

Heron Therapeutics Update

May 2020

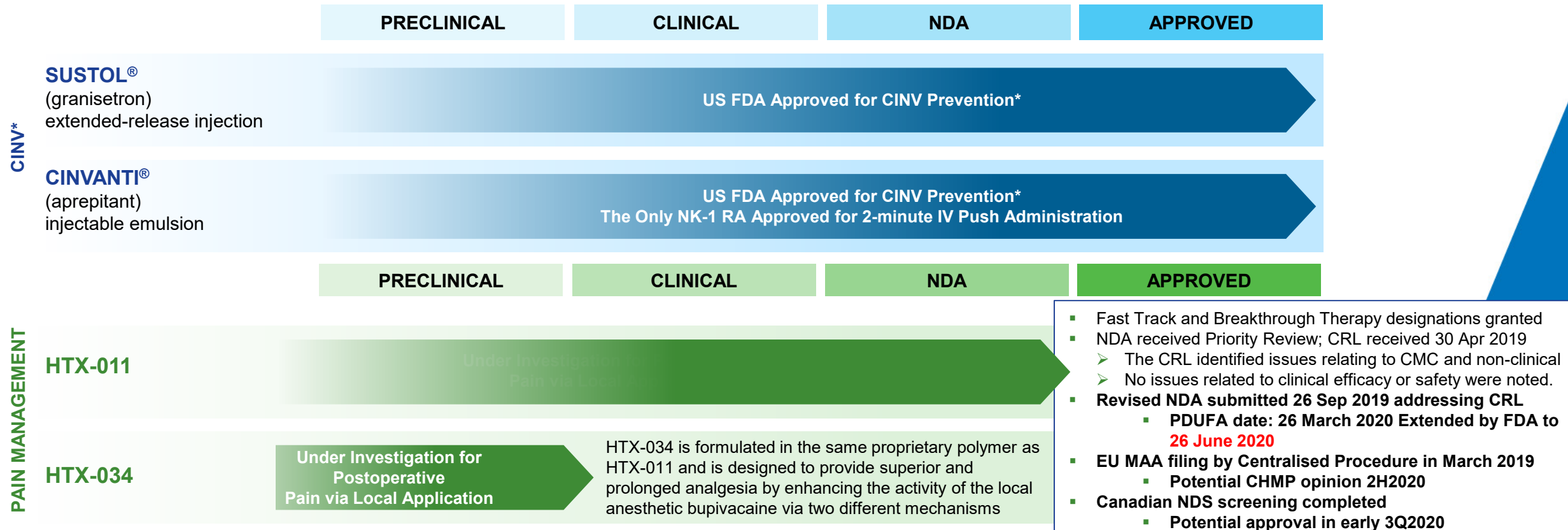


Forward-Looking Statements

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 presentation, and involve substantial risks and uncertainties that could cause our clinical development programs, future results, performance or achievements to differ significantly from those expressed or implied by the forward-looking statements. These risks and uncertainties include, but are not limited to, those associated with: the full-year 2020 net product sales guidance for the CINV franchise; whether the FDA approves the NDA for HTX-011; the timing of the FDA's review process for HTX-011; the timing of the commercial launch of HTX-011; the timing of the CHMP's review process for HTX-011; whether the European Commission authorizes the MAA for HTX-011; the timing of Health Canada's New Drug Submission (NDS) review process for HTX-011; whether Health Canada issues a Notice of Compliance for the NDS for HTX-011; the potential market opportunity for CINVANTI, SUSTOL and HTX-011; the timing and results of the studies in the HTX-011 and HTX-034 development programs; 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 other risks and uncertainties identified in the Company's filings with the Securities and Exchange Commission. Forward-looking statements reflect our analysis only on their stated date, and we take no obligation to update or revise these statements except as may be required by law.

Heron Pipeline

We are currently developing and commercializing pharmaceutical products for patients suffering from cancer or postoperative pain:



*CINV: Chemotherapy-induced nausea and vomiting. **SUSTOL® (granisetron) extended-release injection** is indicated in combination with other antiemetics in adults for the prevention of acute and delayed nausea and vomiting associated with initial and repeat courses of moderately emetogenic chemotherapy (MEC) or anthracycline and cyclophosphamide (AC) combination chemotherapy regimens. **CINVANTI® (aprepitant) injectable emulsion**, in combination with other antiemetic agents is indicated in adults for the prevention of acute and delayed nausea and vomiting associated with initial and repeat courses of highly emetogenic cancer chemotherapy (HEC) including high-dose cisplatin as a single-dose regimen, delayed nausea and vomiting associated with initial and repeat courses of moderately emetogenic cancer chemotherapy (MEC) as a single-dose regimen, and nausea and vomiting associated with initial and repeat courses of MEC as a 3-day regimen. CINVANTI has not been studied for treatment of established nausea and vomiting..

HTX-011 and HTX-034 are an investigational new drugs and are not approved by the FDA or other regulatory authority

HTX-034 Development



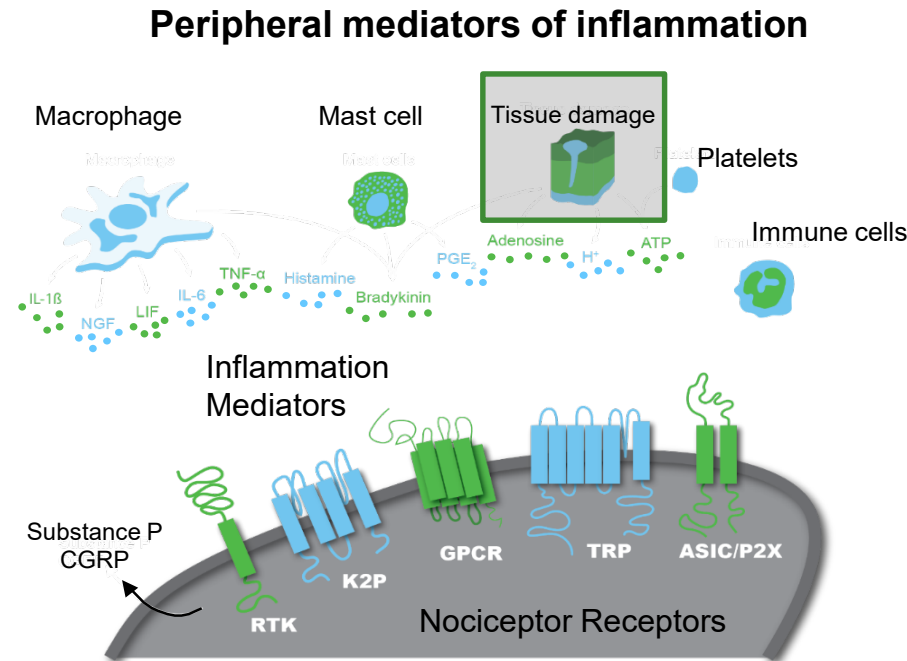
Next Generation Product for
Postoperative Pain



In Addition to Changes in pH, Inflammation From Surgery Modifies Pain Pathways and Can Produce Hyperalgesia

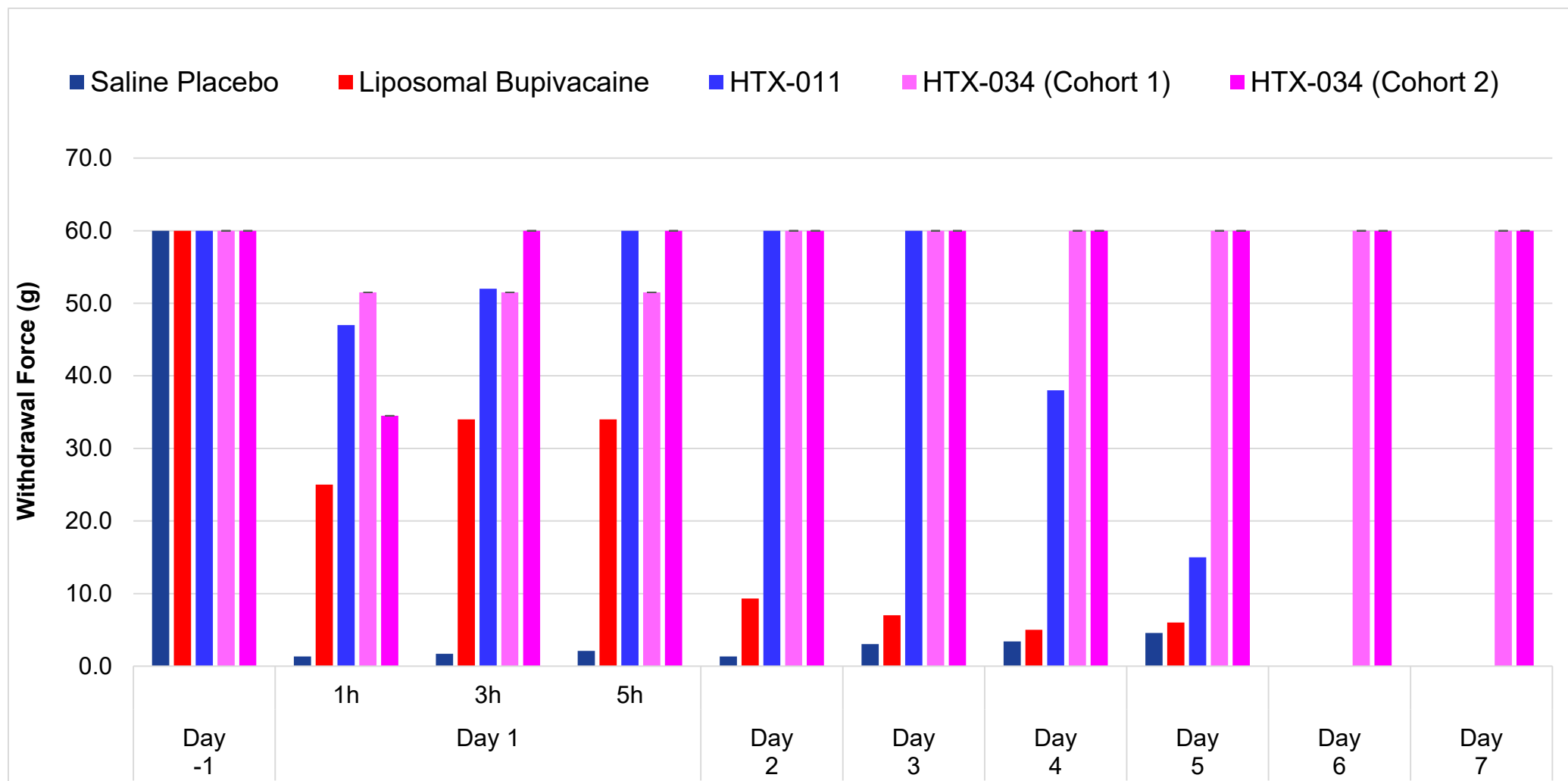
Local tissue damage activates a variety of cells, which release inflammatory mediators^{1,2}

HTX-034, an investigational non-opioid, is a fixed-dose combination, extended-release solution of the local anesthetic bupivacaine, the nonsteroidal anti-inflammatory drug meloxicam and an additional agent targeting the inflammatory process that further potentiates the activity of bupivacaine



References: 1. Woolf CJ. Pain: moving from symptom control toward mechanism-specific pharmacologic management. *Ann Intern Med.* 2004;140(6):441-451. 2. Basbaum AI, Bautista DM, Scherrer G, Julius D. Cellular and molecular mechanisms of pain. *Cell.* 2009;139(2): 267-284.

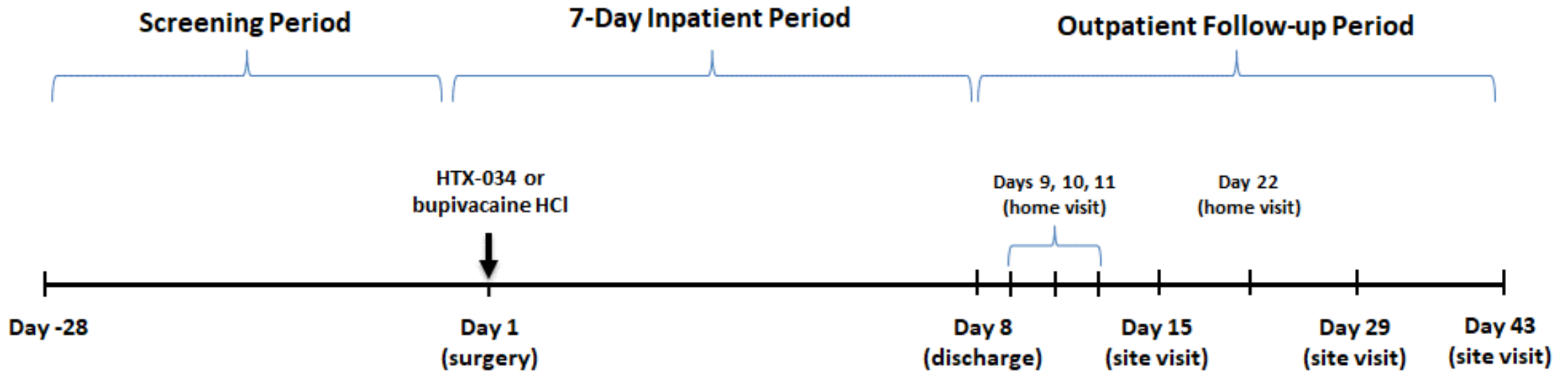
HTX-034 Produces Complete Elimination of Pain Through 7 Days in Pig Postoperative Pain Model



This validated pig model of postoperative pain has been predictive of clinical observations with HTX-011, HTX-002 and HTX-009

HTX-011 & HTX-034 are investigational new drugs and not approved by the FDA

HTX-034-101: FIH Study in Patients Undergoing Bunionectomy with Internal Fixation



Study Design:

- Phase 1b Dose Escalation
 - 2 sequential dose cohorts, n=16 each, HTX-034 (n=12) or bupivacaine HCl 50 mg (n=4)
 - Cohort 1: 25 mg bupi, Cohort 2: up to 50 mg bupi
 - 7 Day Inpatient period for all subjects
- Optional Phase 2 Dose Expansion, n=32 HTX-034 (n=24) or bupivacaine (n=12)
 - All subjects in Phase 2 will be inpatient 3 days

The Commercialization Plan for HTX-011

Advancing Pain Management



HTX-011 is an investigational new drug and not approved by the FDA

Established Platform With Experienced Teams in Place

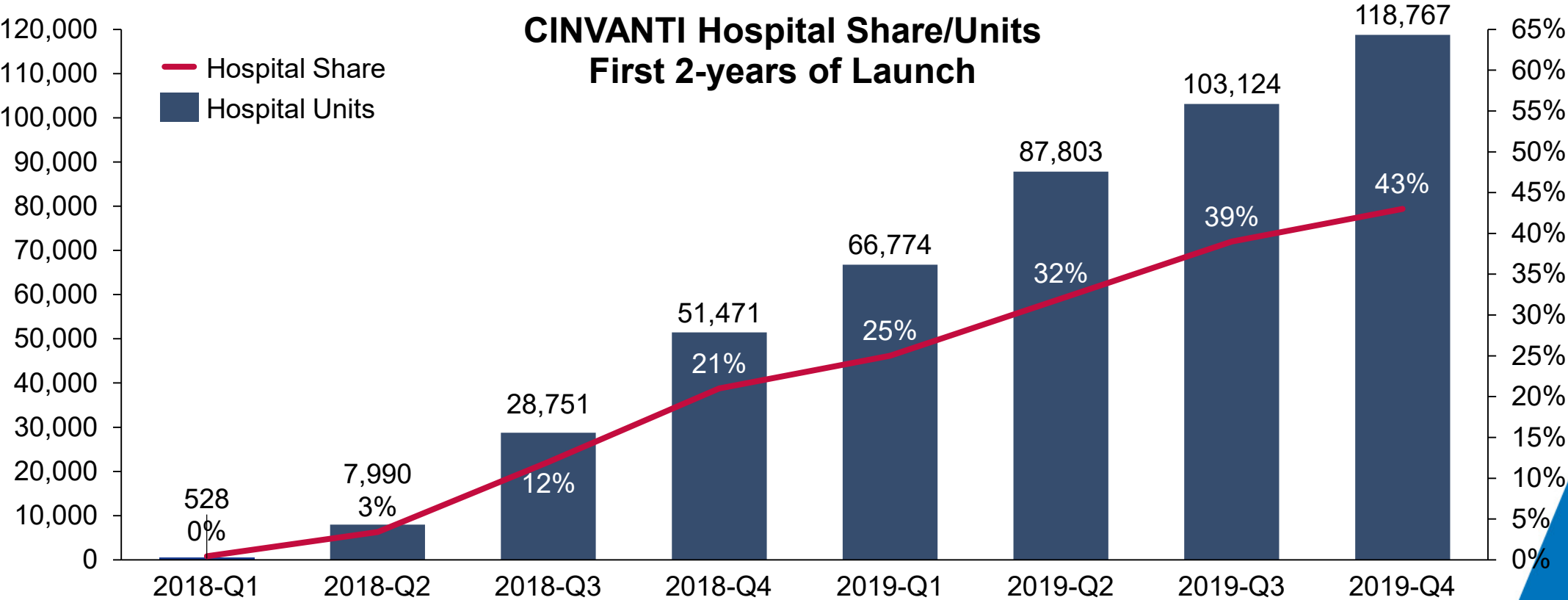
We are prepared for the launch of HTX-011. Our critical teams are already in place, with extensive experience in successful hospital launches.



EXISTING PLATFORM ADVANTAGES

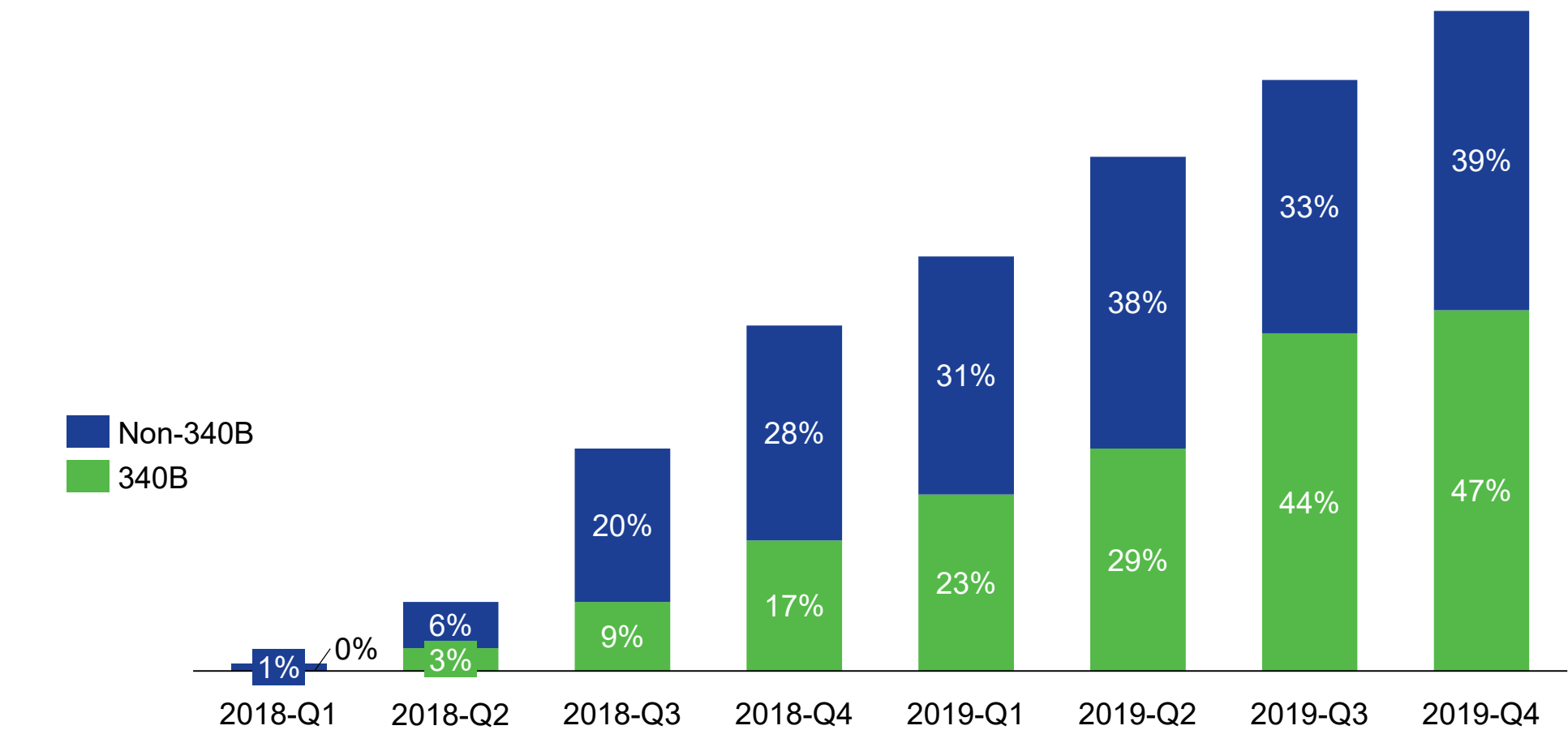
- ✓ Strong KOL relationships
- ✓ Successful hospital and pain management launch experience
- ✓ IDN/hospital/ASC expertise and relationships
- ✓ Reimbursement infrastructure in place
- ✓ GPO contracts in place
- ✓ Full Line Wholesaler agreements and 3PL in place
- ✓ Safety monitoring structure in place
- ✓ Proven compliant execution
- ✓ Robust systems in place and pressure tested for blockbuster launch

Heron has Successfully Launched a Hospital Product and Achieved >40% Market Share From Entrenched Competitor



SOURCE: 867 1.8.20, IMS DDD 12.27.19

CINVANTI Achieved Significant Penetration in Both the 340B and Non-340B Hospital Market in First 2-years of Launch



SOURCE: 867 1.8.20, IMS DDD 12.27.19

Hospital Launch Analysis

HTX-011 and CINVANTI Have Very Similar Profiles

	CINVANTI	HTX-011
Market Category	NK1 - CINV	Local Anesthetics
Annual Units	800,000 NK1 units in hospital	14M*
Brand Leader - Unit Share	EMEND IV 100%	EXPAREL 7% 1.0M** units
Generics at Launch - Unit Share	No 0%	YES 93%
New P&T Review	Yes	Yes
Clinical Differentiation	Yes – PS-80 free	Yes – beat SOC
Ease of Use	High – IV push, infusion	High - installation
Price Strategy vs. Brand	20% discount	Discount to brand likely
340b Pricing Offer	Yes	Yes
Brand 340b Pricing	Yes	No
3-year pass-through	Yes	Yes

*Lexus Target Procedures Q3 17-Q3 18

** SHA Pac units Q3 17 –Q3 18

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The Market is Large and Waiting for an Effective Non-opioid Solution

Potential Target Market

~30M Annual U.S. Surgical Procedures Requiring Postoperative Pain Management

~14M Initial Target Procedures

Target Procedures (Initial Targets)

Higher-volume procedures across 4 major specialties

- ~6.0M Orthopedic procedures
- ~4.5M General surgery procedures
- ~2.6M OB/GYN procedures
- ~900K Plastic surgery procedures

~\$2.8B

~7M Procedures

Secondary Targets

Higher-volume procedures in non-core specialties (eg, ENT, urology, hand, others)

~\$1.3B

~9M Procedures

Tertiary Targets

Lower-volume procedures and procedures where local anesthetics are not widely used today

~\$1.7B

Potential Market Size

Branded Product Utilization Has Grown and is Approaching ~\$1B

Shift Away From Opioids Continues

Product	Pack Units	% Change	WAC	% Change	Avg. Cost per Patient
Bupivacaine	20.8M	21%	\$44M	31%	\$5-7
Ropivacaine	1.6M	138%	\$24M	159%	\$39
Exparel	1.1M	20%	\$408M	16%	\$298
Ofirmev	10.8M	8%	\$422M	14%	\$86
On-Q*	-	-	~\$150M	-	~\$320
Opioids	178.6M	(18%)	\$1.1B	(13%)	-

- Local Anesthetics grew +22% in value and +26% in pack units in 2018, while opioids declined
- Large increase in ropivacaine driven by increased use of nerve block to decrease need for opioids
- Exparel volume growth was primarily driven by the 10ml vial and limited nerve block indication

* Avanos Earnings Call 11/05/19 ; Amazon.com: Halyard Health P400X5 ON-Q Pump Fixed Flow, 400 mL, 5 mL/hour Flow Rate (Pack of Price: \$1,592.58 (5 pump pack))

The Potential Market for an Effective Long-Acting Local Anesthetic Working 72-Hours is Huge

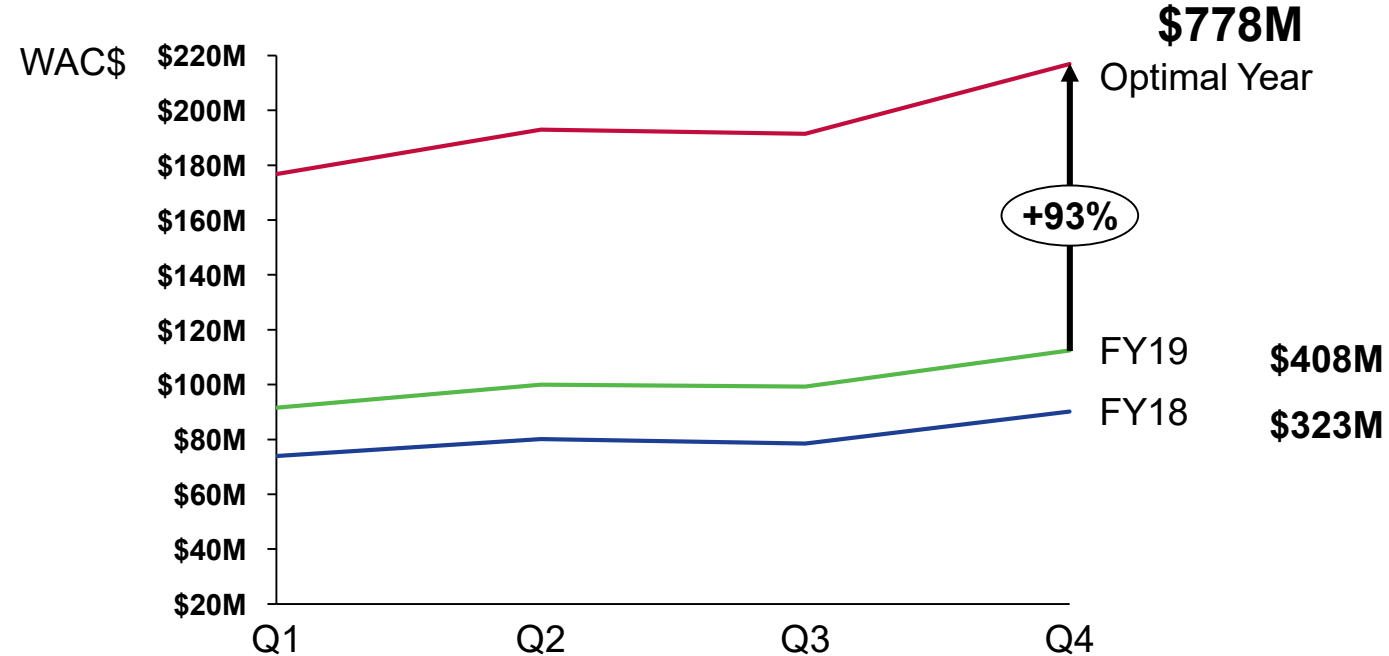
If Exparel ordering accounts had continued to grow Exparel utilization - Exparel optimal WAC\$ potential could have been 93% greater than FY19

A large number of accounts have discontinued use of Exparel over the last 7 years, resulting in lost sales. If Exparel had kept those accounts, its 2019 sales could have been:

\$778M*

Optimal Year

Exparel WAC\$ Annual Potential



*Identified every Exparel ordering Account's peak 6-month WAC Volumes (2012-2019). Annualized 6-month WAC Volumes to obtain the optimal year Exparel WAC\$ Potential

Clear Shift from Inpatient (no reimbursement) to Outpatient and ASC With Opportunity for Pass-Through HTX-011 has Strategic Advantages Across All Settings of Care

13.4 » 14
MILLION
INITIAL TARGET
PROCEDURES

Hospitals account for 90% (down from 91%), with 5% decline in inpatient procedures

52% » 47%

Hospital
Inpatient

(6.6M procedures)

- Part of DRG payment
- Multiple SKUs - lower average cost
- ~50% connected 340B hospitals

39% » 43%

Hospital
Outpatient

(6M procedures)

- 3-year pass through (C-Code)
- 340B opportunity
- Multiple SKUs - lower average cost

Ambulatory surgical centers account for 9%

8% » 9%

Ambulatory Surgical
Centers (ASCs)

(1.3M procedures)

- ASP +6%
- Lower access barriers
- Targeted facilities
- Connected to top IDNs
- Multiple SKUs - lower average cost

52% of the opportunity lends itself to favorable pricing, access and reimbursement

The remaining 1% of procedures are performed at private physician practices

Initial Launch Focus – Fast Moving 340b Hospitals Currently Using Branded Postop Pain Medication

340B + Branded Postop Pain Medication Use

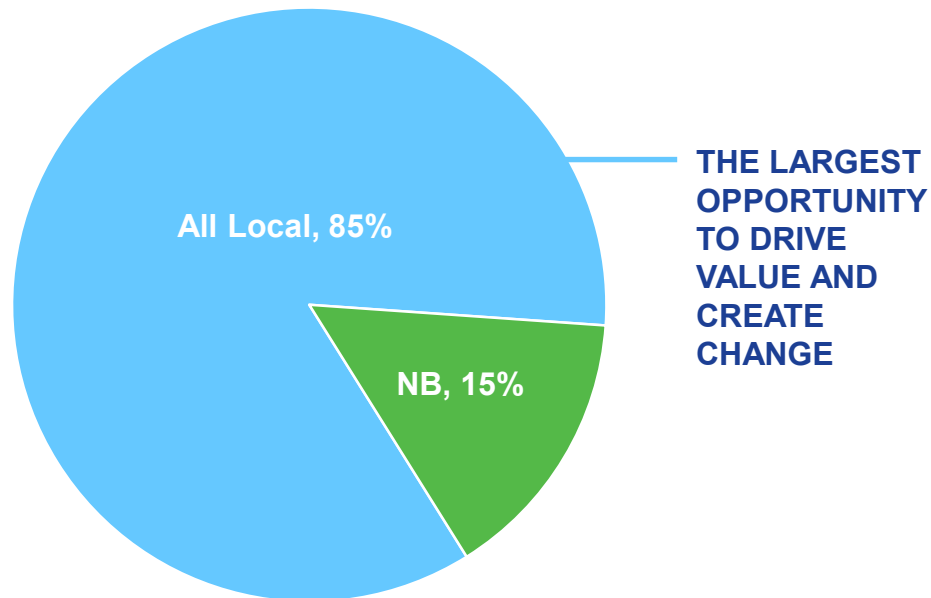
		Inpatient		Outpatient		
# of Hospitals	Formulary Timing	# Target Procedures	Branded Pain Meds	# Procedures	Branded Pain Meds	
65	0-3	220K	\$20M	204K	\$14M	(\$34M)
298	4-8	1.0M	\$74M	944K	\$49M	(\$123M)

Non-340B + Branded Postop Pain Medication Use

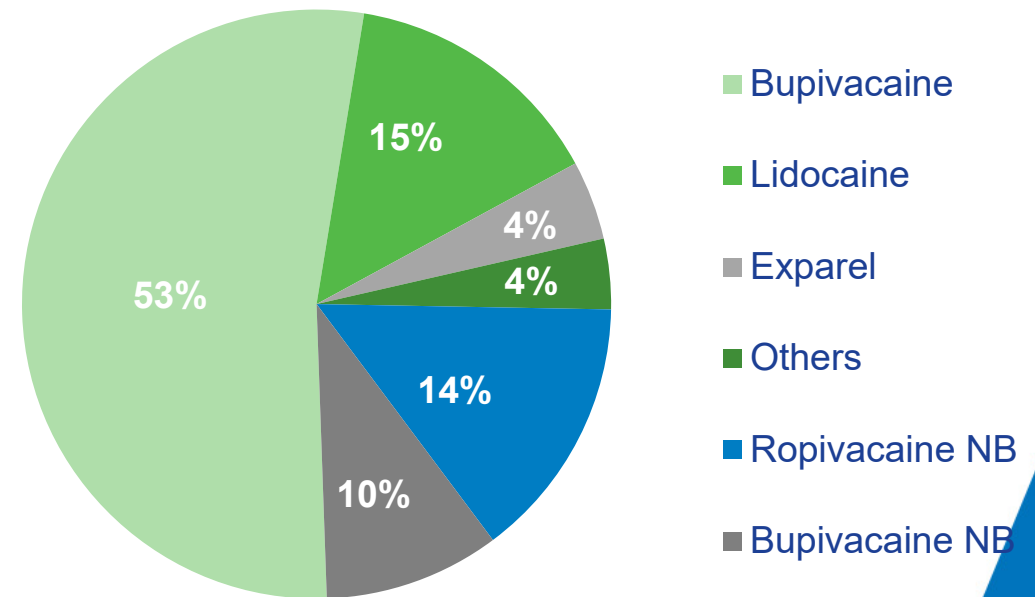
		Inpatient		Outpatient		
# of Hospitals	Formulary Timing	# Target Procedures	Branded Pain Meds	# Procedures	Branded Pain Meds	
61	0-3	198K	\$28M	183K	\$19M	(\$47M)
293	4-8	776K	\$64M	716K	\$43M	(\$107M)
			(\$186M)			
						(\$125M)

HTX-011 is Focused on the Largest Market Opportunity – Local Application

Local Anesthetic Route of Delivery



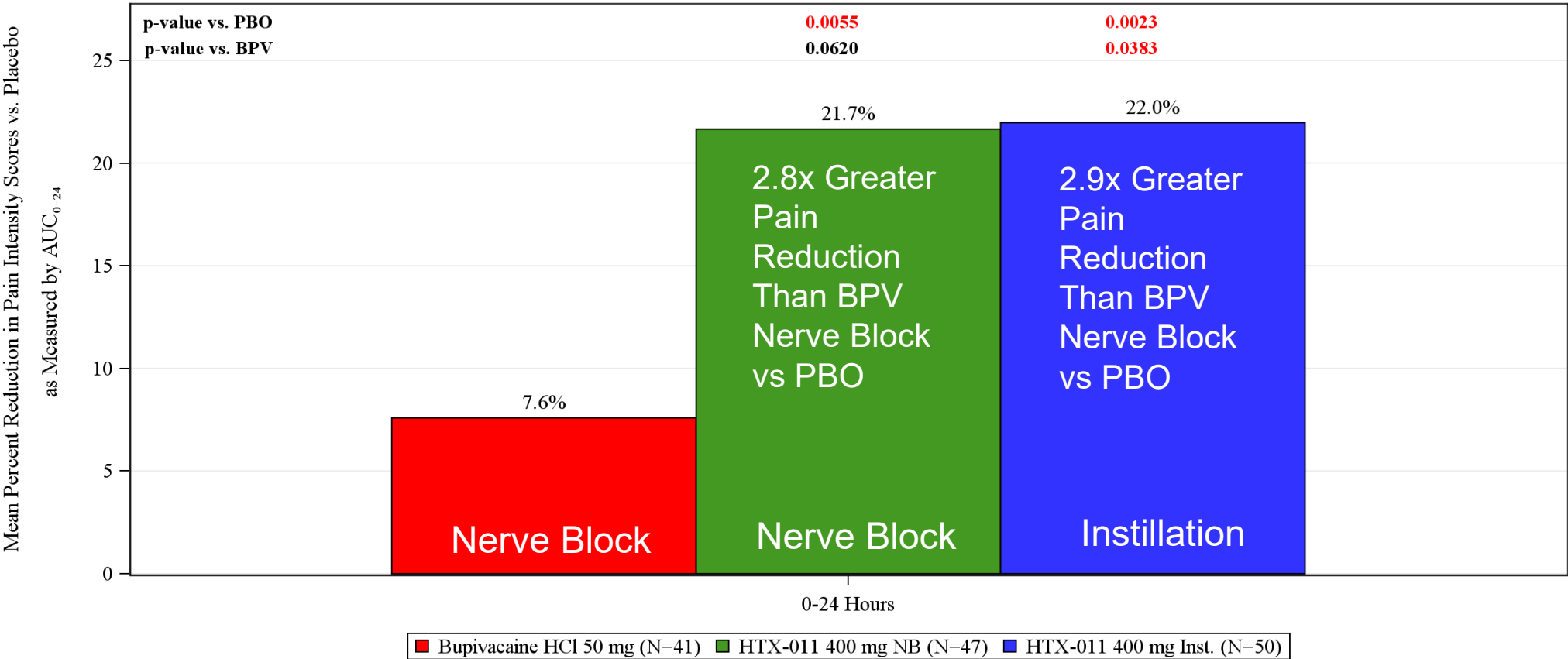
Local Anesthetic Volume Share



HTX-011 Demonstrated Significant Pain Reduction in Nerve Block

HTX-011 Instillation has Also Demonstrated Superiority to Bupivacaine NB and Similar Pain Reduction to HTX-011 Nerve Block

Study 211: Compared to Placebo, Pain Reduction with HTX-011 Instillation Approximately Triple that of Bupivacaine Nerve Block

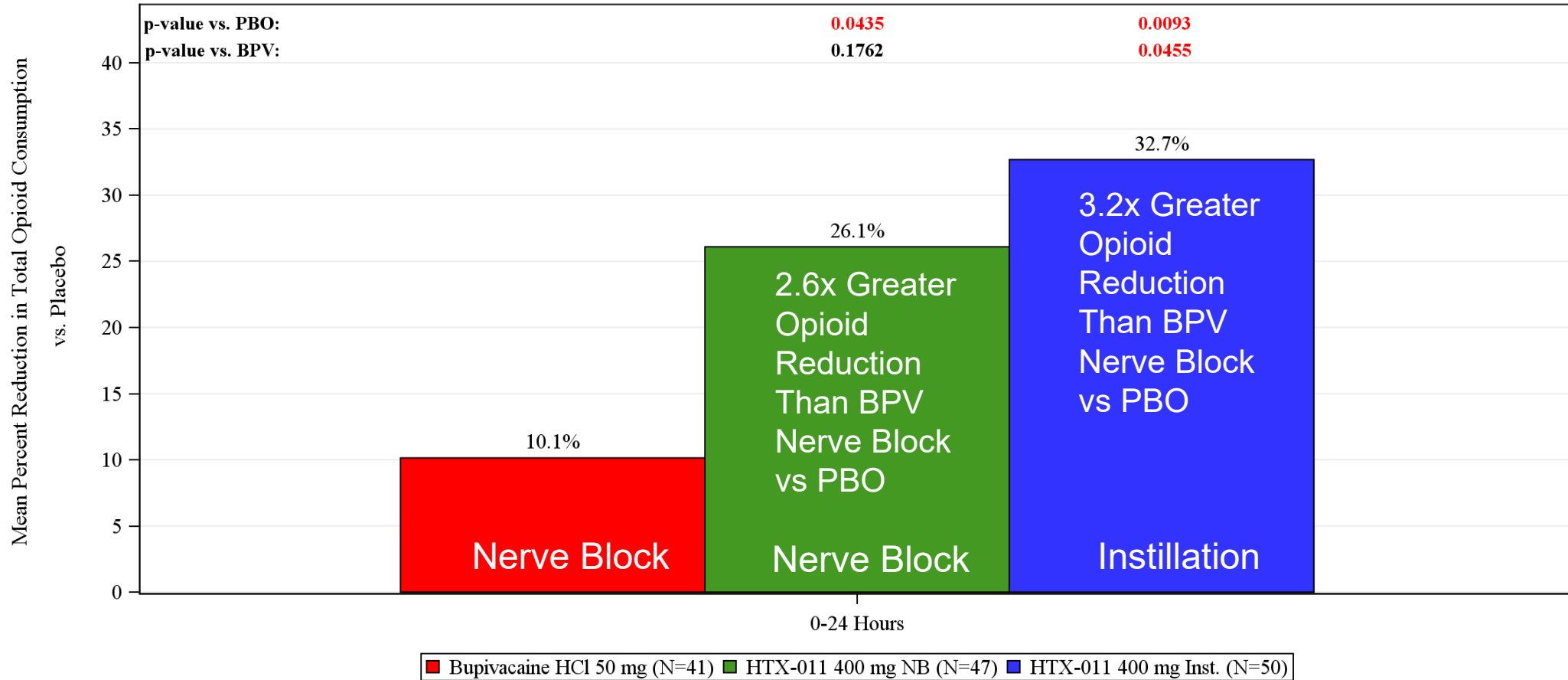


Study 211:
Phase 2b
Breast
Augmentation
Mammoplasty



HTX-011 Demonstrated Significant Reduction in Opioid Use with both Nerve Block and Instillation

Study 211: Compared to Placebo, HTX-011 Instillation has Demonstrated Significantly Greater Opioid Reduction Compared to Bupivacaine NB



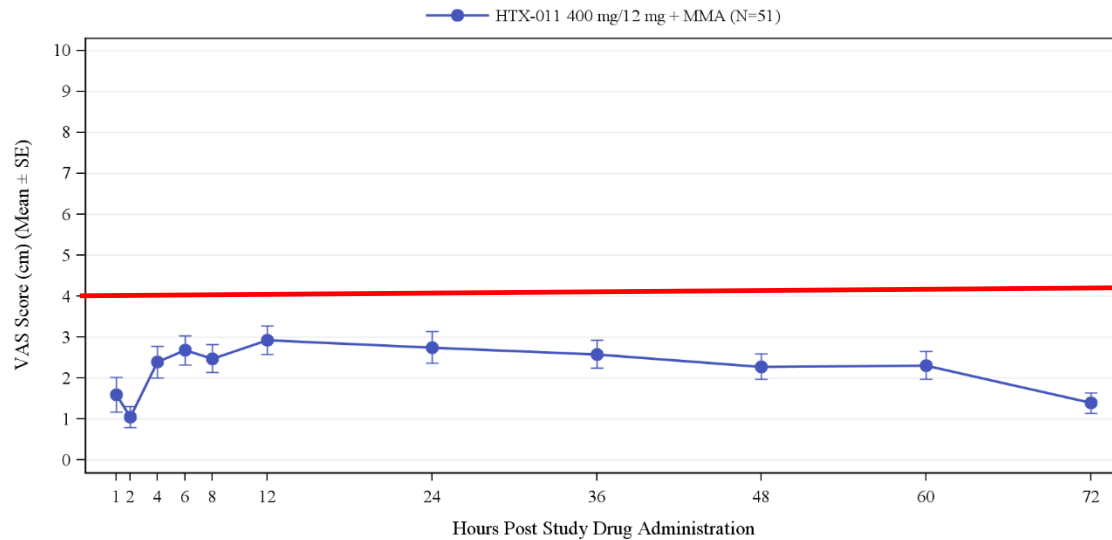
Study 211:
Phase 2b
Breast
Augmentation
Mammoplasty

Opioid consumption is presented in mean milligrams of morphine equivalents

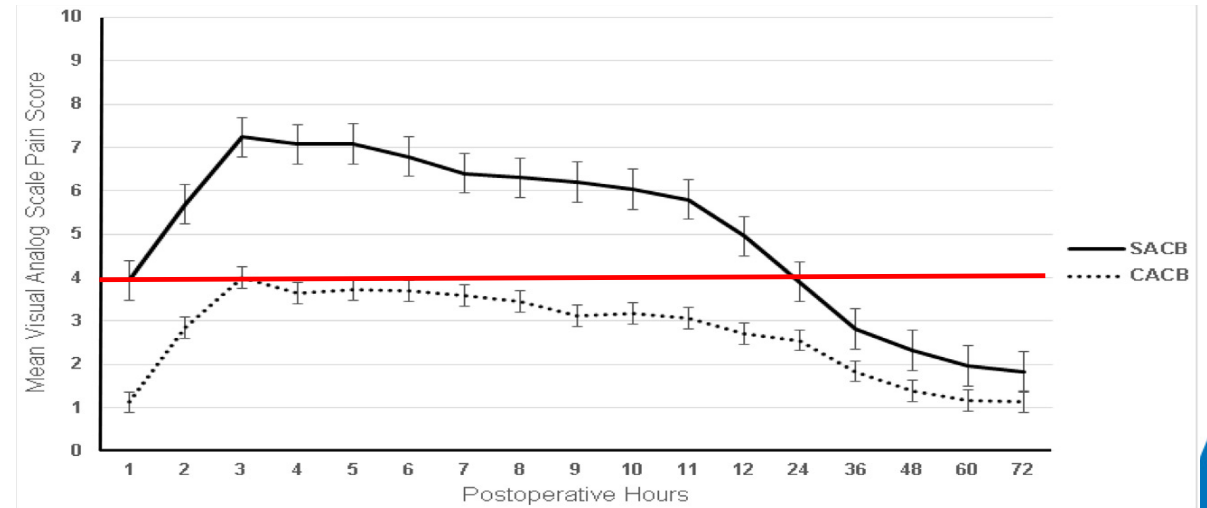
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Cross-Study Comparison of TKA Study 306 to Published Adductor Canal Nerve Block Study HTX-011 + MMA Produced Comparable or Better Pain Scores Than Nerve Block

HTX-011 + MMA with APAP and Celecoxib in Study 306



Single-Shot Adductor Canal Block (SACB) & Continuous Adductor Canal Block (CACB) with MMA¹



1. Canbek, et al. <https://doi.org/10.1016/j.aott.2019.04.001>

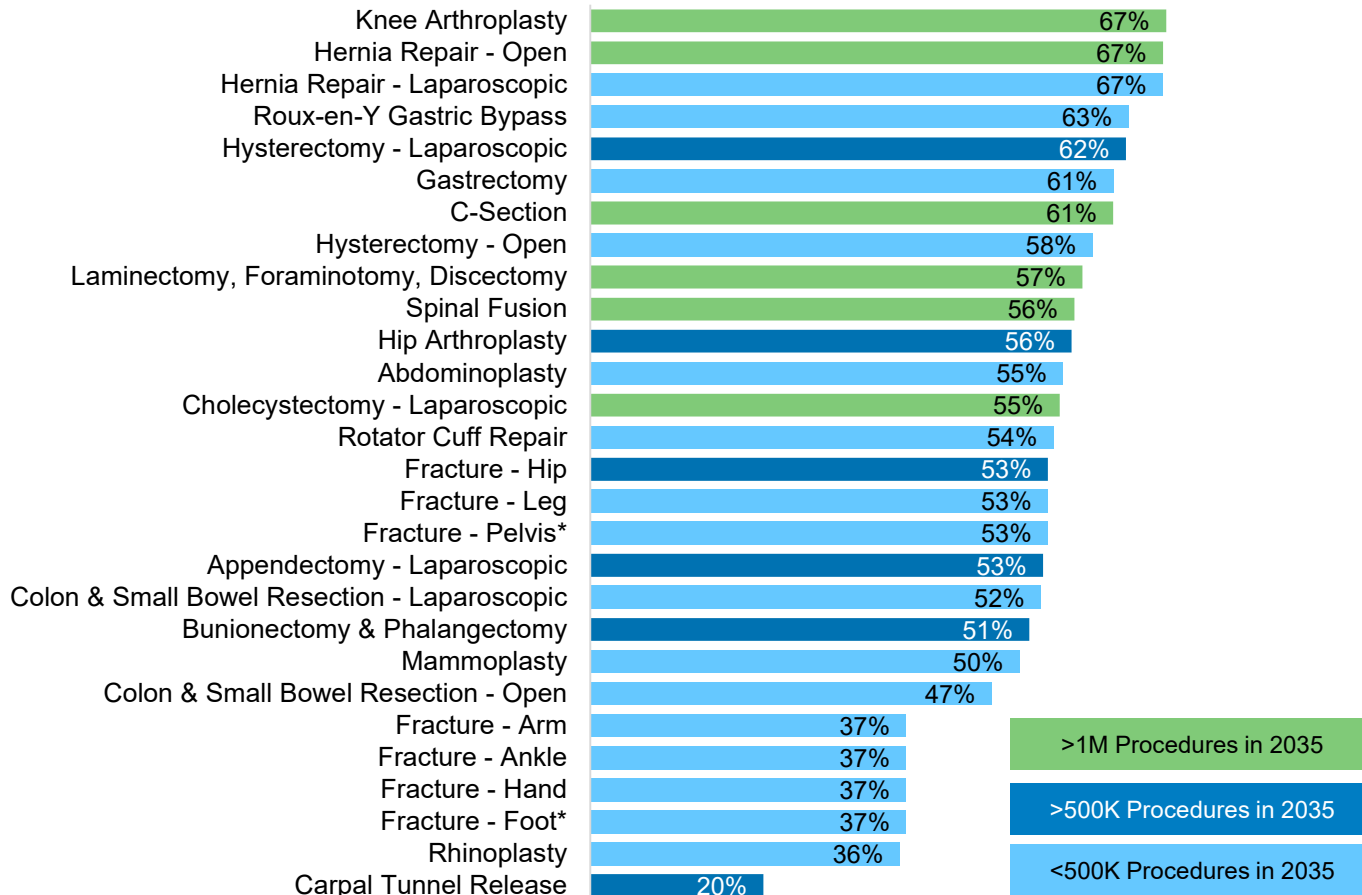
Patients received either a single administration or continuous infusion of bupivacaine plus IV diclofenac or APAP as MMA

Nerve Block Conclusions

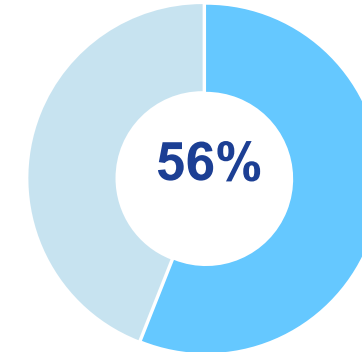
- HTX-011 nerve block significantly reduced pain
- Instillation of HTX-011 reduced pain just as well and appears to be as good or better than bupivacaine nerve block, even with continuous infusion
- Initial focus for approval and launch will be local administration

Physicians indicated a raw preference share of 56% for HTX-011 across the covered procedures

Preference Share (% , Raw)



Overall Wt. Average Preference Share

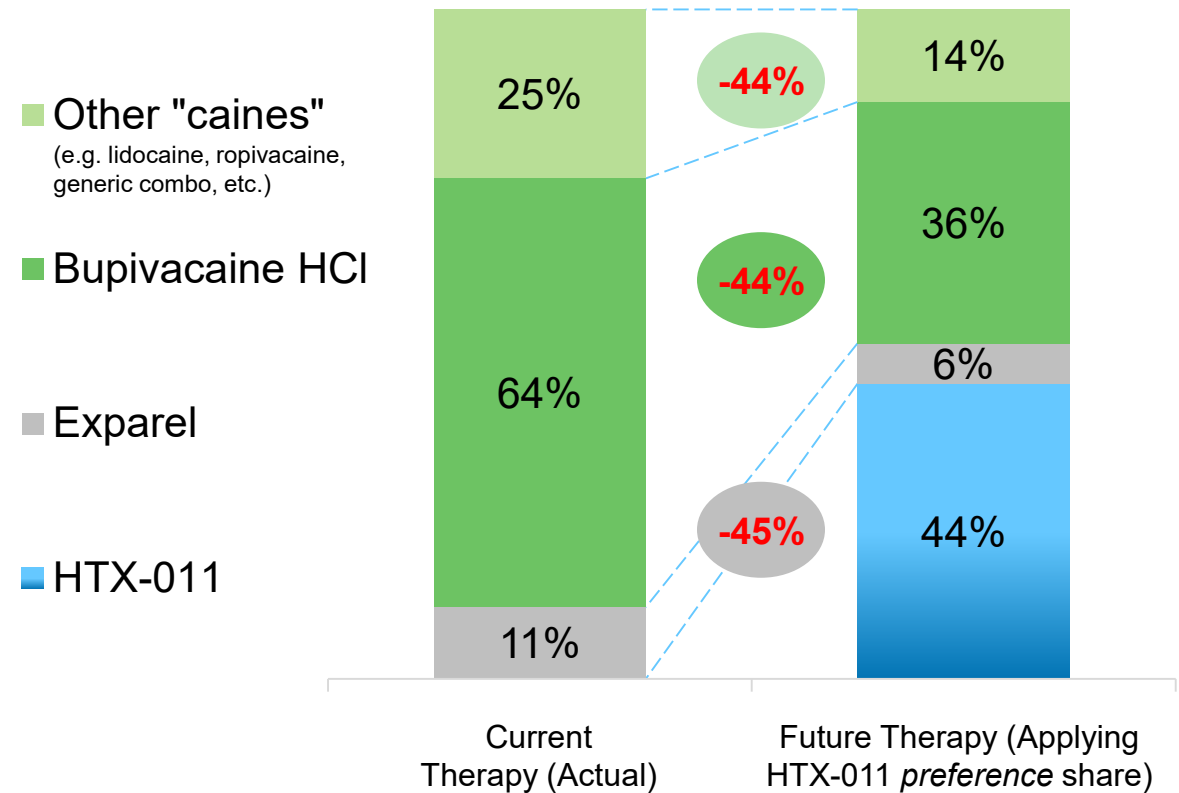


- Raw preference share for HTX-011 from physicians: 56%
- The top procedures where physicians expected to use HTX-011 were knee arthroplasty and hernia repair
- Several procedures saw higher raw preference shares than prior market research, notably knee & hip arthroplasty, C-section, laparoscopic hysterectomy and spine procedures

Reference: DRG Postoperative Pain Quantitative Research (Nov 2018) - n = 290 physicians; *Less than 100K procedures at peak

HTX-011 Enjoyed a Physician Preference Share of 44%

Adjusted Physician Preference Share Distribution



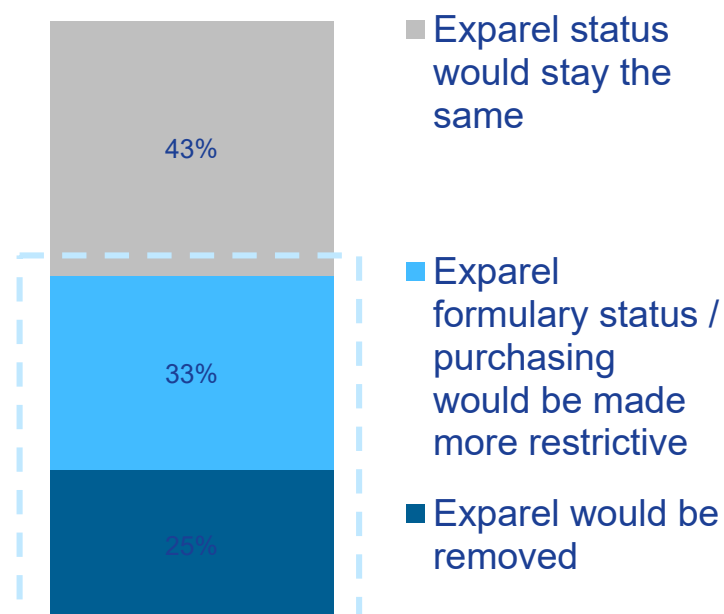
- HTX-011 is likely to initially convert share from Exparel, as well as the rest of the local anesthetics (bupivacaine & other “caines”)
- There is an additional opportunity to convert physicians not using local anesthetics; physicians indicated a willingness to use HTX-011 in ~30% of procedures where they are currently not using local anesthetics

Current therapy based on Claims data from 2017 for Exparel, other agents are based on 2018 Physician Survey

Data from analysis of physician static survey & conjoint - Sample includes n = 330 physicians

Pharmacy Directors Surveyed Prefer HTX-011 to Exparel®

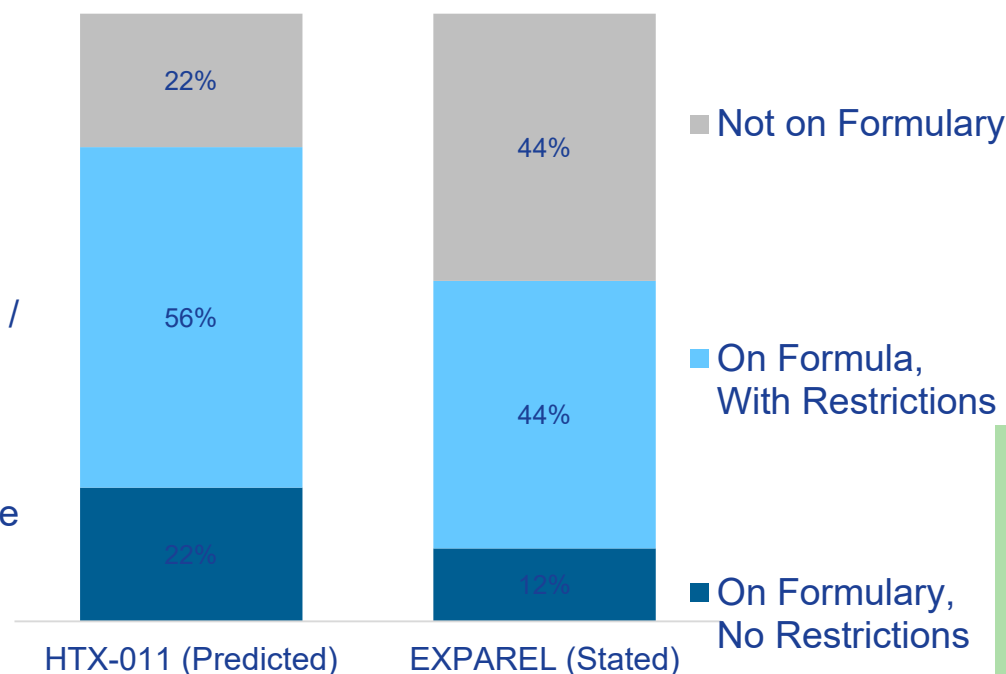
Impact of HTX-011 Launch on Exparel Formulary Status



% of Pharmacy Directors (DRG Survey, 2018)

N = 40 Pharmacy Directors

Formulary Status of Exparel vs. Expected HTX-011 Status



Most pharmacy directors indicate HTX-011 would displace Exparel on formulary







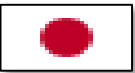
Over 50% of pharmacy directors report that if HTX-011 became available on their institution's formulary, Exparel would be subject to greater restrictions or would be entirely removed from formulary

For institution's with less formulary consolidation, Exparel may continue to be stocked to accommodate a small segment of patients not using HTX-011

*"We can **encourage use of [HTX-011]** by making use of **standing order sets** and our EMR system, so if we continued to carry Exparel, we would make it restricted to only patients contraindicated to Product X."*
– Pharmacy Director

Reference: DRG Pharmacy Director Survey (2018): Q27. What would happen to EXPAREL if Product X was approved on formulary at your institution?

High Procedure Volume in Target Markets Provides a Robust ROW Market Opportunity

Country		Total Surgical Procedures	Total Procedures Requiring Postop Pain Management	Initial Target Procedures	Remaining Secondary, Lower Volume & Procedures Currently Not Using Local Anesthetics
	Germany	18.6M	6.8M	4.0M	2.8M
	France	13.5M	4.4M	2.5M	1.9M
	UK	11.8M	3.8M	2.4M	1.4M
	Italy	10.1M	2.6M	1.9M	0.7M
	Spain	6.5M	2.1M	1.6M	0.5M
Top 5 EU Total		60.5M	19.7M	12.4M	7.3M
	Canada	6.0M	1.6M	1.2M	0.4M
	Japan	26.0M	6.6M	2.7M	3.9M

Heron is Well Positioned to Execute a Blockbuster Launch for HTX-011

- ✓ Proven track record with hospital launch success
- ✓ Existing robust platform and structure to support launch
- ✓ Significant unmet need and market opportunity
- ✓ Highly focused launch strategy to accelerate sales
- ✓ Unprecedented value proposition

HTX-011 Development Program

Advancing Pain Management



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Seven Active-Controlled Studies Showing Significantly Better Pain Reduction With HTX-011 Than Bupivacaine Included in NDA

Study	Phase	Surgical Model	Tissue Type	Significant for Pain Reduction vs. PBO	Significant for Pain Reduction vs. BPV	Significant Reduction in Opioid Use
202	2	Herniorrhaphy	Soft	✓	✓	✓
203	2	Abdominoplasty	Soft	✓	✓	✓
208	2	Bunionectomy	Bony	✓	✓	✓
209	2b	TKA	Bony	✓	✓	✓
211	2b	Breast Augmentation	Soft	✓	✓	✓
301	3	Bunionectomy	Bony	✓	✓	✓
302	3	Herniorrhaphy	Soft	✓	✓	✓

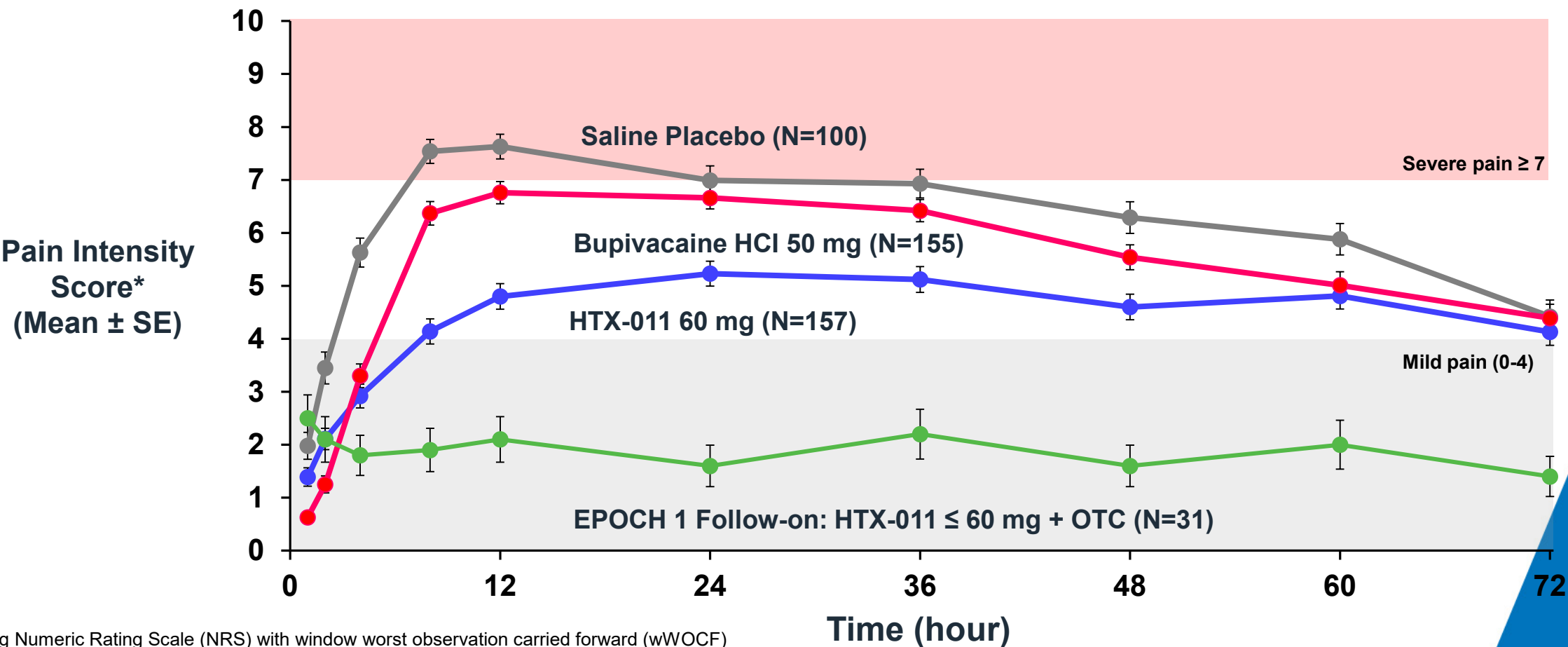
PBO = placebo; BPV = bupivacaine solution; TKA = total knee arthroplasty

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EPOCH 1: Bunionectomy Results (Study 301)

**EPOCH 1 Follow-on:
Opioid Elimination
Study in
Bunionectomy**

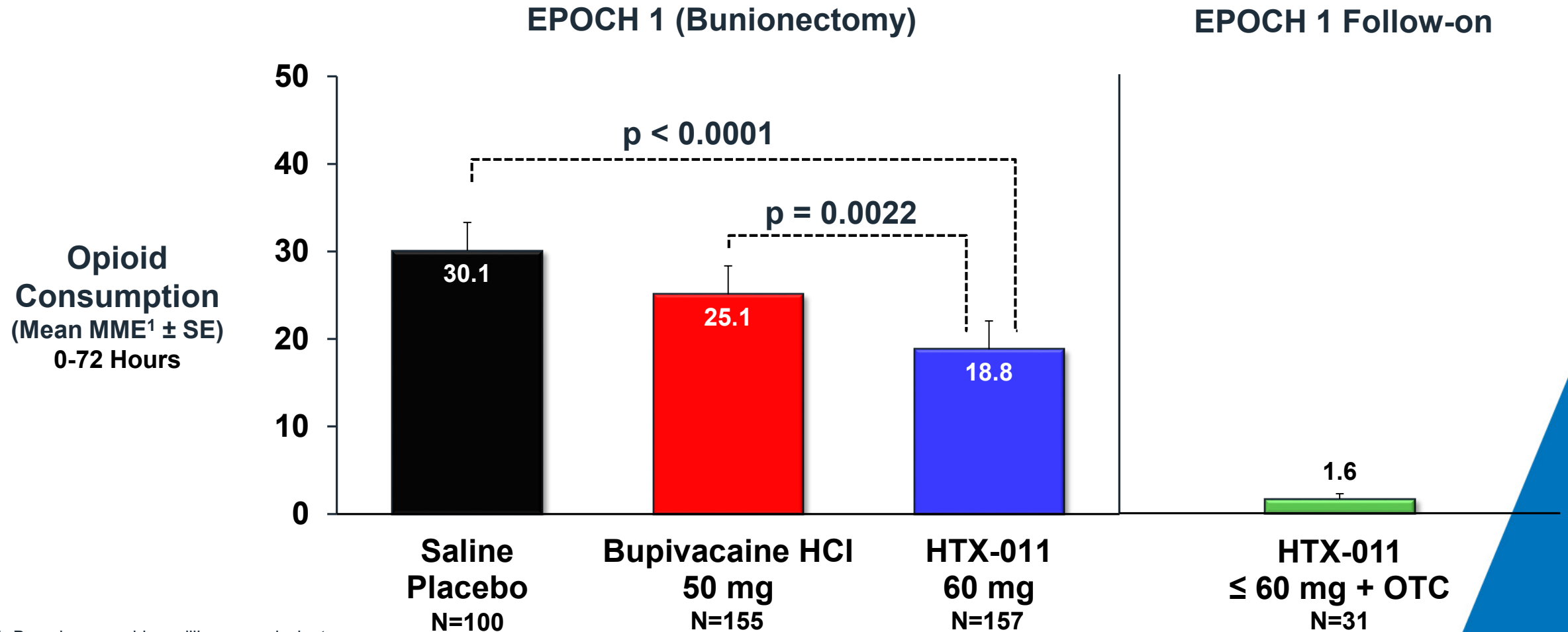
EPOCH 1 Follow-on: HTX-011 + OTC Acetaminophen and Ibuprofen Kept Pain in the Mild Range Through 72 Hours



* Using Numeric Rating Scale (NRS) with window worst observation carried forward (wWOCF)

OTC = Over the counter analgesic regimen of ibuprofen 600 mg q6h alternating 3 hours later with acetaminophen 1000 mg q6h

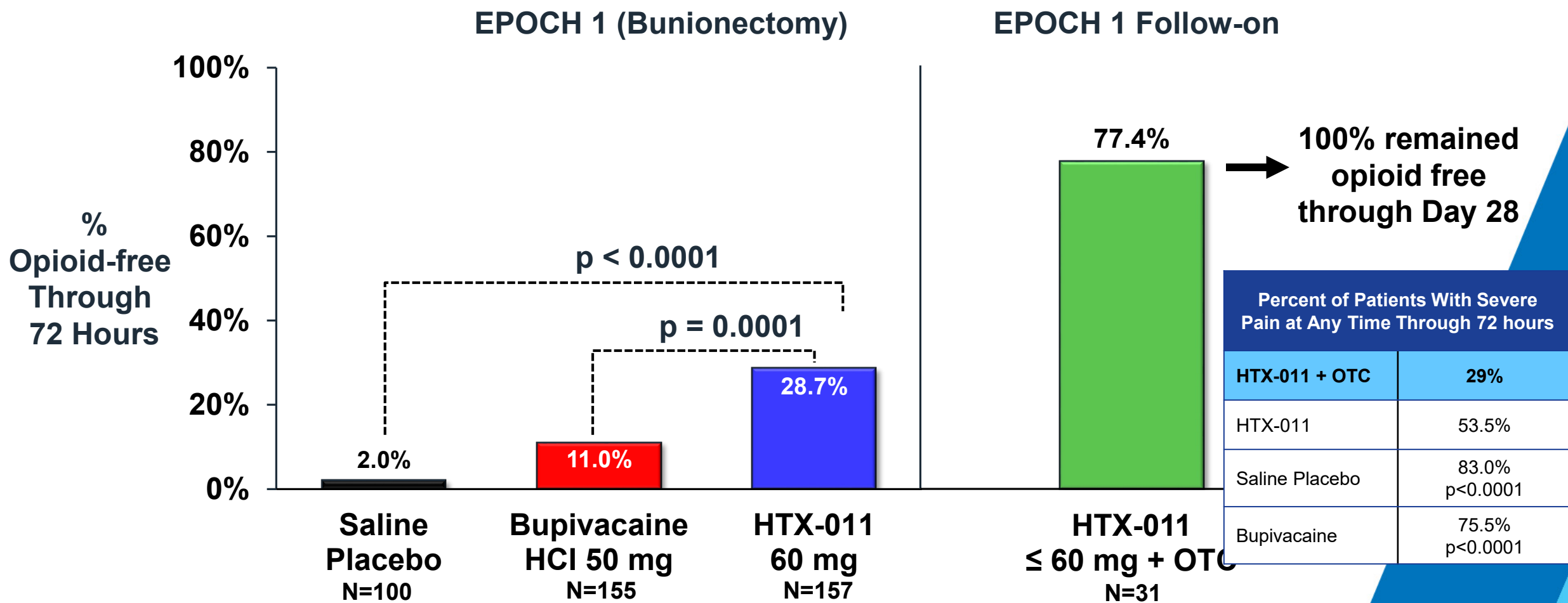
HTX-011 Significantly Reduced Total Opioid Consumption



1. Based on morphine milligram equivalents

OTC = Over the counter analgesic regimen of ibuprofen 600 mg q6h alternating 3 hours later with acetaminophen 1000 mg q6h

HTX-011 Significantly Reduced the Proportion of Patients Experiencing Severe Pain and Increased Proportion of Opioid-Free Patients

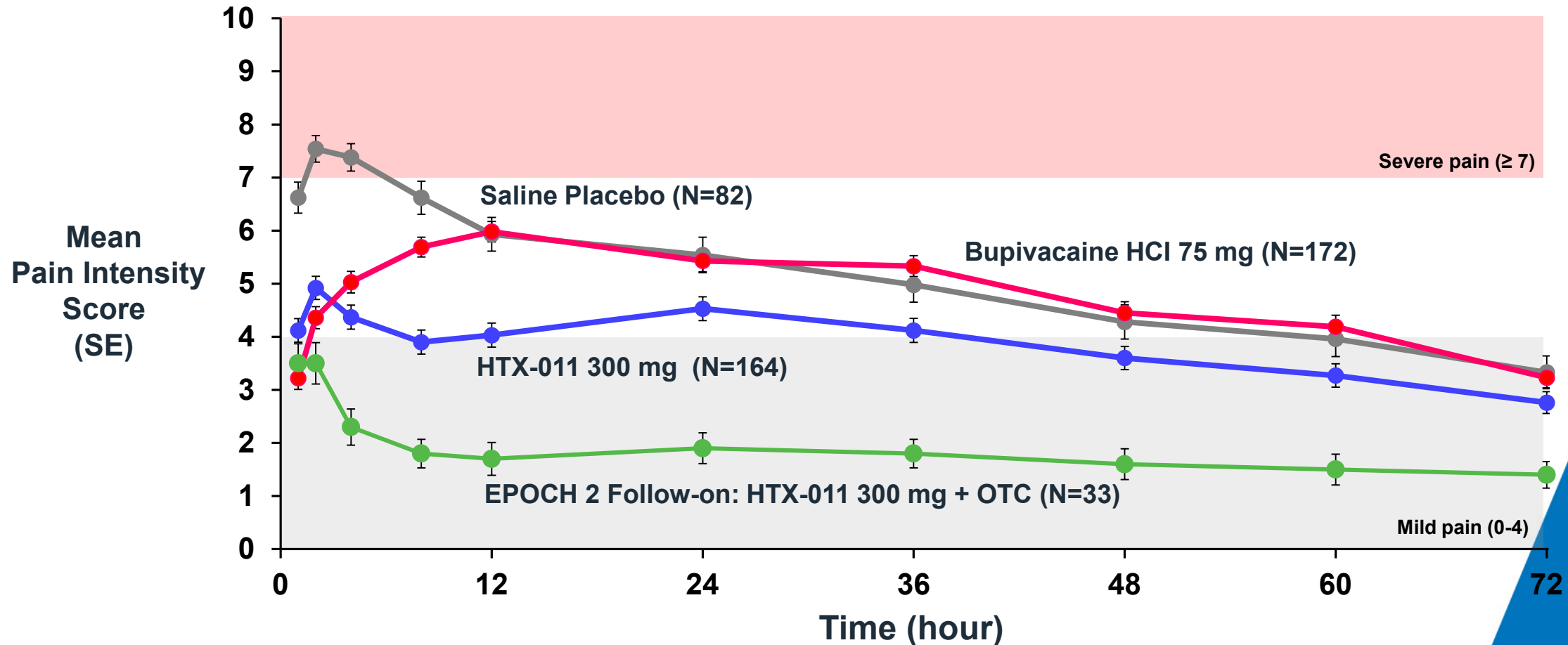


OTC = Over the counter analgesic regimen of ibuprofen 600 mg q6h alternating 3 hours later with acetaminophen 1000 mg q6h

EPOCH 2: Herniorrhaphy Results (Study 302)

**EPOCH 2 Follow-on:
Opioid Elimination
Study in
Herniorrhaphy**

EPOCH 2 Follow-on: HTX-011 + OTC Acetaminophen and Ibuprofen Kept Pain in the Mild Range Through 72 Hours

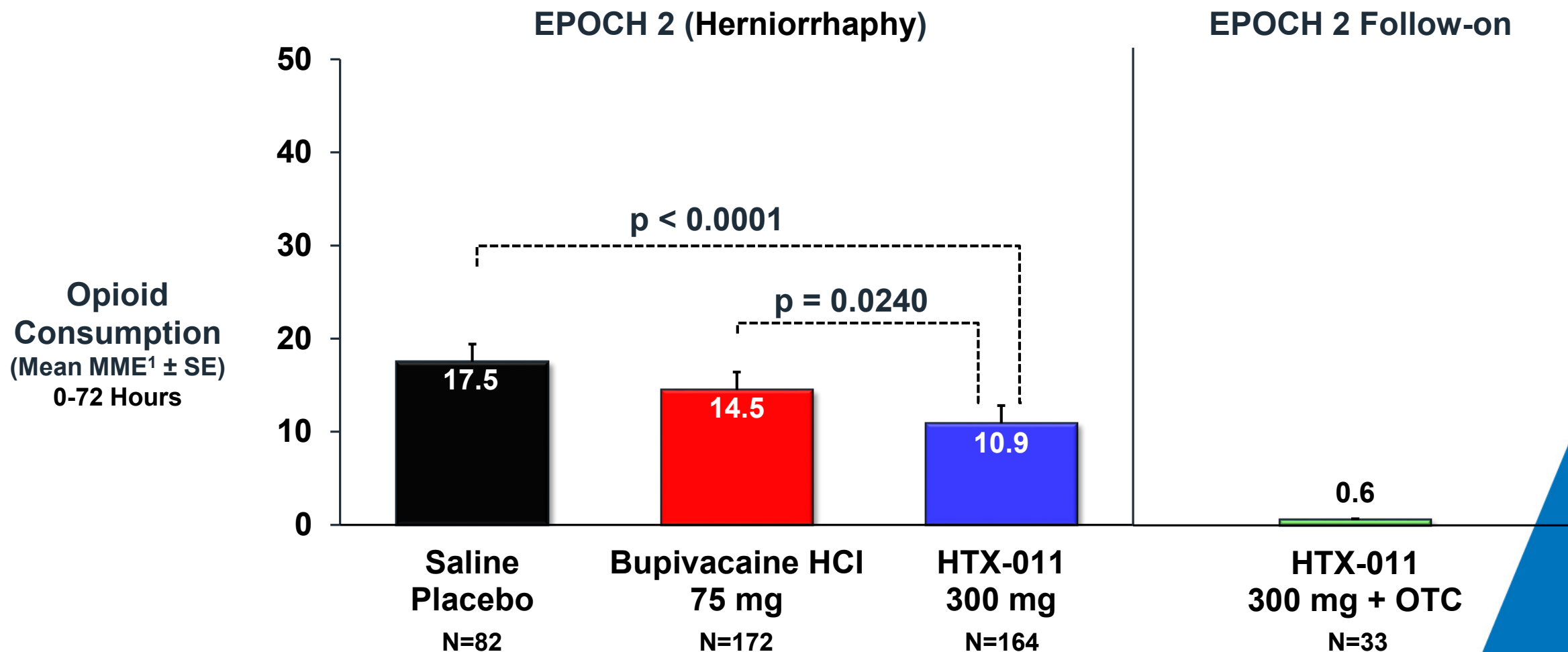


OTC = Over the counter analgesic regimen of ibuprofen 600 mg q6h alternating 3 hours later with acetaminophen 1000 mg q6h

Source: Figure 14.2.7

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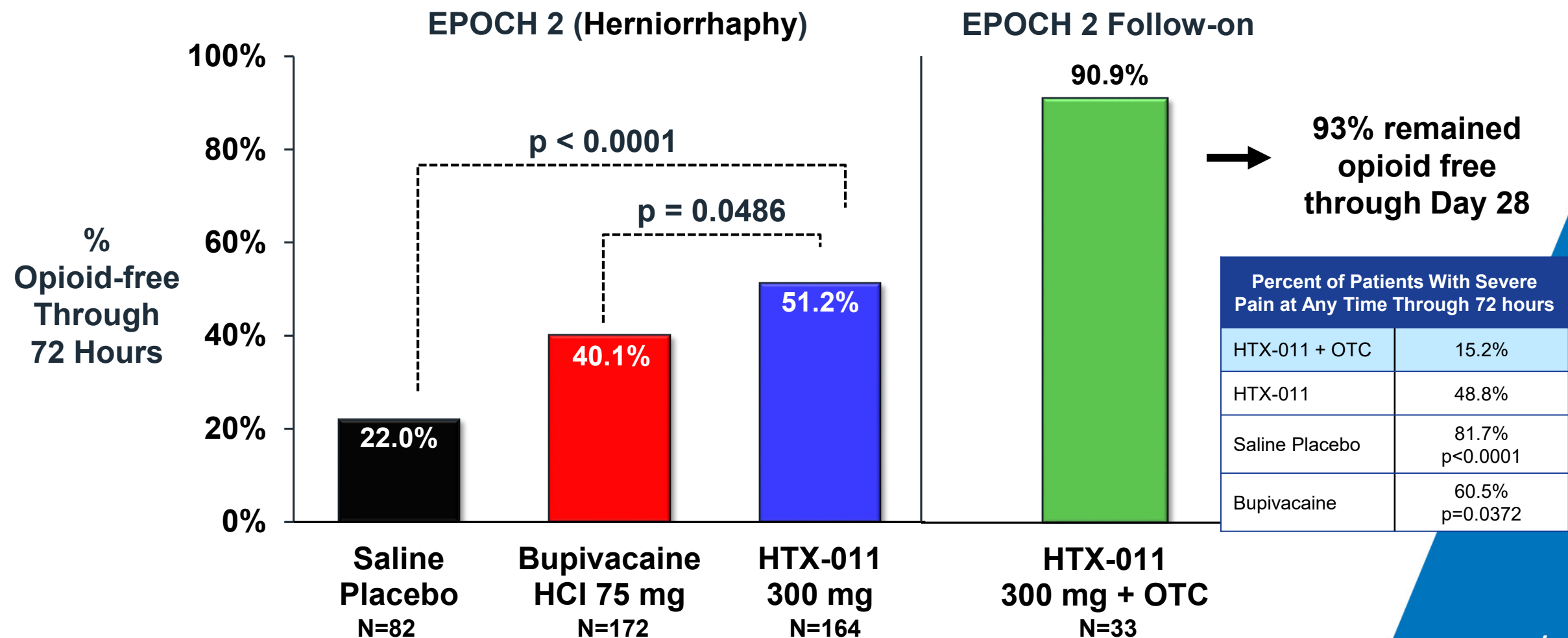
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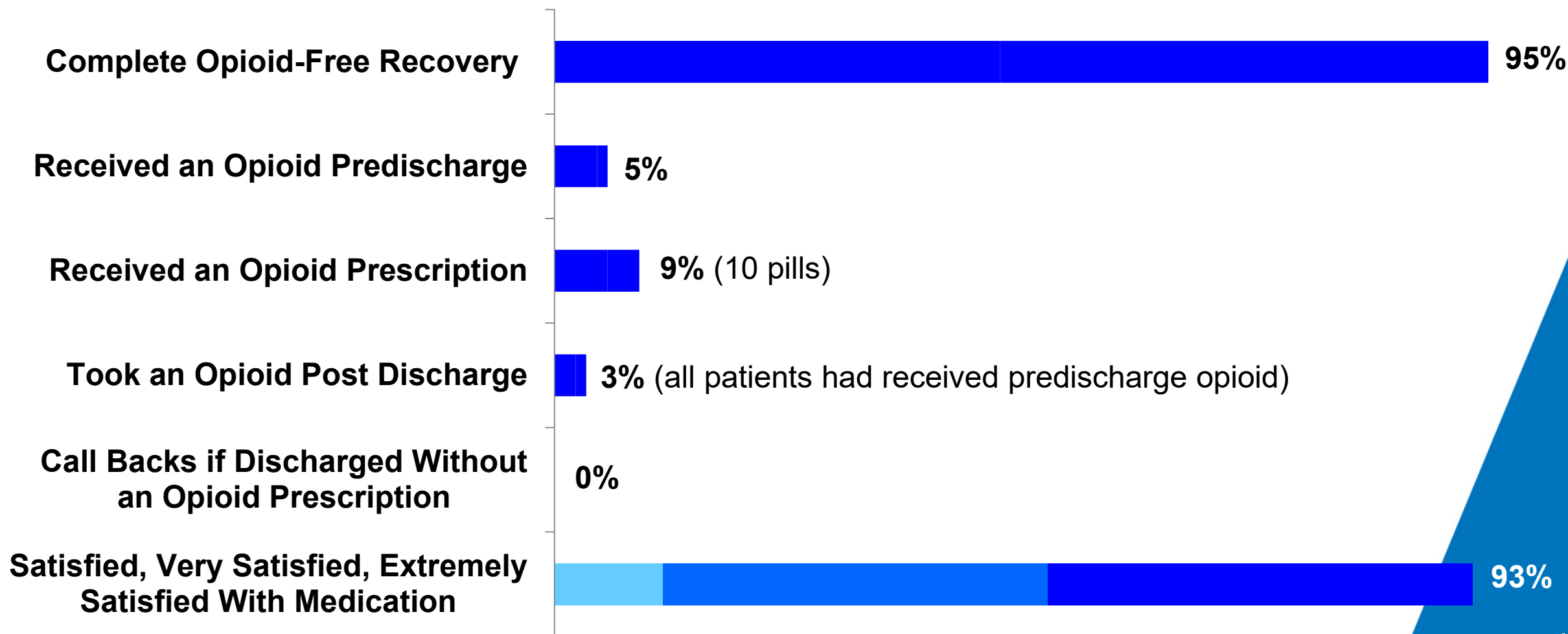
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Helping
Opioid
Prescription
Elimination

HOPE-1: Real World Evidence of Opioid-Free Recovery Post Inguinal Herniorrhaphy with HTX-011 + OTC Analgesics

HOPE-1: Near Total Opioid-Free Recovery with HTX-011 + OTC



N=93 in initial pilot program

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Potential Reduction of Discharge Opioids Based on HOPE-1

- Currently, following inguinal hernia repair an average of 30 opioid pills are prescribed per patient of which an average of 9 pills are consumed¹

Potential Impact if HOPE-1 Extrapolated to the ~800,000² Inguinal Hernia Surgeries Annually

	Pills Prescribed	Pills Consumed	Pills Leftover
Current Practice Estimates	24,000,000	7,200,000	16,800,000
HOPE-1 Estimates	774,194	283,871	490,323
Potential Reduction with HTX-011 + OTC	23,225,806↓	6,916,129↓	16,309,677↓

1. Meeting of the Anesthetic and Analgesic Drug Products Advisory Committee (AADPAC) November 15, 2018

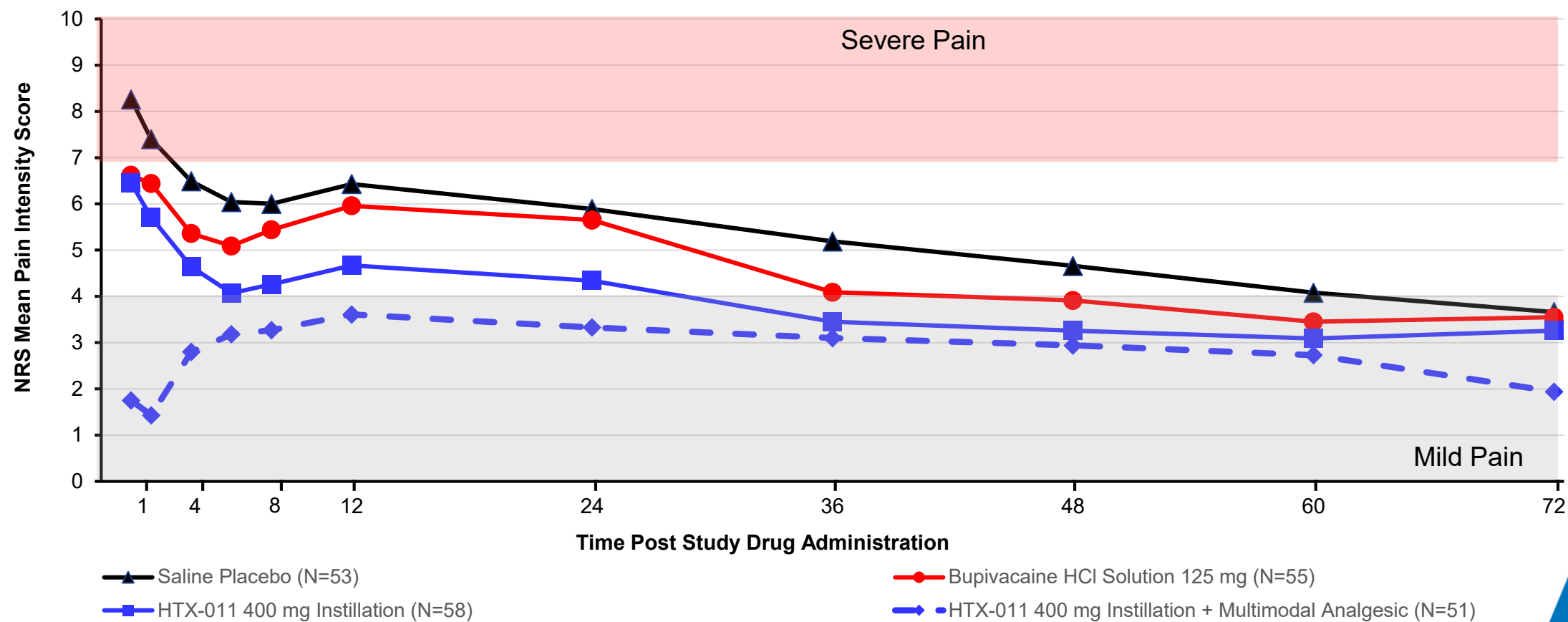
2. Decisions Resources Group claims data 2017 ;

Phase 2b Total Knee Arthroplasty (TKA) (Study 209)

**Study 209 Follow-on:
HTX-011 + MMA in TKA*
(Study 306)**

***The multimodal analgesic (MMA) regimen used
in this study was identical to the PILLAR Study
of liposomal bupivacaine**

Study 209 Follow-on: HTX-011 + Generic Analgesics* Kept Pain in the Mild Range Through 72 Hours With 68% Less Opioid Than Bupivacaine



* Patients received oral acetaminophen 975 to 1000 mg every 8 hours (maximum 3000 mg/d) and oral celecoxib 200 mg every 12 hours until discharge. Mont doi: 10.1016/j.arth.2017.07.024

LOCF for missing pain data

Cross-Study Comparison of Day 1 in Study 306 and Exparel PILLAR Study (Dysart 2019)

Cross-Study Comparison of 0 – 24 Hour Results in TKA Using Pillar-Based MMA and the Same Analysis ¹	Study 306 HTX-011 (N=51)	PILLAR Study	
		Exparel + Bupivacaine ¹ (N = 70)	Bupivacaine ¹ (N = 69)
AUC0-24 VAS Pain ²	59.5	98.5	121.6
Opioid-Free	21.6%	17.1%	1.4%
Mean Opioid Consumption MME (SD)	10.6 (9.2)	45.5 (35.01)	56.8 (38.26)
Log-transformed Geometric Mean Opioid Consumption MME	0.54	3.5	38.5
Discharge Ready in 12 hours Based MPADSS \geq 9	60.8%	42.9%	27.5%
		^{1.} https://doi.org/10.1016/j.arth.2018.12.026 . ^{2.} Assumes LOCF as publication does not describe any correction for opioid use	

Disclaimer

- This is a cross-study comparison of Study 306 to the PILLAR Study of Exparel plus bupivacaine; these comparisons do not imply a clinical benefit of HTX-011 over Exparel

Cross-Study Comparison of 48 Hour Results From Study 306 (Preliminary Results) and Exparel Pillar Study (Mont 2017)

Comparison of 48 Hr Results in TKA Using Pillar-Based MMA and the Same Analysis ¹	Study 306 HTX-011 (N=51)	PILLAR Study	
		Exparel + Bupivacaine ¹ (N = 70)	Bupivacaine ¹ (N = 69)
Mean AUC12-48 VAS Pain	143.2	180.8	209.3
Opioid-Free	11.8%	10%	0%
Mean Opioid Consumption (MME)	19.6 (Median=16.7)	Not Shown	Not Shown
Log-transformed Geometric Mean Opioid Consumption MME	3.0	18.7	84.9
≤ 20 MME @ 48 hr	56.9%	18.6%	4.4%
> 20 and ≤ 220 MME @ 48hr	43.1%	78.6%	87%
> 220 MME @ 48 hr	0	2.9%	8.7%
DID NOT Receive a Discharge Prescription for Opioids	74.5%	Not Shown	Not Shown
		1. Mont doi: 10.1016/j.arth.2017.07.024	

Disclaimer

- This is a cross-study comparison of Study 306 to the PILLAR Study of Exparel plus bupivacaine; these comparisons do not imply a clinical benefit of HTX-011 over Exparel

HTX-011 is an investigational new drug and not approved by the FDA

Safety Summary

HTX-011 was generally well tolerated across all Phase 2 and Phase 3 studies with no clinically meaningful differences from placebo and bupivacaine in:

- Overall adverse events
- The incidence of serious adverse events
- Premature discontinuations due to adverse events
- Potential local anesthetic systemic toxicity (LAST) adverse events
- Potential wound healing related adverse events
- No deaths on HTX-011 (one on bupivacaine)

CINV Commercial Products

2020 CINV Franchise Outlook



CINVANTI®

- Cinvanti continues to have the best overall profile compared to the other available NK₁ antagonists and is completely differentiated from generic fosaprepitant with the 2-min IV Push administration
- Generic fosaprepitant entered the market in September 2019 and is expected to reduce net product sales of CINVANTI in 2020; however, the impact of the arbitrage should be substantially reduced by 1Q2021, with clinics returning to CINVANTI



SUSTOL®

- With the Aloxi arbitrage ending, Heron has implemented an innovative strategy to refresh the ASP of SUSTOL
- This will result in greatly reduced sales for approximately 5 quarters, followed by a significant rebound in units and revenue.



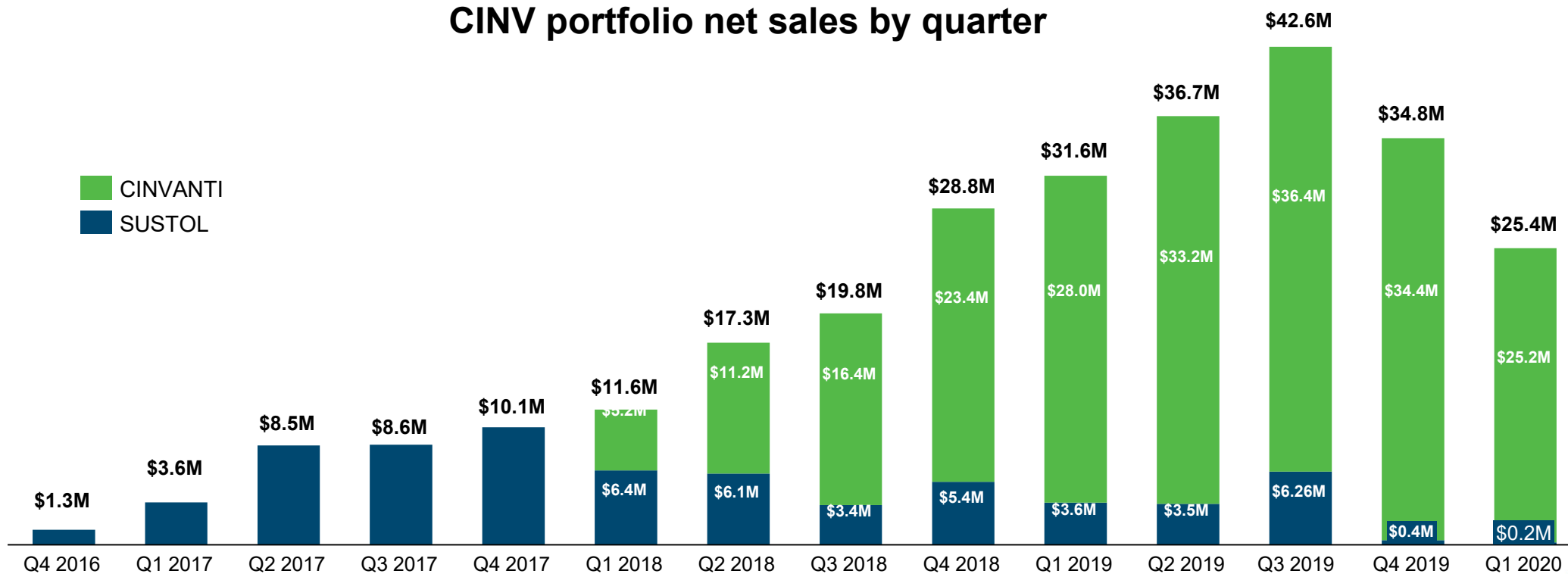
CINV Franchise

- **2020 net sales guidance for CINV franchise: \$70M - \$80M**

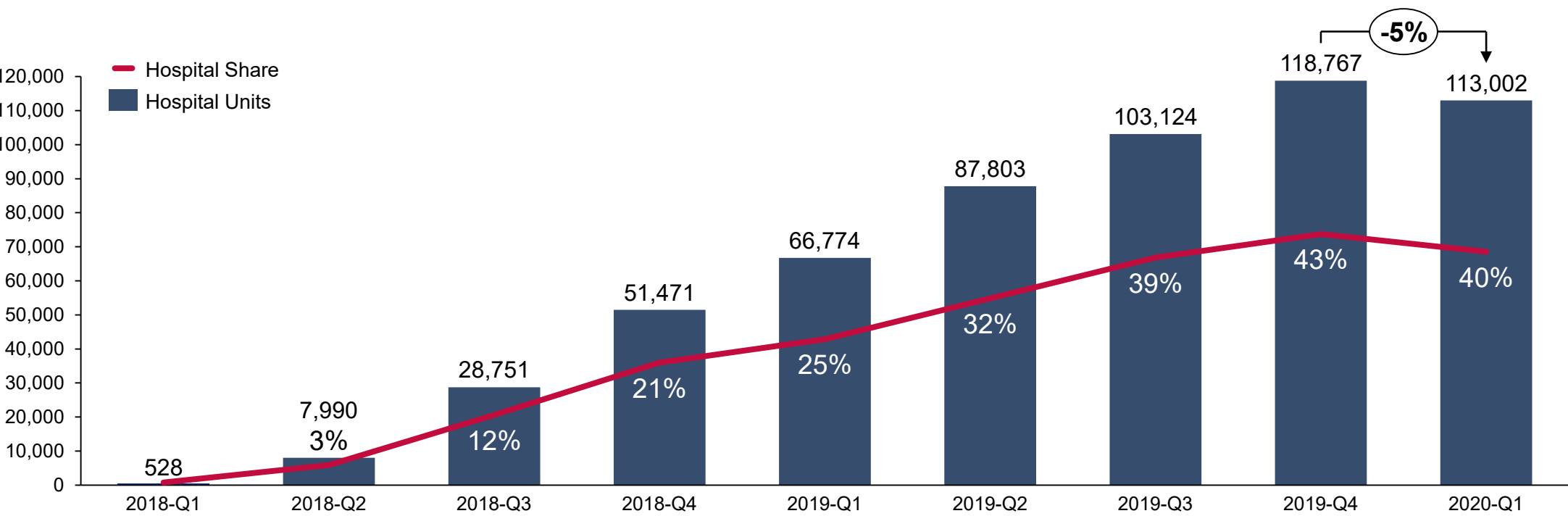
Heron's CINV Portfolio Has Generated Over \$280M Since Inception, CINV Franchise Sales Should Return to Growth in 2021 & Beyond

- Launch of generic Emend IV in September resulted in declining CINVANTI sales
- Clinic-based practices are much faster to take advantage of the arbitrage, but are expected to return to CINVANTI post-arbitrage
- SUSTOL sales continue to be low due to the Refresh Program and should rebound in 1Q2021

CINV portfolio net sales by quarter

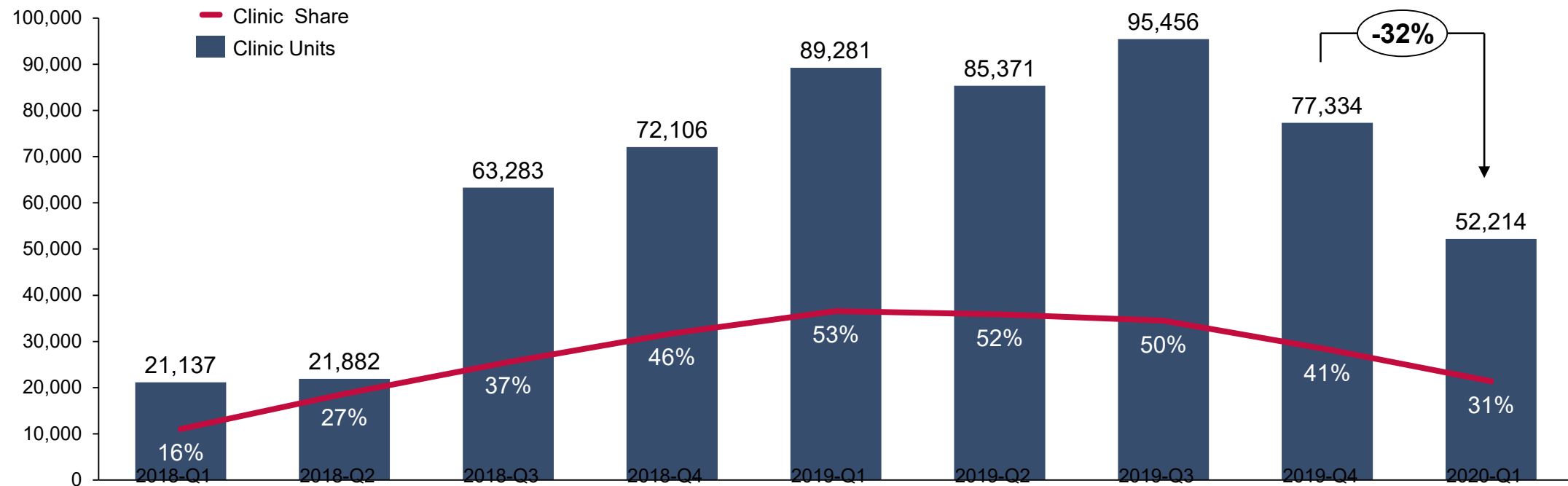


CINVANTI – Hospital Share/Units Were Only Down Slightly in 1Q2020



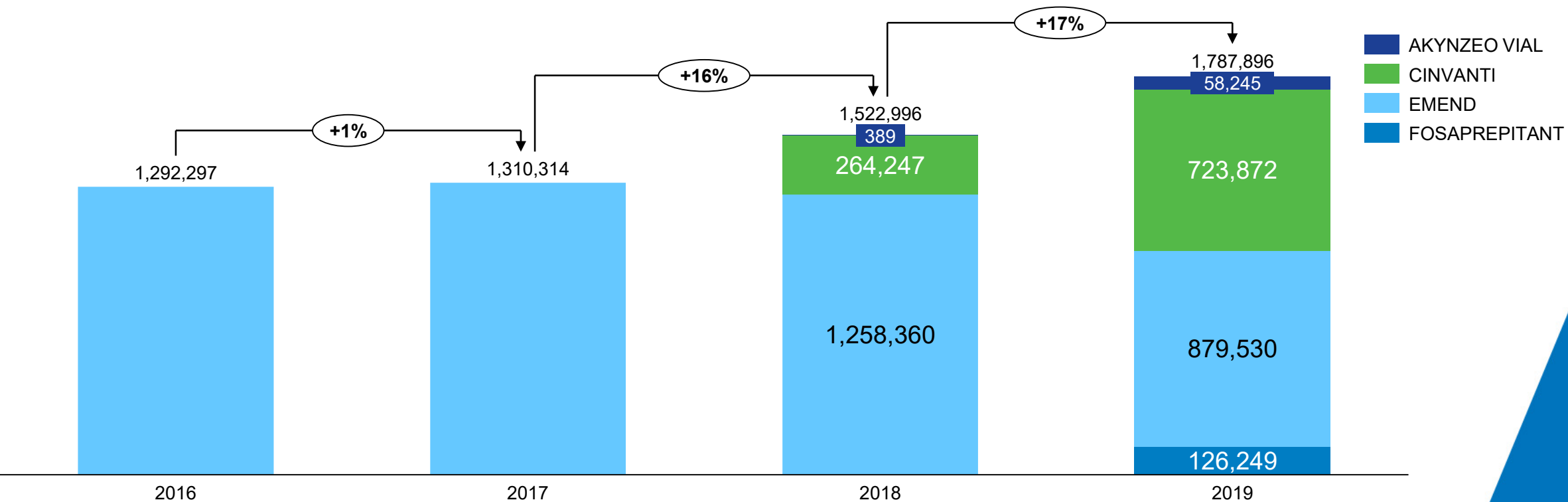
SOURCE: Chargeback 5.5.2020, IMS DDD
4.24.2020

CINVANTI – Clinic Share/Units Continued to Decline in 1Q2020 Due to the Emend IV Arbitrage



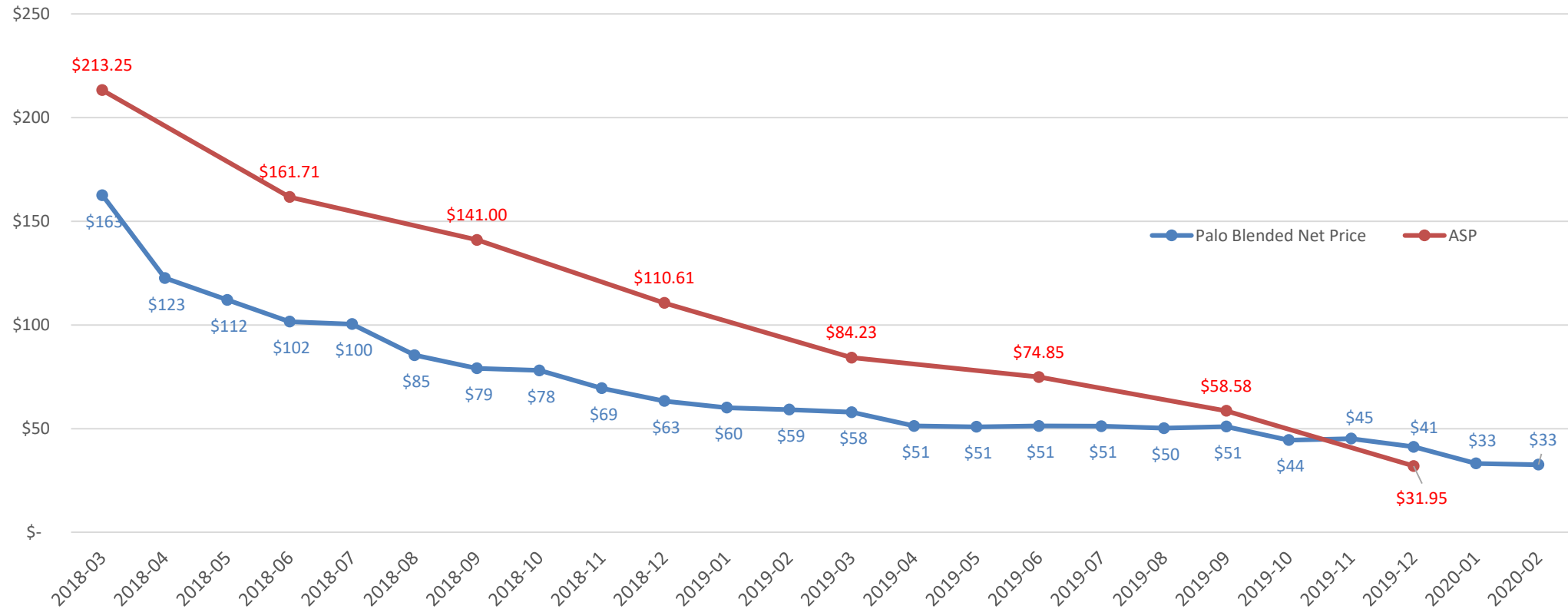
SOURCE: Chargeback 5.5.2020, IMS
DDD 4.24.2020

Prior To CINVANTI Entry NK1 Market Growth Was Flat, Since CINVANTI Launch The Market Has Grown 36% With Opportunity for Further Growth



SOURCE: IMS DDD 2.27.2020

Aloxi Arbitrage is Over – Once the SUSTOL ASP Resets in 1Q2021 Sales Should Significantly Rebound



Source: IMS NSP data as of
2.27.2020

Note: ASP reflects reported period ASP submission. Becomes reimbursement basis 2 Qs later

Financial Summary

Heron expects that its cash, cash equivalents and short-term investments of \$356.3 million at March 31, 2020 will be sufficient to fund its operations into 2022.

Summary Statement of Operations and Net Cash Used in Operations (In thousands, except per share data)	Three Months Ended March 31, 2020
Net product sales	\$ 25,400
Operating expenses ¹	78,134
Other income, net	1,155
Net loss ¹	\$ (51,579)
Net loss per share ²	\$ (0.57)
Net cash used in operations	\$ (32,935)
Condensed Balance Sheet Data (In thousands)	March 31, 2020
Cash, cash equivalents and short-term investments	\$ 356,346
Accounts receivable, net	\$ 34,811
Total assets	\$ 478,941
Total stockholders' equity	\$ 365,468

Common shares outstanding at March 31, 2020 totaled 90.6 million.

¹ Includes \$12.0 million of non-cash, stock-based compensation expense for the three months ended March 31, 2020.

² Based on 90.4 million weighted-average common shares outstanding for the three months ended March 31, 2020.

Key Catalysts in Pain Management & CINV Franchises

HTX-011 & HTX-034 for Postoperative Pain	CINVANTI [®] and SUSTOL [®] for CINV
<ul style="list-style-type: none"> ■ Revised NDA submitted 26 Sep 2019 addressing CRL <ul style="list-style-type: none"> ➤ PDUFA date extended to 26 June 2020 ■ EU MAA filing by Centralised Procedure in March 2019 <ul style="list-style-type: none"> ➤ Potential CHMP opinion 2H2020 ■ Canadian NDS screening completed <ul style="list-style-type: none"> ■ Potential approval in early 3Q2020 	<ul style="list-style-type: none"> • 2020 net sales guidance for CINV franchise: \$70M - \$80M
<ul style="list-style-type: none"> • HOPE Project launched across the US 	
<ul style="list-style-type: none"> • Publication of Phase 3 and Phase 2b studies <ul style="list-style-type: none"> ✓ Phase 3 studies published in peer-reviewed journals <ul style="list-style-type: none"> ➤ EPOCH 1: Reg Anesth Pain Med. 2019;0:1–7. doi:10.1136/rapm-2019-100531 ➤ EPOCH 2: <i>Hernia</i>. doi: 10.1007/s10029-019-02023-6 ➤ MOA: Reg Anesth Pain Med 2019;0:1–7. doi:10.1136/rapm-2019-100714 	
<ul style="list-style-type: none"> • Phase 1b/2 study with HTX-034 initiated in May 	