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Innovation In Ophthalmology

Business Update

March 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 the development and regulatory status of the company's product candidates, including INVELTYS™ (KPI-121 1.0%) for the treatment of inflammation and pain following ocular surgery and KPI-121 0.25% for the temporary relief of the signs and symptoms of dry eye disease. 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 data from our Phase 3 clinical trials of KPI-121 0.25% will warrant submission of an NDA on the timeline expected, or at all, whether any additional clinical trials will be required prior to submission of an NDA and whether any such NDA will be approved; that topline data is based on preliminary analysis of key efficacy and safety data, and such data could change following a more comprehensive review and may not accurately reflect the complete results of our clinical trials; that post-hoc analyses are normally given less weight by regulatory authorities than pre-specified analyses; whether our NDA for INVELTYS will be approved by its PDUFA date or at all; uncertainties inherent in the availability and timing of data from ongoing clinical trials; expectations for regulatory approvals to conduct trials or to market products; whether the Company's cash resources will be sufficient to fund the Company's foreseeable and unforeseeable operating expenses and capital expenditure requirements; other matters that could affect the availability or commercial potential of 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 March 26th, 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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Late Stage Programs in Dry Eye Disease and Post Surgical Inflammation and Pain

INVELTYS™ (KPI-121 1%): Potential First Approved Product With BID Dosing For Treatment Of Inflammation And Pain Following Ocular Surgery

- Positive Phase 3 Trial Completed
- Positive Confirmatory Phase 3 Trials Completed
- NDA Submitted Oct 2017; PDUFA Date of Aug 24, 2018

KPI-121 0.25%: Potential First Approved Product For The Temporary Relief Of Signs & Symptoms Of Dry Eye Disease – 2 Week Course of Therapy

- Positive Phase 2 trial Completed
- Two Phase 3 Trials Completed
- Topline Results Announced Jan 2018

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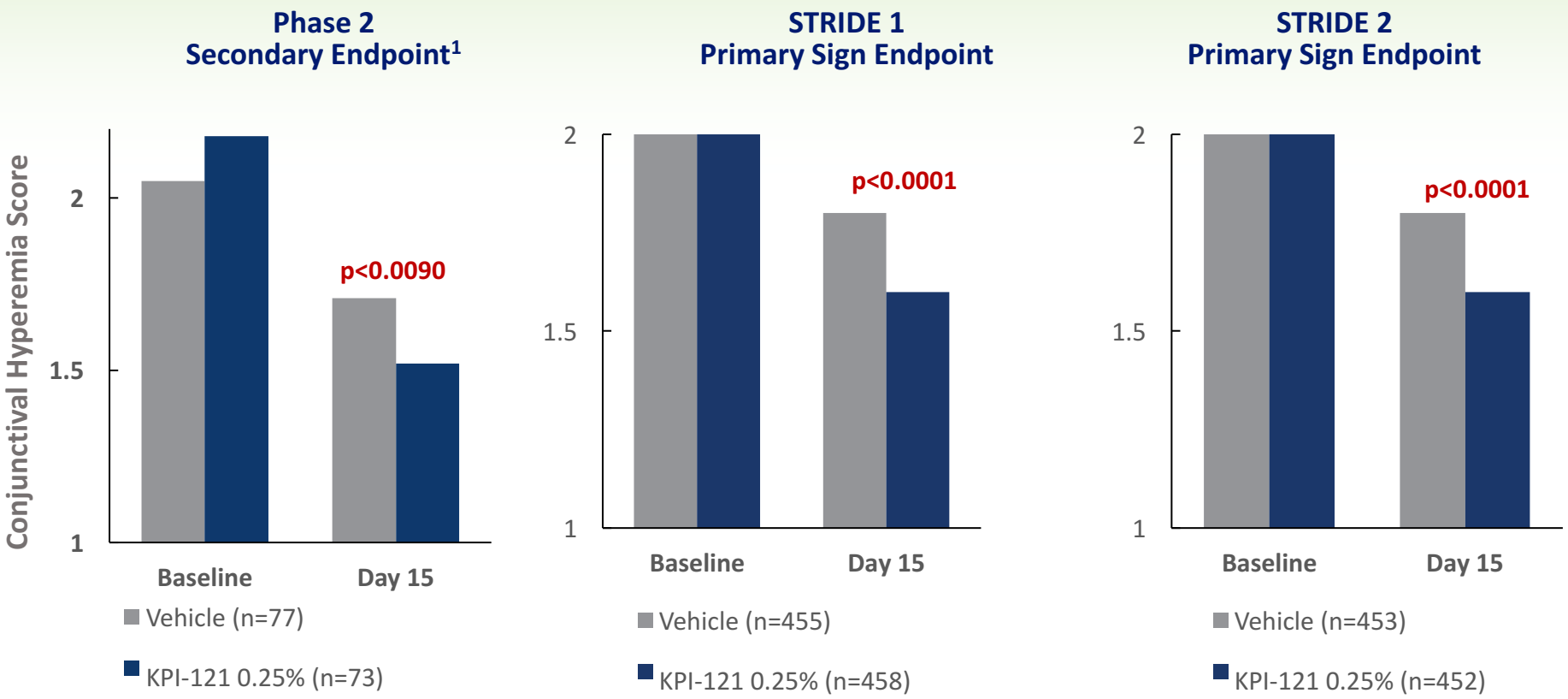
2017 Financial Results

- Cash position as of December 31, 2017 was $114.6 million compared to $45.5 million as of December 31, 2016
- Summary of expenses:
  - Total R&D expenses for 4Q2017 were $5.9 million compared to $6.9 million for 4Q2016
  - Total R&D expenses for FY2017 were $29 million compared to $25 million for FY2016
  - Total G&A expenses for 4Q2017 were $5.3 million compared to $1.3 million for 4Q2016
  - Total G&A expenses for FY2017 were $10.9 million compared to $7.6 million for FY2016
  - Operating loss for 4Q2017 was $11.1 million compared to $8.2 million for 4Q2016
  - Operating loss for FY2017 was $39.9 million compared to $32.7 million for FY2016
  - Net loss for 4Q2017 was $11.3 million, or $0.46 per share, compared to $8.4 million, or $7.11 per share, for 4Q2016
  - Net loss for FY2017 was $42.2 million, or $6.11 per share, compared to $33.2 million, or $28.07 per share, for FY2016

Statistically Significant Improvements in Conjunctival Hyperemia (Primary Sign Endpoint) in Phase 2 and Both Phase 3 Trials



[1]*Statistical significance achieved (p=0.0405) for Phase 2 primary sign endpoint (conjunctival hyperemia at Day 29)*

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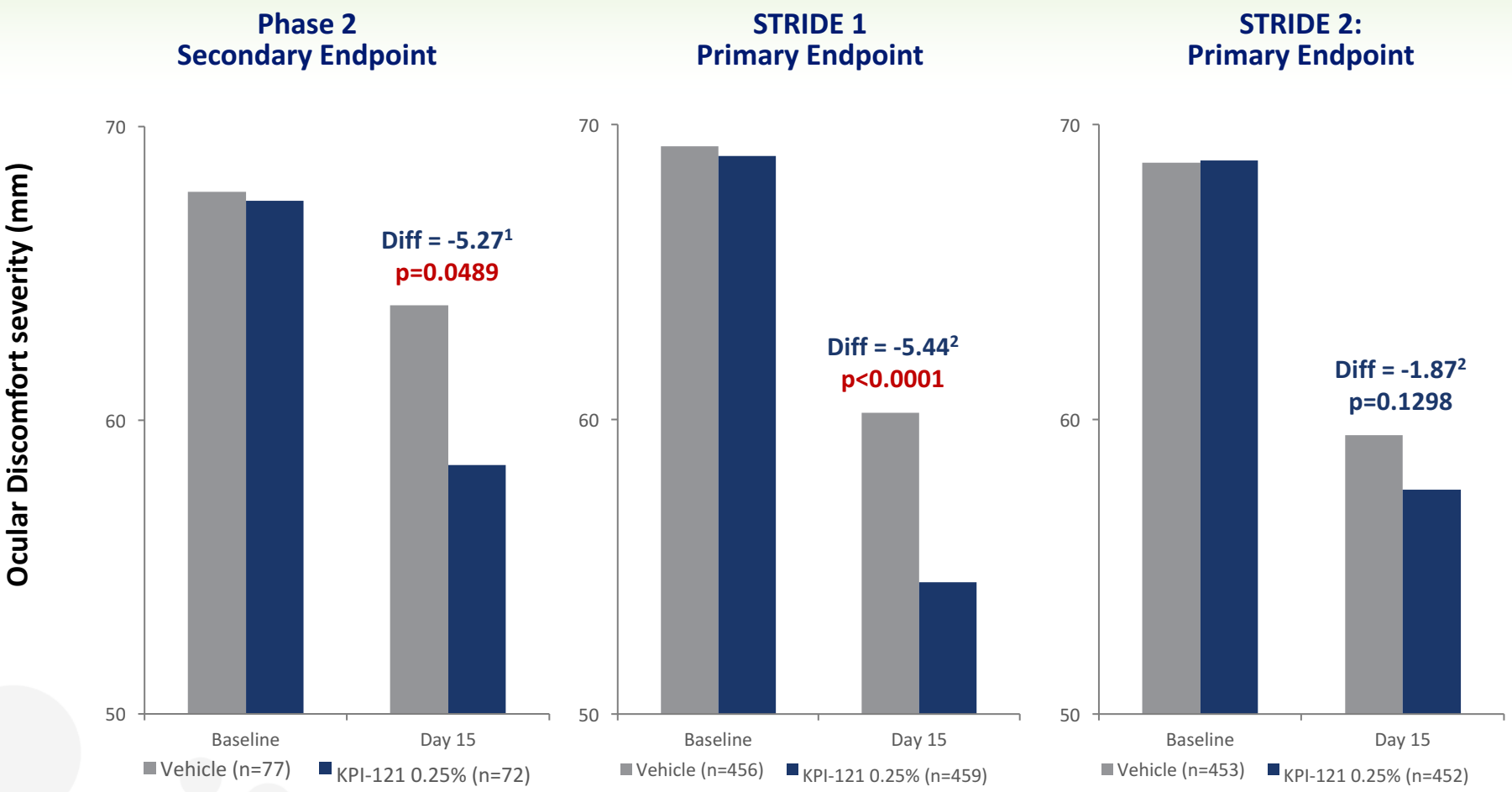
Statistically Significant Improvement in Ocular Discomfort at Day 15 in STRIDE 1; Positive treatment effect observed in Phase 2



[1]*Using statistical analysis defined in STRIDE 1/2 Statistical Analysis Plan (comparison of 3 day means)*

[2]*Using pre-specified statistical analysis as per Statistical Analysis Plan (comparison of 3 day means)*

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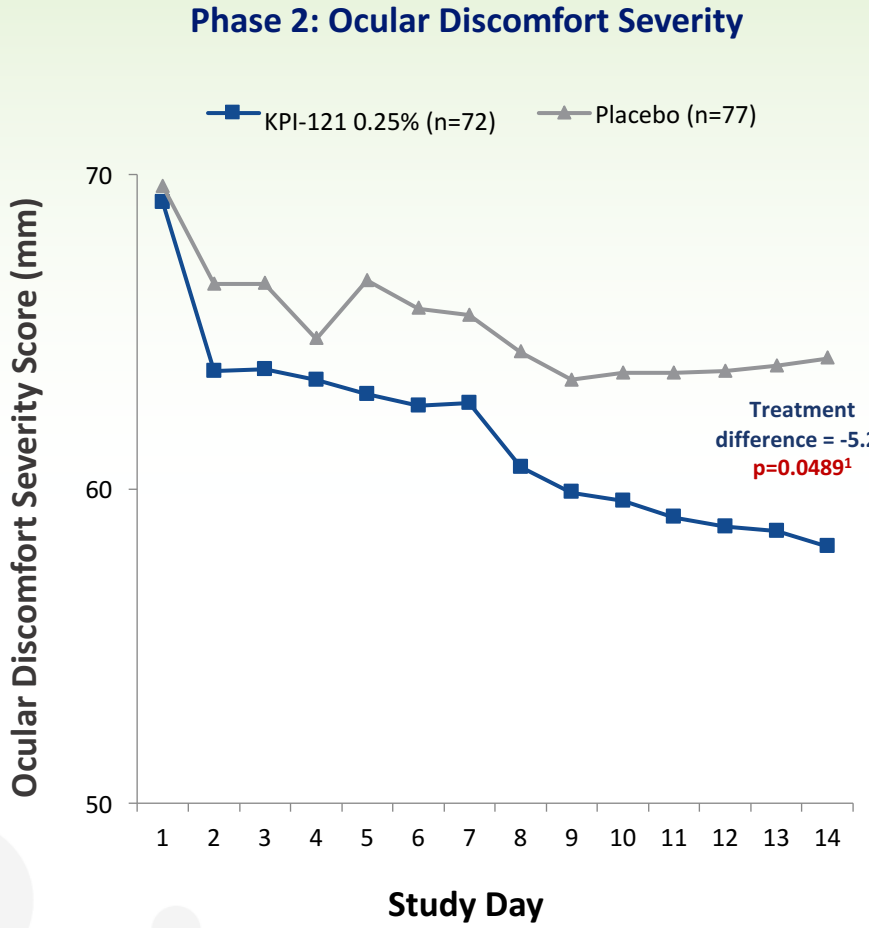
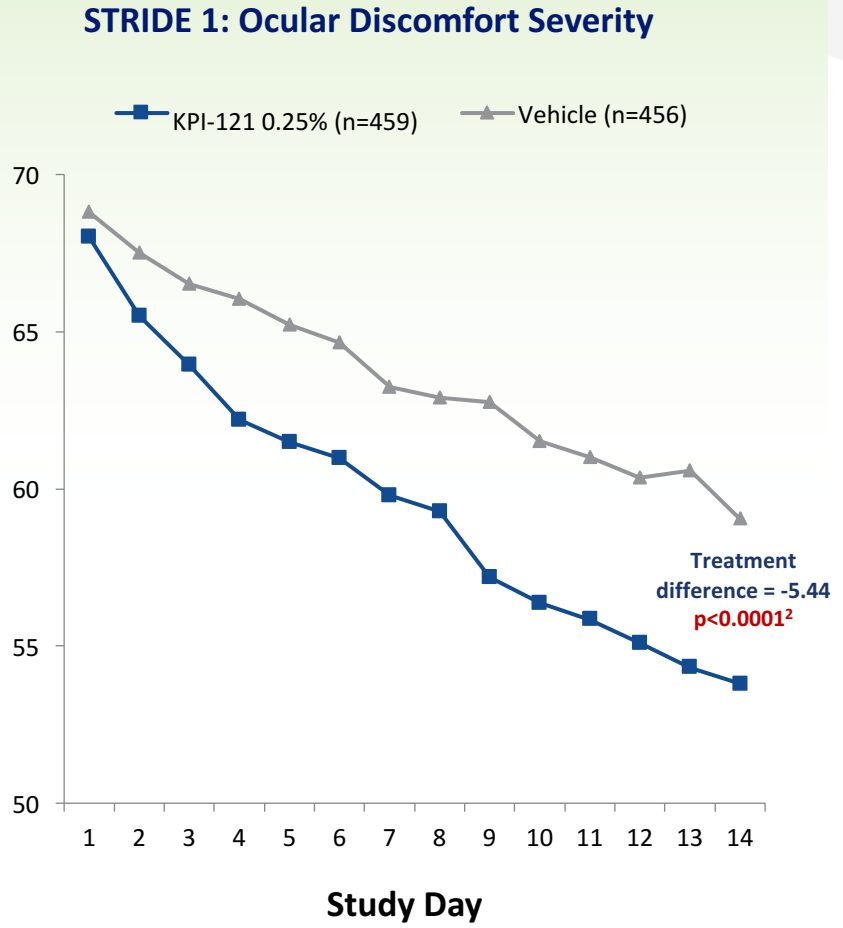
Similar Treatment Benefit Seen in Phase 2 and STRIDE 1





[1]Using statistical analysis defined in STRIDE 1/2 Statistical Analysis Plan (comparison of 3 day means)

[2]Using pre-specified statistical analysis as per Statistical Analysis Plan (comparison of 3 day means)

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Pooled Ocular Discomfort Data ITT from STRIDE 1 and STRIDE 2

Endpoint	N	Treatment Difference	p-value
ITT Day 15			
Pooled (all)	1796	-3.66	< 0.0001
Pooled - East	853	-3.29	0.0071
Pooled - West	943	-3.96	0.0021
Pooled - North	765	-4.74	0.0002
Pooled - South	1031	-2.91	0.0176

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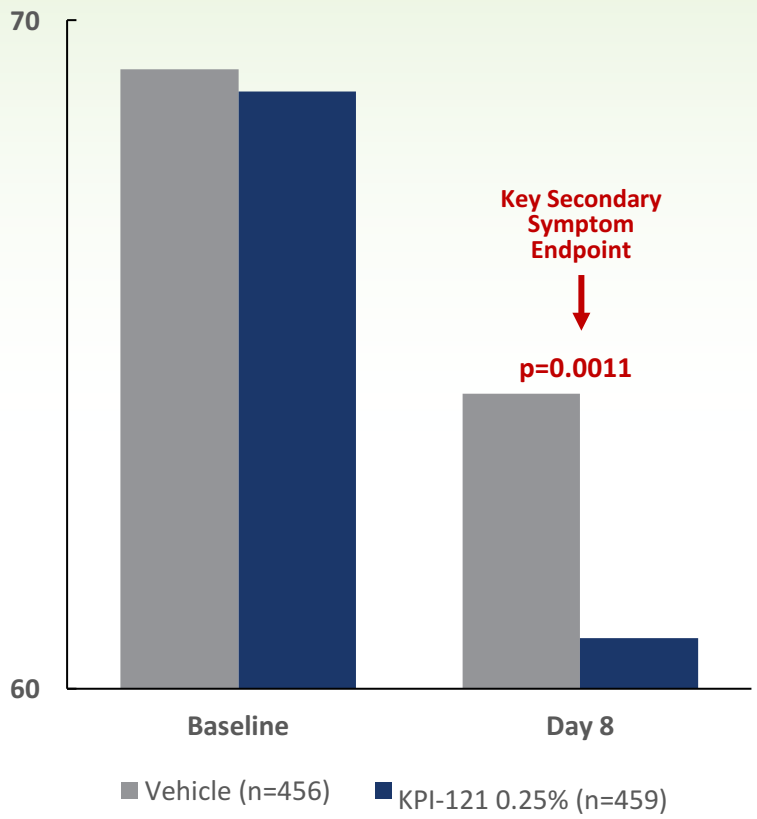
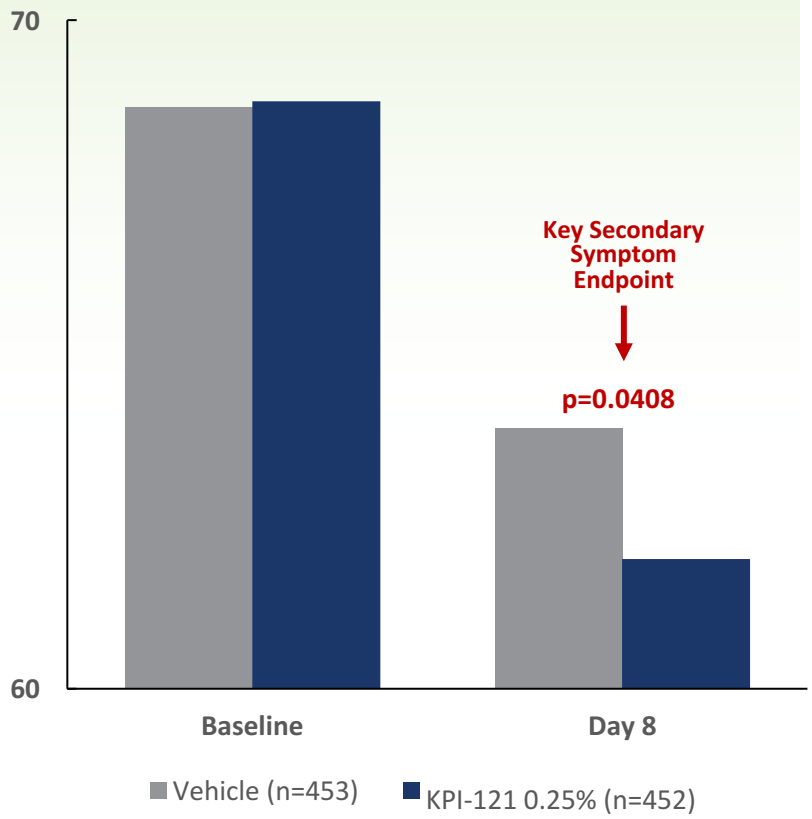
Improvements in Ocular Discomfort at Day 8 (Key Secondary Endpoint) in both STRIDE 1 & 2



P-values of less than 0.002 on all days from Day 8-14 when evaluated using Day 15 pre-specified analysis



P-values of less than 0.05 on 6 of 7 days from Day 8-14 when evaluated using Day 15 pre-specified analysis

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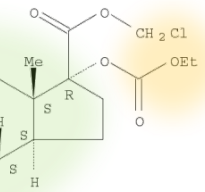
Summary

- Cash position as of December 31, 2017 was $114.6 million compared to $45.5 million as of December 31, 2016
- Encouraged by totality of results from Phase 2, STRIDE 1 and STRIDE 2
  - Statistical significance for primary sign endpoint in Phase 2, STRIDE 1 and STRIDE 2
  - Statistical significance for primary symptom endpoint of ocular discomfort in ITT in STRIDE 1, positive trend observed in STRIDE 2
  - Statistical significance for primary symptom endpoint of ocular discomfort in patients with more severe baseline discomfort in STRIDE 1 with strong trend towards a treatment effect in STRIDE 2
  - Applying Phase 3 statistical analysis method to Phase 2 at Day 15 yields $p<0.05$
  - Applying Day 15 analysis method to Days 8-14 yields p-values < 0.0002 at all time points in STRIDE 1 and p-values < 0.05 for 6 of 7 time points in STRIDE 2
  - Pooling ITT populations from STRIDE 1 and STRIDE 2 results in positive treatment effect for ocular discomfort at day 15 with $p<0.0001$



MPP Platform Enhances Mobility of Drug Particles Through Mucus Layers

INVELTYS™ PDUFA Target Date of August 24th, 2018

Topline Results Announced Jan 2018

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Q&A

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Thank You