

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 June 30, 2017

OR

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

Commission File Number: 001-37783

Clearside Biomedical, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

45-2437375

(I.R.S. Employer
Identification No.)

900 North Point Parkway, Suite 200

Alpharetta, GA

(Address of principal executive offices)

30005

(Zip Code)

(678) 270-3631

Registrant's telephone number, including area code

N/A

(Former name, former address and former fiscal year, if changed since last report)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 (Do not check if a small reporting company) Small 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 August 4, 2017, the registrant had 25,336,482 shares of common stock, \$0.001 par value per share, outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

CLEARSIDE BIOMEDICAL, INC.
Balance Sheets
(in thousands, except share and per share data)
(unaudited)

	June 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 16,675	\$ 34,824
Short-term investments	49,360	48,807
Prepaid expenses	675	396
Other current assets	292	290
Total current assets	67,002	84,317
Property and equipment, net	963	94
Restricted cash	360	360
Other assets	90	42
Total assets	<u>\$ 68,415</u>	<u>\$ 84,813</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 3,732	\$ 2,594
Accrued liabilities	1,639	2,791
Current portion of long-term debt	1,600	—
Current portion of deferred rent	145	3
Other current liabilities	20	20
Total current liabilities	7,136	5,408
Long-term debt	6,196	7,586
Deferred rent	607	—
Deferred revenue	150	160
Total liabilities	14,089	13,154
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized and no shares issued at June 30, 2017 and December 31, 2016	—	—
Common stock, \$0.001 par value; 100,000,000 shares authorized at June 30, 2017 and December 31, 2016; 25,336,482 and 24,573,033 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	25	25
Additional paid-in capital	143,715	136,892
Accumulated deficit	(89,391)	(65,245)
Accumulated other comprehensive loss	(23)	(13)
Total stockholders' equity	54,326	71,659
Total liabilities and stockholders' equity	<u>\$ 68,415</u>	<u>\$ 84,813</u>

See accompanying notes to the financial statements

CLEARSIDE BIOMEDICAL, INC.
Statements of Operations and Comprehensive Loss
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
License and collaboration revenue	\$ 130	\$ 5	\$ 135	\$ 510
Operating expenses:				
Research and development	11,478	4,213	19,068	8,802
General and administrative	2,290	970	4,961	2,243
Total operating expenses	<u>13,768</u>	<u>5,183</u>	<u>24,029</u>	<u>11,045</u>
Loss from operations	(13,638)	(5,178)	(23,894)	(10,535)
Other (expense) income, net	(135)	76	(252)	(16)
Net loss	<u>\$ (13,773)</u>	<u>\$ (5,102)</u>	<u>\$ (24,146)</u>	<u>\$ (10,551)</u>
Net loss per share of common stock — basic and diluted	<u>\$ (0.54)</u>	<u>\$ (0.62)</u>	<u>\$ (0.96)</u>	<u>\$ (1.94)</u>
Weighted average shares outstanding — basic and diluted	<u>25,309,966</u>	<u>8,243,864</u>	<u>25,280,314</u>	<u>5,452,105</u>
Net loss	\$ (13,773)	\$ (5,102)	\$ (24,146)	\$ (10,551)
Unrealized loss on available-for-sale investments	(2)	—	(10)	—
Comprehensive loss	<u>\$ (13,775)</u>	<u>\$ (5,102)</u>	<u>\$ (24,156)</u>	<u>\$ (10,551)</u>

See accompanying notes to the financial statements.

CLEARSIDE BIOMEDICAL, INC.
Statements of Cash Flows
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2017	2016
Operating activities		
Net loss	\$ (24,146)	\$ (10,551)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	87	32
Share-based compensation expense	1,531	494
Non-cash interest expense	105	70
Accretion of debt discount	105	40
Change in fair value of warrant liability	—	(156)
Amortization and accretion on available-for-sale investments, net	30	—
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(239)	(555)
Other assets	(48)	744
Accounts payable and accrued liabilities	(14)	518
Deferred revenue	(10)	(510)
Deferred rent	70	(5)
Net cash used in operating activities	(22,529)	(9,879)
Investing activities		
Purchase of available-for-sale investments	(25,603)	—
Maturities of available-for-sale investments	25,010	—
Acquisition of property and equipment	(319)	—
Net cash used in investing activities	(912)	—
Financing activities		
Proceeds from follow-on public offering, net of issuance costs	5,057	—
Proceeds from exercise of stock options	195	—
Proceeds from shares issued under employee stock purchase plan	40	—
Proceeds from initial public offering, net of issuance costs	—	45,275
Principal payments made on long-term debt	—	(400)
Net cash provided by financing activities	5,292	44,875
Net (decrease) increase in cash and cash equivalents	(18,149)	34,996
Cash and cash equivalents, beginning of period	34,824	20,283
Cash and cash equivalents, end of period	\$ 16,675	\$ 55,279
Supplemental schedule of noncash investing and financing activities		
Tenant improvements paid by landlord	\$ 637	\$ —
Conversion of convertible preferred stock to common stock	—	48,198
Reclassification of deferred initial public offering costs	—	1,597
Unpaid initial public offering costs in accounts payable and accrued expenses	—	334
Accretion of redeemable convertible preferred stock to redemption value	—	883

See accompanying notes to the financial statements.

CLEARSIDE BIOMEDICAL, INC.**Notes to the Financial Statements
(unaudited)****1. The Company**

Clearside Biomedical, Inc. (the “Company”) is a late-stage clinical biopharmaceutical company developing first-in-class drug therapies to treat blinding diseases of the eye. The Company’s current product candidates focus on treatments for diseases affecting the retina and choroid, especially diseases associated with macular edema, and are injected into the suprachoroidal space (“SCS”) using its proprietary SCS Microinjector. Incorporated in the State of Delaware on May 26, 2011, the Company has its corporate headquarters in Alpharetta, Georgia.

The Company’s activities since inception have primarily consisted of developing product and technology rights, raising capital and performing research and development activities. The Company has no current source of revenue to sustain present activities, and does not expect to generate meaningful revenue until and unless the Company receives regulatory approval of and successfully commercializes its product candidates. The Company is subject to a number of risks and uncertainties similar to those of other life science companies at a similar stage of development, including, among others, the need to obtain adequate additional financing, successful development efforts including regulatory approval of products, compliance with government regulations, successful commercialization of potential products, protection of proprietary technology and dependence on key individuals.

Liquidity

The Company has funded its operations primarily through the proceeds of its public offerings of common stock, sale of convertible preferred stock and the issuance of long-term debt. The Company will continue to need to obtain additional financing to fund future operations, including completing the development and commercialization of its primary product candidates. The Company will need to expend substantial resources for research and development, including costs associated with the clinical testing of its product candidates. The Company will also need to obtain additional financing to conduct additional trials for the regulatory approval of its product candidates if requested by regulatory bodies, and completing the development of any additional product candidates that might be acquired. If such products were to receive regulatory approval, the Company would need to prepare for the potential commercialization of its product candidates and fund the commercial launch of the products, if the Company decides to commercialize the products on its own. Moreover, the Company’s fixed expenses such as rent and other contractual commitments are substantial and are expected to increase in the future.

The Company had cash, cash equivalents and short-term investments of \$66.0 million as of June 30, 2017. In the absence of product or other revenues, the amount, timing, nature or source of which cannot be predicted, the Company’s losses will continue as it conducts its research and development activities. Until the Company can generate a sufficient amount of revenue, the Company may finance future cash needs through public or private equity offerings, license agreements, debt financings, collaborations, strategic alliances and marketing or distribution arrangements. The Company has incurred losses and negative cash flows since inception and expects operating losses and negative cash flows to continue into the foreseeable future. However, the Company is able to control spending on development activities while still advancing clinical trials for key product candidates and expects that the cash on hand as of June 30, 2017 will be sufficient to fund its operations into the fourth quarter of 2018.

2. Significant Accounting Policies***Basis of Presentation***

The Company’s financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Unaudited Interim Financial Information

The accompanying balance sheet as of June 30, 2017, statements of operations and comprehensive loss for the three and six months ended June 30, 2017 and 2016 and statements of cash flows for the six months ended June 30, 2017 and 2016 are unaudited. The unaudited interim financial statements have been prepared on the same basis as the annual financial statements and, in the opinion of management, reflect all adjustments, which include normal recurring adjustments, necessary for the fair presentation of the Company's financial position as of June 30, 2017, its results of operations for the three and six months ended June 30, 2017 and 2016 and its cash flows for the six months ended June 30, 2017 and 2016. The financial data and other information disclosed in these notes related to the three and six months ended June 30, 2017 and 2016 are unaudited. The results for the three and six months ended June 30, 2017 are not indicative of results to be expected for the year ending December 31, 2017, any other interim periods or any future year or period. These unaudited financial statements should be read in conjunction with the audited financial statements and related footnotes, which are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the accounting for useful lives to calculate depreciation and amortization, clinical trial estimates and related accrued liabilities, share-based compensation expense and income tax valuation allowance. Actual results could differ from these estimates.

Research and Development Costs

Research and development costs are charged to expense as incurred and include, but are not limited to:

- employee-related expenses, including salaries, benefits, travel and share-based compensation expense for research and development personnel;
- expenses incurred under agreements with contract research organizations, contract manufacturing organizations and consultants that conduct clinical trials and nonclinical studies;
- costs associated with nonclinical and clinical development activities;
- costs associated with technology and intellectual property licenses;
- costs for the Company's research and development facility; and
- depreciation expense for assets used in research and development activities.

Costs for certain development activities, such as clinical trials, are recognized based on an evaluation of the progress to completion of specific tasks using data such as patient enrollment, clinical site activations, or information provided to the Company by its vendors on their actual costs incurred. Payments for these activities are based on the terms of the individual arrangements, which may differ from the patterns of costs incurred, and are reflected in the financial statements as prepaid or accrued expense. No material adjustments to these estimates have been recorded in these financial statements.

Share-Based Compensation

The Company recognizes compensation costs related to stock options and restricted stock granted to employees, directors and consultants ratably over the requisite service period, which in most cases is the vesting period of the award for employees, based on the estimated fair value of the awards on the date of grant. Compensation expense for options granted to non-employees is determined as the fair value of consideration received or the fair value of the equity instruments issued, whichever is more reliably measured. The fair value of the awards granted to non-employees is re-measured each period until the related service is complete. All share-based compensation costs are recorded in general and administrative or research and development costs in the statements of operations and comprehensive loss based upon the underlying employees' roles within the Company.

Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments with an original term of three months or less at the date of purchase.

Short-Term Investments

Short-term investments are investments with original maturities of between 90 and 365 days when purchased and are comprised of certificates of deposit, commercial paper, corporate and government bonds and government agency securities. The Company classifies its short-term investments as available-for-sale securities. Short-term investments are recorded at fair value and unrealized gains and losses are recorded within accumulated other comprehensive income (loss) until realized. In addition, the Company evaluates the short-investments with unrealized losses to determine whether such losses are other-than-temporary.

Concentration of Credit Risk Arising From Cash Deposits in Excess of Insured Limits

The Company maintains its cash in bank deposits that at times may exceed federally insured limits. The Company has not experienced any loss in such accounts. The Company believes it is not exposed to any significant risks with respect to its cash balances.

Recent Accounting Pronouncements

Accounting Pronouncements Recently Adopted

In March 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-09, *Compensation-Stock Compensation (Topic 718)*. The new guidance simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. For public companies, the amendments in this standard are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. The Company adopted the standard effective January 1, 2017 and the adoption did not have a material impact on its financial statements and related disclosures.

In November 2015, the FASB issued ASU 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*. The guidance simplifies the presentation of deferred income taxes. The guidance eliminates the current requirement to present deferred tax assets and liabilities as current and noncurrent in a classified balance sheet and now requires entities to classify all deferred tax assets and liabilities as noncurrent. The amendments in this update are effective for financial statements issued for annual periods beginning after December 15, 2016 and interim periods within those annual periods. The Company adopted this standard prospectively, effective January 1, 2017, and the adoption did not have a material impact on its financial statements and related disclosures.

Recent Accounting Pronouncements Not Yet Adopted

In November 2016, the FASB issued ASU 2016-18, *Restricted Cash*, which addresses diversity in practice in the classification and presentation of a change in restricted cash on the statement of cash flows. The amendments in this update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The update is effective for annual periods beginning after December 15, 2017, and interim periods thereafter. Early adoption is permitted. The Company is currently evaluating the impact the adoption of ASU 2016-18 will have on its statement of cash flows.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows Classification of Certain Cash Receipts and Cash Payments*. The update addresses eight specific cash flow matters with the objective of reducing diversity in practice in how certain cash receipts and payments are classified in the statement of cash flows. The update is effective for annual periods beginning after December 15, 2017, and interim periods within the period. Early adoption is permitted. The Company is currently evaluating the impact the adoption of ASU 2016-15 will have on its financial statements and related disclosures.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (ASC 842)*, which requires lessees to recognize most leases on the balance sheet. This is expected to increase both reported assets and liabilities. The new lease standard does not substantially change lessor accounting. For public companies, the standard will be effective for the first interim reporting period within annual periods beginning after December 15, 2018, although early adoption is permitted. Lessees and lessors will be required to apply the new standard at the beginning of the earliest period presented in the financial statements in which they first apply the new guidance, using a modified retrospective transition method. The requirements of this standard include a significant increase in required disclosures. The Company is currently assessing the impact that adopting this new accounting standard will have on its financial statements and related disclosures.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. Under ASU 2014-09, companies will be required to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and modify guidance for multiple-element arrangements. In August 2015, the FASB issued ASU 2015-14, which deferred by one year the effective date of ASU 2014-09. The one year deferral of the effective date of this standard changes the effective date for the Company to January 1, 2018. Early adoption is permitted, but not before the original effective date. The standard allows the Company to use either a full retrospective or a modified retrospective method to adopt ASU 2014-09. The Company expects to adopt ASU 2014-09 using the modified retrospective method and is currently evaluating the effect this standard may have on its financial statements and related disclosures.

3. Property and Equipment, Net

Property and equipment, net consisted of the following (dollar amounts in thousands):

	Estimated Useful Lives (Years)	June 30, 2017	December 31, 2016
Furniture and fixtures	5	\$ 286	\$ 69
Machinery and equipment	5	121	121
Computer equipment	3	41	27
Leasehold improvements	Lesser of useful life or remaining lease term	667	45
		1,115	262
Less: Accumulated depreciation		(152)	(168)
		<u>\$ 963</u>	<u>\$ 94</u>

In connection with the Company's relocation to its new corporate headquarters (see Note 9), the Company wrote off \$45,000 of fully amortized leasehold improvements. In addition, the Company wrote off \$58,000 of fully depreciated furniture and fixtures that were not re-located to the new corporate headquarters.

4. Accrued Liabilities

Accrued liabilities consisted of the following (in thousands):

	June 30, 2017	December 31, 2016
Accrued research and development	\$ 576	\$ 1,153
Accrued bonuses	471	870
Accrued professional fees	179	410
Accrued vacation	148	72
Accrued interest payable	54	52
Accrued expense	211	234
	<u>\$ 1,639</u>	<u>\$ 2,791</u>

5. Long-Term Debt

Loan and Security Agreements

In September 2016, the Company entered into an amended and restated loan and security agreement (the “loan agreement”) with Silicon Valley Bank (“SVB”), MidCap Funding XII Trust and MidCap Financial Trust (together, “MidCap” and collectively with SVB, the “Lenders”), which amended and restated in its entirety the Company’s prior loan and security agreement with SVB dated as of April 14, 2015 (the “original loan agreement”), under which the Company had borrowed \$6.0 million in April and May 2015. The loan agreement provides for new term loans of up to \$15.0 million, with a floating interest rate equal to 7% plus the greater of (i) the 30-day U.S. LIBOR, reported in the Wall Street Journal on the last business day of the month that immediately precedes the month in which the interest will accrue, or (ii) 0.50%. The interest rate on the original loan agreement was equal to the lender’s prime rate less 0.50 percent.

Under the terms of the loan agreement, an initial tranche of \$8.0 million was advanced on September 28, 2016. The remaining \$7.0 million will become available beginning on the later of (i) September 30, 2017 and (ii) the date on which the Lenders have received evidence, in form and substance reasonably satisfactory to them, that the Company has produced clinical trial data sufficient to file a New Drug Application for its product candidate CLS-TA for the treatment of macular edema associated with non-infectious uveitis. Once the draw period for the remaining \$7.0 million has commenced, the Company may draw funds at its discretion until the earlier of (i) December 31, 2017 and (ii) the occurrence of an event of default under the loan agreement. The Company is required to pay accrued interest only through December 31, 2017 on the outstanding amount, followed by 30 equal payments of principal and accrued interest. The Company has the option to prepay the outstanding balance of the term loans in full, subject to a prepayment fee of (i) 3% of the original principal amount of the aggregate term loans for any prepayment prior to September 28, 2017 or (ii) 2% of the original principal amount of the aggregate term loans for any prepayment between September 28, 2017 and May 31, 2020. A final payment of \$0.5 million, or 6.50% of the aggregate borrowed amount, is due at maturity of the loan on June 1, 2020, or upon the prepayment of the facility or the acceleration of amounts due under the facility as a result of an event of default, and is being accreted in long-term debt over the life of the loan. Of the initial \$8.0 million advanced on September 28, 2016, \$5.3 million was used to repay all amounts outstanding under the original loan agreement. Closing costs incurred in the refinancing portion of the loan were recorded as expense while the financing costs for the new portion of the loan are recorded in long-term debt and being accreted over the life of the loan. Upon repayment of the original loan agreement, all remaining closing costs associated with the original loan agreement are being accreted to long-term debt over the life of the loan agreement.

The term loans under the loan agreement are secured by substantially all of the Company’s assets, except that the collateral does not include any of the Company’s intellectual property. However, pursuant to the terms of a negative pledge arrangement, the Company has agreed not to encumber any of its intellectual property.

Interest expense on the borrowings under the loan agreements was \$162,000 and \$44,000 for the three months ended June 30, 2017 and 2016, respectively, and \$317,000 and \$89,000 for the six months ended June 30, 2017 and 2016, respectively. Accretion of the scheduled final payment was \$53,000 and \$36,000 for the three months ended June 30, 2017 and 2016, respectively, and \$105,000 and \$74,000 for the six months ended June 30, 2017 and 2016, respectively. Accretion of the deferred debt issuance costs was \$53,000 and \$14,000 for the three months ended June 30, 2017 and 2016, respectively, and \$105,000 and \$36,000 for the six months ended June 30, 2017 and 2016, respectively.

As of June 30, 2017, the scheduled payments for the loan agreement, including the scheduled final payment in 2020, were as follows (in thousands):

Year Ending December 31,	Principal	Interest and Final Payment	Total
2017	\$ —	\$ 307	\$ 307
2018	3,200	476	3,676
2019	3,200	234	3,434
2020	1,600	545	2,145
	<u>\$ 8,000</u>	<u>\$ 1,562</u>	<u>\$ 9,562</u>

6. Common Stock

The Company’s amended and restated certificate of incorporation authorizes the Company to issue 100,000,000 shares of \$0.001 par value common stock. As of June 30, 2017 and December 31, 2016, there were 25,336,482 and 24,573,033 shares of common stock outstanding, respectively.

7. Stock Purchase Warrants

In April 2015, in connection with the original loan agreement (see Note 5), the Company issued a warrant to SVB to purchase up to 57,143 shares of Series B preferred stock at a price per share of \$3.50. The term of the warrant extends until 10 years from the grant date and the warrant is exercisable at any time during that 10-year period. The warrant was automatically converted into a warrant to purchase 25,974 shares of common stock at an exercise price of \$7.70 in June 2016 upon the closing of the Company's initial public offering. This warrant had a fair value of \$0.2 million and was net exercised on October 12, 2016, resulting in the issuance of 17,883 shares of common stock.

In September 2016, in connection with the loan agreement (see Note 5), the Company issued warrants to the Lenders to purchase up to 29,796 shares of common stock at a price per share of \$10.74. The warrants expire in September 2026, or earlier upon the occurrence of specified mergers or acquisitions of the Company, and are immediately exercisable. The warrants were recorded in equity and have a weighted average remaining life of 9.25 years as of June 30, 2017.

8. Share-Based Compensation

Share-based compensation is accounted for in accordance with the provisions of ASC 718, *Compensation-Stock Compensation*.

Stock Options

The Company has granted stock option awards to employees, directors and consultants from its 2011 Stock Incentive Plan (the "2011 Plan") and its 2016 Equity Incentive Plan (the "2016 Plan"). The estimated fair value of options granted is determined as of the date of grant using the Black-Scholes option pricing model. The resulting fair value is recognized ratably over the requisite service period, which is generally the vesting period of the awards. Options granted to non-employees are re-measured at each financial reporting period until required services are performed.

The following table summarizes the activity related to stock options during the six months ended June 30, 2017:

	<u>Number of Shares</u>	<u>Weighted Average Exercise Price</u>
Options outstanding at January 1, 2017	2,243,575	\$ 5.78
Granted	171,250	8.22
Exercised	(158,322)	1.22
Forfeited	(21,125)	7.38
Options outstanding at June 30, 2017	<u>2,235,378</u>	6.28
Options exercisable at December 31, 2016	<u>500,797</u>	0.92
Options exercisable at June 30, 2017	<u>751,922</u>	1.88

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As of June 30, 2017, the Company had \$9.4 million of unrecognized compensation expense related to unvested stock options, which is expected to be recognized over a weighted average period of 3.0 years.

Employee Stock Purchase Plan

In January 2016, the Company's board of directors adopted and approved, and in January 2016 the Company's stockholders approved, the Clearside Biomedical, Inc. 2016 Employee Stock Purchase Plan (the "2016 ESPP") which became effective on June 1, 2016. The first offering period for the 2016 ESPP commenced January 1, 2017. The 2016 ESPP is considered a compensatory plan and the fair value of the discount and the look-back period are estimated using the Black-Scholes option pricing model and expense is recognized over the six month withholding period prior to the purchase date. During the six months ended June 30, 2017, the Company issued 5,127 shares of common stock purchased under the 2016 ESPP.

Share-based compensation expense for options granted under the 2011 Plan and the 2016 Plan and shares purchased under the 2016 ESPP is reflected in the statements of operations and comprehensive loss as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Research and development	\$ 332	\$ 108	\$ 657	\$ 240
General and administrative	447	125	874	253
Total	<u>\$ 779</u>	<u>\$ 233</u>	<u>\$ 1,531</u>	<u>\$ 493</u>

9. Commitments and Contingencies*Lease Commitment Summary*

The Company had previously leased office space under non-cancelable operating leases which expired in March 2017.

In November 2016, the Company signed a new office lease agreement to lease approximately 20,000 square feet of office space in Alpharetta, Georgia for its corporate headquarters. The lease agreement is for a 6.5 year term with a renewal option for one additional five-year term. Rental payments are \$35,145 per month subject to an increase of 3% per year. Rent expense under this lease is recognized on a straight-line basis over the term of the lease. In addition, the lease agreement requires payment of the pro-rata share of the annual operating expenses associated with the premises. The Company relocated to this new space in March 2017.

Total future minimum lease payments were as follows at June 30, 2017 (in thousands):

Year Ending December 31,	
2017	\$ 105
2018	431
2019	444
2020	458
2021	472
Thereafter	860
Total minimum lease payments	<u>\$ 2,770</u>

Rent expense was \$58,000 and \$20,000 for three months ended June 30, 2017 and 2016, respectively, and \$98,000 and \$41,000 for the six months ended June 30, 2017 and 2016, respectively.

Contract Service Providers

In the course of the Company's normal business operations, it has agreements with contract service providers to assist in the performance of its research and development, clinical research and manufacturing. Substantially all of these contracts are on an as needed basis.

10. License and Collaboration Agreements

In August 2014, the Company entered into a royalty-bearing license agreement with NovaMedica LLC (“NovaMedica”). Under this agreement, the Company granted to NovaMedica the right to use the Company’s intellectual property to develop and commercialize the intended products (the “Covered Products”) and to have the exclusive right to sell those products in Russia and specified adjacent territories involving the use of the corticosteroid triamcinolone acetonide as the sole active pharmaceutical ingredient for administration in the SCS. In connection with this royalty-bearing license, NovaMedica made an upfront payment to the Company of \$200,000. The Company is currently developing product candidates that when completed would be subject to this license giving NovaMedica the exclusive right to then sell the products in the specified geographic territories. In mid-December 2015, the Company received positive results from the Phase 2 clinical trial relating to the product candidate and determined, based on these results, that the intellectual property could become commercially feasible. Beginning in the first quarter of 2016, the Company began recognizing the \$200,000 to revenue over the period of time estimated to complete clinical development and commercialization of the Covered Products and the beginning of the first set of patent expirations in 2027. The Company recorded \$5,000 and \$10,000 of license revenue during each of the three and six months ended June 30, 2017 and 2016, respectively, for this license agreement. NovaMedica is jointly owned by Rusnano MedInvest LLC and Domain Russia Investments Limited.

In April 2015, the Company entered into a license and collaboration agreement (the “Spark Agreement”) with Spark Therapeutics, Inc. (“Spark”) under which Spark could acquire the exclusive rights to license the Company’s microinjector technology and access to the SCS within the eye for development and ultimate commercialization of Spark’s gene therapy treatments to be delivered via the microinjector. In conjunction with executing the Spark Agreement, Spark made an upfront, non-refundable payment to the Company of \$500,000.

In February 2016, the initial study was completed and Spark elected not to extend the arrangement nor license the technology which terminated the Spark Agreement in accordance with its terms. During the six months ended June 30, 2016, the Company recorded as revenue the \$500,000 upfront payment as the amount was non-refundable and the Company had no further obligations under the Spark Agreement.

The Company has periodically entered into other short-term collaboration agreements to evaluate the potential use of its proprietary SCS microinjector with third-party product candidates for the treatment of various diseases. Funds received from these collaboration agreements are recognized as revenue over the term of the agreement. The Company recorded \$125,000 of revenue from these collaboration agreements during each of the three and six months ended June 30, 2017.

11. Available-for-Sale Investments

The following table summarizes the Company’s available-for-sale investments (in thousands):

	June 30, 2017		
	Amortized Cost	Unrealized Loss	Fair Value
Government bonds and agency obligations	\$ 24,665	\$ (15)	\$ 24,650
Commercial paper	9,882	—	9,882
Certificates of deposit	6,838	—	6,838
Corporate bonds	7,998	(8)	7,990
Total available-for-sale investments	<u>\$ 49,383</u>	<u>\$ (23)</u>	<u>\$ 49,360</u>

12. Fair Value Measurements

The Company records certain financial assets and liabilities at fair value in accordance with the provisions of ASC Topic 820, *Fair Value Measurements and Disclosures*, on fair value measurements. As defined in the guidance, fair value, defined as an exit price, represents the amount that would be received to sell an asset or pay to transfer a liability in an orderly transaction between market participants. As a result, fair value is a market-based approach that should be determined based on assumptions that market participants would use in pricing an asset or a liability. As a basis for considering these assumptions, the guidance defines a three-tier value hierarchy that prioritizes the inputs used in the valuation methodologies in measuring fair value.

- Level 1—Unadjusted quoted prices in active, accessible markets for identical assets or liabilities.
- Level 2—Other inputs that are directly or indirectly observable in the marketplace.
- Level 3—Unobservable inputs that are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The Company's material financial instruments at June 30, 2017 and December 31, 2016 consisted primarily of cash and cash equivalents, short-term investments and long-term debt. The fair value of cash and cash equivalents, government bonds, other current assets and accounts payable approximate their respective carrying values due to the short term nature of these instruments and are classified as Level 1 in the fair hierarchy. The fair value of long-term debt approximates the carrying value due to variable interest rates that correspond to market rates. The Company has determined its short-term investments, comprised of certificates of deposit, corporate bonds, commercial paper and agency obligations, to be Level 2 in the fair value hierarchy. The fair value was determined using a market approach, based on prices and other relevant information generated by market transactions involving similar assets. The short-term investments consist of investments with original maturity dates from date of acquisition of 90 to 365 days and are classified as available-for-sale.

There were no significant transfers between Levels 1, 2 and 3 during the six months ended June 30, 2017 and the year ended December 31, 2016.

The following tables summarize the fair value of financial assets that are measured at fair value and the classification by level of input within the fair value hierarchy (in thousands):

	June 30, 2017			Recorded Value
	Level 1	Level 2	Level 3	
Financial Assets:				
Cash and money markets	\$ 8,185	\$ —	\$ —	\$ 8,185
Restricted cash money market	360	—	—	360
Government bonds	22,984	—	—	22,984
Agency obligations	—	6,160	—	6,160
Certificates of deposit	—	6,838	—	6,838
Corporate bonds	—	7,990	—	7,990
Commercial paper	—	13,878	—	13,878
Total financial assets	<u>\$ 31,529</u>	<u>\$ 34,866</u>	<u>\$ —</u>	<u>\$ 66,395</u>

December 31, 2016

	Level 1	Level 2	Level 3	Recorded Value
Financial Assets:				
Cash and money markets	\$ 29,928	\$ —	\$ —	\$ 29,928
Restricted cash money market	360	—	—	360
Government bonds	19,027	—	—	19,027
Certificates of deposit	—	6,579	—	6,579
Agency obligations	—	4,179	—	4,179
Corporate bonds	—	7,262	—	7,262
Commercial paper	—	16,656	—	16,656
Total financial assets	\$ 49,315	\$ 34,676	\$ —	\$ 83,991

13. Net Loss Per Share

Basic net loss per share is calculated by dividing the net loss by the weighted average number of shares of common stock outstanding for the period, without consideration of the dilutive effect of potential common stock equivalents. Diluted net loss per share gives effect to all dilutive potential shares of common stock outstanding during this period.

For all periods presented, the Company's potential common stock equivalents, which include convertible preferred stock, stock options, unvested restricted stock and stock purchase warrants, have been excluded from the computation of diluted net loss per share as their inclusion would have the effect of reducing the net loss per share. Therefore, the denominator used to calculate both basic and diluted net loss per share is the same in all periods presented.

The Company's potential common stock equivalents that have been excluded from the computation of diluted net loss per share for all periods presented because of their antidilutive effect consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Outstanding stock options	2,235,378	1,258,420	2,235,378	1,258,420
Stock purchase warrants	29,796	25,974	29,796	25,974
Unvested restricted stock	—	1,281	—	1,281
	<u>2,265,174</u>	<u>1,285,675</u>	<u>2,265,174</u>	<u>1,285,675</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Certain statements contained in this Quarterly Report on Form 10-Q may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words or phrases "would be," "will allow," "intends to," "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," or similar expressions, or the negative of such words or phrases, are intended to identify "forward-looking statements." We have based these forward-looking statements on our current expectations and projections about future events. Because such statements include risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to these differences include those below and elsewhere in this Quarterly Report on Form 10-Q, particularly in Part II – Item 1A, "Risk Factors," and our other filings with the Securities and Exchange Commission, or SEC. Statements made herein are as of the date of the filing of this Form 10-Q with the SEC and should not be relied upon as of any subsequent date. Unless otherwise required by applicable law, we do not undertake, and we specifically disclaim, any obligation to update any forward-looking statements to reflect occurrences, developments, unanticipated events or circumstances after the date of such statement.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited financial statements and related notes that appear in Item 1 of this Quarterly Report on Form 10-Q and with our audited financial statements and related notes for the year ended December 31, 2016 appearing in our Annual Report on Form 10-K filed with the SEC on March 16, 2017.

Overview

We are a late-stage clinical biopharmaceutical company developing first-in-class drug therapies to treat blinding diseases of the eye. Our current product candidates focus on treatments for diseases affecting the retina and choroid, especially diseases associated with macular edema, and are injected into the suprachoroidal space, or SCS, using our proprietary SCS Microinjector. With the suprachoroidal injection procedure, our product candidates are more directly administered to the retina and choroid as compared to other ocular drug administration techniques such as intravitreal injections. We believe treatment of eye disease via suprachoroidal injection may provide a number of benefits, including lower frequency of necessary administration and faster onset of therapeutic effect. We hold the exclusive rights to develop and commercialize drugs for treatment via injection into the SCS. Our most advanced product candidates are based on commonly used ophthalmic drugs, which we believe will allow us to more efficiently and predictably pursue the regulatory approval of these product candidates under Section 505(b)(2) of the Federal Food, Drug, and Cosmetic Act.

We are developing CLS-TA, our proprietary, preservative-free formulation of the corticosteroid triamcinolone acetonide, or TA, to be administered suprachoroidally for the treatment of patients with non-infectious uveitis. We have completed enrollment of 160 patients with macular edema associated with non-infectious uveitis in a pivotal Phase 3 clinical trial, which we refer to as PEACHTREE, and expect to report top-line data from this trial in the first quarter of 2018. We believe, based on our end-of-Phase 2 review with the Food and Drug Administration, or FDA, in May 2015, that only one Clearside-sponsored, pivotal Phase 3 clinical trial will be required to support the filing of a New Drug Application, or NDA, to the FDA.

We are also developing CLS-TA along with an anti-VEGF agent for the treatment of macular edema associated with retinal vein occlusion, or RVO, a sight-threatening disorder resulting from the blockage of a retinal vein. We are exploring whether suprachoroidal injection of CLS-TA together with an intravitreal injection of Eylea, an inhibitor of vascular endothelial growth factor, or VEGF, can provide improved visual acuity, reduced macular edema and reduced injection frequency, as compared to administration of intravitreal Eylea alone.

We have completed a Phase 2 clinical trial in 46 patients with macular edema associated with RVO. In this trial, 23 patients in the active arm initially received a concomitant suprachoroidal injection of CLS-TA and an intravitreal injection of Eylea and 23 patients in the control arm initially received only an intravitreal injection of Eylea. The objective of the trial was to determine whether patients receiving CLS-TA together with Eylea could sustain this improved visual acuity over the three months of the clinical trial while requiring fewer additional Eylea treatments than patients receiving intravitreal Eylea alone. Patients in each arm were evaluated at months one, two and three after the initial treatment using pre-specified criteria to determine if they continued to experience macular edema or reductions in visual acuity and therefore required additional Eylea treatments. The primary objective of the trial was met, with patients in the active arm requiring an aggregate of 60% fewer additional Eylea treatments than patients in the control arm over three months, a result that was statistically significant ($p=0.013$). In addition, 18 of the 23 patients, or 78%, in the active arm of the trial did not require additional treatments during the three-month trial compared to 7 of the 23 patients, or 30%, in the control arm, a result that was also statistically significant ($p=0.003$). In the same Phase 2 trial, patients in the active arm experienced greater improvement in visual acuity than those in the control arm, with patients in the active arm experiencing mean BCVA improvements at months one, two and three of 16, 20 and 19 letters, respectively, compared to improvements of 11, 12 and 11 letters, respectively, in the control arm at the same time points. Based on the results of this trial and after incorporating feedback from an end-of-Phase 2

meeting with the FDA held in late 2016, we initiated a Phase 3 clinical trial, which we refer to as SAPPHIRE, in the first quarter of 2017.

We have recently expanded our CLS-TA development programs to include another retinal vascular condition known as diabetic macular edema, or DME. In November 2016, we began enrolling patients with DME in an open-label, multi-center Phase 1/2 clinical trial, which we refer to as HULK, to obtain safety data, and to observe efficacy outcomes from administering a combination of intravitreal Eylea and suprachoroidal CLS-TA, as well as suprachoroidal CLS-TA alone, over a six-month evaluation period. We completed enrollment of this trial in April 2017 and expect to release preliminary results in the second half of 2017. We also commenced a Phase 2 clinical trial in DME, which we refer to as TYBEE, in the second quarter of 2017 to evaluate the safety and efficacy of administering a combination of intravitreal Eylea and suprachoroidal CLS-TA, as compared to intravitreal Eylea alone. We expect to report three-month preliminary data from this trial in the first half of 2018.

We are also conducting nonclinical studies of another product candidate for injection with our SCS Microinjector for the potential treatment of neovascular age-related macular degeneration, also known as wet AMD.

If any of our product candidates are approved, we plan to commercialize them with a specialty team of 30 to 40 sales and medical marketing professionals to target the approximately 1,700 retinal specialists in the United States, and we may also pursue collaborations with third parties to commercialize any of our drugs approved for marketing outside the United States.

We have incurred net losses since our inception in May 2011. Our operations to date have been primarily focused on undertaking nonclinical studies and conducting clinical trials of our most advanced product candidates. To date, we have not generated any revenue, other than license and collaboration revenue, and we have primarily financed our operations through public offerings and private placements of our equity securities, issuances of convertible promissory notes and loan agreements. As of June 30, 2017, we had an accumulated deficit of \$89.4 million. We recorded net losses of \$13.8 million and \$5.1 million for the three months ended June 30, 2017 and 2016, respectively, and \$24.1 million and \$10.6 million for the six months ended June 30, 2017 and 2016, respectively. We anticipate that a substantial portion of our capital resources and efforts in the foreseeable future will be focused on completing the necessary development for and obtaining regulatory approval and preparing for potential commercialization of our product candidates.

We expect to continue to incur significant and increasing operating losses at least for the next several years. We do not expect to generate product revenue unless and until we successfully complete necessary development for, and obtain regulatory approval for one or more of our product candidates. Our net losses may fluctuate significantly from quarter to quarter and year to year, depending on the timing of our clinical trials and our expenditures on other research and development activities. We anticipate that our expenses will increase as we:

- complete our ongoing PEACHTREE, SAPPHIRE, HULK and TYBEE clinical trials;
- initiate our planned future clinical trials, including our second Phase 3 clinical trial of CLS-TA with Eylea for the treatment of macular edema associated with RVO;
- seek to discover, research and develop additional product candidates;
- seek regulatory approvals for any product candidates that successfully complete clinical trials and other developmental efforts necessary to seek such approvals;
- establish sales, marketing and distribution infrastructure and scale up external manufacturing capabilities to commercialize any product candidates for which we may obtain regulatory approval;
- maintain, expand and protect our intellectual property portfolio;
- hire additional non-clinical and clinical, manufacturing, medical and scientific personnel;
- add operational, financial and management information systems and personnel, including personnel to support our development and potential future commercialization efforts; and
- operate as a public company.

Components of Operating Results

Revenue

We have not generated any revenue from the sale of any drugs, and we do not expect to generate any revenue unless or until we obtain regulatory approval of and commercialize our product candidates. The only revenue we have derived, consisting primarily of \$0.5 million in the first quarter of 2016, has been from up-front payments in connection with out-licensing our proprietary microinjection technology for SCS drug administration to third-party strategic collaborators. In 2014, we executed a license agreement

with NovaMedica LLC, or NovaMedica, and in 2015, we executed a license agreement with Spark Therapeutics, Inc., or Spark. In connection with these agreements, we received up-front payments of \$200,000 from NovaMedica and \$500,000 from Spark. We deferred recognizing these payments through 2015. In the first quarter of 2016, we began recognizing revenue related to the NovaMedica payment and we recognized the entire payment from Spark. In the second quarter of 2017, we entered into additional collaboration agreements to evaluate the potential use of our proprietary SCS microinjector with third-party product candidates for the treatment of various diseases. We recognized \$125,000 in collaboration revenue during the three and six months ended June 30, 2017.

Research and Development

Since our inception, we have focused on our development programs. Research and development expenses consist primarily of costs incurred for the research and development of our nonclinical and clinical product candidates, which include:

- employee-related expenses, including salaries, benefits, travel and share-based compensation expense for research and development personnel;
- expenses incurred under agreements with contract research organizations, or CROs, as well as contract manufacturing organizations and consultants that conduct clinical trials and nonclinical studies;
- costs associated with nonclinical activities and development activities;
- costs associated with technology and intellectual property licenses;
- costs for our research and development facility; and
- depreciation expense for assets used in research and development activities.

We expense research and development costs to operations as incurred. The costs for some of our development activities, such as clinical trials, are recognized based on the terms of underlying agreements, as well as an evaluation of the progress to completion of specific tasks using data such as patient enrollment, clinical site activations and additional information provided to us by our vendors about their actual costs occurred.

Expenses related to activities, such as manufacturing and stability and toxicology studies, that are supportive of a product candidate itself, are classified as direct non-clinical costs. Expenses related to clinical trials and similar activities, including costs associated with CROs, are classified as direct clinical costs. Expenses related to activities that support more than one development program or activity, such as salaries, share-based compensation and depreciation, are not classified as direct clinical costs or non-clinical costs and are separately classified as unallocated.

For the three and six months ended June 30, 2017, substantially all of our research and development expenses were related to the non-clinical and clinical development of our product candidates.

The following table shows our research and development expenses by program for the three and six months ended June 30, 2017 and 2016 (in thousands).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
CLS-TA (uveitis program)	\$ 2,623	\$ 2,182	\$ 6,203	\$ 3,819
CLS-TA (RVO program)	5,764	541	7,699	1,418
CLS-TA (DME program)	805	—	945	—
Wet AMD program	—	467	247	1,609
Total	9,192	3,190	15,094	6,846
Unallocated	2,286	1,023	3,974	1,956
Total research and development expense	\$ 11,478	\$ 4,213	\$ 19,068	\$ 8,802

Our expenses related to clinical trials are based on estimates of patient enrollment and related expenses at clinical investigator sites as well as estimates for the services received and efforts expended under contracts with research institutions, consultants and CROs that conduct and manage clinical trials on our behalf. We generally accrue expenses related to clinical trials based on contracted amounts applied to the level of patient enrollment and activity according to the protocol. If future timelines or contracts are modified based upon changes in the clinical trial protocol or scope of work to be performed, we would modify our estimates of accrued expenses accordingly on a prospective basis. Historically, any such modifications have not been material.

Research and development activities are central to our business model. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We expect our research and development expenses to increase over the next several years as we progress our product candidates through clinical development. However, it is difficult to determine with certainty the duration and completion costs of our current or future nonclinical programs and clinical trials of our product candidates, or if, when or to what extent we will generate revenues from the commercialization and sale of any of our product candidates that obtain regulatory approval. We may never succeed in achieving regulatory approval for any of our product candidates.

The duration, costs and timing of clinical trials and development of our product candidates will depend on a variety of factors that include, but are not limited to, the following:

- the costs associated with process development, scale-up and manufacturing of CLS-TA and the microinjector for clinical trials and for requirements associated with regulatory filings associated with approval;
- the number of trials required for approval and any requirement for extension trials;
- per patient trial costs;
- the number of patients that participate in the trials;
- the number of sites included in the trials;
- the countries in which the trials are conducted;
- the length of time required to enroll eligible patients;
- the number of doses that patients receive;
- the drop-out or discontinuation rates of patients;
- potential additional safety monitoring or other studies requested by regulatory agencies;
- the duration of patient follow-up; and
- the efficacy and safety profiles of the product candidates.

In addition, the probability of success for each product candidate will depend on numerous factors, including competition, manufacturing capability and commercial viability. We will determine which programs to pursue and how much to fund each program in response to the scientific and clinical success of each product candidate, as well as an assessment of each product candidate's commercial potential.

General and Administrative

General and administrative expenses consist primarily of salaries and other related costs, including share-based compensation, for personnel in executive, finance and administrative functions. General and administrative costs include facility related costs not otherwise included in research and development expenses, professional fees for legal, patent, consulting, and accounting and audit services.

We anticipate that our general and administrative expenses will increase in the future to support our continued research and development activities, potential commercialization of our product candidates and increased costs of operating as a public company. These increases will likely include increased costs related to the hiring of additional personnel and fees to outside consultants, lawyers and accountants, among other expenses. Additionally, we anticipate increased costs associated with being a public company including expenses related to services associated with maintaining compliance with NASDAQ listing rules and SEC requirements, director and officer insurance, and investor and public relations costs.

Other Income (Expense)

Other income consists of interest income earned on our cash and cash equivalents and short-term investments. Interest income is not considered significant to our financial statements, but we expect our interest income to increase as we invest the net proceeds from our initial public offering and follow-on public offering pending their use in operations.

Other expense primarily consists of interest accrued under the loan agreements and in 2016, changes in the value of the stock purchase warrant liability, described in the footnotes to our financial statements.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP. The preparation of these financial statements requires us to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the dates of the balance sheets and the reported amounts of expenses during the reporting periods. In accordance with U.S GAAP, we evaluate our estimates and judgments on an ongoing basis. Significant estimates include assumptions used in the determination of share-based compensation and some of our research and development expenses. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We define our critical accounting policies as those accounting principles generally accepted in the United States of America that require us to make subjective estimates and judgments about matters that are uncertain and are likely to have a material impact on our financial condition and results of operations, as well as the specific manner in which we apply those principles. During the six months ended June 30, 2017, there were no significant changes to our critical accounting policies disclosed in our audited financial statements for the year ended December 31, 2016, which are included in our Annual Report on Form 10-K, as filed with the SEC on March 16, 2017.

Results of Operations for the Three Months Ended June 30, 2017 and 2016

The following table sets forth our results of operations for the three months ended June 30, 2017 and 2016.

	Three Months Ended June 30,		Period-to-Period Change
	2017	2016	
	(in thousands)		
License and collaboration revenue	\$ 130	\$ 5	\$ 125
Operating expenses:			
Research and development	11,478	4,213	7,265
General and administrative	2,290	970	1,320
Total operating expenses	13,768	5,183	8,585
Loss from operations	(13,638)	(5,178)	(8,460)
Other (expense) income, net	(135)	76	(211)
Net loss	\$ (13,773)	\$ (5,102)	\$ (8,671)

Revenue. In each of the three months ended June 30, 2017 and 2016, we recognized \$5,000 of revenue associated with our agreement with NovaMedica. In the three months ended June 30, 2017, we also recognized \$125,000 of revenue associated with our other collaboration agreements.

Research and development. Research and development expense increased by \$7.3 million, from \$4.2 million for the three months ended June 30, 2016 to \$11.5 million for the three months ended June 30, 2017. This was primarily attributable to a \$6.6 million increase in costs related to our ongoing PEACHTREE and SAPPHIRE clinical trials, and the initiation of our TYBEE clinical trial, as well as a \$0.8 million increase in other research and development activities and a \$0.6 million increase in employee-related costs. These increases were partially offset by a \$0.6 million decrease resulting from the completion in 2016 of the Phase 2 clinical trials for CLS-TA and a \$0.5 million decrease in costs resulting from the discontinuation of axitinib nonclinical development as part of our wet AMD program in the first quarter of 2017.

General and administrative. General and administrative expenses increased by \$1.3 million, from \$1.0 million for the three months ended June 30, 2016 to \$2.3 million for the three months ended June 30, 2017. The increase was primarily attributable to an increase of \$0.6 million of employee-related costs, a \$0.2 million increase for marketing expenses and a \$0.5 million increase related to the costs of operating as a public company, including an increase in director and officer insurance premiums, professional fees and non-employee director compensation in the three months ended June 30, 2017 as compared to the same period in the prior year.

Other (expense) income, net. Other expense, net for the three months ended June 30, 2017 was \$135,000, primarily consisting of interest on long-term debt, the amortization of financing costs, the accretion of warrants and the final payment related to the loan agreements, partially offset by interest income from our short-term investments. Other income, net for the three months ended June 30, 2016 was \$76,000, primarily the result of a decrease in the mark-to-market warrant liability.

Results of Operations for the Six Months Ended June 30, 2017 and 2016

The following table sets forth our results of operations for the six months ended June 30, 2017 and 2016.

	Six Months Ended June 30,		Period-to-Period Change
	2017	2016	
	(in thousands)		
License and collaboration revenue	\$ 135	\$ 510	\$ (375)
Operating expenses:			
Research and development	19,068	8,802	10,266
General and administrative	4,961	2,243	2,718
Total operating expenses	24,029	11,045	12,984
Loss from operations	(23,894)	(10,535)	(13,359)
Other expense, net	(252)	(16)	(236)
Net loss	\$ (24,146)	\$ (10,551)	\$ (13,595)

Revenue. In each of the six months ended June 30, 2017 and 2016, we recognized \$10,000 of revenue associated with our agreement with NovaMedica. In the six months ended June 30, 2017, we also recognized \$125,000 of revenue associated with our other collaboration agreements. In the six months ended June 30, 2016, we also recognized \$0.5 million of revenue associated with our license and collaboration agreement with Spark.

Research and development. Research and development expense increased by \$10.3 million, from \$8.8 million for the six months ended June 30, 2016 to \$19.1 million for the six months ended June 30, 2017. This was primarily attributable to a \$10.2 million increase in costs related to our ongoing PEACHTREE and SAPPHIRE clinical trials and the initiation of our TYBEE clinical trial, as well as a \$0.9 million increase in the cost of producing drug product for the registration batches to support an NDA filing, a \$0.8 million increase in other research and development activities, and a \$1.1 million increase in employee-related costs. These increases were partially offset by a \$1.9 million decrease resulting from the completion in 2016 of the Phase 2 clinical trials for CLS-TA and a \$1.4 million decrease in costs resulting from the discontinuation of axitinib nonclinical development as part of our wet AMD program in the first quarter of 2017.

General and administrative. General and administrative expenses increased by \$2.7 million, from \$2.2 million for the six months ended June 30, 2016 to \$5.0 million for the six months ended June 30, 2017. The increase was primarily attributable to an increase of \$1.1 million of employee-related costs, a \$0.2 million increase in patent and trademark costs, a \$0.3 million increase for marketing expenses and a \$0.9 million increase related to the costs of operating as a public company, including an increase in director and officer insurance premiums, professional fees and non-employee director compensation in the six months ended June 30, 2017 as compared to the same period in the prior year.

Other expense, net. Other expense, net for the six months ended June 30, 2017 was \$252,000, compared to \$16,000 for the six months ended June 30, 2016, in each case primarily consisting of interest on long-term debt, the amortization of financing costs, the accretion of warrants and the final payment related to the loan agreements, partially offset by interest income from our short-term investments.

Liquidity and Capital Resources

Sources of Liquidity

We have funded our operations primarily through the proceeds of our public offerings of common stock, sale of convertible preferred stock and the issuance of long-term debt. As of June 30 2017, we had cash, cash equivalents and short-term investments of \$66.0 million. We invest any cash in excess of our immediate requirements primarily with a view to liquidity and capital preservation. As of June 30, 2017, our funds were held in cash, money market funds, certificates of deposit, commercial paper, corporate bonds and government bonds and agency obligations.

On June 30, 2017, we entered into an at-the-market sales agreement with Cowen and Company LLC, or Cowen, under which we may offer and sell, from time to time at our sole discretion, shares of our common stock having an aggregate offering price of up to \$50.0 million through Cowen acting as our sales agent. As of the date of this report, we have not yet sold any shares of our common stock under the at-the-market facility.

On September 28, 2016, we entered into an amended and restated loan and security agreement, or the Loan Agreement, with Silicon Valley Bank, or SVB, and entities affiliated with MidCap Financial Services, which we refer to collectively with SVB as the Lenders. The Loan Agreement amended and restated in its entirety our prior loan and security agreement with SVB. The Loan Agreement provides for new term loans of up to \$15.0 million, with a floating interest rate equal to 7% plus the greater of (i) the 30-day U.S. LIBOR, reported in the Wall Street Journal on the last business day of the month that immediately precedes the month in which the interest will accrue, or (ii) 0.50%. We borrowed an initial tranche of \$8.0 million on September 28, 2016, of which \$5.3 million was used to repay all amounts outstanding under our prior loan agreement with SVB. The remaining \$7.0 million will become available beginning on the later of (i) September 30, 2017 and (ii) the date on which the Lenders have received evidence, in form and substance reasonably satisfactory to them, that we have produced clinical trial data sufficient to file an NDA for CLS-TA for the treatment of macular edema associated with non-infectious uveitis. Once the draw period for the remaining \$7.0 million has commenced, we may draw funds at our discretion until the earlier of (i) December 31, 2017 and (ii) the occurrence of an event of default under the Loan Agreement. We are required to pay accrued interest only through December 31, 2017 on the outstanding amount, followed by 30 equal payments of principal and accrued interest. We have the option to prepay the outstanding balance of the term loans in full, subject to a prepayment fee of (i) 3% of the original principal amount of the aggregate term loans for any prepayment prior to September 28, 2017 or (ii) 2% of the original principal amount of the aggregate term loans for any prepayment between September 28, 2017 and May 31, 2020. A final payment of \$0.5 million, or 6.50% of the aggregate borrowed amount, is due at maturity of loan on June 1, 2020, or upon the prepayment of the facility or the acceleration of amounts due under the facility as a result of an event of default.

The term loans under the Loan Agreement are secured by substantially all of our assets, except that the collateral does not include any of our intellectual property. However, pursuant to the terms of a negative pledge arrangement, we have agreed not to encumber any of our intellectual property.

In connection with the Loan Agreement, we issued warrants to the Lenders to purchase up to 29,796 shares of common stock at a price per share of \$10.74. The warrants expire in September 2026, or earlier upon the occurrence of specified mergers or acquisitions of our company, and are immediately exercisable.

In connection with the prior loan agreement, we issued a warrant to SVB to purchase 25,974 shares of our convertible preferred stock at an exercise price of \$7.70 per share. These warrants were net exercised in October 2016.

Funding Requirements

Our primary uses of capital are, and we expect will continue to be, compensation and related expenses, third-party clinical research and development services, laboratory and related supplies, clinical costs, legal and other regulatory expenses and general overhead costs.

The successful development of our product candidates is highly uncertain. As such, at this time, we cannot reasonably estimate or know the nature, timing and estimated costs of the efforts that will be necessary to complete the remainder of the development of CLS-TA or any future product candidates, although we will require additional funding to complete our Phase 3 clinical program for CLS-TA as a potential treatment, together with intravitreal Eylea, for RVO. We are also unable to predict when, if ever, material net cash inflows will commence from product sales. This is due to the numerous risks and uncertainties associated with developing drugs, including the uncertainty of:

- successful enrollment in, and completion of clinical trials;

- receipt of marketing approvals from applicable regulatory authorities;
- establishing commercial manufacturing capabilities or making arrangements with third-party manufacturers;
- obtaining and maintaining patent and trade secret protection and regulatory exclusivity for our product candidates; and
- launching commercial sales of the products, if and when approved, whether alone or in collaboration with others.

A change in the outcome of any of these variables with respect to the development of any of our product candidates would significantly change the costs and timing associated with the development of that candidate.

Until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of equity offerings, debt financings and potential collaboration, license and development agreements. We do not currently have any committed external source of funds other than under the Loan Agreement. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a common stockholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends.

If we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may be required to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or to grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our drug development or future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

We will also incur costs as a public company that we have not previously incurred or have previously incurred at lower rates, including but not limited to, increased costs and expenses for fees to members of our board of directors, increased personnel costs, increased directors and officers insurance premiums, audit and legal fees, investor relations fees and expenses for compliance with reporting requirements under the Exchange Act and rules implemented by the SEC and NASDAQ.

Outlook

Based on our research and development plans and our timing expectations related to the progress of our programs, we expect that our existing cash, cash equivalents and short-term investments will enable us to fund our operating expenses and capital expenditure requirements into the fourth quarter of 2018.

Cash Flows

The following is a summary of the net cash flows provided by (used in) our operating, investing and financing activities (in thousands):

	Six Months Ended	
	June 30,	
	2017	2016
Net cash (used in) provided by:		
Operating activities	\$ (22,529)	\$ (9,879)
Investing activities	(912)	—
Financing activities	5,292	44,875
Net change in cash and cash equivalents	\$ (18,149)	\$ 34,996

During the six months ended June 30, 2017 and 2016, our operating activities used net cash of \$22.5 million and \$9.9 million, respectively. The use of cash in each period primarily resulted from our net losses. The increase in net loss for the six months ended June 30, 2017 as compared to the six months ended June 30, 2016 was primarily attributable to higher research and development expenses for our PEACHTREE and SAPPHIRE clinical trials and the initiation of our TYBEE clinical trial.

During the six months ended June 30, 2017, our net cash used by investing activities was \$0.9 million. This was the result of purchases and maturities of short-term, available-for-sale investments including certificates of deposit, commercial paper, corporate bonds and government bonds and agency obligations. During the six months ended June 30, 2016, we did not engage in any investing activities.

During the six months ended June 30, 2017 and 2016, our net cash provided by financing activities was \$5.3 million and \$44.9 million, respectively. The net cash provided by financing for the six months ended June 30, 2017 was primarily comprised of the net proceeds received from the underwriters' exercise of their option to purchase additional shares as part of our public offering of common stock that initially closed in December 2016. During the six months ended June 30, 2016, our net cash provided by financing activities was primarily comprised of net proceeds from our initial closing of our initial public offering, partially offset by \$0.4 million in payments of long-term debt.

Contractual Obligations

As of June 30, 2017, there were no significant changes to our contractual obligations from those presented as of December 31, 2016 in our Annual Report on Form 10-K.

We have no material non-cancelable purchase commitments with contract manufactures or service providers, as we have generally contracted on a cancelable purchase order basis.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined under SEC rules.

Recent Accounting Pronouncements

See Item 1, "Financial Statements – Note 2, Significant Accounting Policies" for a discussion of recent accounting pronouncements and their effect on us.

JOBS Act

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. Section 107(b) of the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period, and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The market risk inherent in our financial instruments and in our financial position represents the potential loss arising from adverse changes in interest rates. As of June 30, 2017 and December 31, 2016, we had cash and cash equivalents of \$16.7 million and \$34.8 million, respectively. We generally hold our cash in interest-bearing money market accounts. As of June 30, 2017 and December 31, 2016, we had short-term investments of \$49.4 million and \$48.8 million, respectively. The short-term investments include certificates of deposit, commercial paper, corporate bonds and government bonds and agency obligations. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates. Due to the short-term maturities of our cash equivalents and short-term investments and the low risk profile of our investments, an immediate 100 basis point change in interest rates would not have a material effect on the fair market value of our cash equivalents and short-term investments.

We do not engage in any hedging activities against changes in interest rates. Our outstanding debt instruments carry a floating interest rate that is 7.0% plus the greater of (i) the 30-day U.S. LIBOR, reported in the Wall Street Journal on the last business day of the month that immediately precedes the month in which the interest will accrue, or (ii) 0.50%. We estimate that a one percentage point increase in the prime rate would have resulted in a \$40,000 and \$80,000 increase in interest expense for the six months ended June 30, 2017 and the year ended December 31, 2016, respectively.

We do not have any foreign currency or other derivative financial instruments.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), refers to controls and procedures that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without

limitation, controls and procedures designed to ensure that such information is accumulated and communicated to a company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

In designing and evaluating our disclosure controls and procedures, management recognizes that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a control system, misstatements due to error or fraud may occur and not be detected.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report at the reasonable assurance level.

Changes in Internal Controls over Financial Reporting

There has been no change in our internal control over financial reporting during the six months ended June 30, 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 1. Legal Proceedings

From time to time, we may be subject to litigation and claims arising in the ordinary course of business. We are not currently a party to any material legal proceedings and we are not aware of any pending or threatened legal proceeding against us that we believe could have a material adverse effect on our business, operating results, cash flows or financial condition.

Item 1A. Risk Factors

Our business is subject to risks and events that, if they occur, could adversely affect our financial condition and results of operations and the trading price of our securities. In addition to the other information set forth in this quarterly report on Form 10-Q, you should carefully consider the factors described in “Part I, Item 1A. Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, filed with the Securities and Exchange Commission on March 16, 2017. There have been no material changes to the risk factors described in that report

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds*(a) Sales of Unregistered Securities*

None.

(b) Use of IPO Proceeds

On June 1, 2016, our registration statement on Form S-1, as amended (File No 333-208916) was declared effective by the SEC in connection with our initial public offering, or IPO, pursuant to which we sold 8,148,843 shares of common stock, \$0.001 par value per share at a public offering price of \$7.00 per share, including the partial exercise by the underwriters of their option to purchase additional shares.

We received net proceeds of \$51.4 million, after deducting underwriting discounts and commissions and offering expenses borne by us. None of the expenses incurred by us were direct or indirect payments to any of (i) our directors or officers or their associates, (ii) persons owning 10 percent or more of our common stock, or (iii) our affiliates. The joint managing underwriters of the IPO were Cowen and Company, LLC and Stifel, Nicolaus & Company, Incorporated.

There has been no material change in the planned use of proceeds from our IPO from that described in the final prospectus related to the offering, dated June 1, 2016, as filed with the SEC, except that we no longer expect to use the proceeds from our IPO to prepare an IND and complete a Phase 1/2 clinical trial for our wet AMD program.

Item 6. Exhibits

<u>Exhibit No.</u>	<u>Description</u>
3.1	Amended and Restated Certificate of Incorporation (incorporated herein by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-37783) filed with the SEC on June 7, 2016).
3.2	Amended and Restated Bylaws (incorporated herein by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K (File No. 001-37783) filed with the SEC on June 7, 2016).
10.1	Sales Agreement, dated June 30, 2017, by and between the Registrant and Cowen and Company, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-37783), filed with the SEC on July 3, 2017).
31.1*	Certification of Principal Executive Officer under Section 302 of the Sarbanes-Oxley Act.
31.2*	Certification of Principal Financial Officer under Section 302 of the Sarbanes-Oxley Act.
32.1**	Certifications of Principal Executive Officer and Principal Financial Officer under Section 906 of the Sarbanes-Oxley Act.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

** These certifications are being furnished solely to accompany this quarterly report pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

EXHIBIT INDEX

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101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

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**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Daniel H. White, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2017 of Clearside Biomedical, Inc. (the “registrant”);
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)) 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) 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
 - (c) 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.

Date: August 11, 2017

/s/ Daniel H. White

Daniel H. White
President and Chief Executive Officer
(principal executive officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Charles A. Deignan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2017 of Clearside Biomedical, Inc. (the “registrant”);
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)) 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) 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
 - (c) 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.

Date: August 11, 2017

/s/ Charles A. Deignan

Charles A. Deignan
Chief Financial Officer
(principal financial officer)

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

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Daniel H. White, President and Chief Executive Officer of Clearside Biomedical, Inc. (the “Company”), and Charles A. Deignan, Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the period ended June 30, 2017, to which this Certification is attached as Exhibit 32.1 (the “Periodic Report”), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned have set their hands hereto as of the 11th day of August, 2017.

/s/ Daniel H. White

Daniel H. White
President and Chief Executive Officer
(principal executive officer)

/s/ Charles A. Deignan

Charles A. Deignan
Chief Financial Officer
(principal financial officer)

- * This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.