Arcutis Biotherapeutics (Q4 2025 Earnings)

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Corporate Speakers:

- Brian Schoelkopf; Arcutis Biotherapeutics; Head of Investor Relations
- Frank Watanabe; Arcutis Biotherapeutics; President, Chief Executive Officer
- Todd Edwards; Arcutis Biotherapeutics; Chief Commercial Officer
- Patrick Burnett; Arcutis Biotherapeutics; Chief Medical Officer
- Latha Vairavan; Arcutis Biotherapeutics; Chief Financial Officer

Participants:

- Seamus Fernandez; Guggenheim; Analyst
- Eoin O'Connor; TD Cowen; Analyst
- Judah Frommer; MS; Analyst
- Uy Ear; Mizuho; Analyst
- Unidentified Participant; Jefferies; Analyst
- Serge Belanger; Needham; Analyst
- Rich Law; GS; Analyst
- Douglas Tsao; HC Wainwright; Analyst

PRESENTATION

Operator^ Ladies and gentlemen, thank you for standing by. Welcome to the Arcutis Biotherapeutics, Inc. Fourth Quarter Fiscal Year 2025 Earnings Conference Call. (Operator Instructions)

Please be advised that today's conference is being recorded.

I would like now to turn the conference over to Brian Schoelkopf, Head of Investor Relations.

Please go ahead.

Brian Schoelkopf^ Thank you, [Michelle]. Good afternoon everyone. And thank you for joining us today to review our fourth quarter and full year 2025 financial results and business update.

Slides for today's call are available on the Investors section of the Arcutis' website.

Joining me on the call today are Frank Watanabe, President and CEO of Arcutis; Todd Edwards, Chief Commercial Officer; Patrick Burnett, Chief Medical Officer; and Latha Vairavan, Chief Financial Officer.

I'd like to remind everyone that we will be making forward-looking statements during this call.

These statements are subject to certain risks and uncertainties.

And our actual results may differ.

We encourage you to review all of the company's filings with the Securities and Exchange Commission including descriptions of our business and risk factors.

With that, let me hand it over to Frank to begin today's call.

Frank Watanabe^ Thanks, Brian. And thanks everyone, for joining us today.

I want to start out today's call by reviewing some key highlights and achievements from 2025, a year that was characterized by tremendous growth and progress for Arcutis as we pursue our mission of serving individuals living with chronic inflammatory skin conditions.

We'll then transition to Todd for a commercial update and then Patrick for an R&D update and Latha for a review of our financial results.

So in 2025, we made significant strides to solidify Arcutis' position as one of the industry's foremost leaders in delivering meaningful innovation in medical dermatology. Throughout the year, we saw robust net product sales revenue growth, steady prescription growth and a strong market share growth across all of our approved indications and formulations of ZORYVE, or topical roflumilast.

We are incredibly humbled by the increasing number of healthcare practitioners and patients who are placing their trust in ZORYVE as an innovative, safe and effective treatment option for chronic inflammatory skin conditions, an important and welcome alternative to topical steroids.

In 2025, we saw explosive revenue growth for ZORYVE, strengthening its position as the number1 branded nonsteroidal topical treatment across all of our approved indications, psoriasis, seborrheic dermatitis and atopic dermatitis.

There hasn't previously been a drug for chronic inflammatory conditions with a profile or the reach of ZORYVE, an advanced topical -- targeted topical that can be used safely and effectively for any duration, anywhere in the body, across multiple indications and age groups. This unique profile of ZORYVE -- and at a moment in time when there's increasing calls by both providers and patients for innovative safe alternatives to topical steroids, has really fueled ZORYVE's robust commercial growth and success.

So in 2025, net product revenues grew to $372 million, representing a 123% year-on-year increase versus 2024. This revenue growth was driven by year-on-year doubling in total prescription volume and has been further -- and has further cemented our leadership

position in the branded nonsteroidal topical segment, where we now hold roughly 45% and a growing share of prescription volume across our approved indications.

ZORYVE's commercial growth in 2025 was bolstered by FDA approvals of ZORYVE foam 0.3% for patients with psoriasis of the scalp and body, 12 years of age and older as well as the approval of ZORYVE cream 0.05% for the treatment of atopic dermatitis in children ages, two to five years of age. These approvals which mark our fifth and sixth ZORYVE approvals, respectively, demonstrate our commitment to ensuring that we can bring the benefits of ZORYVE to as broad a group of patients with psoriasis, seb derm and AD as possible.

The approval of ZORYVE foam's expanded indication offered an important new option for individuals who struggle with psoriasis of the scalp and other sensitive areas. These patients now have a formulation that can be used anywhere in their body, affording them a new level of convenience to manage their chronic skin condition. And we're particularly proud of the approval of ZORYVE cream 0.05% in young children with AD, given the frequent early onset of this disease and the meaningful number of patients in this age group.

For far too long, there has been a significant unmet need, and we are proud now to be in a position to address it with ZORYVE.

In 2025, we also submitted a supplemental NDA for ZORYVE cream 0.3% for psoriasis in children ages two to five with a target action date of June 29 of this year. And if approved, this will mark another critical step in serving the unmet needs of this pediatric demographic and their parents and caregivers.

On the clinical development front, in 2025, we completed enrollment in the Phase II INTEGUMENT-INFANT trial, evaluating ZORYVE cream 0.05% in infants ages three to 24 months with atopic dermatitis. And earlier this month, we were delighted to report positive top line results from that study which Patrick will review later on the call. And we're now preparing to submit this data to the FDA for a further label expansion. This is another important milestone as we work diligently to ensure that we can serve this youngest and most vulnerable population who have nearly no FDA-approved treatment options.

In 2025, we also initiated Phase II proof-of-concept studies with ZORYVE foam 0.3% in vitiligo and hidradenitis suppurativa, or HS, marking an important step as we explore potential new indications that would enable us to expand the benefits of ZORYVE to additional individuals in need of effective treatment options and further maximize the pipeline in a molecule opportunity that ZORYVE represents.

Finally, last year, we submitted an IND application for ARQ-234, our novel biologic with best-in-class potential to address a large unmet need in atopic dermatitis as we look to expand our pipeline and extend our mission to deliver meaningful innovation to patients with chronic inflammatory skin conditions.

In short, we have had a tremendous year of progress, and we are confident that these accomplishments have set the stage for a successful 2026 and well beyond. None of this, of course would be possible without the incredible talent, hard work and persistence of the Arcutis team.

So I'd like to take a moment to acknowledge and thank each and every one of our team members for their deep and continued dedication to our company's mission and above all, to the patients that we serve.

Moving to Slide 6. To frame the rest of today's discussion, I'd like to recap the 3-pillar corporate strategy that we introduced a few months ago to describe how we will sustain both near- and long-term growth for Arcutis.

We have already made progress across all three of these pillars.

On the growth front, I just mentioned the compelling data from the INTEGUMENT-INFANT trial and our plans to pursue a label expansion based on that data. And as you'll hear more from Todd in just a minute, we've recently announced an expansion of our dermatology specialty sales force to drive further ZORYVE growth as well as our decision to take over promotion of ZORYVE to primary care physicians and pediatricians.

In terms of the expand pillar, as Patrick will expound on shortly, we continue to progress our Phase II POCs in HS and vitiligo and look forward to sharing data from these trials later this year or early next, and we are evaluating additional POC studies for other diseases.

Finally, we look forward to enrolling the first patients in the Phase I study of ARQ-234 shortly and eventually sharing data from that study with the investment community.

These concrete steps in realizing our strategy are evidence of our dedicated and disciplined strategic approach to ensuring Arcutis is well positioned for both the near- and long-term success.

Before turning the call over to Todd and Latha to review our fourth quarter results in more detail, I want to give an update on some key points about the revenue guidance that we gave during our Investor Day in November of last year.

First, we are raising our 2026 full year net product revenue guidance range from originally the $455 million to $470 million to now $480 million to $495 million to reflect both the strong momentum for ZORYVE as demonstrated by our fourth quarter results and also the investments that we continue to make in the franchise that the team will detail further today.

We will evaluate our revenue guidance throughout the year and may update that when appropriate.

Second, not only did we achieve positive cash flow in Q4 as promised, but we are reaffirming that we will maintain positive cash flow on a quarterly basis throughout 2026 even as we continue to increase our investment in ZORYVE's growth in our pipeline.

And with that, I'll hand the call over to Todd for a Q4 commercial update.

Todd Edwards^ Thank you, Frank. And good afternoon, everyone. Turning to Slide 8.

As Frank noted, the strong momentum of ZORYVE's growth continued in the final quarter of 2025, where we generated sustained revenue growth driven by the increased adoption of ZORYVE across our approved indications.

In the fourth quarter, net product revenues were $127.5 million. This reflects 84% year-over-year growth and 29% sequential growth from the third quarter of 2025.

This sequential revenue growth was primarily fueled by sustained increases in prescription volume of 19%. This reflects the increasing confidence clinicians and patients have in ZORYVE as a trusted treatment across a broad spectrum of inflammatory diseases. And while still in the early days of launch, we are encouraged by the initial uptake of ZORYVE cream 0.05%, the treatment of atopic dermatitis in children aged two to five years old following the approval in the fourth quarter of 2025.

There was also a very small contribution from a channel inventory build during the period, accounting for approximately 2%, or $2.5 million of revenue in the fourth quarter which we anticipate will unwind in Q1.

We also saw stronger-than-anticipated price improvement in the fourth quarter, driven by a continued reduction of co-pay card utilization as more patients met their deductibles and out-of-pocket maximums, contributing to the remainder of our quarter-over-quarter growth.

Our gross to net remains stable in the 50s, and we anticipate it will remain in the same range in 2026. Unlike some of our competitors in the branded topical space, we did not see any gross to net erosion last year, and we do not anticipate any significant gross to net erosion as we progress through 2026.

We do anticipate a typical reduction in net product revenues in the first quarter of 2026 as compared to the fourth quarter of 2025. The sequential decrease in sales will primarily be driven by typical seasonality resulting from patient deductible resets leading to higher co-pay usage. This will lead to an increase in our gross to net rate to the high 50s in the first quarter which will then gradually improve throughout the year and end with the lowest gross to net in the fourth quarter as we experienced in 2025.

Additionally, we did see demand across a couple of weeks in January, was impacted by winter storm burn, as expected from a storm of this magnitude. These factors in aggregate will lead to a more pronounced step down in quarter-on-quarter total product revenue Q4 versus Q1 than we experienced in 2025 when we saw increased quarter-on-quarter demand driven by our launch in AD that offset the typical seasonal headwinds. This is only a Q1 dynamic.

As you heard from Frank earlier, our conviction in ZORYVE's continued growth and momentum in 2026 is strong and increasing, giving us the confidence to raise our guidance range at this early point in the year.

As you can see from Slide 9, weekly prescriptions on a rolling 4-week average were approximately 22,000 scripts, another record high for the ZORYVE franchise.

Over the next year, we anticipate robust and sustained demand from the primary driver of ZORYVE's revenue expansion. The factor that will contribute to the sustained volume growth in 2026 is the recent market access improvements that we have made with multiple national PBMs and health plans.

On the commercial side, several plans improved ZORYVE's access by expanding coverage and improving utilization management criteria to a single step to a topical steroid. Furthermore, we were successful in obtaining coverage with several Medicare Part D plans effective January 1, with roughly a third of all Medicare Part D recipients now having access to ZORYVE to their insurance plan. This makes ZORYVE the only branded nonsteroidal topical included on these Medicare formularies and helps us open the door to access for patients served by Medicare. This has been a key objective for Arcutis from day 1, and these formulary wins are clear validation of our differentiated pricing and access strategy.

Because Medicare formularies favor generic therapeutics such as topical corticosteroids, ZORYVE has been assigned to the non-preferred drug tier which is associated with higher co-pays or co-insurance costs and preferred tier drugs.

While we're delighted to expand access to ZORYVE because of this achievement, we anticipate that the impact of demand may be tempered due to ZORYVE's non-preferred position.

Turning to Slide 10.

Our sustained momentum in Q4 and throughout 2025 highlights ZORYVE's exceptional utility. The growing confidence in our brand among both clinicians and patients and the broader shift in the treatment of inflammatory skin diseases away from topical corticosteroids. The three charts on this slide demonstrate important factors shaping the treatment paradigm for inflammatory skin diseases. The chart on the left illustrates that the branded nonsteroidal topical segment continues to grow meaningfully, gaining share from topical corticosteroids where usage remains flat or declining.

Within the branded nonsteroidal category, ZORYVE is driving the majority of that growth.

The pie chart in the center highlights the share shift driven by faster growth in advanced targeted topicals versus topical steroids.

As a result, branded nonsteroidal topicals now account for 7% of total topical prescriptions against a sizable 2025 base of 24 million prescriptions. This represents meaningful progress.

As volume continues to shift from topical corticosteroids to branded nonsteroidal topicals, growth should accelerate. Each one point share shift from topical corticosteroids translates to approximately 15% volume growth for the branded nonsteroidal topical segment.

And finally, the chart on the right-hand side of the slide makes clear that ZORYVE is positioned to overwhelmingly benefit from this trend of topical corticosteroid displacement as we hold a strong and expanding share of branded nonsteroidal volume at 45%.

At our Investor Day last October, we shared our peak sales guidance and reaffirmed our conviction that ZORYVE could become a multibillion-dollar brand. This confidence is rooted in the ongoing shift of a meaningful portion of the topical steroid market toward advanced targeted topical therapies like ZORYVE.

For every one point of share we capture in the corticosteroid-dominated topical market, we estimate approximately $150 million in incremental revenue.

Evidence that this shift is underway is strong and growing as we enter two026. Demand from both providers and patients for safer nonsteroidal options to manage chronic inflammatory skin diseases continues to build.

At the major dermatology conferences held in the first quarter of this year, a consistent theme from the podium was the need to move beyond topical steroids and adopt advanced targeted topicals.

We remain well positioned to provide a safe and effective alternative for those seeking one.

Now moving to Slide 11.

I'd like to spend some time providing further detail on our recently announced dermatology sales force expansion and the benefits we anticipate gaining from it.

In January, we announced that we would expand our dermatology sales force by approximately 20% to roughly 160 sales personnel. The primary intent of this expansion is to increase our call frequency with mid-decile prescribers without impacting or diluting the level of engagement we have with our most productive top decile dermatology clinicians.

Said another way the intent of the investment is to optimize the frequency of our sales force touch points in dermatology as we already have sufficient breadth of coverage in this provider setting.

To further illustrate our strategy, with this expansion, we have detailed prescribing behaviors across different provider categories. High-decile prescribers are relatively few in number, but as you can see, have the highest volume of potential ZORYVE patients. And it is important to note that we evaluate activity based on total topical prescription writing including topical corticosteroids, not ZORYVE writing or nonsteroidal topical writing. These healthcare providers have an outsized impact on prescriptions, they write a year, and have been our primary focus to date.

With our sales force expansion in mid-2024 on approval in atopic dermatitis, we had already optimized our coverage of these highest value clinicians, briefly engaging them on the potential benefits ZORYVE can offer their patients.

The mid-decile prescriber group is more numerous and frequently see patients in ZORYVE's target indications, albeit not the same very high volume as the high-decile group. To date, we have also been engaging at least these clinicians, but to focus our efforts on the highest potential prescribers, the frequency of the sales team's interaction within them has been lower than optimal and less than high prescribers.

With the expansion of our sales force, we will be able to increase our call frequency among mid-decile prescribers to an optimal level, driving increased awareness and adoption of ZORYVE within this group.

And to round out the picture, there's a final category of low-decile prescribers who far more -- who are far more numerous than the other groups based on their low prescription writing, are lower priority for our sales efforts.

We are already in the process of hiring these additional reps to strengthen our sales force and are enthusiastic about the level of talent we are bringing to the team and the impact they will have once in the field.

We anticipate beginning to see the impact of this investment in the second half of the year and expect it to be accretive in the first year as the team ramps up.

Turning to Slide 12. Expanding Arcutis' commercial presence into primary care physician and pediatricians is a key component of our growth pillar.

As announced in January, we have begun building a targeted sales force focused exclusively on these clinicians.

In earlier stages of ZORYVE's commercialization, while executing our new product launches and building our operational leverage, the partnership model provided an effective approach to this segment of the market that reduced our financial exposure.

We now have the opportunity to combine what we have learned through the initial partnership with our core commercial capabilities to create a targeted accretive opportunity that can scale with time as we further expand our operating leverage.

Importantly, this initial deployment is focused not on whether to pursue the opportunity, but on how best to execute it.

We are taking a disciplined stepwise approach, starting with a limited pilot to refine our go-to-market strategy. Then we'll scale thoughtfully while maintaining a highly targeted focus on the highest value PCPs and pediatricians. The initial sales team that we are putting in place for this will be compromised with approximately 30 sales reps and supporting personnel. This effort is distinct from and additive to our dermatology sales force expansion which remains exclusively focused on driving growth within dermatology practices.

As we expand in primary care and pediatrics, we do so with four distinct competitive advantages that position us to execute effectively and drive meaningful impact.

First, a highly targeted approach focused on high-volume early adopter PCPs and pediatricians, positioning this investment to be accretive from the outset.

Second, proven reimbursement support capabilities including our patient access infrastructure to help ensure written prescriptions translate into reimbursed prescriptions. And third, the ability to leverage the core commercial model that has driven our success in dermatology. And fourth, strong dermatologist advocacy which provides important specialist validation for PCPs and pediatricians.

ZORYVE's differentiated profile as a safe, nonsteroid topical suitable for use anywhere on the body and for any duration offers primary care clinicians a level of confidence not typically associated with topical steroids.

As the shift away from topical steroids expands beyond dermatology, we are well positioned to benefit.

While we began with a focused pilot with early adopters, we believe ZORYVE's profile has the potential to resonate broadly over time across both primary care and pediatricians.

I am now on Slide 13. Yesterday we are excited to announce that Max Homa has joined our Free to Be Me awareness campaign, sharing his experience in managing seborrheic

dermatitis with ZORYVE foam. Max joins Tori Spelling, who, along with her daughter, Stella, have shared their experience with atopic dermatitis and seborrheic dermatitis and advocating for individuals with inflammatory skin diseases to initiate conversations with their healthcare providers about ZORYVE, a safe, effective long-term treatment for these chronic diseases.

The range of impact that Tori and Stella have had in driving awareness around treatment options for atopic dermatitis and seb derm have been wide and impactful with coverage in over 60 traditional news outlets and thousands of broadcast and radio TV airings to achieve close to 5 billion media impressions and social media reaching millions on Instagram and TikTok.

We look forward to Max further contributing to these efforts. And based on the media and social media coverage in the last 24 hours, it's off to a great start, with over 25 original articles achieving over 400 million impressions.

And with that, I'll turn it over to Patrick.

Patrick Burnett^ Thank you, Todd.

I'm now on Slide 15. Ensuring that we can deliver ZORYVE to as broad a number of individuals with psoriasis, seborrheic dermatitis and atopic dermatitis as possible, thereby benefiting from the unique profile of this drug, remains a top priority for us.

Our ongoing efforts to support young children with plaque psoriasis and infants suffering from atopic dermatitis are central to this goal.

I'd like to start off today by highlighting the positive top line results from the INTEGUMENT-INFANT Phase II trial of ZORYVE cream 0.05% in infants aged three to less than 24 months with mild to moderate atopic dermatitis which we announced earlier this month. 58% of participants achieved a 75% improvement in Eczema Area and Severity Index, also known as an EASI-75, with ZORYVE cream 0.05% at week 4. And notably, a third of patients reached EASI-75 already after only two weeks of treatment, demonstrating a very rapid and robust result and one that has already garnered highly positive feedback from clinicians.

Turning to safety.

We saw no treatment-emergent serious adverse events and only one patient discontinuing the study due to an adverse event, reinforcing the consistency of the safety and tolerability profile of ZORYVE cream 0.05% already seen in the 4-week pivotal INTEGUMENT-PED clinical trial in children ages two to five years.

Finally, and still on Slide 15, we have photographs of a 10-month-old Latino child from the study who achieved an EASI-75 at week 4.

We can see clearly he has significant atopic dermatitis at baseline on the arms and the legs as well as a facial involvement which is really characteristic of infants with atopic dermatitis.

As a practicing dermatologist, seeing this type of rapid and meaningful clearance in patients at this young age who have historically been difficult to treat given very limited available therapeutic options is really encouraging.

Of note, enrollment in the trial for this age range was very brisk and exceeded typical enrollment patterns and our expectations, confirming that there is significant interest in nonsteroidal treatment options for these most vulnerable patients.

These results of the INTEGUMENT-INFANT trial are extremely promising as infant atopic dermatitis patients urgently need innovative alternatives to topical steroids, with vanishing few FDA-approved treatment options for this segment. And unlike other inflammatory skin conditions, atopic dermatitis often presents at an early age. Nearly 10 million children in the U.S. are impacted by atopic dermatitis with roughly 60% developing symptoms in their first year of life. And within just the study age range here, infants three to 24 months old, there are nearly 1 million prescription topically treated patients in need of better therapeutic options.

AD presents unique challenges in these younger age groups, not only because the skin is more sensitive, but also because the condition often covers a greater percentage of their total body surface area compared to adolescents and adults. This raises the risk of greater systemic absorption. Therefore parents of these young infants are particularly sensitive to potential negative side effects of topical steroids. These concerns range from the impact of chronic steroid use on the child's growth and bone development to more immediate concerns like application to the child's face where contact with the eyes and mouth can be difficult to control.

Given the size of the patient population and the acute need for safe and tolerable therapeutic interventions, we've been methodically pursuing label expansion for ZORYVE to younger ages of children with atopic dermatitis. Notable about the INTEGUMENT-INFANT data is that we're moving closer to having a marketed product that can be used to treat individuals with chronic inflammatory skin conditions, like atopic dermatitis, across the lifetime continuum from infant to adult. This means that there will be a nonsteroidal treatment option that spares patients from the youngest stage onwards from exposure to steroids while effectively treating their skin conditions.

Moving on to Slide 16.

We're already engaging pediatricians on our currently approved indication for 2- to 5-year-old atopic dermatitis patients and the INTEGUMENT-INFANT data, combined with our pending PDUFA date for 2- to 5-year-olds in psoriasis, if approved, all support further outreach to pediatricians by our internal sales force.

With the treatment alternative to steroids that is now demonstrated to be safe and effective, once approved for infants and as pediatricians gain familiarity with prescribing ZORYVE to, for example, a 12-month-old infant with atopic dermatitis, they'll be more likely and more inclined to then prescribe it for an older child or an adolescent as well.

As Todd noted, we've been encouraged by our initial launch of ZORYVE cream 0.05% for the treatment of children ages two to five years old with atopic dermatitis, a population of about 1.8 million patients.

We're excited to continue our introduction of this important new therapeutic option to clinicians and most importantly, to pediatric patients and their caregivers.

We plan to report the full results of the INTEGUMENT-INFANT trial at a future medical conference. And based on these data, we plan to submit an sNDA for ZORYVE cream 0.05% in infants in the second quarter of this year.

In addition to atopic dermatitis, we're also pursuing a label expansion to treat pediatric plaque psoriasis patients.

While this patient population is smaller than that of pediatric AD patients, there's still an acute need for better therapeutic interventions that we are working to address.

In quarter three of last year, we announced that we submitted a supplemental NDA for ZORYVE cream 0.3% to expand its indication to the treatment of plaque psoriasis in ages two to 5.

We've been assigned a PDUFA date of June 29 and look forward to the FDA's decision.

If approved, ZORYVE cream would be the first and only topical PDE4 inhibitor indicated for plaque psoriasis in children as young as 2, offering patients and caregivers an important alternative to topical steroids and vitamin D analogs.

As we potentially gain label expansions for these younger patient populations across atopic dermatitis and plaque psoriasis, having an internal sales force dedicated to primary care and importantly, pediatric clinicians will be of great value in our efforts to educate healthcare providers on ZORYVE as an alternative therapeutic option to topical corticosteroids. Beyond our clinical development efforts to make ZORYVE available to more pediatric patients, we also continue to evaluate incremental data generation opportunities to further bolster our currently approved indications.

At our Investor Day we highlighted a case report that demonstrated the effectiveness of ZORYVE in treating nail psoriasis. This is a good example of where incremental data generation could further strengthen our current indications, and we look forward to providing further updates throughout the year.

Turning to Slide 17. Pursuing a new patient populations that may benefit from ZORYVE has been a principal focus for our clinical development strategy from the outset. This is evidenced by the five approvals we've secured since our initial plaque psoriasis approval in 2022. These have expanded our indications to include seborrheic dermatitis and atopic dermatitis and lowered the approved ages for psoriasis and AD patients.

We have good reason to believe that there are additional skin diseases that may respond to, and more patients who may benefit from ZORYVE, represented by the expand pillar of our strategy that Frank highlighted at the outset of today's call.

This belief is supported by our understanding of ZORYVE's broadly applicable anti-inflammatory and antipruritic properties as well as its potential impact on protecting melanocytes and by the direct and ongoing feedback we've received from healthcare providers in the field on their real-world ZORYVE experiences.

To that end, we continue to make progress with our Phase II proof-of-concept studies with ZORYVE foam 0.3% in vitiligo and hidradenitis suppurativa, or HS, with subjects continuing to enroll. Vitiligo and HS both represent chronic inflammatory skin conditions with significant unmet patient needs. These are just two examples of multiple indications in which ZORYVE has demonstrated encouraging early evidence as promising treatment. Based on that evidence, we initiated the ongoing proof-of-concept studies in vitiligo and HS.

We continue to evaluate additional diseases where ZORYVE might be a good therapeutic option.

And as we decide to initiate additional POC studies, we will inform the investment community of those developments.

We anticipate reporting a decision whether to advance vitiligo including the Phase II proof-of-concept data, in the fourth quarter of 2026 and an advancement decision in HS including the HS Phase II data in the first quarter of 2027.

On Slide 18, as a reminder, there are three cases that typify the sort of case reports and case series that we receive and that are informing our ZORYVE expansion efforts. The two patients on the left are both children with recalcitrant facial vitiligo. The girl on the upper left has previously failed multiple topical therapies including both topical steroids and topical JAK inhibitors, and you can see meaningful repigmentation after only seven months of ZORYVE treatment. The boy on the lower left also previously failed topical steroid treatment and shows good response after only five months of ZORYVE treatment.

On the right-hand side of the slide, you see a 31-year-old woman with Hurley Stage 1 HS who exhibited complete clearance of her HS including pain and itch, in only four weeks of treatment with ZORYVE, in conjunction with two non-inflammatory medications.

In the lower right, you also see details from two other mild HS patients who had similarly impressive results following ZORYVE treatment.

It's clear to see what's driving the enthusiasm that we are hearing from clinicians who are independently exploring these novel applications of ZORYVE.

Now on Slide 19.

As I've touched upon today and as represented on the slide, we're looking forward to multiple near-term clinical catalysts in the coming year.

Importantly, among these clinical activities is the advancement of ARQ-234, our novel biologic targeting CD200R with best-in-class potential to address a large unmet need in atopic dermatitis and potentially additional inflammatory skin diseases.

With excitement around other emerging AD mechanisms, such as OX40, recently coming under more scrutiny, we look forward to moving ARQ-234 into the clinic to validate what has the potential to be a meaningful therapeutic advancement for AD patients with more severe disease. This program has come to our third pillar, build, encompassing our efforts to expand our clinical pipeline beyond ZORYVE.

We expect to begin dosing patients in the Phase I trial for ARQ-234 very soon.

And with that, I'll turn it over -- turn the call over to Latha for the financial update.

Latha Vairavan^ Thank you, Patrick.

I'm now on Slide 21, showing financial results both year-over-year and quarter-over-quarter for the fourth quarter.

We generated net product revenues in the fourth quarter of $127.5 million which is up 84% from the fourth quarter of 2024 and 29% from the third quarter of 2025.

We generated $2 million of other revenue in the fourth quarter from a Huadong milestone payment.

Cost of sales in the fourth quarter were $11.7 million compared to $6.9 million in the fourth quarter of 2024, primarily driven by increased ZORYVE sales volume.

For the fourth quarter, our R&D expenses were $20.5 million which is a $6 million increase from $14.5 million in the fourth quarter of 2024, when a clinical trial credit of $3.3 million lowered our R&D expenses for that period.

Looking ahead to 2026, we expect an increase in our R&D expenses as we continue to advance ZORYVE life cycle management clinical development activities and initiate the Phase I trial of ARQ-234.

SG&A expenses were $79 million for the fourth quarter of 2025 versus $57.6 million in the same period last year, a 37% increase attributable to investments in our continued commercialization efforts for ZORYVE.

In 2026, we expect to see an increase in SG&A expense as we continue to make incremental investments in ZORYVE commercialization efforts including the expansion of our dermatology sales force and the initial build of our internal primary care and pediatric sales team as detailed by Todd earlier.

Net income for the quarter was $17.4 million compared to a net loss of $10.8 million for the same period last year and net income of $7.4 million for the third quarter of 2025.

While we continue to expect positive cash flow on a quarterly basis throughout 2026, we may fluctuate between an operating income and operating loss position quarter-to-quarter driven by noncash expenses such as stock compensation and milestone payments.

As anticipated and reported in our Q3 financial update, the continued momentum of ZORYVE net sales growth, combined with our expense discipline, allowed us cash flow positive position in the fourth quarter of 2025 which was earlier than expected and an important milestone and achievement for our company.

Our cash and marketable securities balance as of December 31, 2025, was $221.3 million, with a positive cash flow from operations of $26.2 million for the period.

We have total debt of $108 million and have the option to withdraw another $100 million in whole or in part at our discretion through the middle of 2026, providing us with operational flexibility. The success of the ZORYVE franchise and the economies of scale we are generating will permit us to invest in the business for sustained growth over the years ahead.

Now turning to our full year 2025 results.

I'm on Slide 22.

For the full year 2025, net product revenues were $372.1 million, an increase of 123%, or $205.5 million versus 2024. This meaningful year-over-year increase in product revenues was primarily driven by increasing demand across the ZORYVE products.

Other revenue in 2025 was $4 million compared to $30 million in 2024, when we received a $25 million upfront payment in connection with the Sato Japan license agreement.

Cost of sales for 2025 were $36.7 million compared to $19.1 million the prior year, driven by increased ZORYVE unit volume. R&D expenses remained consistent year-over-year with $77.1 million expense in 2025, compared to $76.4 million in 2024, as

increased development costs for roflumilast in pediatric atopic dermatitis were largely offset by a decrease in preclinical development costs.

SG&A costs increased 20% in 2025 to $274.6 million. This year-over-year increase was primarily driven by our continued and increasing investments in sales and marketing activities related to our commercialization efforts for ZORYVE.

Our net loss in 2025 was $16.1 million compared to $140 million net loss in 2024. This reduction in our net loss of $123.9 million was driven by an increase in net product sales that substantially outpaced the increase in our expense base.

While expenses continue to grow due to strategic ROI positive and accretive investments, the considerably faster growth of our top line revenue is an indicator of the growing operating leverage we expect to benefit from going forward as ZORYVE continues its growth trajectory.

Now moving to Slide 23.

As we touched upon earlier, across this business, we have multiple near-term value-driving catalysts.

Adding to Patrick's summary of expected clinical and regulatory developments, we anticipate continued commercial progress in 2026. This year, we anticipate full year net product sales to be in the range of $480 million to $495 million. This represents an increase of $25 million on the top and bottom end of our guidance range announced as part of our Investor Day in October of last year.

Our confidence in increasing our sales guidance for the year is informed both by the sustained momentum in our ZORYVE business as demonstrated in the Q4 results discussed today as well as the investments we are making in the franchise, such as the dermatology sales force expansion Todd reviewed earlier.

I will note that the effect of this particular investment will take some time to materialize and will be evident in the back half of the year, but will likely have no meaningful impact in quarters one and two.

We are confident that we will be able to fund the investments we've described today to grow, build and expand our business with the capital produced from our core ZORYVE business while maintaining positive cash flow.

We will continue to be protective of shareholder capital and attentive to managing our capital allocation to ensure that this dynamic plays out.

We are fortunate to have a portfolio of high ROI investment opportunities paired with a cash flow generating franchise like ZORYVE.

I will now hand the call back to Frank for some closing remarks.

Frank Watanabe^ Okay. Thanks, Latha, and thanks to all of you for joining us today. Based on our expansive progress and achievements in 2025 and our multiple anticipated value-driving catalysts across the business in 2026, we are more energized than ever about the future of ZORYVE, of our company overall, our ability to grow shareholder value and most importantly, of our ability to amplify the impact we can have on individuals impacted by chronic inflammatory skin diseases.

We look forward to providing you with more updates throughout the year, and we thank you for your continued interest in the unfolding Arcutis story.

And with that, we'll open things up to Q&A.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) And the first question will come from Seamus Fernandez with Guggenheim.

Seamus Fernandez^ Congrats on the great results. Frank, I really wanted to just kind of tackle the update that we got from one of the potential competitors in the market.

I think Incyte was commenting on some challenges or need to lower OPZELURA pricing in order to improve access.

It sounds like access isn't really a problem for ZORYVE.

So just wanted to get your thoughts and commentary around the dynamics that are occurring in the market today within both the AD marketplace, but also your broader efforts to continue to take share against topical steroids.

Frank Watanabe^ Seamus, thanks. Great question again. Not a surprise after this morning.

It's a little funny to be talking in different parts of the hotel.

I think maybe for a different perspective, I'll ask Todd to comment on that since you heard my answer earlier today.

Todd Edwards^ Yes. I'm happy to answer that.

Seamus, thank you for the question.

So first, we do not anticipate any material erosion of our gross to net resulting from actions to increase our access in 2026.

As previously mentioned, we were able to achieve significant improved access in 2025.

If you look at our commercial access, more than 80% of patients insured by commercial insurance have access to ZORYVE, and it's high-quality access, meaning that it's a single-step edit through a steroid.

As mentioned earlier, too, we have exceptional Medicaid access, with more than half of the patient population in Medicaid having access to ZORYVE with a single-step edit or less. And then just announced, was our Medicare Part D wins, effective January 1.

And so we've had optimal access, and we don't anticipate having to give any additional rebates in 2026 that would adversely impact our gross to net to be able to maintain that. And then I just want to also remind that our pricing strategy has been designed to facilitate this kind of reimbursement that allows for meaningful patient access.

Our strategic pricing has made a difference, and now we can see that within access across both commercial insurance and government insurance.

Frank Watanabe^ Yes.

So maybe I'll just chime in and take a little bit of a victory lap here.

As I mentioned earlier, I think when we launched, there were a lot of investors who were questioning our access strategy and why we were taking such a different approach than other players in the branded topical space. And I would make a strong case that the last three years has proven out the wisdom of the strategy that we adopted.

As Todd has just summarized, we've really achieved outstanding access across commercial Medicare and Medicaid now.

And that's come with a very reasonable and stable gross to net, in the 50s, and we expect it to remain there.

And so I think really, the marketplace has proven that we took the right strategy from the outset, and it's paying off not only for our investors, but also for patients.

Seamus Fernandez^ Great. And if I could just ask one quick follow-up question.

It's actually more related to some of the decisions and -- federal court decisions around rebate dynamics and also some labor law dynamics that are calling into question, I think some rebate structure.

But we've also heard that it's going to be really challenging to kind of change the dynamics of the current marketplace as it relates to the presence that the GPOs have.

So as you guys look at some of the dynamics in the marketplace, do you see potential positive changes from an access perspective emerging from some of these recent updates and changes?

Frank Watanabe^ Yes.

So Seamus, that's also a really interesting question.

I think that there's a lot of discussion going on right now in Washington about our current reimbursement environment.

We saw in the budget bill that was passed last month, I think the first steps in some meaningful reforms to the current payer system, but those were pretty limited steps. There continues to be a lot of discussion in Congress as well as in the administration about changes to the PBM environment -- or to the reimbursement environment, excuse me, more broadly.

And I think it's really too early to say what Washington is going to do on that front.

We remain confident that regardless of how the situation evolves, Arcutis is well positioned to continue to both make ZORYVE widely available to patients and to be able to generate a reasonable return for our investors.

But I, for one, think it's much too early to say how this is all going to shake out in terms of a meaningful reform to the insurance system in the U.S.

Operator^ And our next question is going to come from Tyler Van Buren with TD Cowen.

Eoin O'Connor^ This is Eoin O'Connor on for Tyler. Congrats guys on the quarter.

We noticed that in your presentation, you guys didn't break out sales for each one of the SKUs.

I wonder if you can comment on that and any growth trends that you expect for the different SKUs going into 2026?

Frank Watanabe^ Yes. Sure. Todd, do you want to take that one?

Todd Edwards^ Yes. I will. Yes. We had -- as mentioned before we had growth across the portfolio and had meaningful growth within each of the SKUs.

If you look at the growth across those SKUs, we see an increased demand more so with the ZORYVE foam, given that we have the two indications, seborrheic dermatitis, but also the scalp and body psoriasis, but nonetheless, very positive growth across the

products. And we do anticipate to continue to have growth across the portfolio as we enter into 2026 and throughout 2026.

Across these products, they're all highly differentiated, relative to the vehicle itself, but also relative to the patient being that you can -- it's once a day dosing, you can put it anywhere for any duration on the body and is exceptional relative to long-term disease control with these inflammatory skin conditions.

So we look forward to continued growth across the portfolio as we continue to roll through 2026.

Frank Watanabe^ Yes.

I might just add, I do think for investors, looking at the Rx split data since we have different SKUs is a pretty accurate depiction of the split, right? The gross to nets are effectively the same across the SKUs. There's a little bit of a lag when we first launch a product like 0.05%, but that very quickly catches up to the other SKUs.

So you can look at the SKU split and get a pretty good sense of what's happening.

The one exception is the foam where we have two different indications. And frankly, we don't even have enough data at this point to tease out what's seb derm versus what scalp psoriasis.

I think as time goes on, we might get a better sense of an estimate of that, and we'll share that with the investment community.

But we're never going to have complete transparency since it is the same SKU.

Latha Vairavan^ Eoin, I'll just add that we have the breakout of net sales in our reported financial statements, and we're happy to send you those details, but the net sales are broken out by SKU, as Frank just said, in the financial statements, and you can look at those.

Operator^ And the next question is going to come from Judah Frommer with MS.

Judah Frommer^ Congrats on the progress. Just curious to get a little more color on the confidence to raise the full year guide.

Obviously a strong Q4, but heading into what sounds like a seasonality affected Q1.

So maybe if you could just break out between formulary access, confidence in the additions to the sales force and anything else that underscored changes to the inputs in your model?

Frank Watanabe^ Yes.

So Todd, not to wear out my welcome, but I think I'll probably turn that one over to you, too.

Todd Edwards^ Yes. Yes.

So we -- I want to kind of frame this.

One, we -- first is the exceptional momentum that we have in Q4. That to be coupled with the investment that we're making in the franchise, one, the dermatology field sales force expansion which we will see that impact in the second half of the year.

In addition to that, the investment in primary care pediatricians and the launch into that space, once again have an impact in the second half of the year.

But in reference to formulary access, as mentioned, we continue to have exceptional formulary access.

We didn't -- the previous year, we will carry that forward into 2026 as we go forward.

So in reference to the Q1 dynamic, I mean this is typical seasonality that you see with any pharmaceutical product to include nonsteroidal branded topicals.

As mentioned, it's partly because of the deductible reset that happens at the beginning of the year. And also patients are changing insurance plans effective the first of the year which results into higher increased co-pay usage and therefore higher gross to net rate within the first quarter which, we mentioned, will be in the high 50s.

But from the first quarter, that gross to net rate will continue to trend down, as we saw in 2025, to the lowest rate in Q4.

We raised the guidance.

We're very confident in our performance.

It's going to happen in 2026, and we expect to have sequential quarter-over-quarter growth as we roll through out of Q1 to Q4 aligned with the restated guidance, once again taking note that the investments in the dermatology expansion and PCP expansion will have an impact in the second half of the year.

Operator^ And the next question is going to come from Uy Ear with Mizuho.

Uy Ear^ Congrats on the good quarter. Maybe a couple of questions, if I may.

First question is, I think in the fourth quarter, you indicated that quarter-over-quarter growth was 29% and about 19% of that came from Rx and 2% contributed to inventory.

So that sort of implies that about 8% came from price. Just wondering how -- do you expect this sort of benefit to continue through the year and particularly next -- in the fourth quarter of next year as well?

That's the first question.

And the second question is, you indicated that you have about a third of Part D. Maybe just help us understand what is it -- like, why you're able to get this a third and when would you be able to get the remaining? And what was it about this particular a third that made -- that facilitate, I guess access?

Frank Watanabe^ Todd?

Todd Edwards^ Yes. No problem. Yes. Relative to the fourth quarter dynamics, you are accurate relative to the 29% with 19% of that being attributed to volume, the 2% which was the -- an inventory build that we had, once again 2%, or $2.5 million that we expect to unwind in Q1. And then the other was the price upside which was a result of patients moving quicker through their deductibles which lowered our co-pay card expenses.

We will see the seasonality in Q1 that we mentioned.

But then also, as mentioned, the gross to net will continue to improve through the quarters through Q4 as patients start to achieve their out-of-pocket maximum which reduces our co-pay card expenditures and that typically starts at the highest in Q1 and then levels down quarter-by-quarter to a lower expense to us which lowers our gross to net in Q4.

Relative to the Medicare Part D and the a third, how and why were we able to achieve this? It's two reasons.

One is our strategic pricing.

We price ZORYVE so that we could have access across both government and commercial payers and PBMs. And the other is that ZORYVE is highly differentiated.

One is the portfolio that we have which no other branded topical company can offer, a portfolio of products across the disease indications that we can.

Other is the significant volume uptake that we've had within our commercial business, is duly noted by the Part D plans, realizing that there's a demand from Medicare Part D beneficiaries to have access to this type of product which has resulted in us picking up that a third of the Part Ds. Relative to the remainder of Medicare Part D, we will continue to work with the remaining plans and PBMs, but don't anticipate picking that up until likely the first part of 2027, but work diligently to try to pull that forward if possible.

Frank Watanabe^ I do think it's worth dwelling on just how big a deal this is to gain Medicare access, Part D access, right? It's very rare for patients to be able to get branded products on the Part D formularies. And I think Todd mentioned in the call we're the only branded topical on formulary. These are your grandmothers, your mothers. These are people who deserve access to medical innovation as much as anyone else, if not more so.

And we're really proud of our success so far in gaining Medicare coverage and are looking forward to getting the remaining Part D formularies on board.

I would also just remind investors that Part D, unlike Medicaid, looks a little bit more like commercial markets where there's multiple commercial plans managing the Part D plans. And so you have to gain formulary access to each individual Part D provider which is why it's lumpy the way commercial coverage is.

Operator^ And the next question is going to come from Andrew Tsai with Jefferies.

Unidentified Participant^ Brian on here for Andrew. Just on HS and vitiligo, can you just remind us on the primary endpoints for both of those as well as the outcomes that you'd like to see to take them both to Phase III?

Frank Watanabe^ Sure. Patrick, do you want to take that one?

Patrick Burnett^ Yes.

I think what we're looking to focus on as we move into the fourth quarter for vitiligo, for a decision and presenting those data, and then the first quarter for HS is to really be able to get an understanding of what does this kind of the kinetic response of patients look like, because I think here, timing of the response is really important in both of these diseases. They've been challenging with regard to how long it's taken for patients to get to a response that is meaningful to them.

So we're really going to be focused on that.

And then as well for us, it's -- it will be important for us to understand kind of what is that fraction of the patients that are being treated, given that these are open-label studies, who are showing a meaningful clinical improvement over that time point, so that we would be able to kind of make an educated guess as to what the expectation for a pivotal trial would look like as we revert then to kind of the characteristic endpoints that you would expect for a pivotal in vitiligo and HS.

But I think that the profile that we've seen of excellent tolerability once-a-day treatment and rapid response which is kind of characterized our efficacy patterns -- and safety patterns across all three indications, is what we'd be hoping to replicate here.

Operator^ And the next question will come from Serge Belanger with Needham.

Serge Belanger^ Congrats on a strong end to 2025.

First question regarding the pediatric opportunity.

I think you've been on the market now with a 0.05% cream product for nearly four months.

So can you provide more color on the level of awareness and the willingness to prescribe the product in this market segment?

And then secondly, you now have an expanding sales force on two fronts and a growing cash balance with positive cash flows.

So does that change your appetite to add a commercial asset to the bag of the sales force?

Frank Watanabe^ Maybe I'll take the first one -- or second question, and then I'll turn the first question over to Todd to give him a little bit of a break.

I would say that a commercial stage asset is probably not our highest priority right now. And I think the major reason for that is just the wealth of new opportunities that we have around ZORYVE, right? We've had six approvals in the last roughly three years.

We expect at least one more approval this year, possibly 2, depending on the speed with which the FDA reviews the three to 24 months.

But we still have a lot of work to do to optimize ZORYVE promotion. And what I don't want to do is put products in the bag that end up distracting us from what is the highest margin commercial opportunity we have which is driving ZORYVE growth.

So I think really, that's probably not a very high priority for us.

Where I think the real opportunity for us to create shareholder value is, quite frankly, is in more development stage assets, especially probably mid-stage development. Patrick and his team and Bethany and her team, I think have demonstrated that they are an exceptionally strong development organization. And we have, what, six FDA approvals under our belt, four Health Canada approvals under our belt.

For a small company, that's a pretty amazing track record, all of them on time no CRLs. And so taking a strong asset and putting it in our development team's hands, I think is the best opportunity for us to create value beyond continuing to drive the growth of ZORYVE and continuing to advance ARQ-234.

And then, Todd, do you want to just comment on what we're seeing on the pediatrics?

Todd Edwards^ Yes. Relative to the 0.05% atopic dermatitis for two to five years old, there is a strong willingness to prescribe this product, and we're seeing robust uptake of

the product since the launch. This is a great product relative to that patient population. offering, once again once a day a very soothing, moisturizing vehicle.

It's highly effective.

That can be put anywhere on the body for any duration. This is a product that drives long-term disease control and is a great option for replacing steroids.

Caregivers and pediatricians and dermatologists prefer not to use steroids in this patient population at this age. And that's where ZORYVE offers a significant value proposition, both to the caregiver patient and to the provider.

So we're very encouraged with the uptake and continue to get very positive feedback, not only from providers but from patients.

Operator^ And the next question is going to come from Rich Law with GS.

Rich Law^ Congrats on the progress. A couple of questions here. How much of that new 2026 guidance factors in the potential sales improvement in that primary care and pediatric setting now that you're moving those efforts in-house and then -- and you're also kicking off these pilot programs? So I mean just based on that minimal contribution from Kowa, I think that's why you guys terminated that contract.

Is there an opportunity for 2026 sales to go even higher just based on what you guided if you're able to make improvement in that PCP and pediatrics segment?

Frank Watanabe^ I think it's probably a little early to speculate on the magnitude of the primary care contribution. That's something that we'll continue to guide.

As Todd mentioned in this call we're taking a very methodical and stepwise approach to primary care.

We're going to start with a very small team focused on the highest value customers so that we can really fine-tune our go-to-market strategy and figure out what's the right way to access this very large but very diffused opportunity in primary care and pediatrics, and then we'll scale that as we figure that out.

So the rate that we scale that and also the rate that it starts to inflect the top line, I think is probably premature for us to speculate on.

Rich Law^ Okay. Got it. And then just a follow-up on the Medicare patients.

What's the OOP expense for these patients as that non-preferred branded category?

Todd Edwards^ Yes. I can go ahead and get that one, Frank.

So you're talking relative to the out-of-pocket expense for the Medicare beneficiaries, what's the maximum limit on the cap? If that's the question, it would be in 2026, the cap is now $2,100.

So a patient needs to pay the co-pay or coinsurance that's aligned with the product up to the maximum out-of-pocket expense at $2,100, and then the products are covered thereafter by the Part D plan.

Frank Watanabe^ Yes.

I would just add to Todd's point, just a reminder, that $2,100 is total out-of-pocket for all drugs, right? So for an elderly patient who's maybe on multiple medications, their total out-of-pocket expense for the year is capped at $2,100. And patients can also opt in for smoothing which means that they pay -- their maximum out-of-pocket in any month is 1/12 of $2,100.

So it's very manageable.

For ZORYVE prescription, it really depends on the patient's plan, what the actual dollar amount is going to be.

It varies depending on both the insurance company, but also on what plan the patient has bought.

Operator^ And the next question is going to come from Douglas Tsao with HC Wainwright.

Douglas Tsao^ Frank, maybe just a follow-up on the Kowa and the primary care opportunity.

I guess obviously as you put it, it's a very large opportunity as well as diverse. Was it simply a function that you didn't think that they were taking the right approach and that you sort of saw a different way forward? Or was it just simply just capturing all the economics for yourself?

Frank Watanabe^ I wouldn't say it was either. When we signed this deal with Kowa, I guess it's been about 1.5 years ago, we weren't in a financial position where we could build our own primary care team.

We're in a very different place today. And Kowa is a perfectly fine company.

But when something really matters to you, it's often best to do it yourself, right?

So given that we're in the financial position to do this ourselves, we felt that the best way to maximize shareholder returns was for us to drive primary care and pediatric promotion ourselves.

I will say as you pointed out, we do keep all the economics on that, but there are some expenses associated with it, too.

But we feel very confident that we're going to be able to do this in a way that will be accretive very quickly to our shareholders.

Douglas Tsao^ And Frank, if I can, as a follow-up, I mean is it also just given the momentum that you've seen with ZORYVE that it just bolsters your confidence that this is sort of dual role from the company?

Frank Watanabe^ Yes, absolutely. And I think I would add to that, that some of the early experience with Kowa added to our conviction around this. There's a very high level of excitement, I would say in primary care and pediatrics around ZORYVE for doctors who they had called on. They started running speaker programs at the end of 2025. And for those of you who haven't been in the business, speaker programs are very difficult to run these days.

The response, the attendance of those programs, frankly, astounded us and I think really speaks to the very high level of interest in the primary care and pediatric communities. And I think that's only going to build as we continue to expand our pediatric indications to two to five in psoriasis and eventually three to 24 months in atopic dermatitis as well.

So that added to our conviction that this is a real opportunity.

The other thing I think that's really important is, to remind everyone, we talked about this on the investor call that there's something like 300,000 primary care providers in the United States, right? That's a colossal number for any company, but certainly for a smaller company like us.

But -- and we talked about this in the investor call about 5% of those providers are writing about a third of all topical scripts.

So there's actually a very, very high-value concentrated pocket of primary care and pediatricians. And really, where we're going to focus our efforts is on that very concentrated high productivity segment of the market.

We may pick up some volume in the other portions of the market, too, but we're not looking to build a massive primary care sales force that's calling on tens of thousands or hundreds of thousands of primary care providers. That just doesn't make sense for us.

So we're really going to focus on the tip of the spear where there are very, very high-volume primary care doctors for topical therapies.

Operator^ I am showing no further questions in the queue at this time.

I will now turn the call back over to Frank for closing remarks.

Frank Watanabe^ Okay.

Well I will keep it short.

As always, thank you for the great questions. Thank you for making the time to call in and listen to our discussion today.

And we look forward to talking to you all in another 90 days to update you on the first quarter.

Thanks a lot.

Bye, bye.

Operator^ This concludes today's conference call. Thank you for participating.

And you may now disconnect.