# Aerie Pharmaceuticals Reports First Quarter 2018 Financial Results and Provides Business Update

May 8, 2018

**Conference Call and Webcast Today, May 8th, at 5:00 p.m. ET**

DURHAM, N.C.--(BUSINESS WIRE)--May 8, 2018-- Aerie Pharmaceuticals, Inc. (NASDAQ:AERI), an ophthalmic pharmaceutical company focused on the discovery, development, and commercialization of first-in-class therapies for the treatment of patients with open-angle glaucoma and other diseases of the eye, today reported financial results for the first quarter ended March 31, 2018, along with a general business update.

**Aerie Highlights**

- The Rhopressa® (netarsudil ophthalmic solution) 0.02% U.S. commercial launch is underway, with a seasoned and well-trained field sales force fully deployed and actively calling on 14,000 eye care professionals.
- Formulary contracts to enable commercial coverage in 2018 and Medicare Part D coverage in 2019 are being executed. We continue to expect preferred formulary coverage for the majority of commercial plans by the end of 2018, and preferred formulary coverage for the majority of Medicare Part D plans commencing in 2019.
- Preparation of the Roclatan™ (netarsudil/latanoprost ophthalmic solution) 0.02%/0.005% NDA (New Drug Application) is progressing on schedule with an expected submission to the FDA (U.S. Food and Drug Administration) this quarter.
- International expansion activities are progressing with the ongoing Phase 3 clinical trial for Roclatan™, named Mercury 3, to prepare for regulatory submission in Europe, and the ongoing Phase 2 clinical trial for Rhopressa® to prepare for a potential regulatory submission in Japan.
- Pre-IND (Investigational New Drug application) activities are well underway for the further advancement of Aerie's retina program candidates, including AR-13503 (Rho kinase and Protein kinase C inhibitor implant) and AR-1105 (dexamethasone steroid implant).
- Cash burn for the first quarter of 2018 totaled approximately $50 million, with $334.0 million in cash, cash equivalents and investments as of March 31, 2018. Shares outstanding at quarter-end totaled 39,503,110.
- Aerie reiterated that it expects full year 2018 Rhopressa® net revenues in the range of $20 million to $30 million, on a U.S. generally accepted accounting principles (GAAP) basis, and total 2018 cash burn in the range of $200 million to $210 million.

"Aerie's first commercial moment has arrived as we proudly launch Rhopressa ® in the United States. Years of preparation are behind us, and we are now in full execution mode. We are delighted that the early response we are seeing from physicians is fully in line with our advance understanding of the need and opportunity, and we are making excellent progress in gaining market access," said Vicente Anido, Jr., Ph.D., Chairman and Chief Executive Officer. "We remain very well-financed, as we aspire to build Aerie into a major ophthalmic pharmaceutical company with global reach."

**First Quarter 2018 Financial Results**

As of March 31, 2018, Aerie had cash, cash equivalents and investments of $334.0 million. For the first quarter ended March 31, 2018, Aerie reported a GAAP net loss of $40.7 million, or $1.05 loss per share, compared to a net loss of $25.8 million and $0.76 loss per share for the first quarter of 2017. The weighted average number of shares outstanding utilized in the calculation of net loss per share was 38,598,827 and 33,777,395 for the first quarters of 2018 and 2017, respectively. Total shares outstanding as of March 31, 2018 were 39,503,110.

The $40.7 million net loss for the first quarter of 2018 is primarily comprised of $40.8 million in total operating expenses, including $13.0 million in research and development expenses and $27.8 million in selling, general and administrative expenses. Excluding $8.7 million of non-cash stock-based compensation expense, adjusted total operating expenses for the first quarter of 2018 were $32.1 million, with adjusted research and development expenses of $10.9 million and adjusted selling, general and administrative expenses of $21.1 million. Total adjusted net loss for the first quarter of 2018 was $32.0 million, and adjusted net loss per share was $0.83.

The $25.8 million net loss for the first quarter of 2017 is primarily comprised of $25.4 million in total operating expenses, including $10.9 million in research and development expenses and $14.5 million in selling, general and administrative expenses. Excluding $4.8 million of non-cash stock-based compensation expense, adjusted total operating expenses for the first quarter of 2017 were $20.6 million, with adjusted research and development expenses of $9.9 million and adjusted selling, general and administrative expenses of $10.7 million. Total adjusted net loss for the first quarter of 2017 was $20.9 million, and adjusted net loss per share was $0.62.

The higher operating expenses in the first quarter of 2018 as compared to the first quarter 2017 primarily reflect increased activities associated with the expansion of our employee base to support the growth of our operations, and preparatory activities associated with our Rhopressa® commercialization efforts.

**Conference Call / Webcast Information**

Aerie management will host a live conference call and webcast at 5:00 p.m. Eastern Time today to discuss Aerie's financial results and provide a general business update.

The live webcast and a replay may be accessed by visiting the Company's website at http://investors.aeriepharma.com. Please connect to the Company's website at least 15 minutes prior to the live webcast to ensure adequate time for any software download that may be needed to access the webcast. Alternatively, please call (888) 734-0328 (U.S.) or (678) 894-3054 (international) to listen to the live conference call. The conference ID number for the live call is 3992508. Please dial in approximately 10 minutes prior to the call. Telephone replay will be available approximately two hours after the call. To access the replay, please call (855) 859-2056 (U.S.) or (404) 537-3406 (international). The conference ID number for the replay is 3992508. The telephone replay will be available until May 15, 2018.

**About Aerie Pharmaceuticals, Inc.**

Aerie is an ophthalmic pharmaceutical company focused on the discovery, development and commercialization of first-in-class therapies for the treatment of patients with open-angle glaucoma and other diseases of the eye. Aerie's first product, Rhopressa® (netarsudil ophthalmic solution) 0.02%, for the reduction of elevated intraocular pressure (IOP) in patients with open-angle glaucoma or ocular hypertension, was approved by the U.S. Food and Drug Administration (FDA) in December 2017 and was launched in the U.S. market in April 2018. A link to the full product label is available on the Aerie website at http://investors.aeriepharma.com. Aerie's advanced-stage product candidate, Roclatan™ (netarsudil/latanoprost ophthalmic solution) 0.02%/0.005%, which is a fixed dose combination of Rhopressa® and widely-prescribed PGA (prostaglandin analog) latanoprost, achieved its primary efficacy endpoint in two Phase 3 registration trials, named Mercury 1 and Mercury 2, and also achieved successful 12-month safety and efficacy results in Mercury 1. The Roclatan™ NDA submission is expected to take place in the second quarter of 2018. Aerie is also focused on global expansion and the development of additional product candidates and technologies in ophthalmology.

**Forward-Looking Statements**

This press release contains forward-looking statements for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. We may, in some cases, use terms such as "predicts," "believes," "potential," "proposed," "continue," "estimates," "anticipates," "expects," "plans," "intends," "may," "could," "might," "will," "should," "exploring," "pursuing" or other words that convey uncertainty of future events or outcomes to identify these forward-looking statements. Forward-looking statements include statements regarding our intentions, beliefs, projections, outlook, analyses or current expectations concerning, among other things: our expectations regarding the commercialization and manufacturing of Rhopressa® and Roclatan™ or any future product candidates, including the timing, cost or other aspects of the commercial launch of Rhopressa® and Roclatan™ or any future product candidates; our commercialization, marketing, manufacturing and supply management capabilities and strategies; the success, timing and cost of our ongoing and anticipated preclinical studies and clinical trials for Rhopressa®, with respect to regulatory approval outside of the United States or additional indications, and Roclatan™ or any future product candidates, including statements regarding the timing of initiation and completion of the studies and trials; our guidance for full year 2018; our estimates regarding expected net revenues, expected cash burn, anticipated capital requirements and our needs for additional financing; our expectations related to the use of proceeds from our equity and debt financings; our expectations regarding the effectiveness of Rhopressa®, Roclatan™ or any future product candidates and results of our clinical trials; the timing of and our ability to request, obtain and maintain FDA or other regulatory authority approval of, or other action with respect to, as applicable, Rhopressa® and Roclatan™ or any future product candidates, including the expected timing of, and timing of regulatory and/or other review of, filings for, as applicable, Rhopressa® and Roclatan™ or any future product candidates; the potential advantages of Rhopressa® and Roclatan™ or any future product candidates; our plans to pursue development of additional product candidates and technologies within and beyond ophthalmology, including development of Rhopressa® and Roclatan™ for additional indications and other therapeutic opportunities; our plans to explore possible uses of our existing proprietary compounds beyond glaucoma, including development of our retina program; our ability to protect our proprietary technology and enforce our intellectual property rights; and our expectations regarding strategic operations, including our ability to in-license or acquire additional ophthalmic products, product candidates or technologies. By their nature, forward-looking statements involve risks and uncertainties because they relate to events, competitive dynamics, industry change and other factors beyond our control, and depend on regulatory approvals and economic and other environmental circumstances that may or may not occur in the future or may occur on longer or shorter timelines than anticipated. We discuss many of these risks in greater detail under the heading "Risk Factors" in the quarterly and annual reports that we file with the Securities and Exchange Commission (SEC). In particular, FDA approval of Rhopressa® does not constitute FDA approval of Roclatan™, and there can be no assurance that we will receive FDA approval for Roclatan™ or any future product candidates. FDA approval of Rhopressa® also does not constitute regulatory approval of Rhopressa® in jurisdictions outside the United States and there can be no assurance that we will receive regulatory approval for Rhopressa® in jurisdictions outside the United States. Forward-looking statements are not guarantees of future performance and our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from the forward-looking statements contained in this press release. Any forward-looking statements that we make in this press release speak only as of the date of this press release. We assume no obligation to update our forward-looking statements whether as a result of new information, future events or otherwise, after the date of this press release.

**Non-GAAP Financial Measures**

To supplement our financial statements, which are prepared and presented in accordance with GAAP, we use the following non-GAAP financial measures, some of which are discussed above: adjusted net loss, adjusted total operating expenses, adjusted research and development expense, adjusted selling, general and administrative expense, and adjusted net loss per share. For reconciliations of non-GAAP measures to the most directly comparable GAAP measures, please see the "Reconciliation of GAAP to Non-GAAP Financial Measures" and "Reconciliation of GAAP Net Loss Per Share to Adjusted Net Loss Per Share" tables in this press release.

We believe these non-GAAP financial measures provide investors with useful supplemental information about the financial performance of our

business, enable comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key metrics used by management in operating our business.

The presentation of these financial measures is not intended to be considered in isolation from, or as a substitute for, financial information prepared and presented in accordance with GAAP. Investors are cautioned that there are material limitations associated with the use of non-GAAP financial measures as an analytical tool. In particular, the adjustments to our GAAP financial measures reflect the exclusion of non-cash stock-based compensation expense, which is recurring and will be reflected in our financial results for the foreseeable future. In addition, these measures may be different from non-GAAP financial measures used by other companies, limiting their usefulness for comparison purposes. We compensate for these limitations by providing specific information regarding the GAAP amounts excluded from these non-GAAP financial measures.

**AERIE PHARMACEUTICALS, INC.**
**Consolidated Balance Sheets**
**(Unaudited)**
(in thousands)

| | MARCH 31, 2018 | DECEMBER 31, 2017 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | $ 249,501 | $ 197,569 |
| Short-term investments | 84,476 | 52,086 |
| Inventory | 1,062 | — |
| Prepaid expenses and other current assets | 6,115 | 4,487 |
| Total current assets | 341,154 | 254,142 |
| Property, plant and equipment, net | 47,810 | 31,932 |
| Other assets | 2,079 | 4,202 |
| **Total assets** | $ 391,043 | $ 290,276 |
| | | |
| **Liabilities and Stockholders' Equity** | | |
| Current liabilities | | |
| Accounts payable | $ 6,066 | $ 6,245 |
| Accrued expenses and other current liabilities | 19,070 | 18,939 |
| Total current liabilities | 25,136 | 25,184 |
| Convertible notes, net | 123,922 | 123,845 |
| Other non-current liabilities | 5,714 | 5,648 |
| Total liabilities | 154,772 | 154,677 |
| Stockholders' equity | | |
| Common stock | 40 | 37 |
| Additional paid-in capital | 740,952 | 597,318 |
| Accumulated other comprehensive loss | (157) | (28) |
| Accumulated deficit | (504,564) | (461,728) |
| Total stockholders' equity | 236,271 | 135,599 |
| **Total liabilities and stockholders' equity** | $ 391,043 | $ 290,276 |

**AERIE PHARMACEUTICALS, INC.**

**Consolidated Statements of Operations**

**(Unaudited)**

(in thousands, except share and per share data)

| | THREE MONTHS ENDED MARCH 31, | |
|---|---|---|
| | 2018 | 2017 |
| Operating expenses | | |
| Selling, general and administrative | $ 27,823 | $ 14,475 |
| Research and development | 12,972 | 10,954 |
| Total operating expenses | 40,795 | 25,429 |
| Loss from operations | (40,795) | (25,429) |
| Other income (expense), net | 96 | (312) |

| | | |
|---|---|---|
| Net loss before income taxes | (40,699) | (25,741) |
| Income tax expense | - | 46 |
| Net loss | $ (40,699) | $ (25,787) |
| Net loss per common share—basic and diluted | $ (1.05) | $ (0.76) |
| Weighted average number of common shares outstanding—basic and diluted | 38,598,827 | 33,777,395 |

**AERIE PHARMACEUTICALS, INC.**
**Reconciliation of GAAP to Non-GAAP Financial Measures**
**(Unaudited)**
(in thousands)

| | THREE MONTHS ENDED MARCH 31, | |
|---|---|---|
| | **2018** | **2017** |
| Net loss (GAAP) | $ (40,699) | $ (25,787) |
| Add-back: non-cash stock-based compensation expense | 8,719 | 4,850 |
| Adjusted Net loss | $ (31,980) | $ (20,937) |
| | | |
| Selling, general and administrative expense (GAAP) | $ 27,823 | $ 14,475 |
| Less: non-cash stock-based compensation expense | (6,684) | (3,786) |
| Adjusted selling, general and administrative expense | $ 21,139 | $ 10,689 |
| | | |
| Research and development expense (GAAP) | $ 12,972 | $ 10,954 |
| Less: non-cash stock-based compensation expense | (2,035) | (1,064) |
| Adjusted research and development expense | $ 10,937 | $ 9,890 |
| | | |
| Total operating expenses (GAAP) | $ 40,795 | $ 25,429 |
| Less: non-cash stock-based compensation expense | (8,719) | (4,850) |
| Adjusted total operating expenses | $ 32,076 | $ 20,579 |

**AERIE PHARMACEUTICALS, INC.**
**Reconciliation of GAAP Net Loss Per Share to Adjusted Net Loss Per Share**
(Unaudited)

| | THREE MONTHS ENDED MARCH 31, | |
|---|---|---|
| | **2018** | **2017** |
| Net loss per common share—basic and diluted (GAAP) | $ (1.05) | $ (0.76) |
| Add-back: Non-cash stock-based compensation expense | 0.22 | 0.14 |
| Adjusted Net loss per share—basic and diluted | $ (0.83) | $ (0.62) |
| | | |
| Weighted average number of common shares outstanding—basic and diluted | 38,598,827 | 33,777,395 |

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