

# Heron Therapeutics

## Q3 Earnings Call

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November 14, 2023



# Forward-looking Statements

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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 of this news release and are subject to certain risks and uncertainties that could cause actual results to differ materially, including, but not limited to, uncertainties related to market conditions; the potential market opportunities for ZYNRELEF<sup>®</sup>, APONVIE<sup>®</sup>, CINVANTI<sup>®</sup> and SUSTOL<sup>®</sup>; the net product sales guidance for the oncology care franchise and the acute care franchise; the EBITDA guidance provided by the Company; the results of the commercial launch of APONVIE; the timing of the FDA's review process and whether the FDA approves the sNDA for ZYNRELEF to further expand the U.S. label; the potential additional market opportunity for the expanded U.S. label for ZYNRELEF, if approved; the timing of the Company's development of the VAN program; the timing of the Company's submission of the PAS to the FDA for the VAN; the timing of the FDA's review process and whether the FDA approves the PAS for the VAN; the outcome of the Company's pending ANDA litigation related to CINVANTI; 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; and other risks and uncertainties identified in the Company's filings with the U.S. Securities and Exchange Commission. 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.

# Executive Summary

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# Transforming Heron Therapeutics



- 1** New management team and cost cutting measures in place:  
Operating expenses (excluding stock compensation and depreciation and amortization) reduced from \$182M (2022), \$135M (2023), \$108-116M (2024)
- 2** Gross margin improvement of 41% in 2023 to 69% in 2024; over 75% in 2025 and beyond
- 3** Completed capital raise:  
\$30M in Equity and \$50M in Debt, pulled down \$25M (\$55M in total)
- 4** Current cash and cash equivalents/investments at the end of September is \$77.4M, with anticipated end of 2023 balance to exceed \$65M
- 5** Oncology franchise continues to deliver stable revenue;  
sNDA, Vial Access Needle (VAN) and Prefilled Syringe (PFS) are all budgeted and on time;  
ZYNRELEF and APONVIE have hit all-time highs 8 weeks over 8 weeks

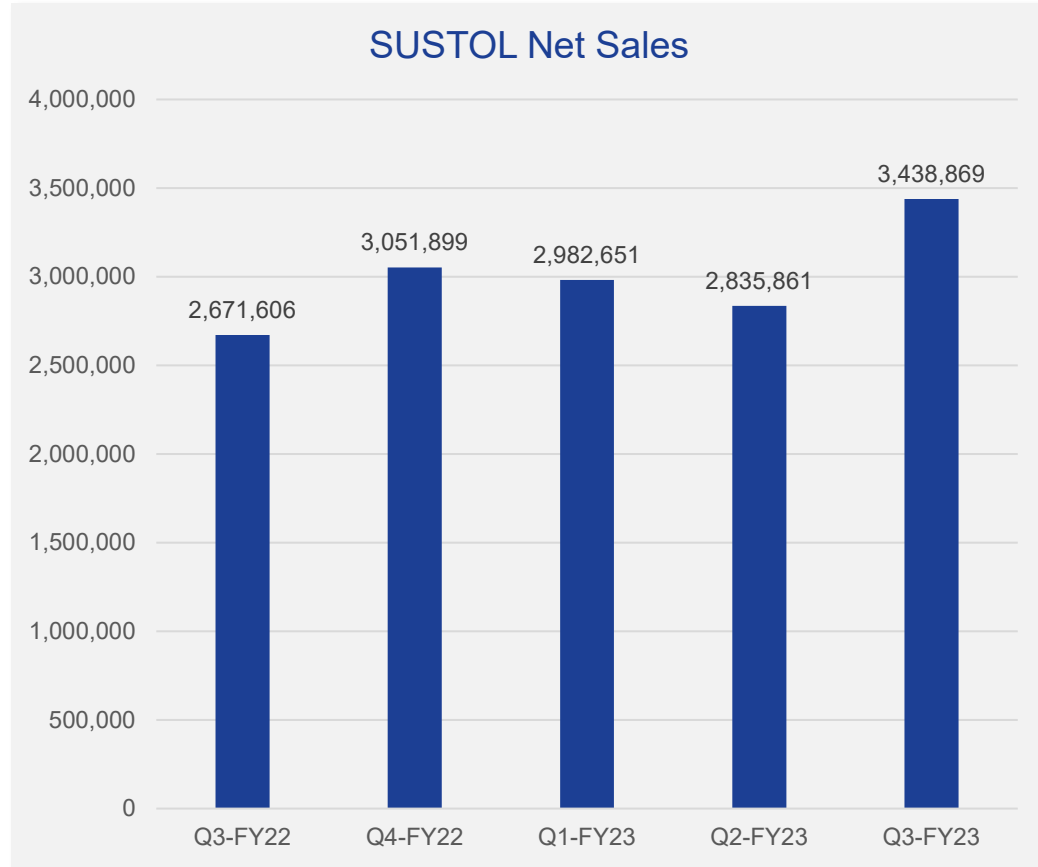
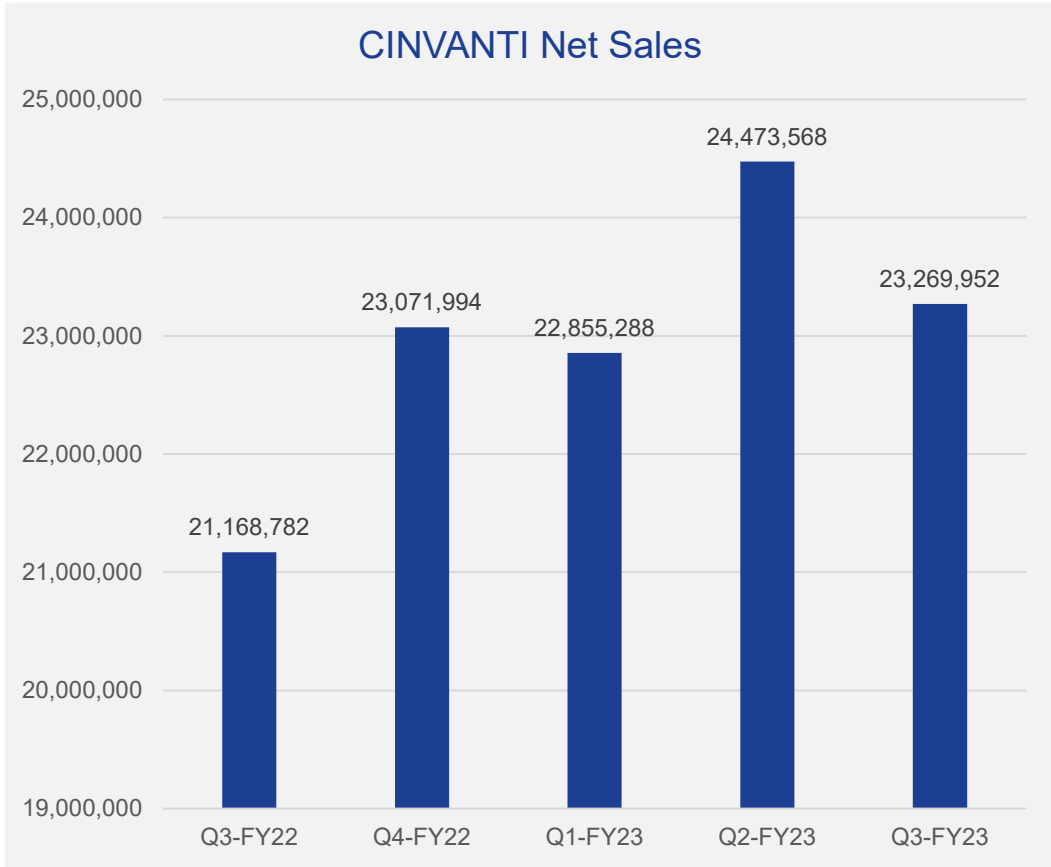
# Product Performance Update

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# Oncology Care Franchise Net Sales

3 months ended September 30, 2023: \$26.7 million

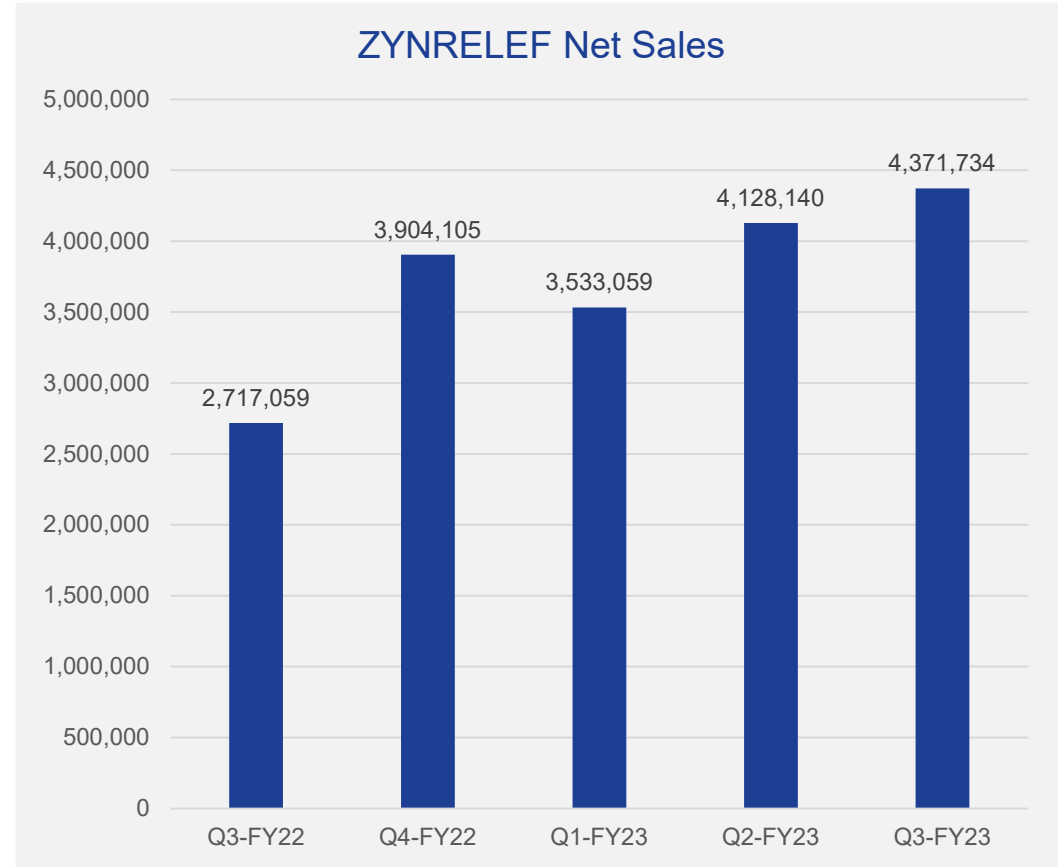
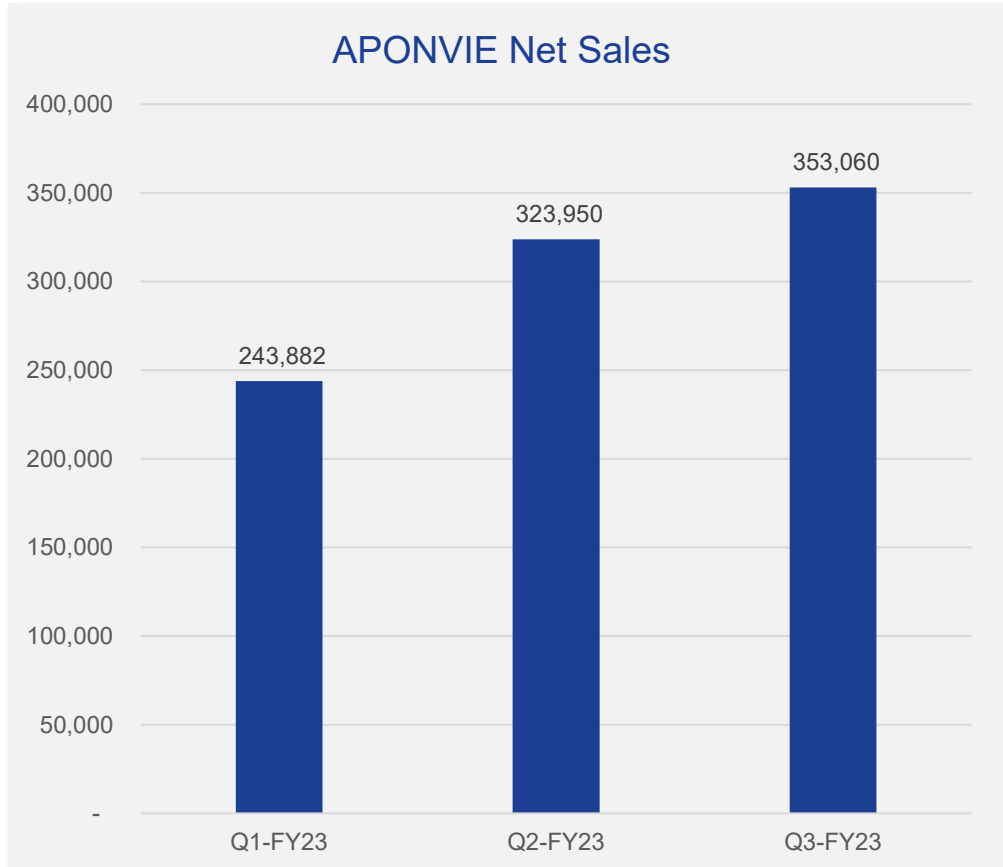
9 months ended September 30, 2023: \$79.9 million



# Acute Care Franchise Net Sales

3 months ended September 30, 2023: \$4.7 million

9 months ended September 30, 2023: \$12.9 million



# Commercial Strategy Update

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# Acute Care Commercial Strategy

*Own the Perioperative Space With Our Best-in-Class 1-2 Punch*

Our products solve for 2 of the most burdensome challenges associated with surgical procedures

- APONVIE

- “Above the Waist” starting entry point
  - Significant burden of PONV well understood by specialties such as Bariatric, ENT, Neuro and Plastics
  - Targeted focus for field team, proven ability to expand to other surgical lines
  - Reinforcing the 2020 guidelines that recommend 3 agents with distinct pathways

- ZYNRELEF

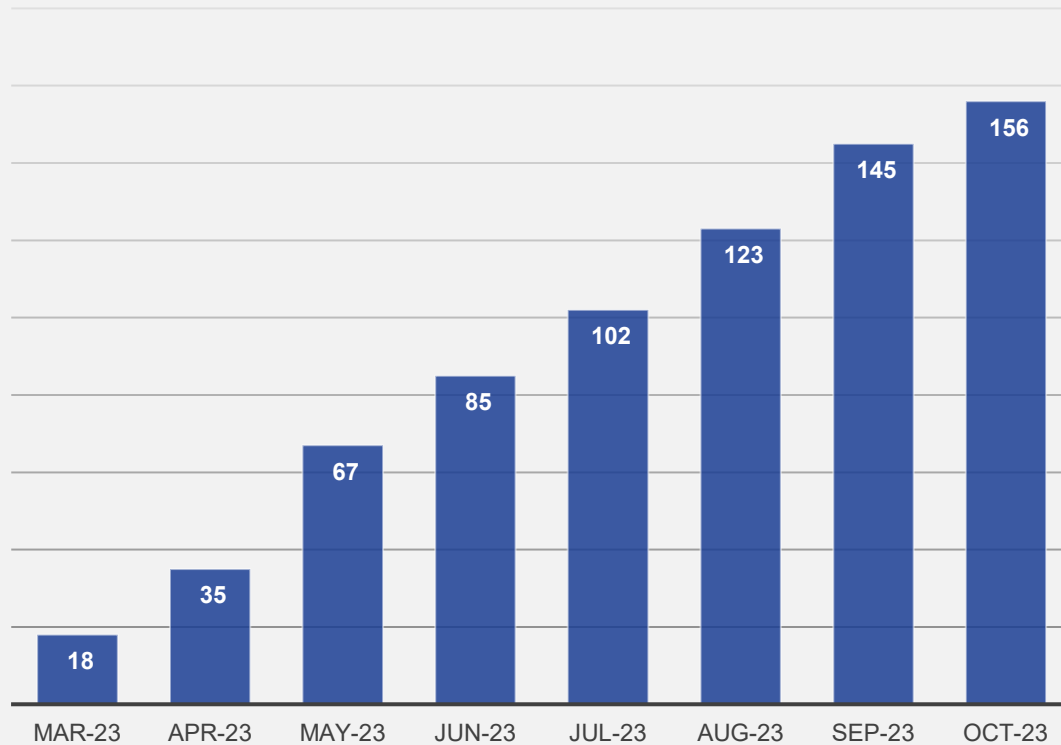
- Orthopedic procedure focus
  - Most significant pain is experienced in orthopedic procedures
  - Higher volume of procedures by specialty
  - Aligns well to prepare for sNDA approval and launch
  - Ability to partner with distributor

# APONVIE Launch Update

## Pipeline

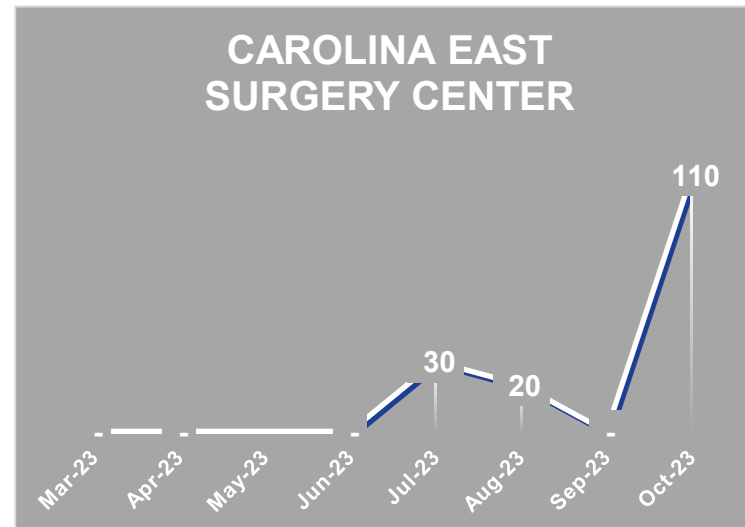
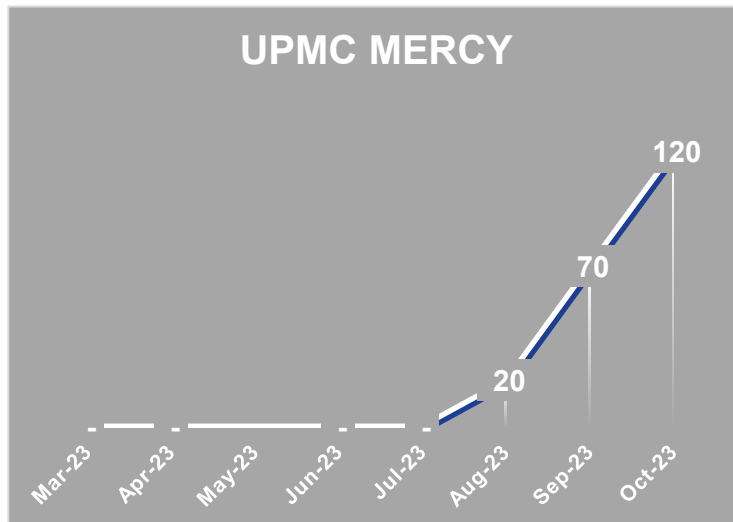
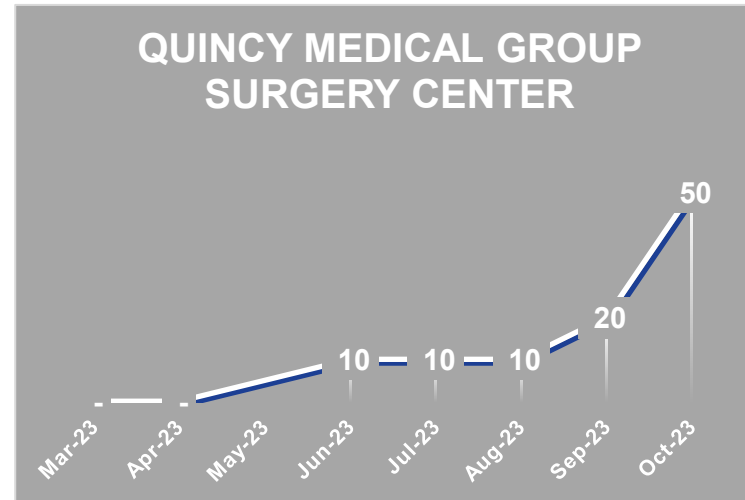
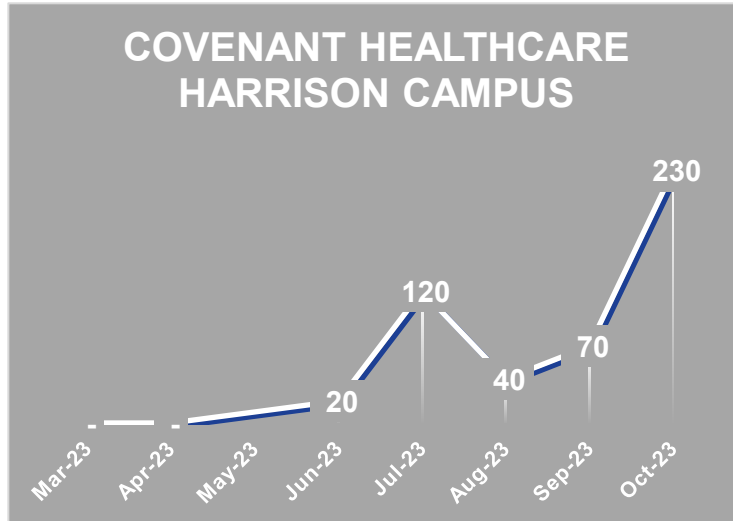
- 66 P&T Requested
- 10 P&T Scheduled With Date
- 9 New P&T Approvals in October

## Ordering Accounts

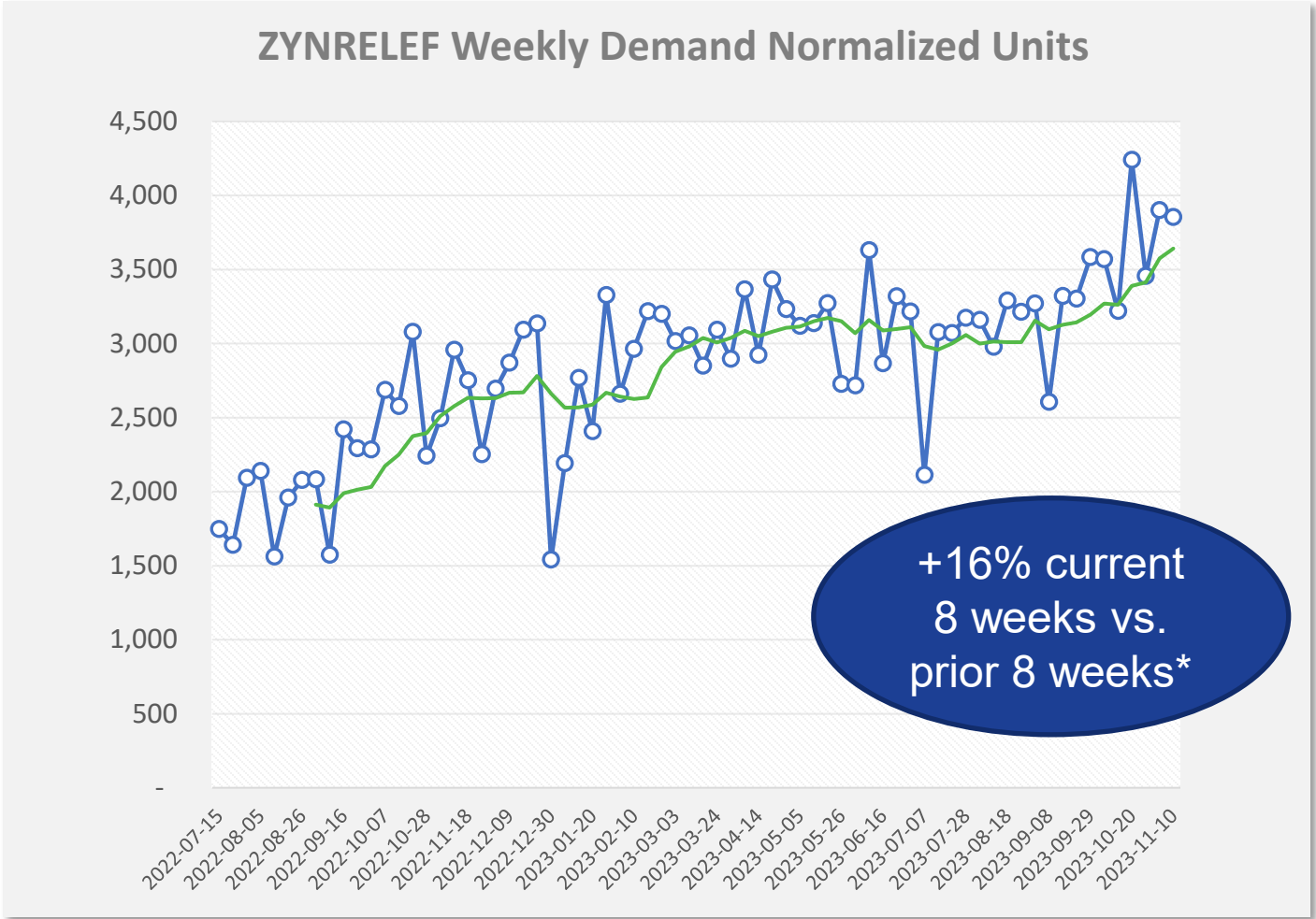


# New APONVIE Accounts

*Growing From Positive Initial Experience*



# Momentum is Building with ZYNRELEF



# ZYNRELEF Regulatory and Development Offer Continued Expansion of Opportunity

## 2024-2026 Milestones

### sNDA PDUFA

Anticipated expansion of label almost doubles ZYNRELEF opportunity

January 23, 2024



### Vial Access Needle (VAN) Approval

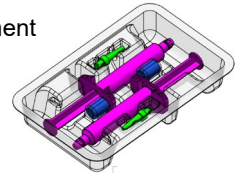
VAN reduces withdrawal time from >1 minute to 20-30 seconds

September 2024

### Prefilled Syringe (PFS) Approval

Perceived as the most meaningful improvement given potential to more rapidly administer intra-operatively in market research\*

September 2026



### Current Indications cover approximately 7 million procedures/year

ZYNRELEF is indicated in adults for soft tissue or periarticular instillation to produce postsurgical analgesia for up to 72 hours after foot and ankle, small-to-medium open abdominal, and lower extremity total joint arthroplasty surgical procedures.

### Proposed Indications cover approximately 13 million procedures/year

ZYNRELEF is indicated in adults to produce postsurgical analgesia for up to 72 hours after **soft tissue and orthopedic surgical procedures**.

### New VAN designed to facilitate ZYNRELEF product withdrawal based on HCP feedback

Market research and customer feedback since launch suggests current Vented Vial Spike (VVS) can be cumbersome and an improvement in withdrawal would be significant and increase adoption.

*“This profile improvement is a 10/10 in increasing my desire to prescribe as it would help shorten my OR time.” – Surgeon\**

# Finance

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# 2023 Normalized Results

	GAAP	Zynrelef	Adjusted		GAAP	23-Jun	Exec	Adjusted	Zynrelef	Adjusted		GAAP	23-Jun	Exec	Adjusted	Zynrelef	Adjusted
Q1	Q1	Write offs	Q1	Q2	Q2	Reorg	Depart	Q2	Write offs	Q2	Q3	Q3	Reorg	Depart	Q3	Write offs	Q3
Revenue	\$ 29,615		\$ 29,615	Revenue	\$ 31,762			\$ 31,762		\$ 31,762	Revenue	\$ 31,434			\$ 31,434		\$ 31,434
COGS	\$ 16,854	\$ 5,300	\$ 11,554	COGS	\$ 20,158			\$ 20,158	\$ 7,500	\$ 12,658	COGS	\$ 18,208			\$ 18,208	\$ 7,500	\$ 10,708
R&D	\$ 13,817		\$ 13,817	R&D	\$ 17,572	\$ 600	\$ 2,300	\$ 14,672		\$ 14,672	R&D	\$ 13,558	\$ 900		\$ 12,658		\$ 12,658
G&A	\$ 10,853		\$ 10,853	G&A	\$ 15,230	\$ 100	\$ 5,000	\$ 10,130		\$ 10,130	G&A	\$ 11,641		\$ 2,200	\$ 9,441		\$ 9,441
S&M	\$ 21,154		\$ 21,154	S&M	\$ 21,205	\$ 1,100	\$ 3,900	\$ 16,205		\$ 16,205	S&M	\$ 12,956	\$ 1,000		\$ 11,956		\$ 11,956
Total Opex	\$ 45,824		\$ 45,824	Total Opex	\$ 54,007			\$ 41,007		\$ 41,007	Total Opex	\$ 38,155			\$ 34,055		\$ 34,055
<b>Loss from Ops</b>	<b>\$ (33,063)</b>		<b>\$ (27,763)</b>	<b>Loss from Ops</b>	<b>\$ (42,403)</b>			<b>\$ (29,403)</b>		<b>\$ (21,903)</b>	<b>Loss from Ops</b>	<b>\$ (24,929)</b>			<b>\$ (20,829)</b>		<b>\$ (13,329)</b>
SBC			7,947							13,900							6,683
D&A			718							739							727
Cash Op Loss			<b>\$ (19,098)</b>							<b>\$ (7,264)</b>							<b>\$ (5,919)</b>
One time charges						<b>\$13,000</b>								<b>\$ 4,100</b>			<b>\$ 17,100</b>
Operating expenses less stock comp and depreciation & amortization																	

# Guidance

\$M	4Q23	2024
Revenues	\$30M - \$32M	\$138M- \$158M
Gross Profit	\$18M - \$20M	\$94M - \$111M
Gross Margin	62%	68-70%
Cash OpEx	\$26M - \$28M	\$108M - \$116M
EBITDA (excluding stock compensation)	\$(10M) - \$(6M)	\$(22M) - \$3M

Anticipate exiting 2023 with a minimum of \$65M cash and cash equivalent/investments



# Key Takeaways

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- 1 Our vision is set and we anticipate that our balance sheet will allow us to get there without the need to raise additional capital
- 2 Operating Expenses (\$108M-\$116M), Gross Margin (68%-70%) and EBITDA (Q4 Positive) all moving in the right direction on the path to profitability
- 3 The Oncology franchise continues to outperform and we are raising our guidance for 2023 from \$99M to \$103M, to a range of \$104M - \$106M; ZYNRELEF and APONVIE have hit all time highs the last 8 weeks
- 4 ZYNRELEF label expansion and VAN offer significant upside opportunity