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Innovation In Ophthalmology

INVELTYS™ Approval

August 2018

Disclaimers and Notices

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, that involve substantial risks and uncertainties including statements regarding INVELTYS™ (loteprednol etabonate ophthalmic suspension) 1% for the treatment of inflammation and pain following ocular surgery. All statements, other than statements of historical facts, contained in this presentation, including statements regarding our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans and objectives of management, are forward-looking statements. The words "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "predict," "project," "target," "potential," "will," "would," "could," "should," "continue" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements as a result of various risks and uncertainties including, but not limited to: whether the Company will be able to successfully implement its commercialization plans for INVELTYS; whether the market opportunity for INVELTYS is consistent with the Company's expectations and market research; the data from the Company's Phase 3 clinical trials of KPI-121 0.25% will warrant submission and filing of an NDA on the timeline expected, or at all; whether any additional clinical trials will be initiated or required for KPI-121 0.25% prior to submission or filing of an NDA, or at all, and whether any such NDA will be accepted for filing and/or approved; the Company's ability to initiate and complete clinical trials on the timeline expected, or at all; whether the results of clinical trials will be positive and/or replicate the results from earlier clinical development and/or preclinical studies; that post-hoc analyses are normally given less weight by regulatory authorities than pre-specified analyses; uncertainties inherent in the availability and timing of data from ongoing clinical trials; uncertainties related to the Company's ability to obtain regulatory approvals to conduct trials or to market products; the Company's ability to build a specialty sales force and prepare for commercial launch of INVELTYS on the timeline expected, or at all; whether the Company's cash resources will be sufficient to fund the Company's foreseeable and unforeseeable operating expenses and capital expenditure requirements for the Company's expected timeline; other matters that could affect the availability or commercial potential of INVELTYS and the Company's product candidates; and other important factors, any of which could cause the Company's actual results to differ from those contained in the forward-looking statements, discussed in the "Risk Factors" section of the Company's most recently filed Quarterly Report on Form 10-Q and other filings the Company makes with the Securities and Exchange Commission.

All information in this presentation is as of August 23, 2018, and should not be considered current after such date. We do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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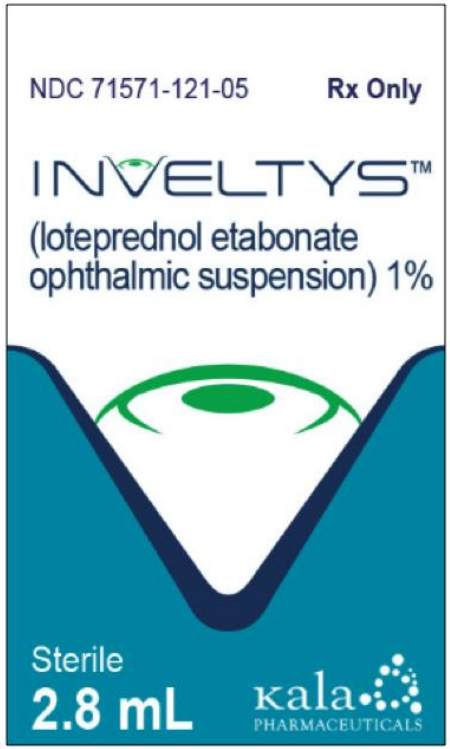
INVELTYS™: *FIRST AND ONLY* Approved BID Post-Surgical Steroid

INVELTYS: The First & Only Post-Surgical Steroid Approved With BID Dosing



INVELTYS is indicated to treat inflammation and pain following ***ALL*** ocular surgeries

INVELTYS is the ***FIRST AND ONLY*** post-surgical steroid shown to be effective and approved with BID dosing

INVELTYS has an excellent safety and tolerability profile, with IOP results similar to placebo

INVELTYS utilizes MPP* nanoparticle technology that delivers more loteprednol directly to the target ocular tissue while maintaining an excellent safety profile

*MPP = Mucus Penetrating Particle

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Key Aspects of INVELTYS

- **Indication Statement Covers All Ocular Surgery:** *"INVELTYS is a corticosteroid indicated for the treatment of post-operative inflammation and pain following ocular surgery."*
- **First FDA Approved Ocular Steroid With BID Dosing:** *"Instill one to two drops of INVELTYS into the affected eye twice daily beginning the day after surgery and continuing throughout the first 2 weeks of the post-operative period."*
- **Low Rates of Adverse Events:** *"The most common adverse drug reactions in the clinical trials with INVELTYS were eye pain and posterior capsular opacification, both reported in 1% of patients. These reactions may have been the consequence of the surgical procedure."*
- **Intraocular Pressure Results Similar to Vehicle**
- **Packaged Product Will Have 24 Months of Expiry Dating at Controlled Room Temperature**
- **No Additional Post-Approval Commitments:** Only completion of ongoing pediatric trial

For full prescribing information, please see our package insert available at: www.inveltys.com

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INVELTYS Important Safety Information

INVELTYS, as with other ophthalmic corticosteroids, is contraindicated in most viral diseases of the cornea and conjunctiva including epithelial herpes simplex keratitis (dendritic keratitis), vaccinia, and varicella, and also in mycobacterial infection of the eye and fungal diseases of ocular structures.

A prolonged use of corticosteroids may result in glaucoma with damage to the optic nerve, defects in visual acuity and fields of vision. If this product is used for 10 days or longer, IOP should be monitored.

Use of corticosteroids may result in posterior subcapsular cataract formation.

Use of steroids after cataract surgery may delay healing and increase the incidence of bleb formation. In those diseases causing thinning of the cornea or sclera, perforations have been known to occur with the use of topical steroids. The initial prescription and renewal of the medication order should be made by a physician only after examination of the patient with the aid of magnification such as slit lamp biomicroscopy and, where appropriate, fluorescein staining.

Prolonged use of corticosteroids may suppress the host response and thus increase the hazard of secondary ocular infections. In acute purulent conditions, steroids may mask infection or enhance existing infection.

Use of a corticosteroid medication in the treatment of patients with a history of herpes simplex requires great caution. Use of ocular steroids may prolong the course and may exacerbate the severity of many viral infections of the eye (including herpes simplex).

Fungal infections of the cornea are particularly prone to develop coincidentally with long-term local steroid application. Fungus invasion must be considered in any persistent corneal ulceration where a steroid has been used or is in use.

In clinical trials, the most common adverse drug reactions were eye pain (1%) and posterior capsular opacification (1%). These reactions may have been the consequence of the surgical procedure.

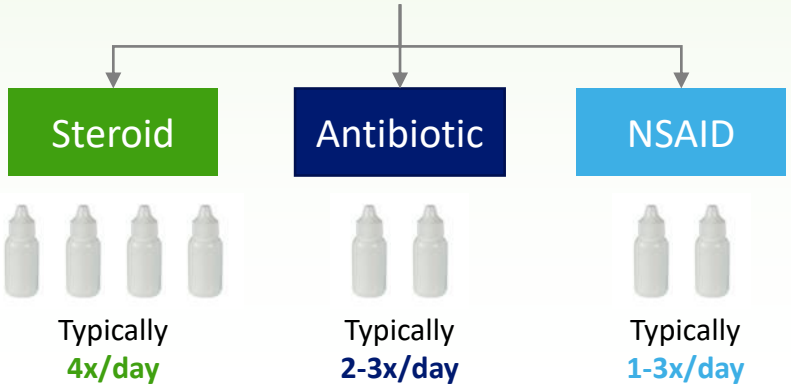
Please see the full prescribing information available at: www.inveltys.com

INVELTYS: Commercial Opportunity

Steroids are Standard of Care for Treating Inflammation & Pain Following Ocular Surgery

- Eye care professionals (ECPs) report prescribing steroids in greater than 90% of cataract, glaucoma and refractive surgeries*
- Current ocular steroids are approved for QID dosing, which can lead to issues with adherence to the steroid regimen
- An effective and safe topical steroid with BID dosing would be a significant benefit in the management of patients following ocular surgery

Typical Post-Cataract Surgery Treatment Regimen



Source: **Kala Quantitative Physician Market Research 2018, n=100 Ophthalmologists*

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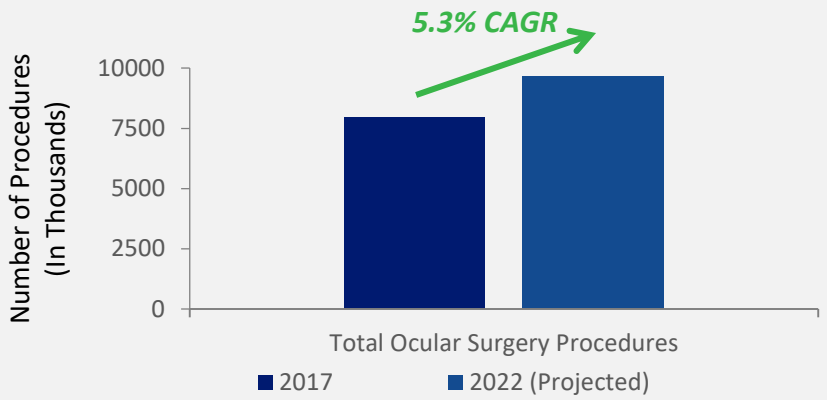
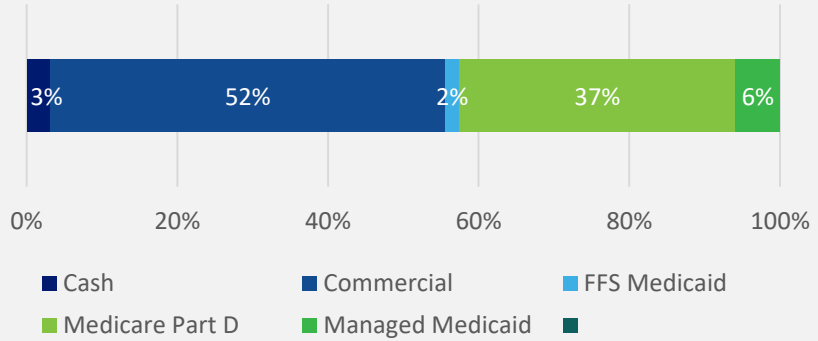
The Ocular Surgery Market is Large and Growing

- ~8M ocular surgery procedures in 2017; projected to grow at a CAGR of 5.3% over the next 5 years
- ~9.4M ocular steroid prescriptions from July 2017 to June 2018
  - Brands account for ~30% of prescriptions and ~63% of gross sales
  - Average WAC price for branded steroids is ~$192/Rx
  - At current branded prices the market is estimated to be valued at ~$1.8B
- Steroid prescribing is concentrated among a small number of Ophthalmologists and Optometrists
  - ~6500 ECPs account for 80% of the target business
- Steroid market payer mix is ~52% Commercial and ~37% Medicare Part D

US Ocular Surgery Procedures, 2017-2022



Steroid Eye Drop Payer Mix (June 2017 - May 2018)



Sources: *Ocular Surgery Procedures: Market Scope US Procedures data, 2017; Pricing: AnalySource data 2018; Rx and Sales: IQVIA NPA and NSP data July 2017-June 2018; Payer mix: IQVIA FIA claims data June 2017-May 2018; Prescriber-level data: IQVIA Xponent Nov 2016-Oct 2017*

Ocular Steroid Market includes Prednisolone Acetate, Pred Forte, Lotemax, Durezol, FML, and Flarex

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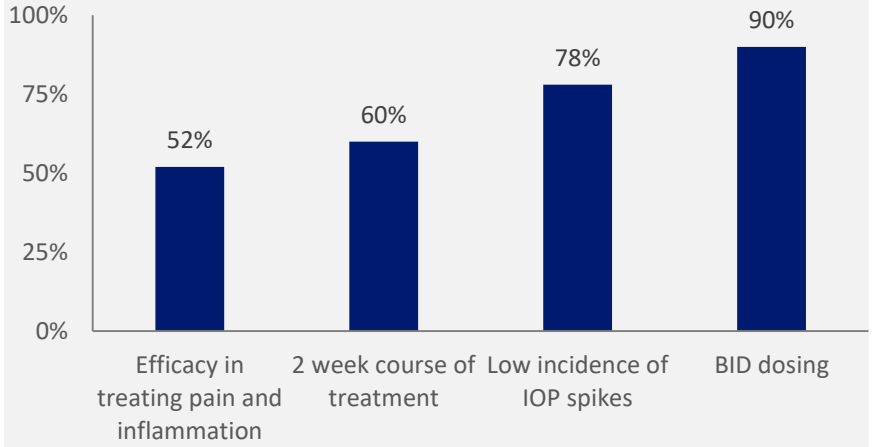
Our Market Research Indicates INVELTYS Could Address Key Treatment Gaps with Current Products*

- Currently ECPs make tradeoffs when selecting ocular steroids for patients
  - Some steroids are viewed to be efficacious but carry a higher risk of IOP increases
  - Others are perceived to be less effective but with a more favorable IOP profile
  - All currently marketed steroids, generic and branded, are only approved for 4x/day dosing
- INVELTYS is viewed to address key unmet needs for ocular surgery patients by delivering strong efficacy with a favorable safety profile and less frequent dosing
- 88% of ophthalmologists report they believe INVELTYS will offer an advantage over existing treatment options
- Ophthalmologists reported BID dosing, low incidence of IOP spikes, 2-week treatment course and efficacy as the top 4 reasons for their likelihood to prescribe INVELTYS

Perception of INVELTYS Benefit Over Existing Treatment Options (n=100 Ophthalmologists)

Top 4 Drivers of Likelihood to Prescribe INVELTYS* (n=100 Ophthalmologists)



Source: **Kala Quantitative Physician Market Research 2018, n=100 Ophthalmologists*

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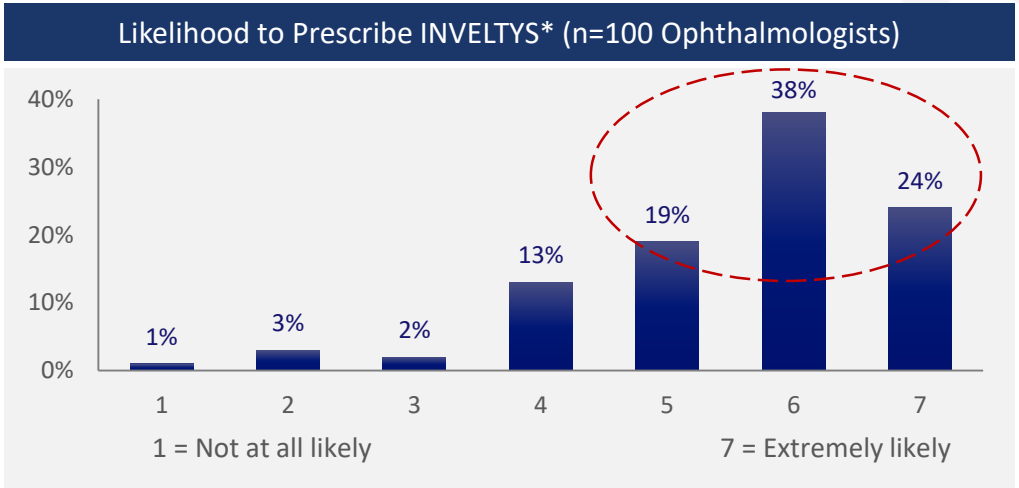
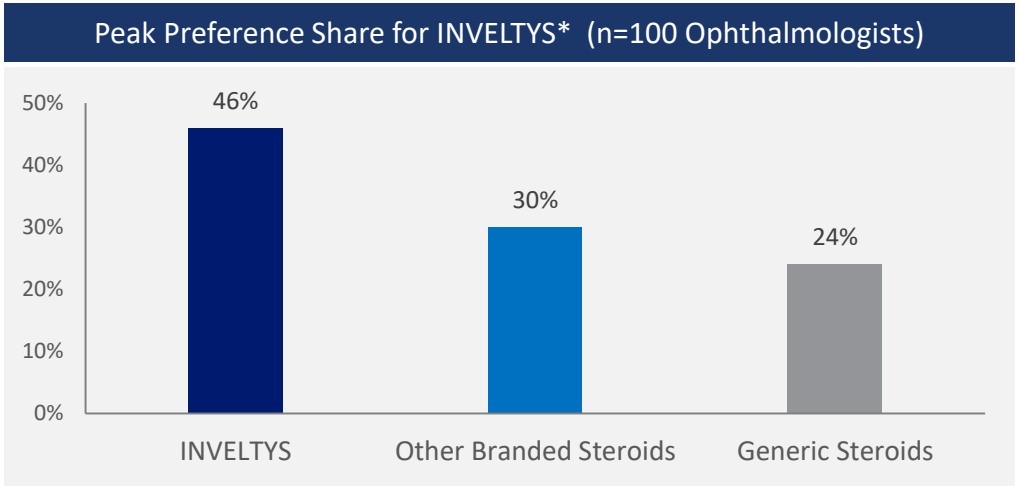
Surveyed Ophthalmologists Rate the INVELTYS Profile as Highly Compelling and Express Strong Intent to Prescribe*

- Ophthalmologists indicated that INVELTYS will be an important addition to their treatment options
- 81% of Ophthalmologists report that they are “Likely” to “Extremely Likely” to prescribe INVELTYS
- Ophthalmologists had a 46% stated peak preference share for INVELTYS based on the market today
- Future generic availability of Lotemax® and Durezol® still results in a stated peak preference share of 40% for INVELTYS





Source: **Kala Quantitative Physician Market Research 2018, n=100 Ophthalmologists*

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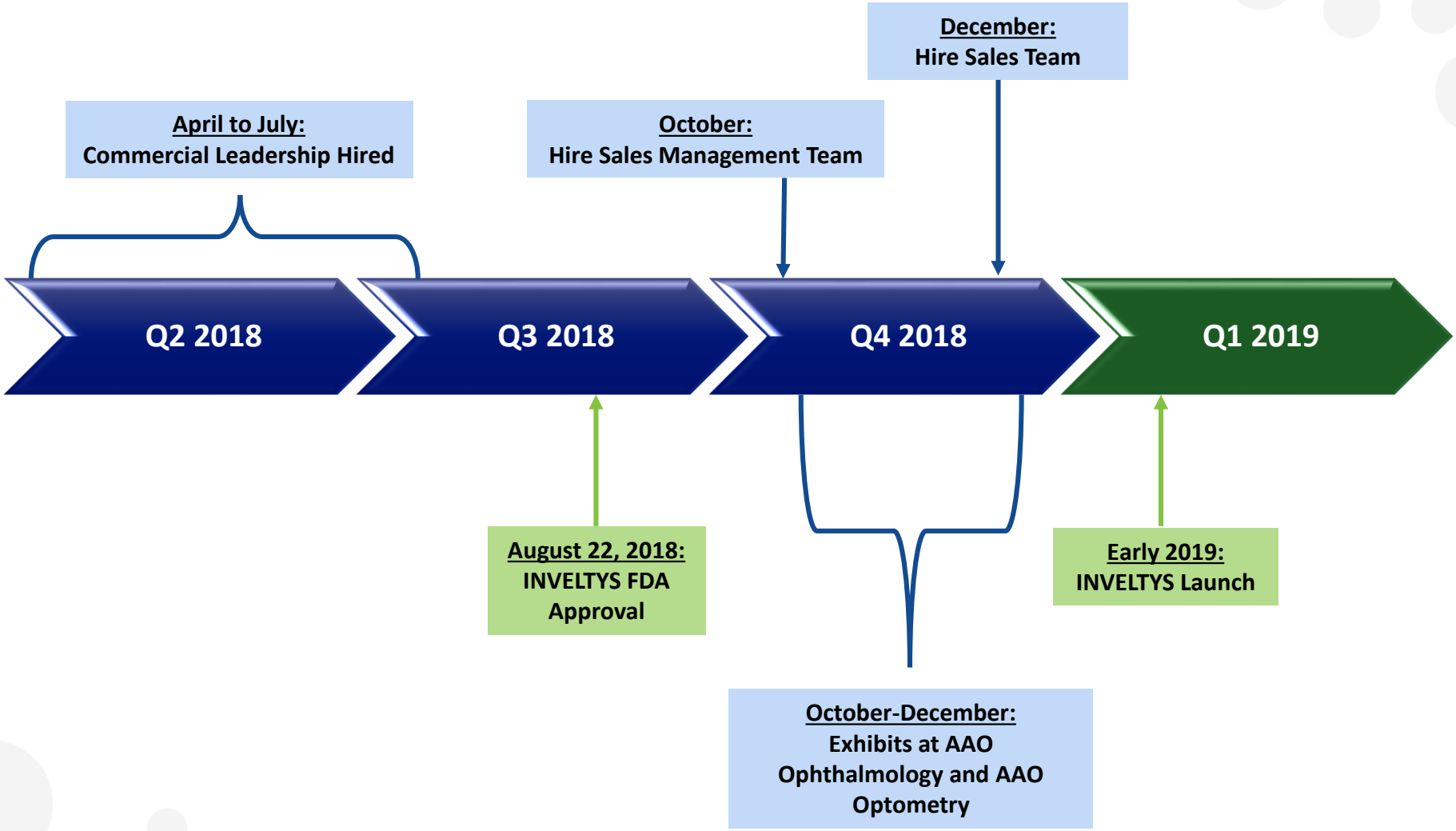
INVELTYS Commercial Activities

Commercial Activities are Well Underway with Targeted Sales Launch in Early 2019



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INVELTYS Commercial Opportunity: Summary

- The ocular surgery market is large, with ~8M procedures in 2017 and projected to grow at a CAGR of 5.3% over the next 5 years
- Branded steroids account for ~30% of TRxs and ~63% of sales
- There is an unmet need for a product that delivers strong efficacy with a favorable safety profile and less frequent dosing
- INVELTYS is the ***FIRST AND ONLY*** post-surgical steroid proven effective and approved with BID dosing (all other steroids only approved for QID dosing)
- Ophthalmologists see a need for INVELTYS in their treatment regimens*:
  - 88% view INVELTYS as offering a benefit over current treatment options
  - 81% are “Likely” to “Extremely Likely” to prescribe INVELTYS
  - 46% stated peak preference share for post-operative use
- We expect INVELTYS peak net revenues to be in excess of $300M
- Commercialization efforts for INVELTYS are well underway and Kala will be ready for an early 2019 launch

Sources: *Ocular Surgery Procedures: Market Scope US Procedures data, 2017;*
Rx and Sales: IQVIA NPA and NSP data July 2017-June 2018;
**Kala Quantitative Physician Market Research 2018*

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Thank You