the APA).

"*Rayner Surgical Instruction Letter*" has the meaning set forth in Section 3.7.

"*Receivables*" means, with respect to any Subject Product and any country, each Royalty Payment to the extent attributable to Royalties payable by Rayner Surgical during the Purchased Royalty Period applicable to such Subject Product and such country.

"*Related Payment Provisions*" means Section 6.5 ("Treatment of Late Payment of Purchased Receivables"), Section 7.1(a) ("Payments to Purchaser"), Section 7.2 ("Interest"), Section 7.4 ("Audits of Rayner Surgical"), Section 7.7 ("Enforcement of APA"), Section 7.15 ("Attribution"), Section 7.16 ("Consent Consideration") and Section 8.1(a) ("Indemnification by Seller").

"*Representatives*" means, collectively, with respect to any Person, the managers, shareholders (*provided, that*, such Person does not have any equity shares that are publicly traded), partners, directors, officers, trustees, employees, agents, advisors or other representatives (including attorneys, accountants, consultants, scientists and financial advisors) of such Person.

"*Responsible Employee of Seller*" means any employee of Seller referred to in the definition of "Knowledge of Seller" and any successor to such employee.

"*Retained Receivables*" means the portion of the Receivables that does not constitute Purchased Receivables.

"*Royalty*" has the meaning set forth in the APA. For clarity, "Royalty" does not include any of the following: the Milestone Payment, the Upfront Payment, any reimbursements for Taxes (each such defined term as defined in the APA) pursuant to Section 10.3 of the APA, or any payments pursuant to Sections 2.7(h), 2.7(i), 2.7(j) or 2.7(k) of the APA.

"*Royalty Payment*" means each payment by Rayner Surgical of Royalties pursuant to Sections 2.7(c)(i)-(ii) of the APA with respect to each Subject Product and each country (including after giving effect to the Contingent Royalty Reductions applicable thereto pursuant to Section 2.7(c)(ii) of the APA).

"*Royalty Reports*" means (a) the monthly and quarterly reports relating to Royalties required to be delivered by Rayner Surgical to Seller pursuant to Section 2.7(c)(ii)(D) of the APA and (b) the additional materials required to be delivered by Rayner Surgical to Seller pursuant to Section 2.7(c)(ii)(E) of the APA.

"*Seller*" shall have the meaning set forth in the preamble.

"*Seller Material Adverse Effect*" means any one or more of: (a) a material adverse effect on the ability of Seller to consummate the transactions contemplated by the Transaction Documents and perform its obligations under the Transaction Documents, (b) a material adverse effect on (i) the validity or enforceability of any Transaction Document against Seller or (ii) the rights of Purchaser thereunder, (c) a material adverse effect on the rights of Seller under the APA that could have a material adverse effect on the Purchased Receivables, or (d) a material adverse effect on the Purchased Assets (including the timing, amount or duration thereof).

"*Separate Payment*" has the meaning set forth in Section 4.10.

"*Set-Off*" means any adjustments, modifications, offsets, set-offs, credits, deductions or reductions.

"*Specified Amount*" means, at any time with respect to any calendar year (or the partial calendar year 2022) during the Purchased Royalty Period, the aggregate amount as of such time of:

(a) Purchased Receivables paid to Purchaser that consist of Royalty Payments paid by Rayner Surgical during such calendar year (or such partial calendar year 2022) and which were due and payable by Rayner Surgical under Section 2.7(c) of the APA during such calendar year (or such partial calendar year 2022) (in other words, Royalty Payments that were paid by Rayner Surgical on time under the APA);

(b) other Purchased Receivables (in other words, Purchased Receivables not described in the immediately preceding clause (a)) paid to Purchaser pursuant to the Related Payment Provisions that are attributable to such calendar year (or such partial calendar year 2022) pursuant to Section 7.15 hereof; and

(c) payments to Purchaser of other amounts pursuant to the Related Payment Provisions that are attributable to such calendar year (or such partial calendar year 2022) pursuant to Section 7.15 hereof.

"*Subject Product*" has the meaning set forth in the APA.

"*Transaction Documents*" means this Agreement, the Escrow Agreement, the Bill of Sale and Assignment and the Rayner Surgical Instruction Letter.

"*UCC*" means the Uniform Commercial Code as in effect from time to time in the State of Washington.

Section 1.2 Certain Interpretations. Except where expressly stated otherwise in this Agreement, the following rules of interpretation apply to this Agreement:

(a) "either" and "or" are not exclusive and "include", "includes" and "including" shall be deemed to be followed by the words "without limitation";

(b) "extent" in the phrase "to the extent" means the degree to which a subject or other thing extends, and such phrase does not mean simply "if";

(c) "hereof", "hereto", "herein" and "hereunder" and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement;

(d) references to a Contract mean such Contract as from time to time amended, amended and restated, supplemented or otherwise modified, in each case to the extent not prohibited by such Contract or this Agreement;

(e) references to a Person are also to its permitted successors and assigns;

(f) definitions are applicable to the singular as well as the plural forms of such terms;

(g) references to an "Article", "Section", "Exhibit" or "Schedule" refer to an Article or Section of, or an Exhibit or Schedule to, this Agreement;

(h) references to "$" or otherwise to dollar amounts refer to the lawful currency of the United States;

(i) references to a Law include any amendment or modification to such Law and any rules and regulations issued thereunder, whether such amendment or modification is made, or issuance of such rules and regulations occurs, before, on or after the date of this Agreement; and

(j) references to this "Agreement" shall include a reference to all Schedules and Exhibits attached to this Agreement (including the Schedule of Exceptions attached hereto as Exhibit C), all of which constitute a part of this Agreement and are incorporated herein for all purposes.

ARTICLE II

PURCHASE AND SALE OF PURCHASED ASSETS

Section 2.1 Purchase and Sale of Purchased Assets.

(a) Purchase and Sale. Upon the terms and subject to the conditions of this Agreement, at the Closing, Seller shall sell, transfer, assign and convey to Purchaser, and Purchaser shall purchase, acquire and accept from Seller, free and clear of all Liens (other than Permitted Liens), all of Seller's right, title and interest in and to the Purchased Assets. It is understood and agreed that Purchaser shall not, by purchase of the Purchased Assets, acquire any assets or rights of Seller under, or relating to, the APA other than those specified in the immediately preceding sentence or the rights as set forth in this Agreement with respect to the APA Omidria Provisions.

(b) Purchase Price. The purchase price for the Purchased Assets, is one hundred twenty-five million dollars (US $125,000,000.00) minus any deduction by Purchaser in respect of any applicable withholding taxes (the "*Purchase Price*") (it being acknowledged and agreed by Purchaser that no such withholding or deduction shall be required provided that Seller delivers to Purchaser an executed IRS Form W-9 certifying that Seller is exempt from United States federal withholding tax).

Section 2.2 No Purchase or Sale of Excluded Assets. Notwithstanding anything to the contrary contained in this Agreement, Seller shall retain all its right, title and interest in and to, and there shall be excluded from the sale, transfer, assignment and conveyance to Purchaser under this Agreement, all Excluded Assets.

Section 2.3 No Obligations Transferred. Notwithstanding anything to the contrary contained in this Agreement, (a) the sale, transfer, assignment and conveyance to Purchaser of the Purchased Assets pursuant to this Agreement shall not in any way subject Purchaser to, or transfer, novate, affect or modify, any obligation or liability of Seller under the APA and (b) Purchaser expressly does not assume or agree to become responsible for any obligation or liability of Seller whatsoever (it being understood and agreed that this clause (b) shall not serve to limit Purchaser's obligations under Section 7.4 and Section 7.10).

Section 2.4 Sale of Purchased Assets; Back-Up Security Interest.

(a) It is the intention of the Parties that the sale, transfer, assignment and conveyance contemplated by this Agreement be, and is, a true, complete, absolute and irrevocable sale, transfer, assignment and conveyance by Seller to Purchaser of all of Seller's right, title and interest in and to the Purchased Assets. Neither Seller nor Purchaser intends the transactions contemplated by this Agreement to be, or for any purpose characterized as, a loan from Purchaser to Seller, or a pledge, security interest or other Lien, or a financing transaction or a borrowing. It is the intention of the Parties that the beneficial interest in and title to the Purchased Receivables and any "proceeds" (as such term is defined in the UCC) thereof shall not be part of Seller's estate in the event of the filing of a petition by or against Seller under any U.S. bankruptcy Laws or similar state Laws relating to or affecting creditors' rights generally. Each of Seller and Purchaser hereby waives, to the maximum extent permitted by applicable Law, any right to contest or otherwise assert that the sale contemplated by this Agreement does not constitute a true, complete, absolute and irrevocable sale, transfer, assignment and conveyance by Seller to Purchaser of all of Seller's right, title and interest in and to the Purchased Assets under applicable Law, which waiver shall, to the maximum extent permitted by applicable Law, be enforceable against Seller in any bankruptcy or insolvency proceeding relating to Seller.

(b) Accordingly, the Parties shall treat the sale, transfer, assignment and conveyance of the Purchased Assets as a sale of an "account" or a "payment intangible" (as appropriate) in accordance with the UCC and Seller does hereby authorize Purchaser, from and after the Closing, to file such financing statement (and continuation statements with respect to such financing statement when applicable) naming Seller as the seller and Purchaser as the purchaser of the Purchased Assets as may be necessary to perfect such sale. Not in derogation of the foregoing statement of the intent of the Parties in this regard, and for the purposes of providing additional assurance to Purchaser in the event that, despite the intent of the parties hereto, the sale, transfer, assignment and conveyance contemplated hereby is hereafter held not to be a sale for any reason, Seller shall, and hereby does, grant to Purchaser a security interest in and to all right, title and interest in, to and under the Purchased Assets as continuing security to secure payment to Purchaser of amounts equal to the Purchased Receivables as they become due and payable under the APA. Seller hereby authorizes Purchaser, from and after the Closing, to file such financing statements (and continuation statements with respect to such financing statements when applicable) in such manner and such jurisdictions as are necessary or appropriate to perfect such security interest (the "*Back-Up Security Interest*"), and this Agreement shall constitute a security agreement for purposes of the UCC. The Parties agree that the Back-Up Security Interest is being granted as security for the payment of amounts to Purchaser equal to the Purchased Receivables as they become due and payable under the APA. Notwithstanding the foregoing, nothing in this Section 2.4 shall bind either Party regarding the reporting of the transactions contemplated by the Transaction Documents for accounting purposes, securities Law purposes or tax purposes.

ARTICLE III

CLOSING; DELIVERABLES

Section 3.1 Closing. The closing of the purchase and sale of the Purchased Assets (the "*Closing*") shall take place remotely on the date hereof, or at such place, time and date as the parties hereto may mutually agree. The date on which the Closing occurs is referred to in this Agreement as the "*Closing Date*".

Section 3.2 Payment of Purchase Price. At the Closing, Purchaser shall deliver to Seller payment of the Purchase Price by wire transfer of immediately available funds to the account specified by Seller in writing to Purchaser prior to the Closing Date.

Section 3.3 Closing Certificates.

(a) Seller's Closing Certificate. At the Closing, Seller shall deliver to Purchaser a certificate of the Secretary of Seller, dated the Closing Date, certifying as to (i) the incumbency of the officer (or officers) of Seller executing the Transaction Documents and (ii) the attached copies of Seller's organizational documents and resolutions adopted by Seller's Board of Directors authorizing the execution and delivery by Seller of the Transaction Documents and the consummation by Seller of the transactions contemplated thereby.

(b) Purchaser's Closing Certificate. At the Closing, Purchaser shall deliver to Seller a certificate of an officer of Purchaser, dated the Closing Date, certifying as to (i) the incumbency of the officer of Purchaser executing the Transaction Documents and (ii) the attached copies of relevant extracts from Purchaser's organizational documents and resolutions adopted by Purchaser's general partner authorizing the execution and delivery by Purchaser of the Transaction Documents and the consummation by Purchaser of the transactions contemplated thereby.

Section 3.4 Bill of Sale and Assignment. At the Closing, Seller and Purchaser shall each deliver to the other Party hereto a duly executed counterpart to the Bill of Sale and Assignment, evidencing the sale and assignment to Purchaser of the Purchased Assets.

Section 3.5 Tax Forms. Prior to the Closing, (a) Purchaser shall have delivered or cause to be delivered to Seller and the Escrow Agent a validly executed, true and complete Applicable Withholding Certificate certifying that Purchaser (or Purchaser's owner, if Purchaser is a disregarded entity for United States federal income tax purposes) is not subject to United States federal withholding tax (including backup withholding) in respect of amounts payable to Purchaser hereunder, and (b) Seller shall have delivered to Purchaser a validly executed, true and complete IRS Form W-9 certifying that Seller is not subject to United States federal withholding tax (including backup withholding) in respect of amounts payable to Seller hereunder.

Section 3.6 Escrow Agreement. At the Closing, (i) Seller shall have delivered to Purchaser the Escrow Agreement duly executed by Seller, (ii) Purchaser shall have delivered to Seller the Escrow Agreement duly executed by Purchaser, and (iii) each Party shall have received the Escrow Agreement duly executed by the Escrow Agent.

Section 3.7 Rayner Surgical Instruction Letter. As soon as practicable after the Closing, and in any event no later than two (2) Business Days after the Closing, Seller shall deliver to Rayner Surgical (a) a duly executed letter of instruction, substantially in the form of Exhibit E attached hereto (the "*Rayner Surgical Instruction Letter*") and (b) a copy of the Applicable Withholding Certificate delivered to Seller pursuant to Section 3.5(a).

Section 3.8 Receipt. As soon as practicable after the Closing, and in any event no later than two (2) Business Days after the Closing, Seller shall deliver to Purchaser a duly executed receipt for the payment of the Purchase Price.

ARTICLE IV

SELLER'S REPRESENTATIONS AND WARRANTIES

Except as set forth on Exhibit C, Seller hereby represents and warrants to Purchaser as of the date hereof:

Section 4.1 Existence; Good Standing. Seller is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Washington. Seller is duly licensed or qualified to do business and is in corporate good standing in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned, leased or operated by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified and in corporate good standing has not and would not reasonably be expected to have, either individually or in the aggregate, a Seller Material Adverse Effect.

Section 4.2 Authorization. Seller has the requisite corporate power and authority to execute, deliver and perform the Transaction Documents and to consummate the transactions contemplated thereby. The execution, delivery and performance of the Transaction Documents, and the consummation of the transactions contemplated thereby, have been duly authorized by all necessary corporate action on the part of Seller.

Section 4.3 Enforceability. Each of the Transaction Documents has been duly executed and delivered by Seller, and constitutes a valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as may be limited by general principles of equity (regardless of whether considered in a proceeding at law or in equity) and by applicable bankruptcy, insolvency, moratorium and other similar Laws of general application relating to or affecting creditors' rights generally.

Section 4.4 Absence of Conflicts. The execution, delivery and performance by Seller of the Transaction Documents and the consummation of the transactions contemplated thereby do not constitute a breach of or default under any provision of (a) the organizational documents of Seller, (b) any Law or Judgment applicable to Seller, (c) the APA or (d) any written Contract (other than the APA) to which Seller is a party or by which Seller is bound (or, to the Knowledge of Seller, any oral Contract to which Seller is a party or by which Seller is bound), except, in the

case of clauses (b) and (d), for such breaches or defaults that, individually or in the aggregate, would not reasonably be expected to result in a Seller Material Adverse Effect.

Section 4.5 Consents. No Consent of any Governmental Entity or any other Person is required by or with respect to Seller in connection with (a) the execution and delivery by Seller of the Transaction Documents, (b) the consummation of the transactions contemplated thereby or (c) the performance by Seller of its obligations under this Agreement, except for (i) any filings required by federal securities Laws or stock exchange rules, (ii) the Rayner Surgical Instruction Letter, (iii) the filing of the financing statements referred to in Section 2.4(b) with the Department of Licensing of the State of Washington, (iv) such Consents, the failure of which to be obtained or made, would not reasonably be expected to result, individually or in the aggregate, in a Seller Material Adverse Effect, and (v) such Consents as shall have been obtained on or prior to the date hereof.

Section 4.6 Litigation. No action, suit, proceeding or investigation before any Governmental Entity, court or arbitrator is pending, or, to the Knowledge of Seller, threatened in writing, against Seller relating to the APA or to the Product. Since the APA Closing, Seller has not received any written notice from Rayner Surgical, and otherwise has no Knowledge, of any action, suit, proceeding or investigation before any Governmental Entity, court or arbitrator that is pending against Rayner Surgical relating to the APA or to the Product.

Section 4.7 Compliance With Laws. With respect to the operation of the Business (as defined in the APA), Seller did not, during the three (3) year period immediately preceding December 1, 2021, violate any Laws (as defined in the APA) applicable to the Business or the Specified Purchased Intellectual Property (as defined below), that has had or would reasonably be expected to result, individually or in the aggregate, in a Seller Material Adverse Effect. Since the APA Closing, Seller has not received any written notice from Rayner Surgical, and otherwise has no Knowledge, that Rayner Surgical has violated any Laws (as defined in the APA) applicable to the development, manufacture, commercialization or use of the Product or the Specified Purchased Intellectual Property that has had or would reasonably be expected to result, individually or in the aggregate, in a Seller Material Adverse Effect.

Section 4.8 Brokers' Fees. There is no investment banker, broker, finder, financial advisor or other Person who has been retained by or is authorized to act on behalf of Seller who is entitled to any fee or commission from Purchaser in connection with the transactions contemplated by this Agreement.

Section 4.9 Intellectual Property.

(a) All right, title and interest in and to the Purchased Intellectual Property (as defined in the APA) listed on Section 1.1(h)(B) of the Seller Schedule (as defined in the APA) other than those listed as "abandoned" thereon (the "*Specified Purchased Intellectual Property*") was owned solely and exclusively by Seller or Omeros Ireland Limited ("*Omeros Ireland*") as of immediately prior to the APA Closing, and all such right, title and interest was assigned to Rayner Surgical as a result of the APA Closing.

(b) As of immediately prior to the APA Closing, the Specified Purchased Intellectual Property was free of Liens.

(c) As of December 1, 2021, except with respect to non-exclusive licenses and authorizations to use granted to or by third parties in the ordinary course of business or as otherwise contemplated by the APA, Schedule 4.9(c) attached hereto lists all of the written Contracts (as defined in the APA) pursuant to which Seller or Omeros Ireland had granted a third party a license to use or practice under any Patent (as defined in the APA) that is material to the operation of the Business (as defined in the APA) and included in the Specified Purchased Intellectual Property.

(d) Attached hereto as Schedule 4.9(d) is a true and complete copy of Section 1.1(h)(B) of the Seller Schedule (as defined in the APA) as of the APA Closing. As of immediately prior to the APA Closing, Seller had not received any written notice challenging the validity, enforceability or good standing of any Specified Purchased Intellectual Property and all required maintenance fees, annuity fees or renewal fees for the Specified Purchased Intellectual Property that were due and payable prior to the APA Closing were paid prior to the APA Closing. Since the APA Closing, Seller has not received any written notice from Rayner Surgical, and otherwise has no Knowledge, that Rayner Surgical has not paid all required maintenance fees, annuity fees or renewal fees for the Specified Purchased Intellectual Property.

(e) As of immediately prior to the APA Closing, all Specified Purchased Intellectual Property and the rights to any inventions claimed or disclosed therein, were properly assigned to Seller or Omeros Ireland, and all such assignments were properly recorded in the United States Patent and Trademark Office (with respect to all patent rights in the Specified Purchased Intellectual Property in the United States) or to any analogous foreign Governmental Authority (as defined in the APA) as of immediately prior to the APA Closing.

(f) As of December 1, 2021, there were no written (or, to the Knowledge of Seller, oral) third party allegations made to Seller by any Person alleging that the operation or conduct of the Business (as defined in the APA) infringes or misappropriates the Intellectual Property (as defined in the APA) of such Person in any material respect.

(g) As of immediately prior to the APA Closing, none of the Patents (as defined in the APA) in the Specified Purchased Intellectual Property was involved in any interference, reissue, reexamination, derivation, supplemental examination, inter partes review, post-grant review, conflict, opposition, cancellation, litigation or other post-issuance proceeding. Since the APA Closing, Seller has not received any written notice from Rayner Surgical, and otherwise has no Knowledge, that any of the Patents (as defined in the APA) in the Specified Purchased Intellectual Property is involved in any interference, reissue, reexamination, derivation, supplemental examination, *inter partes* review, post-grant review, conflict, opposition, cancellation, litigation or other post-issuance proceeding.

Section 4.10 Separate Payments. Seller has not received any written notice from Rayner Surgical, and otherwise has no Knowledge, of any non-public written communications by any Governmental Entity that would materially affect the eligibility of the Product for separate payment by the Centers for Medicare and Medicaid Services ("*Separate Payment*").

Seller has not received any written notice from Rayner Surgical, and otherwise has no Knowledge, that Generic Entry (as defined in the APA) with respect to the Product has occurred.

Section 4.11 APA.

(a) APA; Royalty Reports; Material Notices. Attached hereto as Schedule 4.11(a) are true, correct and complete copies of: (i) the APA; (ii) the Royalty Reports received by Seller from Rayner Surgical prior to the date hereof; and (iii) all material written notices (including any affecting the timing, amount or duration of Purchased Receivables) delivered to Rayner Surgical by Seller, or by Rayner Surgical to Seller, pursuant to the APA relating to, or involving, the Purchased Assets (including the APA Omidria Provisions), in each case since the date of the APA Closing (excluding, for the avoidance of doubt, (A) copies of, and notices to the extent related to, any of the Ancillary Agreements (as defined in the APA) (but including any such notices to the extent they relate to the Purchased Assets) and (B) drafts and prior versions of the 2022 Letter Agreement and any accompanying correspondence to the extent related to the 2022 Letter Agreement (but including any such correspondence to the extent it addresses additional matters (apart from the 2022 Letter Agreement) that are related to the Purchased Assets).

(b) Validity and Enforceability of APA. The APA is in full force and effect with respect to Seller and, to the Knowledge of Seller, is in full force and effect with respect to Rayner Surgical, and the APA is a valid and binding obligation of Seller and, to the Knowledge of Seller, of Rayner Surgical, enforceable against each of Seller and, to the Knowledge of Seller, Rayner Surgical, in accordance with its terms, except as may be limited by general principles of equity (regardless of whether considered in a proceeding at law or in equity) and by applicable bankruptcy, insolvency, moratorium and other similar Laws of general application relating to or affecting creditors' rights generally. Seller has not received any written notice from Rayner Surgical challenging the validity or enforceability of the APA or any obligation of Rayner Surgical to pay the Royalties thereunder (or setting forth any basis for, or any intention to mount, any such challenge), nor has Seller delivered any such notice to Rayner Surgical.

(c) No Amendments, Waivers or Releases. Seller has not granted or agreed to any Modification (as defined below) of the APA, except, in each case, to the extent set forth in the APA or as have not had or would not reasonably be expected to result, individually or in the aggregate, in a Seller Material Adverse Effect. Other than the 2022 Letter Agreement and 2021 Letter Agreement, Seller has not received from Rayner Surgical any written (or, to the Knowledge of Seller, oral) proposal, and has not made any proposal to Rayner Surgical, to amend, waive or release any of the terms and conditions of the APA in any material respect.

(d) No Termination, Force Majeure, etc. Seller has not (i) given Rayner Surgical any notice of termination with respect to the APA (in whole or in part) or any notice of force majeure under the APA or (ii) received from Rayner Surgical any written notice of termination with respect to the APA or any written notice of force majeure under the APA. Seller does not have any rights under Section 8.1 of the APA to terminate the APA after the APA Closing without the consent of Rayner Surgical, and, to the Knowledge of Seller, Rayner Surgical does not have any rights under Section 8.1 of the APA to terminate the APA after the

APA Closing without the consent of Seller. Seller has not received any written notice from Rayner Surgical, and has not delivered any notice to Rayner Surgical, expressing any intention or desire to terminate the APA. There is no agreement between Seller and Rayner Surgical to terminate the APA.

(e) No Breaches. Seller has not breached any provision of the APA in any respect, and, to the Knowledge of Seller, Rayner Surgical has not breached any provision of the APA in any respect, other than, in each case, any breaches that have not had and would not reasonably be expected to result, individually or in the aggregate, in a Seller Material Adverse Effect. Seller has not delivered any notice to Rayner Surgical, and Seller has not received any written notice from Rayner Surgical, alleging, inquiring about or seeking information relating to any actual or potential breach of the APA, other than, in each case, any breaches that have not had and would not reasonably be expected to result, individually or in the aggregate, in a Seller Material Adverse Effect.

(f) Payments Made. Seller has received from Rayner Surgical (i) all Royalty Reports described in clause (a) of the definition of "Royalty Reports" required to be delivered under the APA since the APA Closing and prior to the date of this Agreement; and (ii) the full amounts specified next to the heading "Total Royalties Due" in the Royalty Reports referred to in the immediately preceding clause (i).

(g) No Set-Offs or Contingent Royalty Reduction. As of the APA Closing, the Contingent Royalty Reduction was not being taken against the Royalty Payments. To the Knowledge of Seller, the Contingent Royalty Reduction is not, as of the date hereof, being taken against the Royalty Payments. Seller has not received any written (or, to the Knowledge of Seller, oral) notice from Rayner Surgical expressing an intention for, or other consideration by, Rayner Surgical to take any Contingent Royalty Reduction from the Receivables or otherwise Set-Off from the Receivables, including because of any amount owed or claimed owed from Seller to Rayner Surgical. For the avoidance of doubt, it is understood and agreed by the Parties that the items specified in clauses (a) through (g) of the definition of "Net Revenue" in the APA do not constitute Contingent Royalty Reductions or other Set-Offs from the Receivables).

(h) (Sub)licensees. Seller has not received any written notice from Rayner Surgical identifying any (sub)license granted by Rayner Surgical of rights to sell a Subject Product in any country other than the United States (a "*Specified (Sub)license*"), and Seller otherwise has no Knowledge of any Specified Sublicense.

(i) No Assignments. Seller has not consented to any assignment or other transfer or delegation (in whole or in part) by Rayner Surgical of, and, to the Knowledge of Seller, Rayner Surgical has not assigned, transferred or delegated, the APA (in whole or in part). Except as contemplated by this Agreement and the Escrow Agreement (and except for (i) such Liens as shall have been released on or prior to the date hereof and (ii) Permitted Liens), Seller has not assigned, transferred or delegated, in whole or in part, and has not granted any Liens with respect to, the APA or the Receivables.

(j) No Indemnification Claims. Seller has not given any notice to Rayner Surgical of, and is not in the process of evaluating or seeking, any claim for indemnification or

equitable remedies pursuant to Article IX of the APA against Rayner Surgical. Rayner Surgical has not given any written notice to Seller of any claim for indemnification or equitable remedies pursuant to Article IX of the APA against Seller, nor has Rayner Surgical given any written notice to Seller expressing any intention to do so.

(k) Audits. Seller has not initiated, pursuant to Section 2.7(e) of the APA, any audit of Rayner Surgical.

(l) No Other Agreements. Other than (i) the APA (and the Ancillary Agreements as defined therein) and (ii) Contracts that are in the process of being assigned by Seller to Rayner Surgical pursuant to the APA (and the Ancillary Agreements as defined therein), there are no written Contracts between Seller, on the one hand, and Rayner Surgical or any other Person, on the other hand, that relate to the Product, the Royalties or the Receivables that would reasonably be expected to result in a Seller Material Adverse Effect. Other than written agreements assigned, transferred or novated as contemplated by the APA, Seller has not received any written notice from Rayner Surgical, and otherwise has no Knowledge, of any written agreements between Rayner Surgical and any Third Party pursuant to which rights to develop, manufacture or commercialize the Product have been granted or transferred to such Third Party.

(m) Subject Product. The pharmaceutical product known as Omidria® is a Subject Product, and all Royalties from all Subject Product(s) (other than Retained Receivables) are subject to this Agreement.

(n) No Disputes. Seller has not received any written notice of any dispute from, or given any notice of any dispute to, Rayner Surgical in connection with the APA.

Section 4.12 UCC Matters. Seller's exact legal name is, and for the preceding ten (10) years has been, "Omeros Corporation". Seller's principal place of business is, and for the preceding ten (10) years has been, located in the State of Washington. Seller's jurisdiction of organization is, and for the preceding ten (10) years has been, the State of Washington.

Section 4.13 Taxes. All material tax returns required under applicable Law to have been filed by or on behalf of Seller with respect to the Purchased Assets have been duly and timely filed, and all material taxes required to be paid under applicable Law by Seller with respect to the Purchased Assets have been paid. To the Knowledge of Seller, no deficiencies for taxes with respect to the Purchased Assets have been claimed, proposed, or assessed by any tax authority against the Seller.

Section 4.14 Title to Purchased Assets. Seller has good and valid title to the Purchased Assets, free and clear of all Liens (other than Permitted Liens). Upon payment of the Purchase Price by Purchaser and the filing of the financing statements referred to in Section 2.4(b) with the Department of Licensing of the State of Washington on the Closing Date, and with effect from the Closing, Purchaser will have acquired good and valid title to the Purchased Assets, free and clear of all Liens (other than Permitted Liens).

Section 4.15 Tax Status. Seller is acting as a principal, and not as an agent for any other Person, in connection with the execution, delivery and performance by Seller of the Transaction Documents and the consummation of the transactions contemplated thereby.

ARTICLE V

PURCHASER'S REPRESENTATIONS AND WARRANTIES

Purchaser represents and warrants to Seller that as of the date hereof:

Section 5.1 Existence. Purchaser is a limited partnership duly organized, validly existing and in good standing under the Laws of the State of Delaware, United States of America. Purchaser is duly licensed or qualified to do business and is in corporate good standing in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned, leased or operated by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified and in corporate good standing has not had and would not reasonably be expected to have, either individually or in the aggregate, a Purchaser Material Adverse Effect.

Section 5.2 Authorization. Purchaser has the requisite partnership power and authority to execute, deliver and perform the Transaction Documents and to consummate the transactions contemplated thereby. The execution, delivery and performance of the Transaction Documents, and the consummation of the transactions contemplated thereby, have been duly authorized by all necessary corporate action on the part of the general partner of Purchaser.

Section 5.3 Enforceability. Each of the Transaction Documents has been duly executed and delivered by Purchaser, and constitutes a valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms, except as may be limited by general principles of equity (regardless of whether considered in a proceeding at law or in equity) and by applicable bankruptcy, insolvency, moratorium and other similar Laws of general application relating to or affecting creditors' rights generally.

Section 5.4 Absence of Conflicts. The execution, delivery and performance by Purchaser of the Transaction Documents and the consummation of the transactions contemplated thereby do not constitute a breach or default under any provision of (a) the organizational documents of Purchaser, (b) any Law or Judgment applicable to Purchaser or (c) any written Contract to which Purchaser is a party or by which Purchaser is bound, except, in the case of clauses (b) and (c), for such breaches or defaults that, individually or in the aggregate, would not reasonably be expected to result in a Purchaser Material Adverse Effect.

Section 5.5 Consents. No Consent of any Governmental Entity or any other Person is required by or with respect to Purchaser in connection with (a) the execution and delivery by Purchaser of the Transaction Documents, (b) the consummation of the transactions contemplated thereby or (c) the performance by Purchaser of its obligations under this Agreement, except for (x) such Consents, the failure of which to be obtained or made, would not reasonably be expected to result, individually or in the aggregate, in a Purchaser Material Adverse Effect, and (y) such Consents as shall have been obtained on or prior to the date hereof.

Section 5.6 Litigation. No action, suit, proceeding or investigation before any Governmental Entity, court or arbitrator is pending, or, to the knowledge of Purchaser, threatened, against Purchaser that, individually or in the aggregate, would reasonably be expected to result in a Purchaser Material Adverse Effect.

Section 5.7 Compliance With Laws. Purchaser has not violated, is not in violation of, has not been given notice that it has violated, and, to the knowledge of Purchaser, Purchaser is not under investigation with respect to its violation of, and has not been threatened to be charged with any violation of, any applicable Law or any Judgment of any Governmental Entity, which violation would reasonably be expected to result, individually or in the aggregate, in a Purchaser Material Adverse Effect.

Section 5.8 Brokers' Fees. There is no investment banker, broker, finder, financial advisor or other Person who has been retained by or is authorized to act on behalf of Purchaser who is entitled to any fee or commission from or on behalf of Seller in connection with the transactions contemplated by this Agreement.

Section 5.9 Financing. Purchaser has sufficient cash on hand or binding and enforceable commitments to provide it with funds sufficient to satisfy its obligations to pay the Purchase Price. Purchaser has no reason to believe, and has not been provided with any notice (whether written or otherwise), that any of the Persons providing the commitments referred to above are unable or are not required or do not intend, for any reason, to satisfy their obligations under such commitments. Purchaser acknowledges that its obligations under this Agreement are not contingent on obtaining financing.

Section 5.10 Tax Status. Purchaser is acting as a principal, and not as an agent for any other Person, in connection with the execution, delivery and performance by Purchaser of the Transaction Documents and the consummation of the transactions contemplated thereby. The Applicable Withholding Certificate of Purchaser delivered to Seller on the Closing Date is valid, true and properly executed. As of the date hereof, payments to be made hereunder are exempt from and not subject to United States withholding tax or, to the Purchaser's knowledge, Irish withholding tax.

ARTICLE VI

RECEIVABLES AND PAYMENTS

Section 6.1 Annual Caps and Monthly Amounts. Without limiting (x) Purchaser's remedies for breach of this Agreement (but subject to Article VIII), (y) the Related Payment Provisions and (z) other terms of this Article VI:

(a) Annual Cap on Purchased Receivables. The Purchased Receivables are subject to the Annual Purchased Receivables Cap. It is understood and agreed that, for any calendar year (or the partial calendar year 2022) during the Purchased Royalty Period, once Purchaser has received a Specified Amount that equals, in the aggregate, the Annual Purchased Receivables Cap for such calendar year (or such partial calendar year 2022), Purchaser shall have no further interest in (i) other Receivables payable pursuant to monthly Royalty Payments

payable for such calendar year (or such partial calendar year 2022) in accordance with Section 2.7(c) of the APA (in other words, Royalty Payments that are paid by Rayner Surgical on time under the APA), (ii) other Receivables (in other words, Receivables not described in the immediately preceding clause (i)) payable pursuant to the Related Payment Provisions attributable to such calendar year (or such partial calendar year 2022) pursuant to Section 7.15 hereof, and (iii) other amounts payable pursuant to the Related Payment Provisions attributable to such calendar year (or such partial calendar year 2022) pursuant to Section 7.15 hereof. One hundred percent (100%) of such other Receivables and such other amounts described in the immediately preceding clauses (i), (ii) and (iii) shall, on and after such date, constitute Retained Receivables. It is further understood and agreed that, to the extent any portion of the amounts referred to in the foregoing clauses (i), (ii), and (iii) constitute (x) overpayments of Receivables required to be, and actually, reimbursed by Purchaser to Rayner Surgical (or to Seller) pursuant to Section 7.4(b)(iii) or (y) misdirected payments required to be, and actually, remitted by Purchaser to Seller pursuant to Section 7.1(b), such portion of such amounts shall be excluded from the calculation set forth in this Section 6.1(a).

(b) Cap on Purchased Receivables in a Given Month. The aggregate amount of Purchased Receivables from monthly Royalty Payments paid by Rayner Surgical in accordance with Section 2.7(c) of the APA in a given calendar month shall be no more than the applicable Monthly Amount for that month, except as adjusted by the Catch-Up Mechanisms.

Section 6.2 Catch-Up Mechanisms.

(a) Monthly Amount Catch-Up. For any calendar month during the Purchased Royalty Period, in the event that the total amount of (A) Purchased Receivables paid to Purchaser that consist of Royalty Payments paid by Rayner Surgical during such calendar month and which were due and payable by Rayner Surgical under Section 2.7(c) of the APA during such calendar month (in other words, Royalty Payments that were paid by Rayner Surgical on time under the APA), (B) other Purchased Receivables (in other words, Purchased Receivables not described in the immediately preceding clause (A)) paid to Purchaser pursuant to the Related Payment Provisions that are attributable to such calendar month pursuant to Section 7.15 hereof, and (C) payments to Purchaser of other amounts pursuant to the Related Payment Provisions that are attributable to such calendar month pursuant to Section 7.15 hereof, is less than the Monthly Amount for such calendar month, then Seller will pay to Purchaser such deficiency from Receivables paid by Rayner Surgical pursuant to monthly Royalty Payments paid in any one or more other subsequent calendar month(s) in that applicable calendar year (or in the partial calendar year 2022, as the case may be) in accordance with Section 2.7(c) of the APA to the extent that, with respect to each such subsequent calendar month, the total amount of Receivables paid by Rayner Surgical pursuant to Royalty Payments with respect to such subsequent calendar month is greater than the Monthly Amount for such deficient month, *provided, that*, such subsequent calendar month Royalty Payments of Purchased Receivables (together with such subsequent calendar month payments of all other amounts referred to in the immediately preceding clauses (A), (B) and (C)) shall not exceed the then-current Purchased Receivables Shortfall for such calendar year (or such partial calendar year 2022, as the case may be).

(b) End of Year Catch-Up.

(i) In addition to the foregoing catch-up of monthly Purchased Receivables pursuant to monthly Royalty Payments, to the extent that, as of December 31st of each calendar year (or partial calendar year 2022, as the case may be) during the Purchased Royalty Period, both (a) the total amount of the Receivables pursuant to monthly Royalty Payments paid by Rayner Surgical with respect to such calendar year (or such partial calendar year 2022, as the case may be) exceed the applicable Annual Purchased Receivables Cap (such excess, the "*Excess Payment Amount*") and (b) the Specified Amount is less than the applicable Annual Purchased Receivables Cap, then Seller will pay to Purchaser the then-current Purchased Receivables Shortfall for that calendar year from such Excess Payment Amount, but only up to the Purchased Receivables Shortfall if the Excess Payment Amount is more than the Purchased Receivables Shortfall ("*End-of-Year Shortfall Payment*").

(ii) The End-of-Year Shortfall Payment for a given calendar year will be paid by the later of (a) the date that is ten (10) Business Days after the date the Royalties due in December of such calendar year (pursuant to the terms of the APA) are paid and (b) January 31st (or if such day is not a Business Day, then the date that is the first (1st) Business Day thereafter) of the immediately following calendar year.

(c) Example. Set forth on Exhibit A is an example of how Purchased Receivables will be attributed and credited towards the Monthly Amounts as a result of the monthly Receivables in an example calendar year. It is intended to reflect the foregoing provisions of this Section 6.2 with respect to the Catch-Up Mechanisms.

Section 6.3 Treatment of Additional Amounts Payable in Respect of Taxes. In the event that Rayner Surgical reimburses or otherwise pays additional amounts pursuant to Section 2.10 or Section 2.11 of the APA (to address any withholding or deduction on account of Taxes or to address any Indirect Taxes due) in respect of any Royalty comprising the Receivables, such additional amounts (which, for clarity, consist solely of the amounts of the withholding Taxes, Indirect Taxes or other Taxes actually paid to the relevant taxing authorities, and do not include any amounts actually paid to Purchaser) shall not be deemed Receivables for purposes of applying the Annual Purchased Receivables Cap, the Purchased Receivables Shortfall or the Catch-Up Mechanisms or for any other purposes of this Agreement.

Section 6.4 No Out-of-Pocket Payments by Seller for Purchased Receivables. The Parties agree and acknowledge that, subject to the Related Payment Provisions and subject to Purchaser's remedies for breach of this Agreement:

(a) Seller is obligated to pay to Purchaser the Purchased Receivables only out of Receivables and Seller will not have any obligation to pay Purchaser the Purchased Receivables from any other sources of funds;

(b) Purchased Receivables are subject to the Cap and Catch-Up Mechanisms; and

(c) Seller shall have no obligation to pay Purchased Receivables payable in a given calendar year from Royalties paid or payable in a prior calendar year or payable in subsequent calendar years.

Section 6.5 Treatment of Late Payment of Purchased Receivables. In the event of (a) any late payments by Rayner Surgical of any Purchased Receivables or (b) any late payments by Seller to Purchaser of misdirected payments of Purchased Receivables as described in Section 7.1(a), such Purchased Receivables will be allocated to the calendar month(s) in which such payments were originally due and payable under Section 2.7(c) of the APA, regardless of when actually paid (including for purposes of determining the application of the Cap and Catch-Up Mechanisms). It is understood and agreed, for the avoidance of doubt, that any delay by Seller in making payments to Purchaser under this Agreement shall not affect the attribution to be made under Section 7.15 of any such payments.

ARTICLE VII

COVENANTS

Section 7.1 Misdirected Payments; Set-Offs by Rayner Surgical.

(a) Payments to Purchaser. If Seller shall, notwithstanding the provisions of the Rayner Surgical Instruction Letter and the Escrow Agreement, receive from Rayner Surgical, the Escrow Agent or any other Person any Purchased Receivables, Seller shall promptly, and in any event no later than five (5) Business Days, following a Responsible Employee of Seller becoming aware of the receipt by Seller of such Purchased Receivables, remit to Purchaser such Purchased Receivables.

(b) Payments to Seller. If Purchaser shall, notwithstanding the provisions of the Rayner Surgical Instruction Letter and the Escrow Agreement, receive from Rayner Surgical, the Escrow Agent or any other Person (i) any Royalty Payment that does not consist entirely of Purchased Receivables, (ii) any Excluded Asset or (iii) a Specified Amount that exceeds the Annual Purchased Receivables Cap applicable to the given calendar year (or such partial calendar year 2022), then Purchaser shall promptly, and in any event no later than five (5) Business Days, following the date Purchaser becomes aware of its receipt thereof, remit to Seller (X) such Royalty Payment, or portion thereof, that does not constitute Purchased Receivables, (Y) such Excluded Asset or (Z) the portion of such Specified Amount that exceeds such applicable Annual Purchased Receivables Cap, as the case may be.

(c) Out-of-Scope Set-Offs. If, with respect to any Purchased Receivables that are paid by Rayner Surgical pursuant to monthly Royalty Payments, Rayner Surgical undertakes an Out-of-Scope Set-Off against such Purchased Receivables, then Seller shall promptly, and in any event no later than twenty (20) Business Days, following the date on which a Responsible Employee of Seller becomes aware of such Out-of-Scope Set-Off (including the amount and nature thereof), pay to Purchaser a sum equal to the amount of such Out-of-Scope Set-Off against the Purchased Receivables.

(d) Remittances. All remittances pursuant to this Section 7.1 shall be made (i) without set-off or deduction of any kind (except as required by applicable Law) and (ii) by wire transfer of immediately available funds to such account as the relevant payee may designate in writing to the other Party hereto (such designation to be made at least three Business Days prior to any such payment).

(e) Payments Held in Trust. Each Party hereto agrees that it shall hold any amounts received by it to which the other Party hereto is entitled under Section 7.1(a) or Section 7.1(b) in trust and agrees that it shall have no right, title or interest whatsoever in such amounts, shall make no use thereof and shall not impose, or permit the imposition of, any Liens on such amounts (other than, in the case of such amounts held by Seller to which Purchaser is entitled under Section 7.1(a), Permitted Liens).

Section 7.2 Interest.

(a) Without limiting Seller's obligation to promptly remit Purchased Receivables to Purchaser pursuant to Section 7.1(a), if Seller fails to timely pay Purchaser in accordance with Section 7.1(a), Seller shall pay interest for any such late payment to Purchaser at a per annum rate equal to the U.S. Prime Rate, as reported in the Wall Street Journal, Eastern Edition, for the first date on which such payment was to be paid to Purchaser under Section 7.1(a), plus two percent (2%), from the first (1st) day the payment was to be paid to Purchaser under Section 7.1(a) to the day of actual payment of the amount. Without limiting Purchaser's obligation to promptly remit amounts to Seller pursuant to Section 7.1(b), if Purchaser fails to timely pay Seller in accordance with Section 7.1(b), Purchaser shall pay interest for any such late payment to Seller at a per annum rate equal to the U.S. Prime Rate, as reported in the Wall Street Journal, Eastern Edition, for the first date on which such payment was to be paid to Seller under Section 7.1(b), plus two percent (2%), from the first (1st) day the payment was to be paid to Seller under Section 7.1(b) to the day of actual payment of the amount.

(b) Any interest payments from Rayner Surgical pursuant to Section 2.9 of the APA (including interest payments from Rayner Surgical described in Sections 7.4(b)(v) and 7.7(c)(ii) below) that are attributed to Purchased Receivables in accordance with Section 7.15 shall not be subject to and shall not count toward the Cap and Catch-Up Mechanisms. Interest payments by Seller to Purchaser pursuant to this Section 7.2 shall not be subject to and shall not count toward any Cap and Catch-Up Mechanisms.

Section 7.3 Royalty Reports; Notices; Correspondence.

(a) Promptly, and in any event no later than five (5) Business Days, following the receipt by Seller of (i) a Royalty Report or (ii) any material written notice or material written correspondence pursuant to the APA relating to, or involving, the Purchased Receivables (including any relating to, or involving, any APA Omidria Provisions) Seller shall furnish full and complete copies of such Royalty Report or such written notice or written correspondence to Purchaser. Except for the Rayner Surgical Instruction Letter and notices and correspondence required to be given or made by Seller (x) under the APA or (y) by applicable Law, Seller shall not send any notice or correspondence to Rayner Surgical relating to, or involving, the Purchased

Receivables, in each case, without the prior written consent of Purchaser (such consent not to be unreasonably withheld, conditioned or delayed), unless the sending of such notice or correspondence would not reasonably be expected to adversely affect (A) the Purchased Receivables (including any APA Omidria Provisions) in any material respect or (B) the timing, amount or duration of the Purchased Receivables in any material respect. If Purchaser does not provide consent within ten (10) Business Days after receipt of such proposed notice or correspondence to Purchaser, such consent will be deemed to have been given by Purchaser. Seller shall promptly, and in any event no later than five (5) Business Days, following the delivery thereof by Seller to Rayner Surgical, provide to Purchaser a copy of any material notice or material correspondence (including any notice or correspondence that (1) relates to, or involves, any APA Omidria Provisions in a material respect or (2) adversely effects the timing, amount or duration of the Purchased Receivables) sent by Seller to Rayner Surgical pursuant to the APA relating to, or involving, the Purchased Receivables (including the APA Omidria Provisions).

Section 7.4 Audits of Rayner Surgical.

(a) Consultation. Seller and Purchaser shall consult with each other regarding the timing, manner and conduct of any audit of Rayner Surgical with respect to the Royalties pursuant to Section 2.7(e) of the APA. If Purchaser has not received for any calendar year a Specified Amount that fully satisfies the Annual Purchased Receivables Cap applicable to such calendar year, then Purchaser shall be entitled to request an audit of any Financial Records of Rayner Surgical that pertain to such calendar year (a "*Relevant Year*") as set forth in, and subject to, Section 7.4(b), but Purchaser will not be entitled to make such a request with respect to a calendar year if it has received a Specified Amount that fully satisfies the Annual Purchased Receivables Cap applicable to such calendar year. Upon the termination of this Agreement pursuant to Section 9.14, the provisions of this Section 7.4 shall survive until the fifth (5th) anniversary of the effective date of such termination; *provided*, *however*, that (I) Purchaser's right to receive amounts pursuant to, and in accordance with, Section 7.4(b)(v) and (II) the provisions of Sections 7.4(b)(iii) and 7.4(b)(iv), shall survive such termination indefinitely.

(b) Audits.

(i) Seller may, and if requested in writing by Purchaser as permitted under Section 7.4(a), shall (as promptly as practicable following receipt of such written request from Purchaser), cause an independent certified public accountant of nationally recognized standing, to audit Rayner Surgical's Financial Records (as such term is defined in the APA) relating to Royalties pursuant to Section 2.7(e) of the APA (which limits Seller to one (1) audit per calendar year); *provided*, *however*, that Purchaser shall not be entitled to request such an audit if such an audit would contravene the provisions of Sections 2.7(d) or 2.7(e) of the APA.

(ii) With respect to any such audits that pertain to a Relevant Year ("*Related Audits*"), Seller shall engage any independent certified public accountant as Seller shall determine for such purpose (as long as such independent certified public accountant is reasonably acceptable to (X) Rayner Surgical pursuant to Section 2.7(e) of the APA and (Y) Purchaser). Subject to Section 7.4(b)(vi), all of the

out-of-pocket costs and expenses of any Related Audit (including the fees and expenses of any independent certified public accountant) that would otherwise be borne by Seller pursuant to the APA shall instead be borne (as such costs and expenses are incurred) fifty percent (50%) by Seller and fifty percent (50%) by Purchaser, and Purchaser shall promptly upon request reimburse Seller for Purchaser's respective fifty percent (50%) of such out-of-pocket costs and expenses. For the avoidance of doubt, Seller shall be solely responsible for any such costs and expenses, and solely entitled to the reimbursements, arising from audits of Rayner Surgical pursuant to Section 2.7(e) of the APA that are not Related Audits. Each Party shall provide to the other Party copies of the auditor's results of any Related Audits and the auditor's work product of any Related Audits received by such Party (subject to a reasonable and customary common interest agreement to protect attorney-client privilege, if applicable).

(iii) If, following the completion of any audit (whether or not a Related Audit), Seller is required to reimburse Rayner Surgical for an overpayment of Receivables for any given calendar year(s) (or the partial calendar year 2022), then Seller shall provide copies of the auditor's results of such audit and the auditor's work product of such audit to Purchaser (if not already provided) (subject to a reasonable and customary common interest agreement to protect attorney-client privilege, if applicable), and the Parties shall promptly (and in compliance with the APA) reimburse such amount as follows: (I) first, the amount of the overpayment shall be reimbursed by Seller solely to the extent of the Retained Receivables received by Seller for such calendar year(s) (or the partial calendar year 2022, as applicable), and (II) thereafter, any remaining amount of the overpayment shall be reimbursed by Purchaser solely to the extent of the Purchased Receivables received by Purchaser for such calendar year(s) (or the partial calendar year 2022, as applicable). The reimbursements described in the immediately preceding clause (II) shall be paid by Purchaser (A) to Rayner Surgical on behalf of Seller or (B) if Seller has already reimbursed Rayner Surgical for the entirety of such amount (or if Rayner Surgical Sets-Off all or a portion of such amount against payments that Rayner Surgical owes to Seller in connection with any matter other than the Purchased Receivables), to Seller, and, in each case of clauses (A) and (B), Purchaser shall promptly (and in any event within five (5) Business Days) after making such payment provide evidence satisfactory to Seller that such payment was made.

(iv) If, following completion of any audit, Rayner Surgical Sets-Off all or any portion of an overpayment of Receivables against future Royalties in accordance with the last sentence of Section 2.7(e) of the APA, then the amount of such Set-Off shall be allocated among, and borne by, the Parties as follows: (A) first, the amount of such Set-Off shall be allocated to, and borne by, Seller solely to the extent of the Retained Receivables that Seller received for the calendar year(s) (or the partial calendar year 2022, as applicable) that are the subject of such Related Audit, and (B) thereafter, any remaining amount of such Set-Off shall be allocated to, and borne by, Purchaser solely to the extent of the Purchased Receivables that Purchaser received for the calendar year(s) (or the partial calendar year 2022, as applicable) that are the subject of such Related Audit. For the avoidance of doubt, it is understood and agreed that such allocation shall be appropriately reflected in the instructions that are furnished to the Escrow Agent

pursuant to Section 1.3 of the Escrow Agreement with respect to the distribution of the Receivables against which Rayner Surgical has effected such Set-Off.

(v) If, following the completion of a Related Audit, Rayner Surgical is required to make additional payments to Seller for underpaid Receivables with respect to any Relevant Year, then upon the payment thereof, the Parties shall allocate such payments as follows: (A) first, to reimburse the Parties for all out-of-pocket costs and expenses of any such audit (including the fees and expenses of any independent certified public accountant) borne by the Parties pursuant to the last sentence of Section 7.4(b)(ii) (and that are not to be reimbursed pursuant to Section 7.4(b)(vi) below); (B) second, to the then-current Purchased Receivables Shortfall(s) for the applicable calendar year(s) (or the partial calendar year 2022) during which such underpaid Receivables were due and payable; (C) third, to interest payments to each Party on the late payments of such underpaid Receivables from their due date to the date of payment by Rayner Surgical, but only to the extent such additional payments actually include such interest payments made by Rayner Surgical pursuant to Section 2.9(b) of the APA; and (D) fourth, any remaining amounts shall be paid to Seller (and shall constitute Excluded Assets). The amounts described in the immediately preceding clause (B) when paid to Purchaser shall count toward the Annual Purchased Receivables Cap for the applicable calendar year(s) (or the partial calendar year 2022) during which the underpaid Receivables were due and payable and shall reduce the then-current Purchased Receivables Shortfall(s) for any such calendar year(s) (or the partial calendar year 2022). The amounts described in the immediately preceding clauses (A), (C) and (D) shall not count toward the Annual Purchased Receivables Cap(s) or reduce the Purchased Receivables Shortfall(s).

(vi) If, following the completion of a Related Audit, Rayner Surgical reimburses Seller for the out-of-pocket costs and expenses of such audit pursuant to Section 2.7(e) of the APA, Seller shall promptly (and in any event within five (5) Business Days of receipt by Seller of such reimbursement) reimburse Purchaser for the out-of-pocket costs and expenses paid by Purchaser pursuant to the last sentence of Section 7.4(b)(ii) (and Purchaser shall provide reasonable documentation of such out-of-pocket costs and expenses). For clarity, such payments shall not be subject to or count toward any Monthly Amount, Annual Purchased Receivables Cap or any Purchased Receivables Shortfalls.

Section 7.5 Performance of APA.

(a) Seller agrees that (i) it shall not breach the APA with respect to the Purchased Receivables if such breach would reasonably be expected to result in a Seller Material Adverse Effect, (ii) it shall promptly, and in any event no later than five (5) Business Days, following the date on which Seller becomes aware of a breach of the APA by Seller of the type described in the immediately preceding clause (i), provide written notice to Purchaser of such breach (including a reasonable description thereof), and (iii) after consultation with Purchaser and taking into account all reasonable comments from Purchaser, and without limiting its obligations under this Agreement, it shall use commercially reasonable efforts to promptly cure any such breach by Seller of the APA (and provide prompt written notice to Purchaser upon curing such breach).

(b) Seller will not exercise or fail to exercise any of its rights or perform or fail to perform its obligations under the APA in any manner that would result in a material adverse effect on the Purchased Receivables (including a material adverse effect on the timing, amount or duration of the Purchased Receivables); *provided, that*, the foregoing shall not limit Seller with respect to the research, development or commercialization of any biopharmaceutical product or technology that competes with OMIDRIA (to the extent otherwise permitted by the APA).

Section 7.6 Amendment of APA. Seller shall provide Purchaser a copy of any proposed amendment, supplement, modification, waiver, release or excuse (a "*Modification*") of any provision of the APA as soon as practicable and in any event not less than five (5) Business Days prior to the date Seller proposes to execute such Modification. Seller shall not, without the prior written consent of Purchaser (such consent not to be unreasonably withheld, conditioned or delayed), execute or agree to execute any proposed Modification if such Modification would reasonably be expected to adversely affect in any material respect the Purchased Receivables (including the timing, amount or duration thereof) or the APA Omidria Provisions. Promptly, and in any event within five (5) Business Days following receipt by Seller of a fully executed Modification of the APA, Seller shall furnish a true and complete copy of such Modification to Purchaser.

Section 7.7 Enforcement of APA.

(a) Notice of Rayner Surgical Breaches. Promptly, and in any event within five (5) Business Days, following a Responsible Employee of Seller becoming aware of a breach of the APA by Rayner Surgical that would reasonably be expected to adversely affect in any material respect the Purchased Receivables (including the timing, amount or duration thereof) or the APA Omidria Provisions (such breach, a "*Related Breach*"), Seller shall provide notice of such Related Breach to Purchaser.

(b) Enforcement of APA.

(i) Upon receipt of notice of a Related Breach, Seller and Purchaser promptly shall consult and cooperate with each other regarding such Related Breach and as to the timing, manner and conduct of any enforcement of Rayner Surgical's obligations under the APA relating thereto (including any indemnification obligations of Rayner Surgical under Article IX of the APA relating thereto); provided, however, that the Parties shall enter into a reasonable and customary common-interest agreement to protect attorney client privilege. Seller may, and if reasonably requested in writing by Purchaser within five (5) Business Days after receipt of notice of a Related Breach, shall, proceed, in consultation and cooperation with Purchaser, to use commercially reasonably efforts to enforce compliance by Rayner Surgical with the relevant provisions of the APA and to use commercially reasonable efforts to exercise such rights and remedies relating to such Related Breach as shall be available to Seller (including litigation of such matter), whether under the APA or by operation of applicable Law. In connection with any enforcement of Rayner Surgical's obligations under the APA in respect of a Related Breach pursuant to this Section 7.7, Seller shall employ such lead counsel as Seller shall choose, in its sole discretion, for such purpose (as long as such counsel is reasonably

acceptable to Purchaser). Nothing contained herein shall limit Seller or Purchaser from retaining, at its sole cost, separate outside counsel who shall be permitted, where reasonably practical (and subject to a reasonable and customary common interest agreement to protect attorney-client privilege), to consult with the lead counsel selected pursuant to the immediately preceding sentence for such enforcement.

(c) Allocation of Costs and of Proceeds from Enforcement.

(i) Subject to the remainder of this Section 7.7(c), all out-of-pocket costs and expenses (including attorneys' fees and expenses) incurred by Seller in connection with any enforcement of Rayner Surgical's obligations under the APA in respect of a Related Breach pursuant to this Section 7.7 shall be borne (as such costs and expenses are incurred) fifty percent (50%) by Seller and fifty percent (50%) by Purchaser, and Purchaser shall promptly upon request reimburse Seller for Purchaser's respective fifty percent (50%) of such out-of-pocket costs and expenses. In furtherance of the foregoing, and subject to the remainder of this Section 7.7(c), any retainers or advances required by the lead counsel selected pursuant to the penultimate sentence of Section 7.7(b)(i) for such enforcement (and that are incurred by Seller) shall be funded fifty percent (50%) by Seller and fifty percent (50%) by Purchaser (such amounts to be credited or deducted from the actual amounts owed by the Parties under the immediately preceding sentence), and Purchaser shall promptly upon request reimburse Seller for Purchaser's respective fifty percent (50%) of such retainers and advances. For clarity, the costs and expenses incurred by Seller in connection with any enforcement of Rayner Surgical's obligations under the APA other than in respect of a Related Breach (and other than as otherwise provided in Article VIII hereof) shall be borne one hundred percent (100%) by Seller and the Proceeds shall inure one hundred percent (100%) to Seller.

(ii) The Proceeds of any enforcement of Rayner Surgical's obligations under the APA in respect of any Related Breach pursuant to this Section 7.7, shall be allocated (A) first, to reimburse the Parties for all out-of-pocket costs and expenses (including reasonable attorneys' fees and expenses) borne by the Parties pursuant to Section 7.7(c)(i); (B) second, to the then-current Purchased Receivables Shortfall(s) for the applicable calendar year(s) (or the partial calendar year 2022) to which such enforcement relates (as determined in accordance with Section 7.15 below); (C) third, to interest payments to each Party on the late payments of underpaid Receivables from their due date to the date of payment by Rayner Surgical (as determined in accordance with Section 7.15 below), but only to the extent the Proceeds actually include such interest payments made by Rayner Surgical pursuant to Section 2.9(b) of the APA; (D) fourth, any remaining amounts shall be allocated and paid eighty-one percent (81%) to Seller and nineteen percent (19%) to Purchaser. The amounts described in the immediately preceding clause (B) that comprise Purchased Receivables to which Purchaser is entitled in accordance with this Agreement shall, when paid to Purchaser, count toward the Annual Purchased Receivables Cap for the applicable calendar year(s) (or the partial calendar year 2022) (as determined in accordance with Section 7.15 below) and shall reduce the then-current Purchased Receivables Shortfall(s) for any such calendar year(s) (or the partial calendar year 2022). The amounts described in the immediately preceding clauses (A), (C) and (D) if and when paid to Purchaser shall not count toward the Annual

Purchased Receivables Cap for the applicable calendar year(s) (or the partial calendar year 2022) and shall not reduce the then-current Purchased Receivables Shortfall(s) for any such calendar year(s) (or the partial calendar year 2022).

Section 7.8 Termination of APA. Seller shall not terminate the APA or agree with Rayner Surgical to terminate the APA, except with the prior written consent of Purchaser (such consent not to be unreasonably withheld, conditioned or delayed), provided, that it will not be unreasonable for Purchaser to withhold consent if such proposed termination would adversely affect the timing, amount or duration of the Purchased Receivables in any material respect.

Section 7.9 Assignments of APA.

(a) Seller may not encumber, assign, delegate or otherwise transfer the APA, in whole or in part, without the prior written consent of Purchaser (such consent not to be unreasonably withheld, conditioned or delayed), and any such purported assignment without such consent shall be void *ab initio* and of no effect; *provided, that*, it will not be unreasonable for Purchaser to withhold consent if such proposed termination would adversely affect the timing, amount or duration of the Purchased Receivables in any material respect; *provided, further, however*, that, following the Closing, so long as none of the following encumbrances, assignments, delegations or other transfers, individually or in the aggregate, would reasonably be expected to result in a Seller Material Adverse Effect, no consent shall be required in connection with:

(i) Any (x) assignment, sale or other transfer (in whole or in part) of Seller's right, title and interest in and to the Excluded Assets (including the Retained Receivables) or the delegation of any of Seller's duties with respect to the Excluded Assets (including the Retained Receivables), or (y) buy-out of Retained Receivables by, or other transfer of Retained Receivables to, Rayner Surgical;

(ii) Any assignment that would not require consent of Rayner Surgical under Section 11.1 of the APA (so long as this Agreement is assigned in conjunction therewith); or

(iii) Any assignment of the APA to any successor by merger, operation of Law, or change of control of Seller (including as a result of any change, directly or indirectly, in the beneficial ownership of the voting securities of Seller) (so long as this Agreement is assigned in conjunction therewith);

provided, that, (1) in the case of the immediately preceding clauses (ii) and (iii), the assignee (if other than Seller) agrees in writing to perform all relevant obligations under, and to be bound by all the relevant provisions of, the APA as if such assignee were the "Seller" under the APA, and (2) for all cases such assignment shall not require Purchaser to enter into any agreement requiring Purchaser to undertake any obligations in favor of any party (directly or indirectly).

(b) Promptly, and in any event no later than five (5) Business Days, following Seller's receipt of any executed assignment of the APA by Seller (other than any assignment, sale, transfer or delegation that is described in Section 7.9(a)(i) above), Seller shall furnish a copy of such assignment to Purchaser.

Section 7.10 Confidentiality.

(a) Confidentiality. Each Party shall keep confidential and not disclose to any Person (other than its Affiliates and its and its Affiliates' Representatives and Financing Sources), and shall cause its Affiliates and its and its Affiliates' Representatives and Financing Sources to keep confidential and not disclose to any Person, any Confidential Information (as defined below). Each Party shall, and shall cause its Affiliates and its and its Affiliates' Representatives and Financing Sources to, use the Confidential Information solely in connection with such Party's evaluation, administration and enforcement of the Transaction Documents (including in connection with its performance, exercise and enforcement of its rights under the Transaction Documents and the transactions contemplated thereby). The foregoing obligations shall continue until the date that is six years after the termination of this Agreement.

(b) Confidential Information. "*Confidential Information*" means, collectively, all information (whether written or oral, or in electronic or other form, and whether furnished before, on or after the date of this Agreement) disclosed to the other Party in connection with this Agreement to the extent concerning or relating to the following: (i) in the case of Confidential Information of either Party, that Party, its rights and interests relating to the Royalties, or its investment or investment performance pursuant to this Agreement; (ii) in the case of Confidential Information of both Parties, the Purchased Receivables, this Agreement, any Modifications, assignments, notices, requests, correspondence or other information furnished pursuant to this Agreement (including this Article VII) and any other reports, data, information, materials, notices, correspondence or documents of any kind relating to this Agreement; and (iii) in the case of Confidential Information of Seller, the APA or the Receivables, including (x) the APA and any license, sublicense or other agreements involving or relating to the Receivables or the intellectual property, compounds or products giving rise to the Receivables, whether or not such licenses, sublicenses or other agreements currently exist, are executed after the date hereof, or have been previously terminated, and including all terms and conditions hereof and thereof and the identities of the parties thereto, (y) any Royalty Reports, Modifications, assignments, notices, requests, correspondence, documents or other information furnished pursuant to this Agreement with respect to the APA (including this Article VII) and any other reports, data, information, materials, notices, correspondence or documents of any kind relating to Seller, Seller's Affiliates, this Agreement, the APA, the Retained Receivables or the intellectual property, compounds or products giving rise to the Receivables, and including reports, data, information, materials, notices, correspondence or documents of any kind delivered pursuant to or under this Agreement or any of the other agreements referred to in the immediately preceding clause (x), and (z) any inventions, devices, improvements, formulations, discoveries, compositions, ingredients, patents, patent applications, know-how, processes, trial results, research, developments or other intellectual property, trade secrets or information to the extent involving or relating to the Receivables or the compounds or products giving rise to the Receivables. Notwithstanding the foregoing, "*Confidential Information*" shall not include any information that (A) was known, other than under an obligation of confidentiality, by the receiving Party at the time such information was disclosed to the receiving Party, its Affiliates or its or its Affiliates' Representatives or Financing Sources in accordance herewith or in accordance with the Confidentiality Agreement (as defined below), as evidenced by its written records; (B) was or becomes part of the public domain (other than as a result of a disclosure by the receiving Party, its Affiliates or its or its Affiliates' Representatives

or Financing Sources in violation of this Agreement or the Confidentiality Agreement) prior to any disclosure of such information by the receiving Party, its Affiliates or its or its Affiliates' Representatives or Financing Sources; (C) becomes known to the receiving Party on a non-confidential basis from a source other than the disclosing Party, its Affiliates and its and its Affiliates' Representatives (and without any breach of this Agreement or the Confidentiality Agreement by the receiving Party, its Affiliates or its or its Affiliates' Representatives or Financing Sources); *provided, that*, such source, to the knowledge of Purchaser, (x) had the right to disclose such information to the receiving Party (without breaching any legal, contractual or fiduciary obligation to the receiving Party or any of its Affiliates) and (y) did not obtain such information directly or indirectly from, or on behalf of, the disclosing Party, its Affiliates or its or its Affiliates' Representatives; or (D) is or has been independently developed by the receiving Party, its Affiliates or its or its Affiliates' Representatives without use of or reference to the Confidential Information, as evidenced by its written records.

(c) Permitted Disclosures. In the event that either Party or its Affiliates or any of its or its Affiliates' Representatives or Financing Sources are requested by a governmental or regulatory or self-regulatory authority or required by applicable Law, regulation or legal process (including the regulations of a stock exchange or governmental or regulatory or self-regulatory authority or the order or ruling of a court, administrative agency or other government or regulatory body of competent jurisdiction) to disclose any Confidential Information, such Party shall promptly, to the extent permitted by Law, notify the disclosing Party in writing of such request or requirement so that the disclosing Party may seek an appropriate protective order or other appropriate remedy (and if the disclosing Party seeks such an order or other remedy, the receiving Party will provide such cooperation, at the disclosing party's expense, as the disclosing Party shall reasonably request). If no such protective order or other remedy is obtained and the receiving Party or its Affiliates or its or its Affiliates' Representatives or Financing Sources are, in the view of their respective counsel (which may include their respective internal counsel), legally required to disclose Confidential Information, the receiving Party or its Affiliates or its or its Affiliates' Representatives or Financing Sources, as the case may be, shall only disclose that portion of the Confidential Information that their respective counsel advises that the receiving Party or its Affiliates or its or its Affiliates' Representatives, as the case may be, are required to disclose and will exercise commercially reasonable efforts, at the disclosing Party's expense, to obtain reliable assurance that confidential treatment will be accorded to that portion of the Confidential Information that is being disclosed. In any event, the receiving Party will not oppose action by the disclosing Party to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Confidential Information. Notwithstanding the foregoing, notice to the disclosing Party shall not be required where disclosure is made (i) in response to a request by a governmental or regulatory authority having competent jurisdiction over the receiving Party, its Affiliates or its or its Affiliates' Representatives or Financing Sources, as the case may be, or (ii) in connection with a routine examination by a regulatory or self-regulatory examiner, where in each case such request or examination does not expressly reference the disclosing Party, its Affiliates, the Receivables or this Agreement. Nothing provided herein limits any Party's use or disclosure of its own Confidential Information if such Confidential Information is not also Confidential Information of the other Party.

(d) Purchaser Financial Statements. Notwithstanding anything herein to the contrary, nothing in this Section 7.10 (or in Section 7.11) shall or shall be construed to restrict Purchaser from (i) including disclosure of the Purchase Price and the amount and nature of the Purchased Receivables in the footnotes to Purchaser's financial statements, to the extent so required or advised by Purchaser's independent accountants, or including comparable or analogous disclosure in Purchaser's unaudited quarterly financial statements, or (ii) providing copies of Confidential Information, including such audited annual and unaudited quarterly financial statements, to Purchaser's existing or prospective lenders or direct or indirect beneficial owners, Affiliates or its or its Affiliates' Representatives or Financing Sources, as long as such parties have agreed to be bound by the provisions of this Section 7.10 or are otherwise subject to reasonable restrictions of confidentiality. In addition, notwithstanding anything herein to the contrary, it is hereby agreed and confirmed that Purchaser (and its Affiliates) is permitted to disclose Confidential Information to the extent such disclosure is required by applicable Law (including the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and regulations promulgated by securities exchanges, or equivalent Canadian Law).

(e) Required Filings by Seller and Financial Statements. Notwithstanding anything herein to the contrary, nothing in this Section 7.10 (or in Section 7.11) shall or shall be construed to restrict Seller from (i) including disclosure of the Purchase Price, the amount and nature of the Receivables and the amount and nature of the Purchased Receivables in the footnotes to Seller's financial statements, to the extent so required or advised by Seller's independent accountants, or including comparable or analogous disclosure in Sellers's unaudited quarterly financial statements, or (ii) providing copies of Confidential Information, including such audited annual and unaudited quarterly financial statements, to Seller's existing or prospective lenders, potential and actual buyers of Retained Receivables or other Excluded Assets, or direct or indirect beneficial owners, as long as such parties have agreed to be bound by the provisions of this Section 7.10 or are otherwise subject to reasonable restrictions of confidentiality. In addition, notwithstanding anything herein to the contrary, it is hereby agreed and confirmed that Seller (and its Affiliates) is permitted to disclose Confidential Information to the extent such disclosure is required by applicable Law (including the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and regulations promulgated by securities exchanges).

(f) Termination of Confidentiality Agreement. Effective upon the date hereof, the Confidential Disclosure Agreement, dated April 12, 2022 (the "*Confidentiality Agreement*"), between DRI Capital Inc. (an Affiliate of Purchaser) and Seller shall terminate and be of no further force or effect, and shall be superseded by the provisions of this Section 7.10.

Section 7.11 Public Announcements; Use of Names.

(a) Neither Party shall, and each Party shall instruct its Affiliates and its and its Affiliates' Representatives and Financing Sources not to, issue a press release or other public announcement or otherwise make any public disclosure with respect to this Agreement or the subject matter hereof without the prior consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed), except as may be required by applicable Law (in which case the Party required by applicable Law to issue or make the press release, public

announcement or other public disclosure shall allow the other Party reasonable time to comment on such press release, public announcement or other public disclosure in advance of such issuance or making thereof to the extent practicable and permitted by Law). Notwithstanding anything herein to the contrary, Seller and Purchaser hereby agree that (i) a joint press release issued by Seller and Purchaser jointly, or separate press releases issued by Seller and Purchaser separately, relating to the consummation of the transactions contemplated by this Agreement may be issued following the Closing in form(s) to be agreed by Purchaser and Seller (such press releases, the "*Specified Press Releases*") and (ii) any Party may, without the consent of the other Party, make public disclosures of any information with respect to this Agreement or the subject matter hereof which is the same as the information that has already been publicly disclosed by such Party, or the other Party, in the Specified Press Release or otherwise in compliance with the foregoing provisions of this Section 7.11(a).

(b) Except as contemplated by the last sentence of Section 7.11(a), each Party hereto (the "*First Party*") shall not, without the prior written consent of the other Party hereto, identify such other Party, its Affiliates or its or its Affiliates' trustees, directors, managers, investors, owners, owner or officer family members, officers or employees in any advertising, sales literature or other promotional materials to be disseminated to any Person other than to such First Party, its Affiliates and its and its Affiliates' Representatives, provided that each Party may refer to the name of the other Party in capital raising documentation that is governed by reasonable restrictions of confidentiality.

(c) Notwithstanding anything herein to the contrary, Seller may, without the consent of Purchaser, disclose (and nothing herein shall be construed to restrict Seller from disclosing) Purchaser's identity, the Purchase Price, the amount and nature of the Receivables and the amount and nature of the Purchased Receivables (i) to potential and actual buyers of Retained Receivables or other Excluded Assets and (ii) to Rayner Surgical and its Affiliates. Notwithstanding anything herein to the contrary, each of Purchaser and Seller may without consent of the other Party disclose (and nothing herein shall be construed to restrict either Party from disclosing) the other Party's name, the Purchase Price, the amount and nature of the Receivables and the amount and nature of the Purchased Receivables in their respective annual and other periodic and current reports and financial statements and in those of their respective Affiliates (including, without limitation, any related press releases).

Section 7.12 Taxes. Seller and Purchaser agree that for United States federal income tax purposes, (x) any and all Purchased Receivables remitted by Seller to Purchaser pursuant to Section 7.1(a) or otherwise under this Agreement shall be treated as received by Seller as agent for Purchaser, and (y) any and all amounts remitted by Seller to Purchaser pursuant to Section 7.1(a) of this Agreement shall be treated as remittances of amounts collected by Seller on behalf of Purchaser. Purchaser agrees (i) to notify Seller, Rayner Surgical and the Escrow Agent immediately in writing if any Applicable Withholding Certificate, other tax form or information furnished in connection therewith or in connection with this Agreement that was previously delivered pursuant to this Agreement ceases to be accurate or complete, and (ii) to the extent it is legally eligible to do so, to provide to Seller, Rayner Surgical and the Escrow Agent any additional tax forms or information relating to any Applicable Withholding Certificate (A) upon reasonable request by Seller, Rayner Surgical or the Escrow Agent and (B) promptly upon any Applicable Withholding Certificate or other tax form previously delivered pursuant to this

Agreement becoming obsolete. Purchaser agrees to notify each of Seller, Rayner Surgical and the Escrow Agent immediately if the statements in Section 5.10 (if made as of any date after the Closing Date) cease, or because of any change of Law or any act or omission planned, suffered or performed by Purchaser, would in the future cease, to be true. Seller shall be entitled to deduct (or cause to be deducted) from any amount payable hereunder (but for this sentence) to Purchaser any income, gross withholding or other tax that Seller determines that it is required to withhold under applicable Law with respect to such amount payable to Purchaser under this Agreement prior to remittance to Purchaser. Seller shall remit (or cause to be remitted) any amount withheld or deducted pursuant to this Section 7.12 to the relevant taxing authority, and any amount so remitted shall be treated as paid hereunder to Purchaser. Seller shall use commercially reasonable efforts to give or cause to be given to Purchaser such assistance and such information concerning the reasons for deduction as may be reasonably necessary to enable Purchaser to claim exemption therefrom, or credit therefor, and, in each case, shall furnish Purchaser with proper evidence of the taxes withheld and remitted to the relevant taxing authority.

Section 7.13 Further Actions. From and after the Closing, each of Purchaser and Seller shall, at the expense of the requesting party, execute and deliver such additional documents, certificates and instruments, and perform such additional acts, as may be reasonably requested and necessary or appropriate to carry out all of the provisions of this Agreement and to give full effect to and consummate the transactions contemplated by this Agreement.

Section 7.14 Rayner Surgical Instruction Letter. Prior to the termination of this Agreement pursuant to Section 9.14 (and except for Seller's delivery of the Rayner Surgical Instruction Letter to Rayner Surgical), Seller shall not, without Purchaser's prior written consent (such consent not to be unreasonably withheld, delayed or conditioned), deliver any further directions to Rayner Surgical regarding the payment of the Purchased Receivables of the type referred to in paragraph no. 3 of the Rayner Surgical Instruction Letter.

Section 7.15 Attribution. For purposes of the Cap and Catch-Up Mechanisms:

(a) all payments of Purchased Receivables paid to Purchaser that consist of Royalty Payments paid by Rayner Surgical during a calendar year (or the partial calendar year 2022) and which were due and payable by Rayner Surgical under Section 2.7(c) of the APA during such calendar year (or such partial calendar year 2022) (i.e., Royalty Payments that Rayner Surgical paid during the calendar year (or such partial calendar year 2022) in which such Royalty Payments were due pursuant to Section 2.7(c) of the APA) shall be attributable to such applicable calendar year (or such partial calendar year 2022) (and all Purchased Receivables pursuant to monthly Royalty Payments payable for a given calendar month that are paid by Rayner Surgical on time in accordance with Section 2.7(c) of the APA shall be attributable to such calendar month); and

(b) (i) all payments of other Purchased Receivables (in other words, Purchased Receivables not described in the immediately preceding clause (a)) paid pursuant to the Related Payment Provisions and (ii) all payments of other amounts pursuant to the Related Payment Provisions shall, in each case of clauses (i) and (ii), be attributable to the respective calendar year(s) and calendar month(s) to which such payments are reasonably attributable under

the circumstances as proposed by Seller and notified in writing by Seller to Purchaser; *provided*, *however*, that if Purchaser reasonably objects (by written notice to Seller) to the attribution proposed by Seller under this Section 7.15 within twelve (12) Business Days after Purchaser's receipt of the written notice thereof from Seller, Seller and Purchaser shall negotiate in good faith to determine the respective calendar year(s) and calendar month(s) in which such payments shall be deemed to have been remitted to Purchaser (it being understood and agreed that if Purchaser does not so object within such twelve (12) Business Day period, the reasonable attribution proposed by Seller shall be applied).

Section 7.16 Consent Consideration. With respect to payments by Seller to Purchaser of any consideration requested or required by Purchaser in connection with Purchaser granting its consent under this Agreement, the Parties agree that the amount of each such payment shall count toward the Annual Purchased Receivables Cap for the applicable calendar year(s) (or the partial calendar year 2022) (as determined in accordance with Section 7.15 above) and shall reduce the then-current Purchased Receivables Shortfall(s) for any such calendar year(s) (or the partial calendar year 2022).

Section 7.17 Acknowledgment and Agreement by Purchaser; Limitation of Seller's Duties and Obligations. Notwithstanding any provision of this Agreement (including other provisions of this Article VII) to the contrary, nothing contained in this Agreement shall obligate Seller to (a) take any action, or omit to take any action, that (i) would conflict with, violate or cause a violation of, contravene or cause a default under, the APA or any applicable Law or any Judgment binding upon Seller, or (ii) would, or would involve any disclosure that would, result in the loss or waiver of any attorney-client privilege available to Seller; *provided*, that Seller shall use its commercially reasonable efforts to implement arrangements that would permit such action, omission or disclosure while preserving such privilege.

ARTICLE VIII

INDEMNIFICATION

Section 8.1 Obligation of Parties to Indemnify.

(a) Indemnification by Seller. Subject to the limitations set forth in this Article VIII, from and after the Closing, Seller shall indemnify Purchaser, DRC Management III LLC 2, DRI Healthcare LP, DRI Healthcare GP, LLC, DRI Healthcare ICAV, DRI Healthcare Trust, DRI Capital Inc., and DRI Capital (US), Inc. (collectively, the "*DRI Entities*") against any and all losses, liabilities, costs, expenses (including reasonable attorneys' fees and expenses in connection with any third party action, suit or proceeding) and damages (collectively, "*Losses*") incurred by the DRI Entities or their directors, officers, employees, limited partners or agents (each, a "*Purchaser Indemnified Party*"), to the extent arising or resulting from any of the following:

(i) any breach of any representation or warranty made by Seller in this Agreement; and

(ii) any breach of any covenant or agreement of Seller contained in this Agreement or any other Transaction Document.

The aggregate amount of all payments made by Seller pursuant to this Section 8.1(a) (except to the extent such payments are paid to make Purchaser or any Purchaser Indemnified Party whole with respect to an out-of-pocket Loss incurred by Purchaser or such Purchaser Indemnified Party) shall count toward the Annual Purchased Receivables Cap for the applicable calendar year(s) (or the partial calendar year 2022) (as such attribution shall be determined in accordance with Section 7.15) and shall reduce the then-current Purchased Receivables Shortfall(s) for any such calendar year(s) (or the partial calendar year 2022).

(b) Indemnification by Purchaser. Subject to the limitations set forth in this Article VIII, from and after the Closing, Purchaser shall indemnify Seller against any and all Losses incurred by Seller or its directors, officers, employees or agents (each, a "*Seller Indemnified Party*"), to the extent arising or resulting from any of the following:

(i) any breach of any representation or warranty made by Purchaser in this Agreement; and

(ii) any breach of any covenant or agreement of Purchaser contained in this Agreement or any other Transaction Document.

Section 8.2 Procedures Relating to Indemnification for Third Party Claims.

(a) Notice of Third Party Claim. In order for a Purchaser Indemnified Party, on the one hand, or a Seller Indemnified Party, on the other hand (such Purchaser Indemnified Party and Seller Indemnified Party being herein referred to as "*Indemnified Party*") to be entitled to any indemnification under this Article VIII in respect of Losses arising out of or involving a claim or demand made by any Person other than Purchaser or Seller against a Purchaser Indemnified Party or a Seller Indemnified Party, as applicable (a "*Third Party Claim*"), the Indemnified Party must, promptly after its receipt of notice of the commencement of such Third Party Claim, notify the party from whom indemnification is sought under this Article VIII (the "*Indemnifying Party*") in writing (including in such notice a brief description of such Third Party Claim, including damages sought or estimated, to the extent actually known or reasonably capable of estimation by the Indemnified Party); *provided, however,* that the failure to promptly provide such notice shall not affect the indemnification provided under this Article VIII except to the extent that the Indemnifying Party has been actually prejudiced as a result of such failure. Thereafter, the Indemnified Party shall deliver to the Indemnifying Party, promptly after the Indemnified Party's receipt thereof, copies of all documents (including court papers) received by the Indemnified Party relating to such Third Party Claim.

(b) Defense of Third Party Claims. The Indemnifying Party shall be entitled to participate in the defense of any Third Party Claim and, if it so chooses, to assume the defense thereof, at its own expense, with counsel selected by the Indemnifying Party; *provided, that*, such counsel is not reasonably objected to by the Indemnified Party. If the Indemnifying Party elects

to assume the defense of any Third Party Claim, the Indemnifying Party shall not be liable to the Indemnified Party for legal expenses subsequently incurred by the Indemnified Party in connection with the defense thereof, except that, if the Indemnifying Party and the Indemnified Party have conflicting interests or different defenses available with respect to such Third Party Claim, the Indemnified Party may hire its own separate counsel (*provided, that,* such counsel is not reasonably objected to by the Indemnifying Party) with respect to such Third Party Claim and the related action or suit, and the reasonable fees and expenses of such counsel shall be considered Losses for purposes of this Agreement. If the Indemnifying Party elects to assume the defense of any Third Party Claim, the Indemnifying Party shall permit the Indemnified Party to participate in, but not control, the defense of such Third Party Claim through counsel chosen by the Indemnified Party; *provided, that,* such counsel is not reasonably objected to by the Indemnifying Party and, except in the circumstances described in the immediately preceding sentence, the fees and expenses of such counsel shall be borne by the Indemnified Party. The Indemnifying Party shall be liable for the reasonable fees and expenses of counsel employed by the Indemnified Party in the defense of a Third Party Claim (which shall all be considered Losses for purposes of this Agreement) for any period during which the Indemnifying Party has not assumed the defense thereof (other than during the period prior to the time the Indemnified Party shall have notified the Indemnifying Party of such Third Party Claim).

(c) Cooperation. The parties hereto shall cooperate in the defense or prosecution of any Third Party Claim, with such cooperation to include (i) the retention of and the provision to the Indemnifying Party of records and information that are reasonably relevant to such Third Party Claim and (ii) the making available of employees and representatives on a mutually convenient basis for the purpose of providing factual information and explanation of any material provided hereunder. If the Indemnifying Party shall have assumed the defense of a Third Party Claim, the Indemnified Party shall agree to any settlement, compromise or discharge of such Third Party Claim that the Indemnifying Party may recommend and that by its terms obligates the Indemnifying Party to pay the full amount of the liability (if any) in connection with such Third Party Claim and which does not involve any non-monetary penalties and releases the Indemnified Party completely and unconditionally in connection with such Third Party Claim. Regardless of whether the Indemnifying Party shall have assumed the defense of a Third Party Claim, the Indemnified Party shall not be entitled to be indemnified or held harmless pursuant to this Article VIII if the Indemnified Party shall settle such Third Party Claim without the prior written consent of the Indemnifying Party (such consent not to be unreasonably withheld, conditioned or delayed).

Section 8.3 Procedures Relating to Indemnification for Other Claims. In order for an Indemnified Party to be entitled to any indemnification under this Article VIII in respect of Losses that do not arise out of or involve a Third Party Claim, the Indemnified Party must notify the Indemnifying Party promptly in writing (including in such notice a brief description of the claim for indemnification and the Loss, including damages sought or estimated, to the extent actually known or reasonably capable of estimation by the Indemnified Party); *provided, however*, that the failure to promptly provide such notice shall not affect the indemnification provided under this Article VIII except to the extent that the Indemnifying Party has been actually prejudiced as a result of such failure.

Section 8.4 Limitations on Indemnification.

(a) Seller. Notwithstanding anything in this Agreement to the contrary, Seller shall not have any liability under clause (i) of Section 8.1(a):

(i) with respect to any individual item (or any series of related items) if the Losses related thereto are less than $250,000 in the aggregate;

(ii) unless the aggregate liability for all Losses suffered by the Purchaser Indemnified Parties thereunder exceeds one percent (1%) of the Purchase Price, and then only to the extent of such excess; or

(iii) in excess of the Cap Amount applicable to the day on which such indemnity claim under clause (i) of Section 8.1(a) is paid by Seller (*provided, however*, that the foregoing limitation will not be applicable with respect to instances of fraud and intentional misrepresentation). "*Cap Amount*" means, for any day on which an indemnity claim under clause (i) of Section 8.1(a) is paid by Seller, the excess of (x) the Purchase Price over (y) the sum of (A) the aggregate amount of Purchased Receivables received by Purchaser on or prior to such day and (B) the aggregate amount of payments made by Seller under clause (i) of Section 8.1(a) on or prior to such day.

(b) Purchaser. Notwithstanding anything in this Agreement to the contrary, Purchaser shall not have any liability under clause (i) of Section 8.1(b):

(i) with respect to any individual item (or any series of related items) if the Losses related thereto are less than $250,000 in the aggregate;

(ii) unless the aggregate liability for all Losses suffered by the Purchaser Indemnified Parties thereunder exceeds one percent (1%) of the Purchase Price, and then only to the extent of such excess; or

(iii) in excess of the Purchase Price, in the aggregate (*provided, however*, that the foregoing limitation will not be applicable with respect to instances of fraud and intentional misrepresentation).

Section 8.5 Survival of Representations and Warranties. The representations and warranties contained in this Agreement shall survive the Closing solely for purposes of Section 8.1 and shall terminate on the date that is the second anniversary of the Closing Date; *provided, however*, that the representations and warranties contained in Sections 4.1, 4.2, 4.3, 4.5, 4.12, 5.1, 5.2, 5.3 and 5.5 shall terminate on the date that is the fourth anniversary of the Closing Date. No Party hereto shall have any liability or obligation of any nature with respect to any representation or warranty after the termination thereof, unless the other party hereto shall have delivered a notice to such Party, pursuant to Section 8.2(a) or Section 8.3, claiming such a liability or obligation under Section 8.1(a)(i) or 8.1(b)(i), prior to such termination.

Section 8.6 No Implied Representations and Warranties. Purchaser acknowledges and agrees that (x) other than the representations and warranties of Seller specifically contained in Article IV, there are no representations or warranties of Seller or any other Person either expressed or implied with respect to Seller (or any of its Affiliates), the Royalties, the Receivables, OMIDRIA, Separate Payments, the APA or the transactions contemplated by the

Transaction Documents or the APA and (y) Purchaser does not rely on, and shall have no remedies in respect of, any representation or warranty not specifically set forth in Article IV. Without limiting the foregoing, Purchaser acknowledges and agrees that (a) Purchaser, together with its Affiliates and its and its Affiliates' Representatives, have made their own investigation of Seller (and its Affiliates), the Royalties, the Receivables, OMIDRIA, Separate Payments, the APA and the transactions contemplated by the Transaction Documents and the APA and, except as expressly set forth in any representation or warranty in Article IV, are not relying on, and shall have no remedies in respect of, (i) any implied warranties, (ii) any representation or warranty whatsoever as to the future amount or potential amount of the Royalties and the Receivables or as to the creditworthiness of Rayner Surgical or Rayner Surgical Group Limited (or any of their respective Affiliates) or (iii) any representation or warranty whatsoever as to the availability, amount or likelihood of any Separate Payment and (b) except as expressly set forth in any representation or warranty in Article IV, Purchaser shall have no claim or right regarding losses or damages pursuant to this Article VIII (or otherwise) with respect to any information, documents, or materials relating to the transactions contemplated by the Transaction Documents or the APA furnished or made available to Purchaser or any of its Affiliates or its or its Affiliates' Representatives by Seller or Seller's Representatives. Purchaser further acknowledges and agrees that, without limiting the representations and warranties expressly set forth in Article IV, (A) as between the Parties hereto, Purchaser is assuming all market risk associated with OMIDRIA (including with respect to the Receivables and the Purchased Receivables) and, as such, shall have no recourse against Seller or any of Seller's Affiliates based on the failure of the sales of OMIDRIA to meet its or any other Person's projections and (B) neither Seller nor any of Seller's Affiliates guarantees any obligations of Rayner Surgical or Rayner Surgical Group Limited under the APA.

Section 8.7 Exclusive Remedy. Other than for breaches of any covenants or agreements set forth in Section 7.10 or Article IX, the Parties hereto acknowledge and agree that, from and after the Closing, this Article VIII (including Section 8.4, Section 8.5 and Section 8.8) shall provide the Parties' sole and exclusive remedy with respect to any matter or claim arising out of, relating to or in connection with any of the Transaction Documents or any of the transactions contemplated thereby, except that any such claim or matter based upon fraud, deliberate or willful breach of covenant or willful misconduct shall not be subject to or limited by this Article VIII. For clarity, and without limiting the foregoing, the parties acknowledge and agree that rescission of this Agreement shall not be an available remedy for breach of or misrepresentation of any representation made by either Party under this Agreement, except in the case of fraud and intentional misrepresentation.

Section 8.8 Equitable Remedies/Specific Performance. Each Party acknowledges and agrees that the other Party may be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached or violated. Accordingly, each Party agrees that, without posting bond or other undertaking, the other Party shall be entitled to seek an injunction or injunctions to prevent breaches or violations of the provisions of this Agreement, or other equitable remedies, and to seek to enforce specifically this Agreement and the terms and provisions hereof in any action, suit or other proceeding instituted in any New York Court in addition to any other remedy to which it may be entitled, at law or in equity.

Section 8.9 Limitations on Damages. Notwithstanding anything to the contrary in this Agreement or any other Transaction Document, in no event shall either Party hereto be liable (including, without limitation, under Section 8.1) for any (i) special, indirect, incidental, exemplary, punitive, multiple or consequential damages (except to the extent of Losses for which an Indemnifying Party is liable under Article VIII that do constitute direct damages of the Indemnified Party, but that constitute indirect damages of such Indemnifying Party), or (ii) loss of use, business interruption, loss of any contract or other business opportunity or good will, in each case, of the other Party hereto (other than any such damages or losses occasioned by any breach of the covenants or agreements set forth in Section 7.10), whether or not caused by or resulting from the actions of such Party or the breach of its covenants, agreements, representations or warranties under any of the Transaction Documents (except as aforesaid) and whether in contract, tort or breach of statutory duty or otherwise, even if such Party has been advised of the possibility of such damages.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Headings. The captions to the Articles, Sections and subsections hereof are not a part of this Agreement but are for convenience only and shall not be deemed to limit or otherwise affect the construction thereof.

Section 9.2 Notices. All notices and other communications under this Agreement shall be in writing and shall be sent by email with PDF attachment, an internationally recognized courier or personal delivery to the following addresses, or to such other addresses as shall be designated from time to time by a Party hereto in accordance with this Section 9.2:

If to Seller:

Omeros Corporation
201 Elliott Avenue West
Seattle, WA 98119
Attention: General Counsel
Email: generalcounsel@omeros.com

With a copy to (which shall not constitute service of process):

Covington & Burling LLP
The New York Times Building 620 Eighth Avenue
New York, NY 10018-1405
Attention: Rachel Beller
Email: rbeller@cov.com

If to Purchaser:

DRI Capital Inc.
First Canadian Place 100 King St. West, Suite 7250
PO Box 62
Toronto, ON M5X 1B1
Attention: Behzad Khosrowshahi
Email: DRINotices@dricapital.com

With a copy to (which shall not constitute service of process):

Skadden, Arps, Slate, Meagher & Flom LLP
One Manhattan West
New York, New York 10011
Attention: Jose Esteves
Email: Jose.Esteves@Skadden.com

All notices and communications under this Agreement shall be effective upon receipt by the addressee. Notwithstanding anything to the contrary in this Section 9.2, (a) all notices and communications under Sections 8.2(a) and 8.3 and all service of legal process shall be sent by an internationally recognized courier or by personal delivery, (b) if any notices or other documentation required to be delivered to Purchaser under Article VII is not sent by email, then in addition to any other method of notice permitted under this Section 9.2, Seller shall send a copy of such notices or other documentation to Purchaser by email with PDF attachment to DRINotices@dricapital.com and (c) if any notices or other documentation required to be delivered to Seller under this Agreement is not sent by email, then in addition to any other method of notice permitted under this Section 9.2, Purchaser shall send a copy of such notices or other documentation to Seller by email with PDF attachment to generalcounsel@omeros.com.

Section 9.3 No Personal Liability. It is expressly understood and agreed by Seller and Purchaser that:

(a) each of the representations, warranties, covenants and agreements in the Transaction Documents made on the part of either Party is made by such Party and is not intended to be nor is a personal representation, warranty, covenant or agreement of any other Person including any Representative of a Party or its Affiliates, and further including, with respect to Seller, those Persons named in the definition of "Knowledge of Seller" (the "*Non-Warranting Parties*");

(b) other than Seller or Purchaser, respectively, no Person, including the Non-Warranting Parties, shall have any liability whatsoever for breach of any representation, warranty, covenant or agreement made in the Transaction Documents on the part of Seller or Purchaser or in respect of any claim or matter arising out of, relating to or in connection with the Transaction Documents or the transactions contemplated thereby; and

(c) the provisions of this Section 9.3 are intended to benefit each and every one of the Non-Warranting Parties and shall be enforceable by each and every one of them to the fullest extent permitted by Law.

Section 9.4 Expenses. Other than the fees, costs and expenses of the Escrow Agent payable to the Escrow Agent pursuant to the Escrow Agreement, all fees, costs and expenses (including any legal, accounting, financial advisory and banking fees) incurred in connection with the preparation, negotiation, execution and delivery of the Transaction Documents and to consummate the transactions contemplated thereby shall be paid by the party incurring such fees, costs and expenses. The fees, costs and expenses of the Escrow Agent payable to the Escrow Agent pursuant to the Escrow Agreement shall be borne and paid 100% by Purchaser.

Section 9.5 Assignment.

(a) By Purchaser. Purchaser may not encumber, assign, delegate, or otherwise transfer this Agreement, in whole or in part, without the prior written consent of Seller, and any such purported assignment, delegation or other transfer without such consent shall be void *ab initio* and of no effect; *provided*, *however*, that following the Closing, Purchaser may, without the prior written consent of Seller, assign, delegate, or otherwise transfer this Agreement, in whole or in part, only such that there are no more than two (2) assignees at any time, and only (i) as part of a sale of all or substantially all of Purchaser's business; (ii) to an Affiliate of Purchaser; (iii) to a special purpose vehicle created to be bankruptcy remote and for financing purposes of Purchaser and its Affiliates; (iv) to any successor by merger, by operation of Law, or in the event of a change of control of Purchaser (including as a result of any change, directly or indirectly, in the beneficial ownership of the voting securities of Purchaser); or (v) by way of a grant of a security interest therein to a financial institution or other lender (with consent to foreclose thereon) subject to the conditions set forth in this Section 9.5(a). In the event of an assignment, delegation, or other transfer of Purchaser's obligations under this Agreement pursuant to clauses (i) through (iv) (inclusive), the transferee under such assignment, delegation, or other transfer must (A) agree, in writing, for the benefit of Seller, to perform all such assigned obligations under this Agreement (and the corresponding obligations under the Escrow Agreement), and to be bound by all the provisions of this Agreement (and of the Escrow Agreement) relating to such assigned obligations, as if such transferee were the "Purchaser" under this Agreement (and under the Escrow Agreement) (and Purchaser shall deliver a copy of such writing to Seller within five (5) Business Days following the effectiveness of such assignment), and (B) such transferee must be subject to confidentiality and non-use obligations at least as stringent as those set forth in Section 7.10. In the event of an assignment, delegation, or other transfer by Purchaser permitted under clause (v) (i.e., by way of a grant of a security interest), Purchaser shall (1) notify the secured party that such secured party shall be bound by the applicable provisions of this Agreement (and of the Escrow Agreement) and (2) use its commercially reasonable best efforts to ensure compliance with clauses (A) and (B). In the event that, as a result of an assignment under this Section 9.5(a), there are two transferees as permitted under this Section 9.5(a), Purchaser (or the transferees, as applicable) shall designate one such transferee as the primary party with which Seller shall correspond for purposes of this Agreement.

(b) By Seller. Seller may not encumber assign, delegate or otherwise transfer this Agreement, in whole or in part, without the prior written consent of Purchaser, and any such

purported assignment, delegation or other transfer without such consent shall be void *ab initio* and of no effect; *provided*, *however*, that following the Closing, Seller may assign, delegate or otherwise transfer this Agreement in whole or in part without the prior written consent of Purchaser, (i) in conjunction with any assignment, delegation or transfer of the APA by Seller that does not require the consent of Rayner Surgical under Section 11.1 of the APA; (ii) as part of a sale of all or substantially all of Seller's business; (iii) to an Affiliate of Seller; or (iv) to any successor by merger, by operation of Law or in the event of a change of control of Seller (including as a result of any change, directly or indirectly, in the beneficial ownership of the voting securities of Seller), so long as (A) a corresponding assignment, delegation or transfer, as the case may be, by Seller of the APA (or the relevant provisions of the APA) occurs concurrently therewith, (B) if any obligations under this Agreement are assigned, delegated or transferred to the assignee, the assignee (if other than the same Seller legal entity) agrees in writing, for the benefit of Purchaser, to perform all such assigned obligations under this Agreement (and the corresponding obligations under the Escrow Agreement), and to be bound by all the provisions of this Agreement (and of the Escrow Agreement) relating to such assigned obligations, as if such assignee were the "Seller" under this Agreement (and under the Escrow Agreement) (and Seller shall deliver a copy of such writing to Purchaser within five (5) Business Days after the effectiveness of such assignment) and (C) the assignee is subject to confidentiality and non-use obligations at least as stringent as those set forth in Section 7.10.

(c) Successors and Assigns. Subject to the provisions of Section 9.5(a) and Section 9.5(b), this Agreement shall be binding upon, inure to the benefit of and be enforceable by, the Parties hereto and their respective permitted successors and assigns.

Section 9.6 Amendment and Waiver.

(a) This Agreement may be amended, modified or supplemented only in a written agreement signed by both Parties hereto. Any provision of this Agreement may be waived only in a written agreement, which agreement may be signed only by the Party granting such waiver.

(b) No failure or delay on the part of either Party hereto in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. No course of dealing between the parties hereto shall be effective to amend, modify, supplement or waive any provision of this Agreement.

Section 9.7 Entire Agreement. This Agreement, including the Exhibits and Schedules attached to this Agreement, sets forth the entire agreement and understanding between the Parties hereto as to the subject matter hereof. All express or implied agreements, promises, assurances, arrangements, representations, warranties and understandings as to the subject matter hereof, whether oral or written, heretofore made are superseded by this Agreement. For the avoidance of doubt, the Parties also acknowledge, for purposes of this Section 9.7, the provisions of Sections 8.6, 8.7 and 8.9 of this Agreement.

Section 9.8 No Partnership; Independent Contractors. The parties hereto recognize and agree that each is operating as an independent contractor and not as an agent, partner or fiduciary of the other. Neither Party shall have the authority to bind, obligate or represent the other Party.

Section 9.9 No Third Party Beneficiaries. Except to the extent otherwise contemplated by Section 9.3, this Agreement is for the sole benefit of Seller and Purchaser and their respective permitted successors and assigns, and nothing herein expressed or implied shall give or be construed to give to any Person, other than the parties hereto and such successors and assigns, any legal or equitable rights hereunder. For the avoidance of doubt, indemnification under Article VIII in respect of Losses incurred by a Purchaser Indemnified Party or a Seller Indemnified Party may only be enforced by Purchaser or Seller, respectively, and not by any other Person.

Section 9.10 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of New York, excluding any conflicts or choice of Law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive Law of another jurisdiction.

Section 9.11 Jurisdiction; Venue; Service of Process; Waiver of Jury Trial. Each party hereto irrevocably submits to the exclusive jurisdiction of the Supreme Court of the State of New York for the County of New York, the United Stated District Court for the Southern District of New York and any appellate court from either of them (such courts, collectively, the "*New York Courts*") for the purposes of any action, suit or other proceeding arising out of, relating to or in connection with this Agreement or any transaction contemplated hereby. Each Party hereto agrees to commence any action, suit or other proceeding arising out of, relating to or in connection with this Agreement or any transaction contemplated hereby in the New York Courts. Each Party hereto further agrees that service of any process, summons, notice or document by an internationally recognized courier or personal delivery in accordance with Section 9.2 shall be effective service of process for any action, suit or other proceeding in the New York Courts with respect to any matters to which it has submitted to jurisdiction in this Section 9.11. Nothing herein shall affect the right of a Party hereto to serve process on the other Party hereto in any other manner permitted by applicable Law. Each Party hereto irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or other proceeding arising out of, relating to or in connection with this Agreement or any transaction contemplated hereby in the New York Courts, and hereby further irrevocably and unconditionally waives, and shall not assert by way of motion, defense, or otherwise, in any such action, suit or other proceeding, any claim that it is not subject personally to the jurisdiction of the New York Courts, that its property is exempt or immune from attachment or execution, that such action, suit or other proceeding is brought in an inconvenient forum, that the venue of such action, suit or other proceeding is improper, or that this Agreement or the transactions contemplated hereby may not be enforced in or by any of the New York Courts. **Each Party hereto irrevocably and unconditionally waives any right to trial by jury with respect to any proceeding arising out of, relating to or in connection with this Agreement or any transaction contemplated hereby.**

Section 9.12 Severability. If any term or provision of this Agreement is held to be invalid, illegal or unenforceable by a court or Governmental Entity of competent jurisdiction,

such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement, which shall remain in full force and effect, and the parties hereto shall replace such term or provision with a new term or provision permitted by applicable Law and having an economic effect as close as possible to the invalid, illegal or unenforceable term or provision. The holding of a term or provision to be invalid, illegal or unenforceable in a jurisdiction shall not have any effect on the application of the term or provision in any other jurisdiction.

Section 9.13 Counterparts; Electronic Signatures. This Agreement may be executed in any number of counterparts and by the Parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Counterparts may be (i) signed in person and delivered in person, via facsimile, or via other means of electronic delivery (including emailing an electronic copy thereof) and/or (ii) signed and delivered by means of employing electronic signature technology that complies with the Electronic Signatures in Global and National Commerce Act of 2000 (E-SIGN), or other applicable Law governing the execution and delivery of this Agreement through electronic means, and any counterpart so executed and delivered shall be deemed to have been duly and validly executed and delivered and be valid and enforceable for all purposes.

Section 9.14 Termination of Agreement.

(a) Subject to Section 9.14(b), this Agreement shall continue in full force and effect until the earlier of (i) December 31, 2030, and (ii) the date on which Purchaser has received the last payment of Purchased Receivables made pursuant to the APA. Immediately upon the effective date of termination of this Agreement pursuant to this Section 9.14(b), this Agreement shall automatically terminate (without the need for any action by any party hereto), save for any rights, obligations or claims of either party hereto which have accrued prior to such effective date of termination (along with any corresponding limitations of liability in respect thereof).

(b) The following provisions shall survive any termination of this Agreement pursuant to this Section 9.14: Article I (Definitions; Interpretation), Section 7.4 (Audits of Rayner Surgical) (*provided* that Section 7.4 shall terminate on the fifth (5th) anniversary of the effective date of termination of this Agreement; *provided, further*, that (I) Purchaser's right to receive amounts pursuant to, and in accordance with, Section 7.4(b)(v) and (II) the provisions of Sections 7.4(b)(iii) and 7.4(b)(iv), shall survive such termination of this Agreement indefinitely), Section 7.10 (Confidentiality), Section 7.11 (Public Announcements; Use of Names), Section 7.17 (Acknowledgment and Agreement by Purchaser; Limitation of Seller's Duties and Obligations) and Article IX (Miscellaneous).

(c) Immediately upon the effective date of termination of this Agreement, Purchaser shall execute and deliver to Seller all documents as Seller shall reasonably request to evidence the termination of this Agreement.

(d) Promptly following the effective date of termination of this Agreement, Purchaser and Seller shall execute and deliver a joint written direction to the Escrow Agent terminating the Escrow Agreement with respect to Purchaser.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective representatives thereunto duly authorized as of the date first above written.

SELLER:

OMEROS CORPORATION

By: /s/ Gregory Demopulos
Name: Gregory A. Demopulos, M.D.
Title: Chairman and Chief Executive Officer

PURCHASER:

DRI HEALTHCARE ACQUISITIONS LP

By: DRC Management III LLC 2
Its: General Partner

By: /s/ Grant Cellier
Name: Grant Cellier
Title: Manager

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a)/15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gregory A. Demopulos, M.D., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Omeros Corporation;

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(s) 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(s) 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.

Dated: November 9, 2022

/s/ Gregory A. Demopulos
Gregory A. Demopulos, M.D.
Principal Executive Officer

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO RULE 13a-14(a)/15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael A. Jacobsen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Omeros Corporation;

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(s) 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(s) 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.

Dated: November 9, 2022

/s/ Michael A. Jacobsen
Michael A. Jacobsen
Principal Financial and Accounting Officer

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Omeros Corporation (the "Company") for the quarter ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as may be expressly set forth by specific reference in such filing.

Dated: November 9, 2022

/s/ Gregory A. Demopulos
Gregory A. Demopulos, M.D.
Principal Executive Officer

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of Omeros Corporation (the "Company") for the quarter ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as may be expressly set forth by specific reference in such filing.

Dated: November 9, 2022

/s/ Michael A. Jacobsen
Michael A. Jacobsen
Principal Financial and Accounting Officer