Heron Therapeutics

Q2 Earnings Call

August 6, 2024

Forward-looking Statements and non-GAAP Disclosures

This presentation contains “forward-looking statements” as defined by the Private Securities Litigation Reform Act of 1995. We caution investors that forward-looking statements are based on management’s expectations and assumptions as of the date hereof and are subject to certain risks and uncertainties that could cause actual results to differ materially. Examples of forward-looking statements include, among others, statements we make regarding the potential market opportunities for ZYNRELEF, APONVIE, CINVANTI and SUSTOL; revenue, adjusted EBITDA and other financial guidance provided by the Company; the results of the commercial launch of APONVIE; the potential additional market opportunity for the expanded U.S. label for ZYNRELEF or inclusion of ZYNRELEF under the OPPS and the ASC payment system; the timing of the Company’s development of the VAN program and receipt of required regulatory approvals; our ability to establish and maintain successful commercial arrangements like our co-promotion agreement with CrossLink Life Sciences; the outcome of the Company’s pending ANDA litigation; whether the Company is required to write-off any additional inventory in the future; the expected future balances of Heron’s cash, cash equivalents and short-term investments; the expected duration over which Heron’s cash, cash equivalents and short-term investments balances will fund its operations and the risk that future equity financings may be needed; any inability or delay in achieving profitability. Important factors that could cause actual results to differ materially from those in the forward-looking statements are set forth in our most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q, and in our other reports filed with the Securities and Exchange Commission, including under the caption “Risk Factors.” Forward-looking statements reflect our analysis only on their stated date, and Heron takes no obligation to update or revise these statements except as may be required by law.

In addition to the company's financial results determined in accordance with U.S. GAAP, the company provides non-GAAP measures that it determines to be useful in evaluating its operating performance and liquidity. Management believes that presentation of operating results using non-GAAP financial measures provides useful supplemental information to investors and facilitates the analysis of the Company’s core operating results and comparison of operating results across reporting periods. Management uses non-GAAP financial measures to establish budgets, manage the Company’s business, and set incentive and compensation arrangements. The company presents adjusted EBITDA and adjusted operating expenses. The Company has not provided a reconciliation of its full-year 2024 guidance for adjusted EBITDA or adjusted operating expenses to the most directly comparable forward-looking GAAP measures, in reliance on the unreasonable efforts exception provided under Item 10(e)(1)(i)(B) of Regulation S-K, because the Company is unable to predict, without unreasonable efforts, the timing and amount of items that would be included in such a reconciliation, including, but not limited to, stock-based compensation expense, acquisition related expense and litigation settlements. These items are uncertain and depend on various factors that are outside of the Company’s control or cannot be reasonably predicted. While the Company is unable to address the probable significance of these items, they could have a material impact on GAAP net income and operating expenses for the guidance period.

Executive Summary

Heron Therapeutics Q2 2024 Achievements

1. New Management providing updated financial guidance narrowing adjusted operating expenses and adjusted EBITDA
2. Second quarter net product sales of $36.0 million, increased from $31.8 million for the same period in 2023
3. ZYNRELEF Vial Access Needle PDUFA goal date set for September 23, 2024
4. ZYNRELEF is included in the proposed 2025 Non-Opioid Policy for Pain Relief (NOPAIN Act)
5. The training and integration of CrossLink continues, with 561 of 650 CrossLink sales representatives having completed training to date

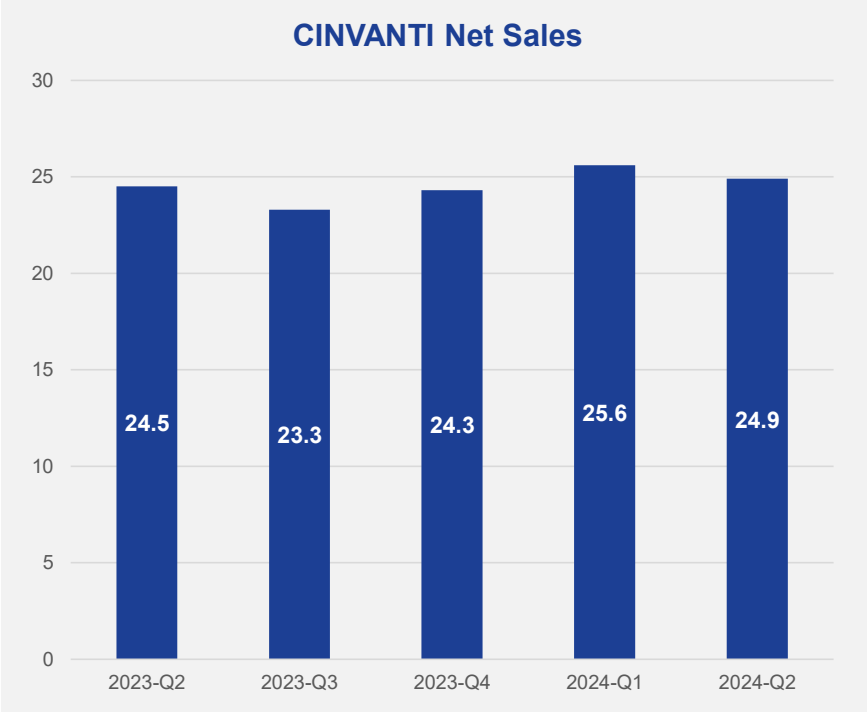
Select Financial Results

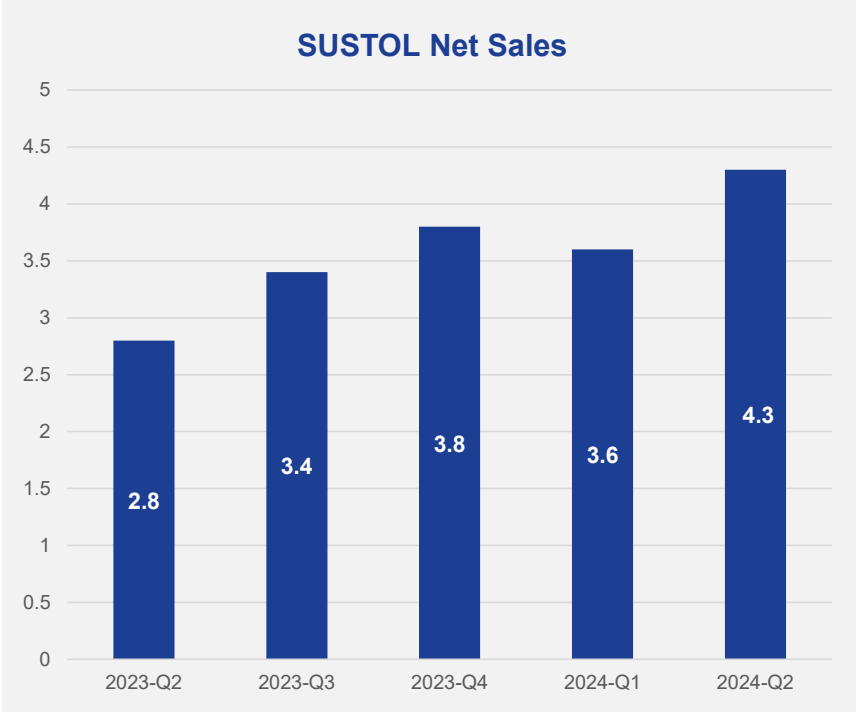
In $K	QTD Q2 2024	YTD Q2 2024	QTD Q2 2023	YTD Q2 2023
Net Product Sales	$ 36,024	$70,694	$31,762	$61,377
Cost of Product Sales	10,518	18,692	20,158	37,012
Gross profit	25,506	51,732	11,604	24,365
Operating Expenses:				
Research and development	4,432	9,040	13,210	22,046
General and administrative	13,905	28,879	19,592	35,426
Sales and marketing	13,614	25,056	21,205	42,359
Total operating expense	31,951	62,975	54,007	99,831
Loss from operations	(6,445)	(11,243)	(42,403)	(75,466)
Cash and short-term investments		67,347		33,244

Product Performance Update

Oncology Care Franchise Net Sales

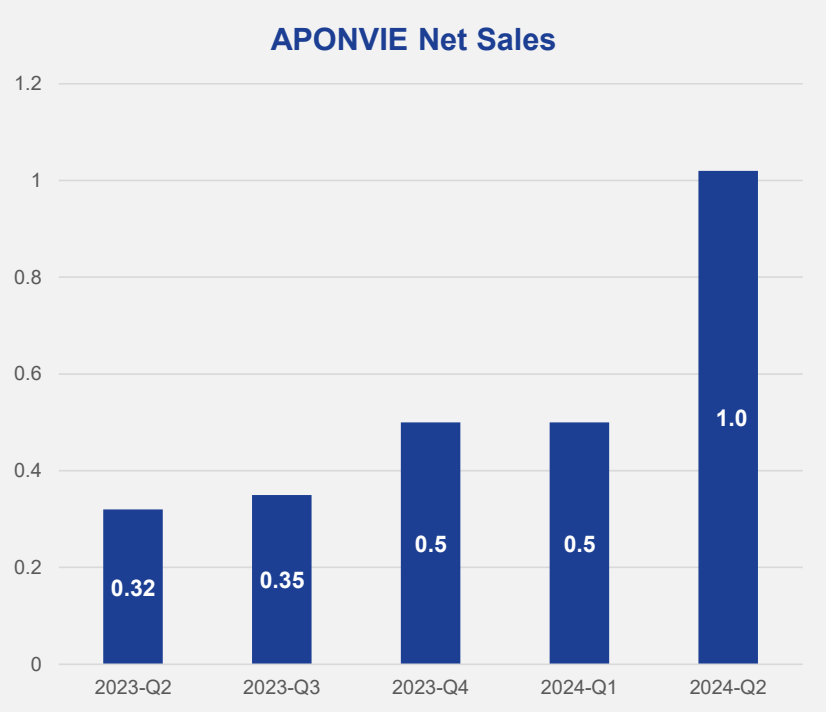
3 months ended June 30, 2024: $29.2 million

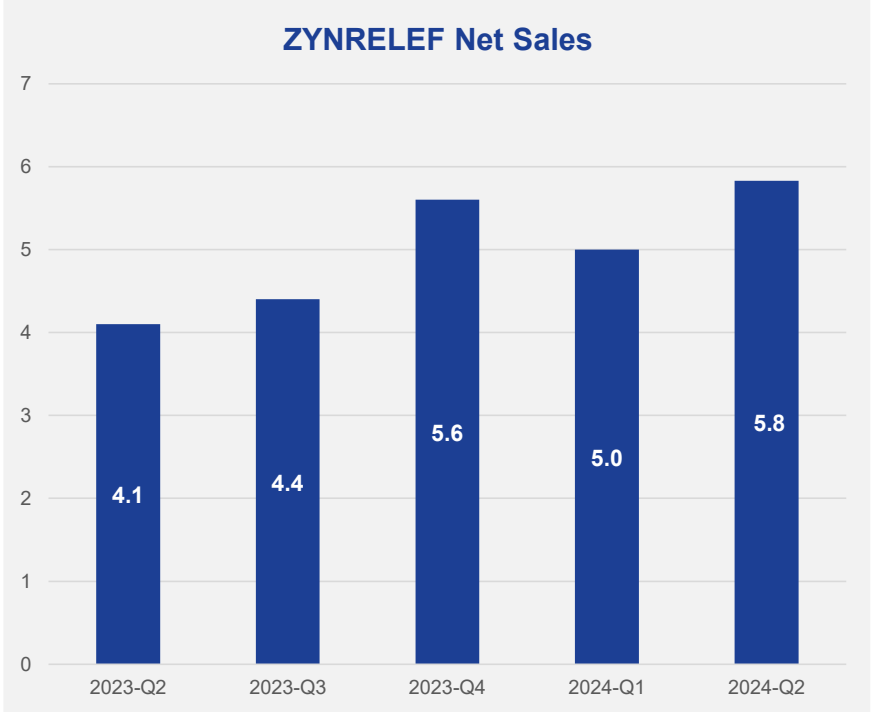




Acute Care Franchise Net Sales

3 months ended June 30, 2024: $6.8 million





Aponvie: Account Pipeline Continues to Build

44 P&T wins in Q2
versus 35 in Q1

83 New ordering accounts in Q2
versus 76 in Q1

228 Total ordering accounts in Q2
versus 195 in Q1

Driving to Peak Performance: APONVIE P&T Approvals

	# of Hospitals/Clinics	Procedure Counts	Moderate/High Risk (50%)	Driving to Peak Share (40% of Mod/High Risk)	Net Revenue Potential
Tier 1	100	2,445,070	1,222,535	489,014	$ 22,983,658
Tier 2	100	611,708	305,854	122,341	$ 5,750,055
Tier 3	120	194,934	97,467	38,986	$ 1,832,379
Total	**320**	**3,251,712**	**1,625,856**	**650,341**	**$ 30,566,092**

	Tier Definition
Tier 1	Top 33% of Total 2023 Procedures
Tier 2	Middle 33% of Total 2023 Procedures
Tier 3	Bottom 33% of Total 2023 Procedures

ZYNRELEF Progress

ZYNRELEF: Label Expansion and VAN PAS Submission

- sNDA approval January 23rd, 2024 almost doubling ZYNRELEF opportunity to ~13M indicated procedures, $2.4B market
- Vial Access Needle PDUFA goal date set for September 23rd, 2024

Current Vented Vial Spike (VVS)

External Surface Completely Sterile

Reduces withdrawal time from up to 3 minutes with VVS down to twenty (20) to forty-five (45) seconds

Vial Access Needle (VAN)

CMS: NOPAIN Act

“Non-Opioids Prevent Addiction in the Nation”

Impact
-Awareness
-Clinical Support (endorses efficacy and encourages opioid reduction)
-Removes financial barriers to adoption
-Commercial payor adoption

Goal: is to assure patients have access to non-opioid alternatives by ensuring there are not financial incentives to use opioids instead.

Key Inclusion Criteria: The non-opioid product must have an indication for postoperative pain, not act upon the bodies opioid receptors and have proven efficacy in the ability to replace, reduce, or avoid intraoperative and postoperative opioid use.

CMS OPPS and ASC Proposed Rule CY 2025 - Non-Opioid Policy for Pain Relief

- **CMS has proposed to include ZYNRELEF in the policy for CY 2025 effective April 1, 2025, allowing for continuous separate payment in 2025**

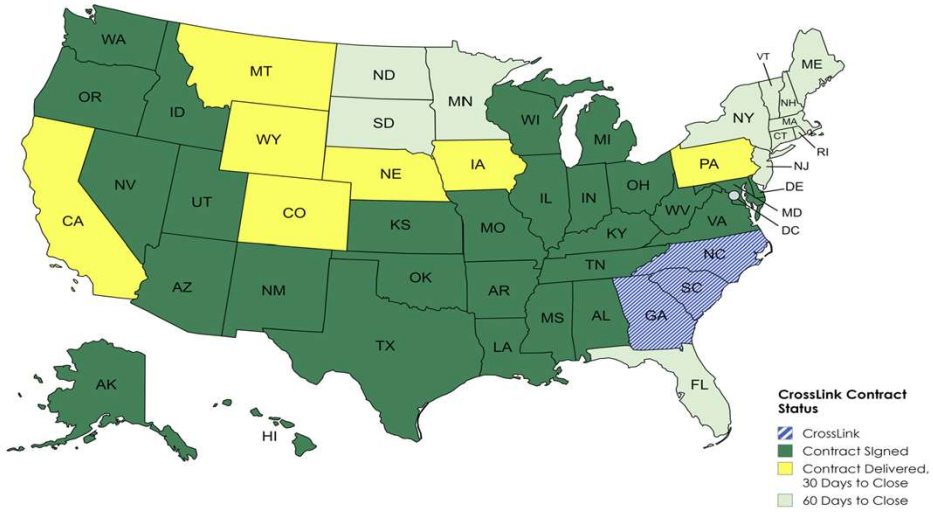
- **ZYNRELEF’s payment is proposed to be the full statutory payment amount of $0.73 per billing unit with no deductions/a zero dollar offset.**

- **ZYNRELEF’s payment limitation is proposed to be $1,206.16.**

ZYNRELEF: CrossLink Implementation Progressing

The training and integration of CrossLink sales representatives to promote ZYNRELEF to orthopedic surgeons continues, building the foundation for increased adoption

- 561 representatives trained to date
- Covering 28 states



ZYNRELEF: CrossLink *Early* Impact

350 New surgeon introductions
generating 98 new users since partnership launched

144 Expected new users
over next 30 – 45 days

33 New ordering accounts
in the first full quarter of launch

Finance

Q2 2024 Adjusted EBITDA

In $K	GAAP Actuals QTD Q2 2024	Depreciation	Stock-Based Compensation	Inventory Reserve & Write-Off	Asset Write-Off	Adjusted QTD Q2 2024
Net Product Sales	$ 36,024	$ -	$ -	$ -	$ -	$ 36,024
Cost of Product Sales	10,518	-	-	1,621	-	8,897
Gross profit	25,506	-	-	(1,621)	-	27,127
Operating Expenses:						
Research and development	4,432	580	553	-	1,362	1,937
General and administrative	13,905	52	2,060	-	-	11,793
Sales and marketing	13,614	9	1,957	-	-	11,648
Total Operating Expense	31,951	641	4,570	-	1,362	25,378
(Loss) Income from Operations	$ (6,445)	$ (641)	$ (4,570)	$ (1,621)	$ (1,362)	$ 1,749

Revised 2024 Guidance

$M	2024
Product Revenues, Net	$138M- $158M
Adjusted Operating Expenses^*	$107M - $111M
Adjusted EBITDA^*	$(10M) - $3M

^Excludes Stock-Based Compensation, Depreciation and Amortization, impairment of long-lived assets and inventory write-downs

*The definition of Adjusted Operating Expenses and Adjusted EBITDA is consistent with the definitions previously provided, except for going forward, we are including impairment of long-lived assets and inventory write-downs as add backs in our definition of Adjusted Operating Expenses and Adjusted EBITDA.

Questions