Innovation In Ophthalmics

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Mark Iwicki
Chairman & CEO, Kala Pharmaceuticals
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 and the development and regulatory status of 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 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 our 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 October 11, 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.
**Key Highlights**

** AMPPLIFY™ Technology**
- Proprietary AMPPLIFY™ (mucus-penetrating nanoparticle, or MPP) technology to enhance delivery to target tissues of the eye
- IP protection for MPP technology and products through 2033

** INVELTYS™**
- Approved by FDA on August 22, 2018
- FIRST & ONLY post-surgical steroid with class-leading combination of powerful efficacy, safety profile comparable to vehicle and BID dosing

** KPI-121 0.25% for Dry Eye Disease**
- Topline results for completed Phase 3 trials announced in Jan 2018
- Anticipated filing of NDA in 2H 2018 with totality of data
- STRIDE 3 Phase 3 trial initiated in July 2018; topline results EOY 2019

** Commercialization Strategy**
- Retained worldwide commercial rights for INVELTYS and pipeline product candidates
- Expect to commercialize in the U.S. with own specialty sales force
In the Eye, AMPPLIFY™ Particles Penetrate Through Tear Film Mucins to Enhance Drug Delivery to Target Ocular Tissues

Traditional suspension eye drops adhere to mucins and can be rapidly cleared through blinking.

Drug particles formulated with AMPPLIFY™ Drug Delivery Technology are designed to enhance penetration through the mucus barrier and deliver increased concentrations of drug to the target ocular tissues.
KPI-121 0.25% for Dry Eye Disease
Dry Eye Is An Inflammation Driven Ocular Surface Disease

~90% of surveyed dry eye patients experience flares and the majority have multi-day episodes\(^1\)

- Dry eye disease is a chronic, episodic disease of ocular inflammation
  - Ocular surface inflammation and tear film instability lead to discomfort, visual disturbances, hyperemia, and tissue damage
- ~33 million people in the US with dry eye, ~16 million of whom are diagnosed\(^2\)
- For most patients, dry eye is an episodic disease, not one of continual symptoms
  - Patients have symptom “flares” that wax and wane in response to environmental triggers
  - For these patients, chronic therapy may not be necessary or appropriate
- Currently there is no approved product for the short-term rapid relief of episodic symptoms (i.e., flares)

\(^1\)Kala survey of 503 diagnosed dry eye patients, December 2017
\(^2\)Source for dry eye disease market data: Epidemiology research commissioned by Kala and performed by a third party
Our Market Research Suggests Strong Patient Interest in KPI-121 0.25%*

*Based on a survey of 30 patients diagnosed with dry eye disease commissioned by Kala and performed by a third party.

The majority of surveyed patients expressed interest in the KPI-121 0.25% profile

- Patients were very interested in the profile and would ask their physicians for more information about KPI-121 0.25%
- Patients specifically commented they would like an “as-needed” flare treatment vs. a chronic medicine
- The majority of patients indicated they want to try KPI-121 0.25%, expressing high levels of interest
- Patients highlighted they want rapid and strong efficacy with a reduction of “redness”, and short-term and “as-needed” flare treatment
Significant Market Opportunity for KPI-121 0.25% in Dry Eye

- ~16M diagnosed dry eye sufferers in the U.S., of whom ~90% experience flares**
- Patients state that they experience a median of ~6 flares per year, each lasting an average of ~4 days†
- Market research indicates physicians would prescribe KPI-121 0.25% for ~55% of patients with flares and for 52% of patients being initiated on Restasis*

*Based on a survey of 73 ophthalmologists commissioned by Kala and performed by a third party.
**Based on a survey of 503 patients commissioned by Kala and performed by a third party.
†Based on a survey of 297 patients commissioned by Kala and performed by a third party.
Dry Eye Flares – Market Potential

~33M Total US Dry Eye Patients

~16M Diagnosed Dry Eye Patients

~14M Patients Experience Flares

~345M Treatable Flare Days/Year

US DED Prevalence Data (Kala Epidemiology Research*)

90% of DED patients experience flares (Kala Market Research**)

Patients experience a median of ~6 flares per year, each lasting an average of ~4 days (Kala Market Research†)

Market for Dry Eye Flares**:~$8.6B Market Potential

*Epidemiology research commissioned by Kala and performed by a third party.
**Based on a survey of 503 patients commissioned by Kala and performed by a third party.
†Based on a survey of 297 patients commissioned by Kala and performed by a third party.
††Assuming $350 WAC for a 2-week Rx
INVELTYS™: FIRST AND ONLY Approved BID Post-Surgical Steroid
INVELTYS: The First & Only Post-Surgical Steroid Approved With BID Dosing

- **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
The Ocular Surgery Market is Large and Growing

- ~8M ocular surgery procedures in 2017; projected to grow at a CAGR of 3.9% 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

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

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

- Offers additional benefits over existing regimens: 88%

Likelihood to Prescribe INVELTYS* (n=100 Ophthalmologists)

- Peak Preference Share for INVELTYS* (n=100 Ophthalmologists)

Source: *Kala Quantitative Physician Market Research 2018, n=100 Ophthalmologists
Commercial Activities are Well Underway with Targeted Sales Launch in Early 2019

- **April to July:** Commercial Leadership Hired
- **August 22, 2018:** INVELTYS FDA Approval
- **October:** Hire Sales Management Team
- **Q2 2018**
- **Q3 2018**
- **Q4 2018**
- **October-December:** Exhibits at AAO Ophthalmology and AAO Optometry
- **Early 2019:** INVELTYS Launch
- **Q1 2019**
- **December:** Hire Sales Team
Summary

INVELTYS™: FIRST and ONLY Twice-daily Ocular Steroid

~8M ocular surgery procedures in 2017, projected to grow at a 3.9% CAGR over the next 5 years

KPI-121 0.25%: Potential First-Line Rx Therapy to Treat Dry Eye Flares

~33M dry eye sufferers in US

MPP Platform Enhances Mobility of Drug Particles Through Mucus Layers

INVELTYS Peak Net Revenues Expected To Be In Excess of $300M

Anticipated filing of Dry Eye NDA in 2H 2018; STRIDE 3 Phase 3 Trial Initiated in July 2018

Source for ocular surgery market data: Market Scope
Source for dry eye disease market data: Epidemiology research commissioned by Kala and performed by a third party
Thank You