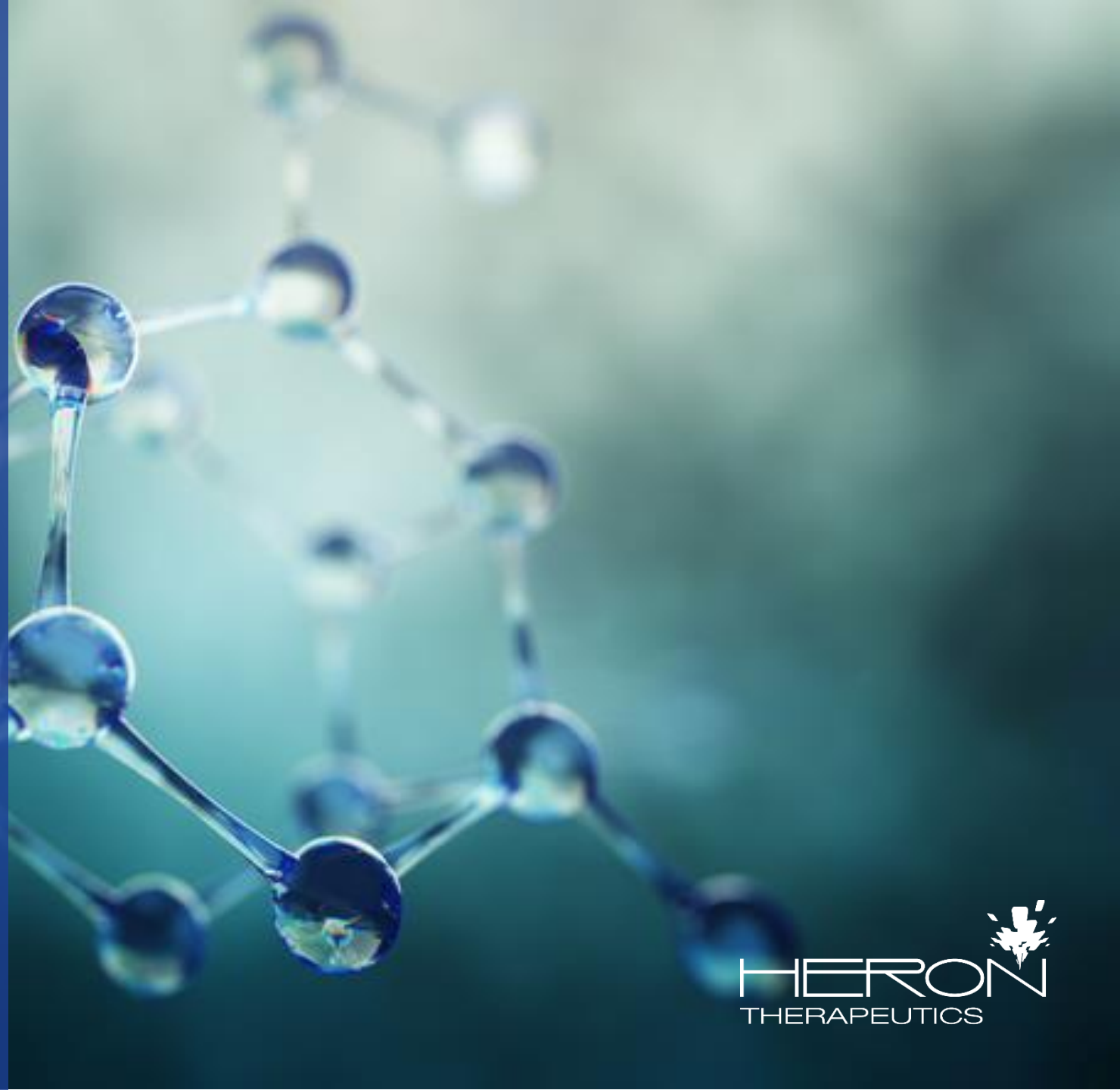
Heron Therapeutics

Q3 Earnings Call

November 12, 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 (“CrossLink”); 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

Heron Therapeutics Q3 2024 Achievements

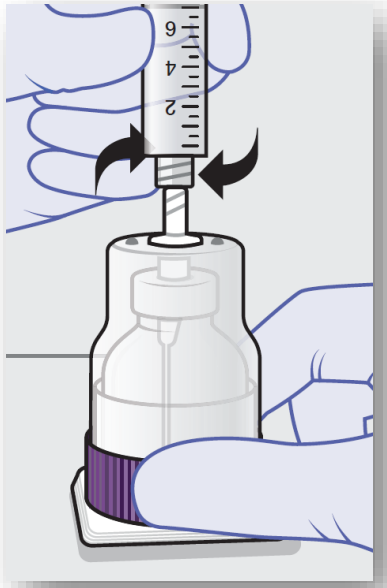
1. Narrowing of Product Revenue, Net, Adjusted Operating Expense, and Adjusted EBITDA guidance for 2024, YTD 2024 cash burn of less than $10 million
2. Q4 2024 Net Revenue expected to be in the range of $37 million - $43 million
3. FDA Approval of ZYNRELEF Vial Access Needle (“VAN”)
4. ZYNRELEF included in CMS’ Final Rule for the NOPAIN Act with favorable reimbursement limit
5. CrossLink distribution partnership is driving growth in early results

Select Financial Results

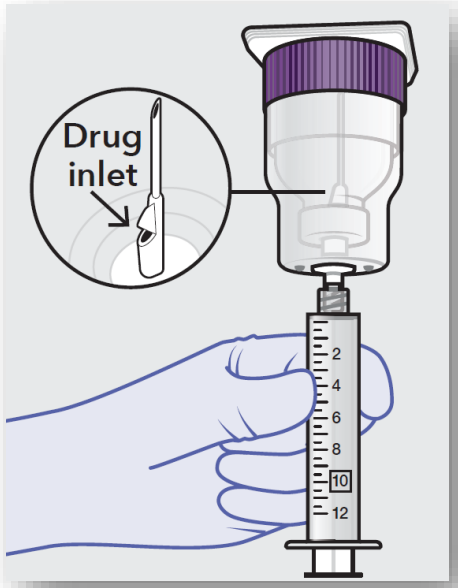
In $K	QTD Q3 2024	YTD Q3 2024	QTD Q3 2023	YTD Q3 2023
Net Product Sales	$ 32,810	$103,504	$31,434	$92,811
Cost of Product Sales	9,458	28,420	18,208	55,220
Gross profit	23,352	75,084	13,226	37,591
Operating Expenses:				
Research and development	4,465	13,505	9,285	31,331
General and administrative	12,373	41,252	15,914	51,340
Sales and marketing	10,972	36,028	12,956	55,315
Total operating expense	27,810	90,785	38,155	137,986
Loss from operations	(4,458)	(15,701)	(24,929)	(100,395)
Cash and short-term investments		70,890		77,412

Now Approved: The ZYNRELEF VAN

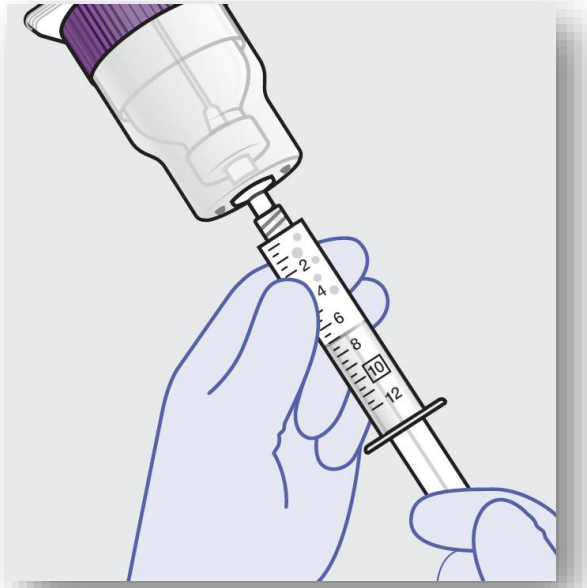
Encases the vial to simplify aseptic preparation



Custom-designed drug inlet for rapid transfer from vial



Reduces withdrawal time to **20-45 seconds***



*Varies based upon extracted volume and temperature

ZYNRELEF: Included in Final Rule for the NOPAIN Act

“Non-Opioids Prevent Addiction in the Nation”

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

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

Final Rule:

- CMS has finalized the “CMS OPPS and ASC Final Rule CY 2025” regarding the NOPAIN Act to include ZYNRELEF in the policy effective April 1, 2025, when pass-through has ended, and through at least 2027.
- CMS will apply an 18 percent payment limitation on the separate payment, and for ZYNRELEF, this payment limitation is listed as **$2,267.26.**

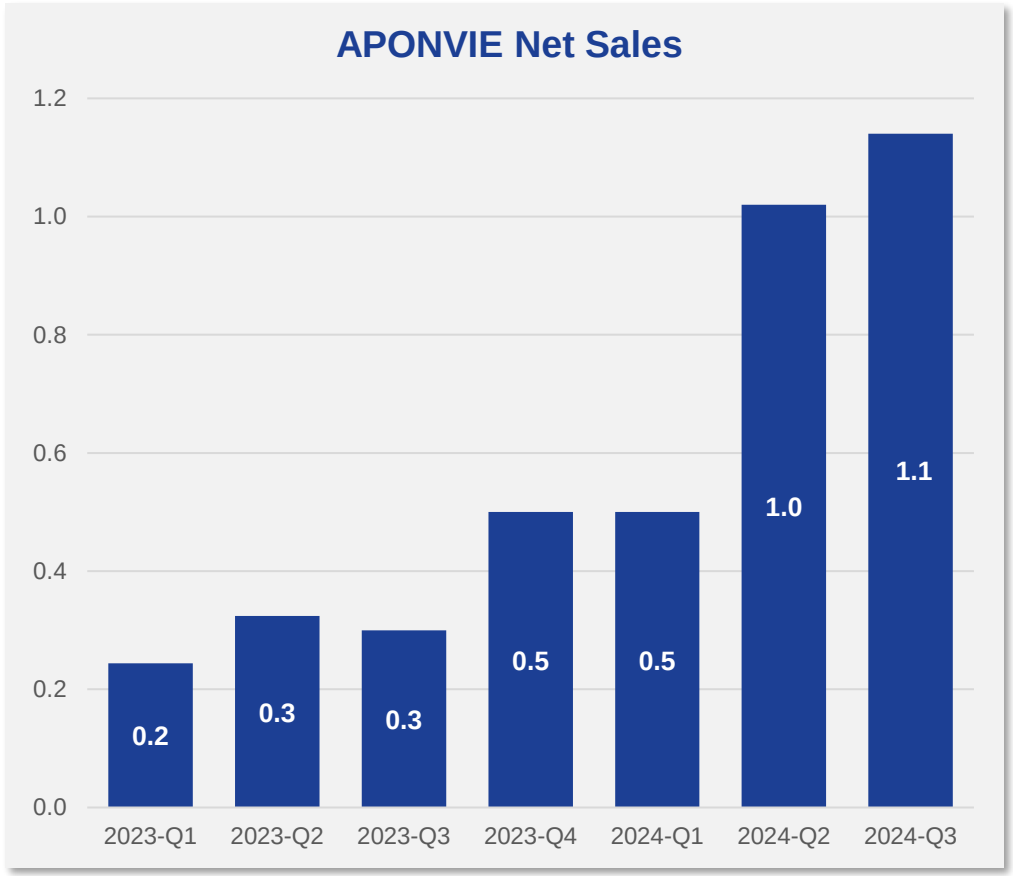
HERON THERAPEUTICS

Product Performance Update

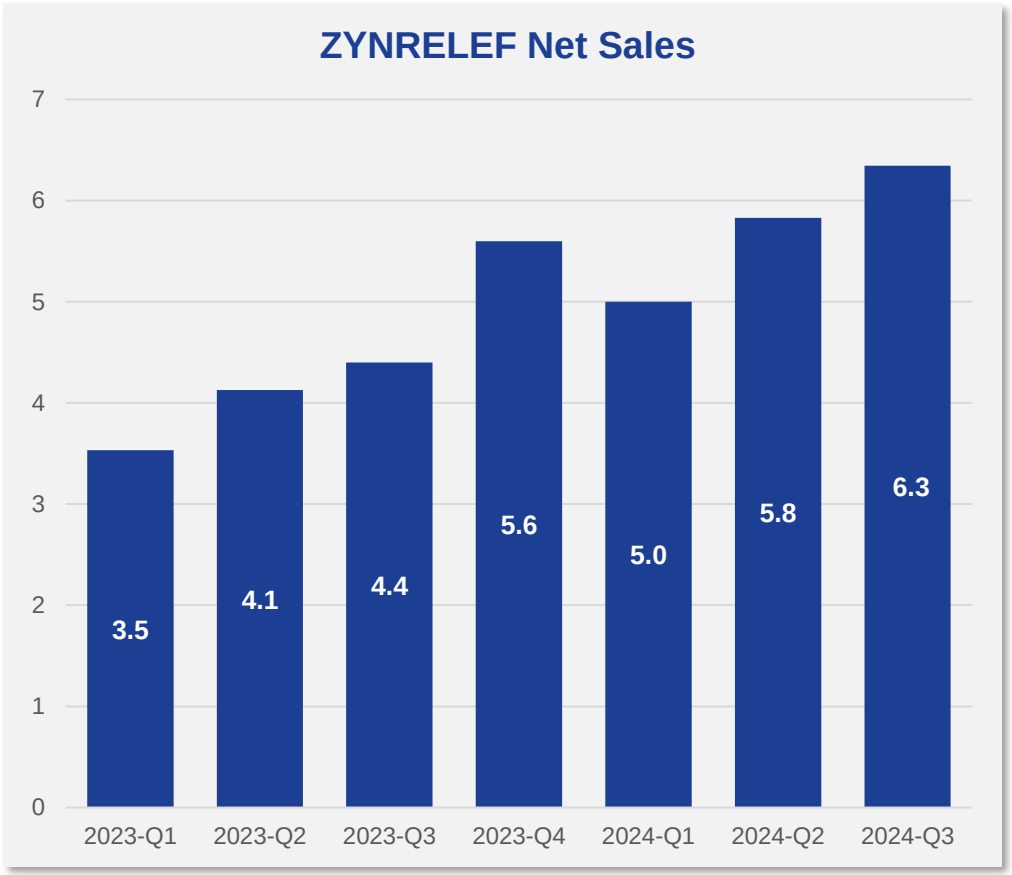
HERON THERAPEUTICS

Acute Care Franchise Net Sales

3 months ended September 30, 2024: $7.4 million



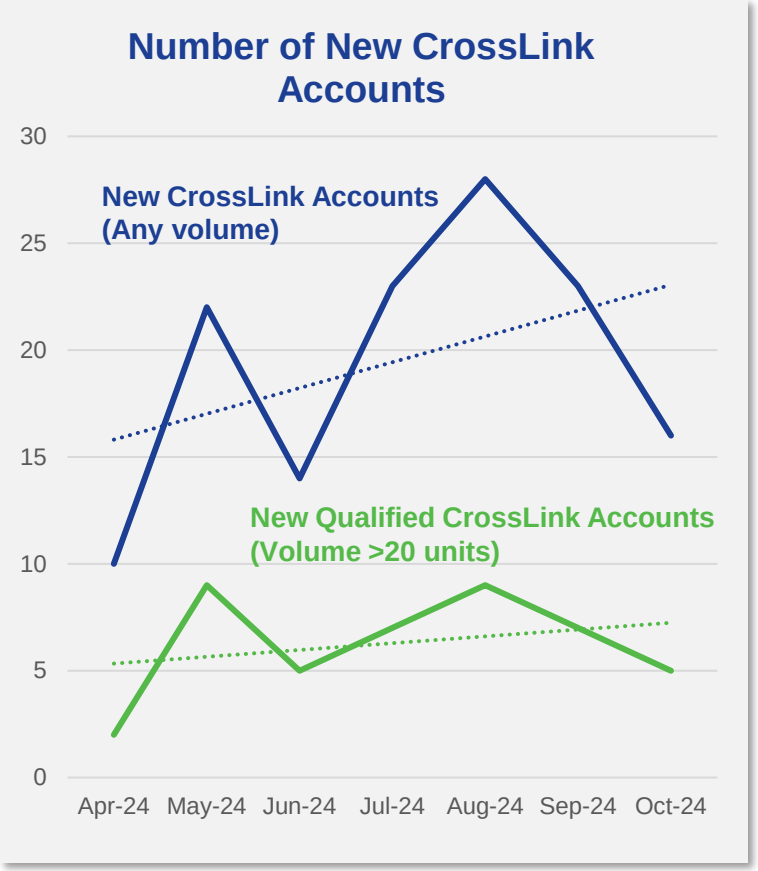
225% Year-to-Date growth vs. 2023



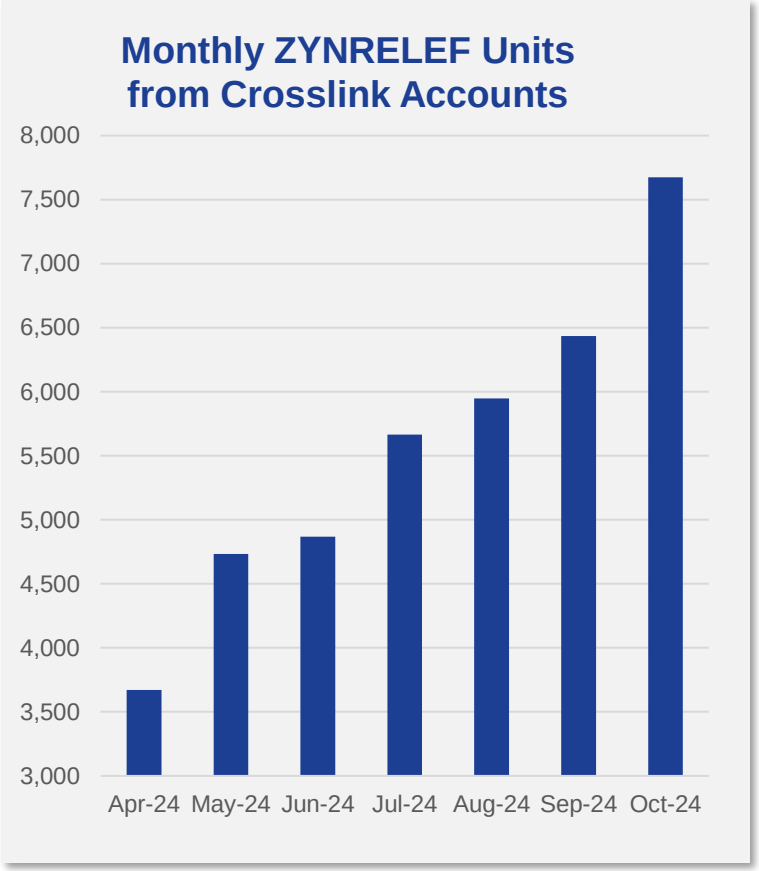
43% Year-to-Date growth vs. 2023

ZYNRELEF: CrossLink Distribution is Driving Growth

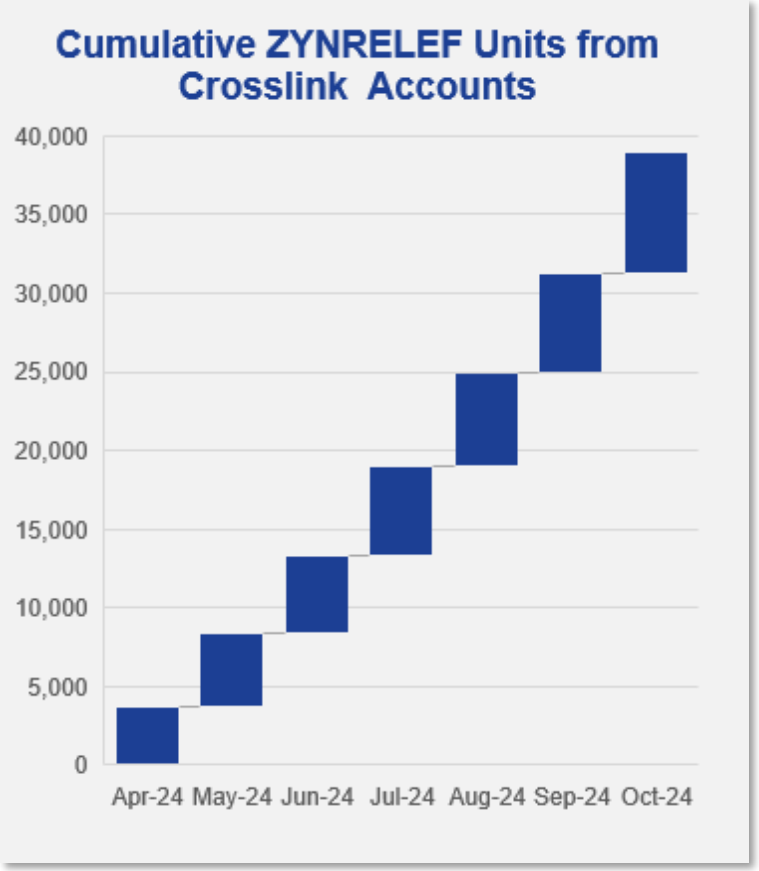
Strong pipeline of New Ordering Accounts and Unit contributions in early results



Averaging **~21** New CrossLink accounts (any volume), and **~7** Qualified CrossLink accounts (>20 units) per month*



Steady increase in monthly units among growing segment of CrossLink accounts

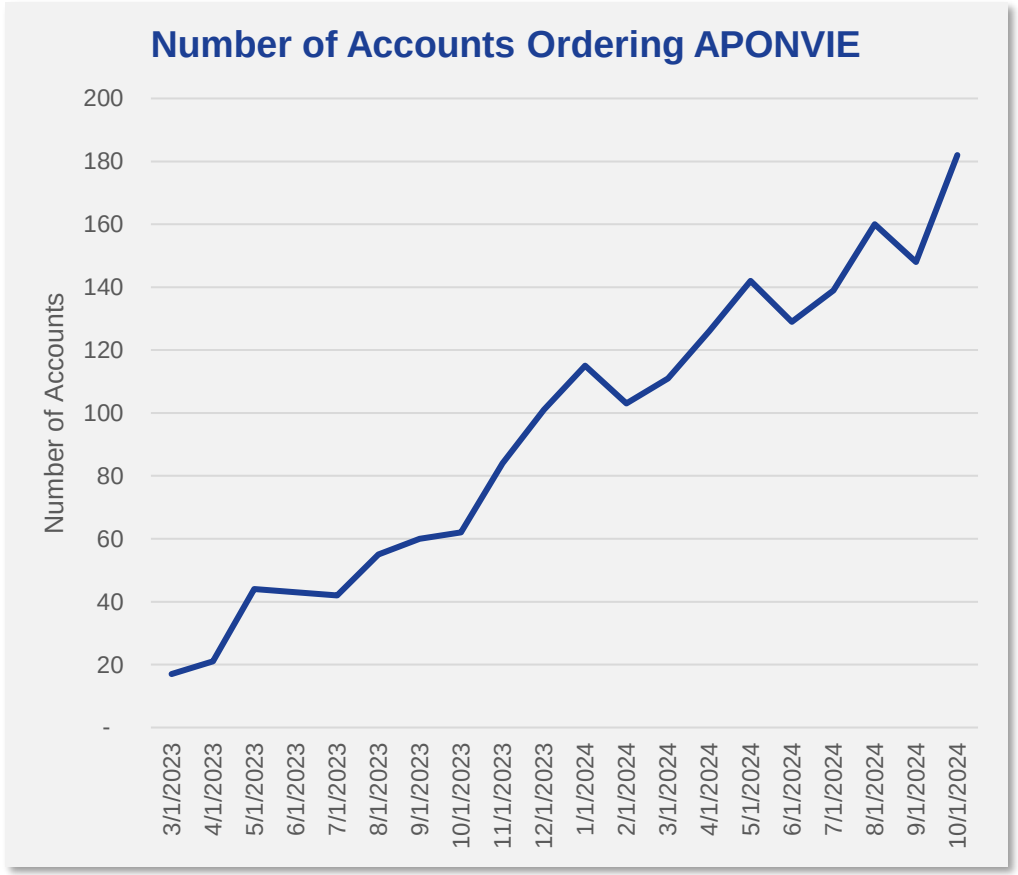


CrossLink accounts have contributed nearly **40k units and ~$4.4 million since April 2024**

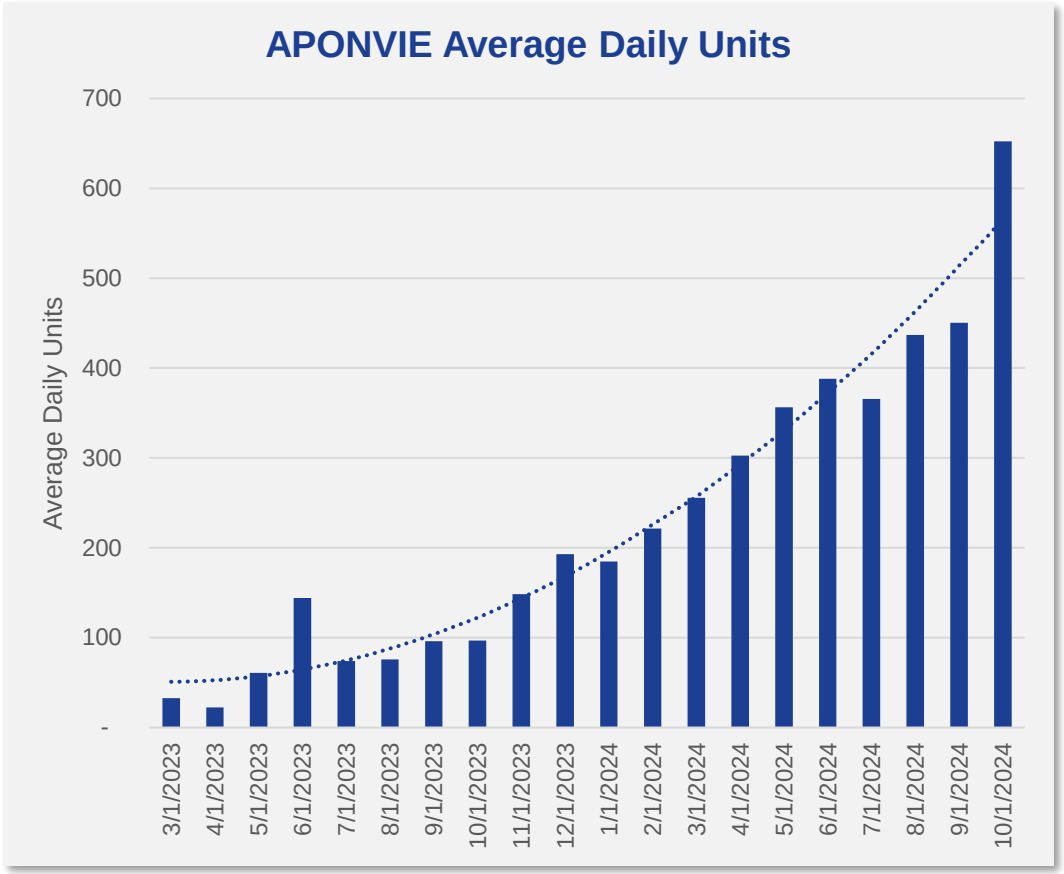
*6-month rolling average

APONVIE: Gaining Momentum through Team Alignment

Preparing to enter 2025 on a new growth trajectory



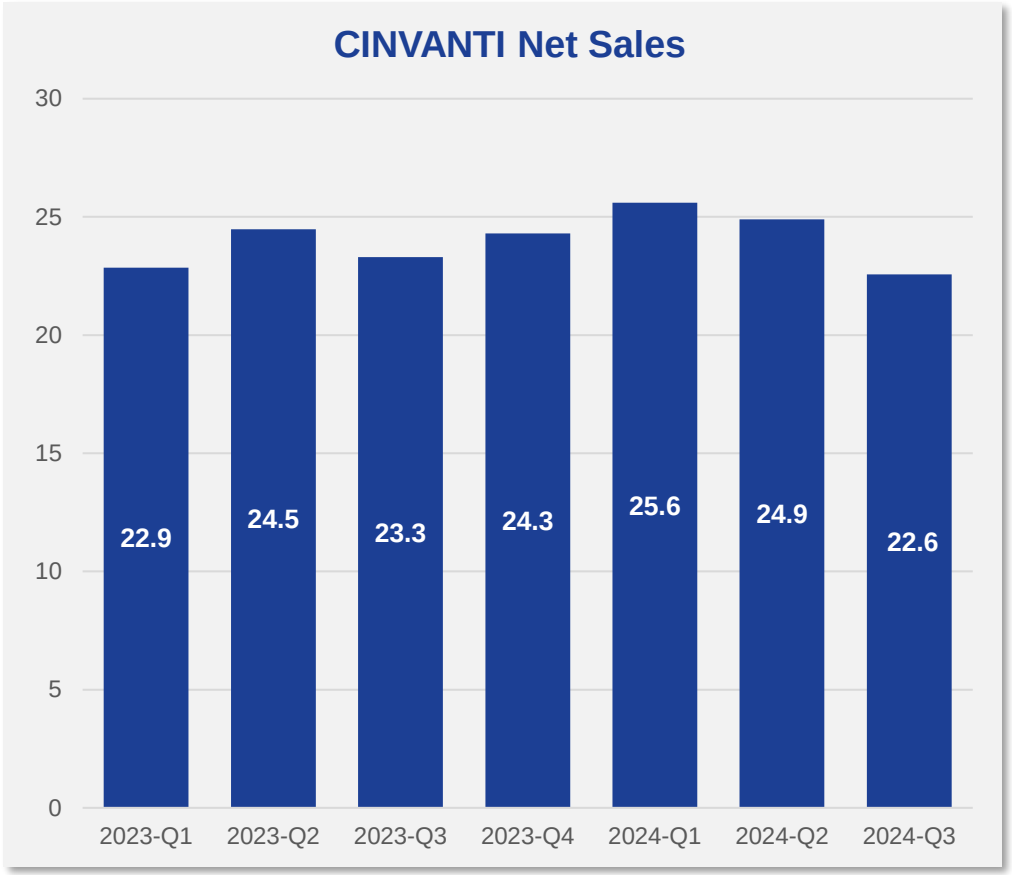
The number of accounts ordering APONVIE has tripled over the last 12 months



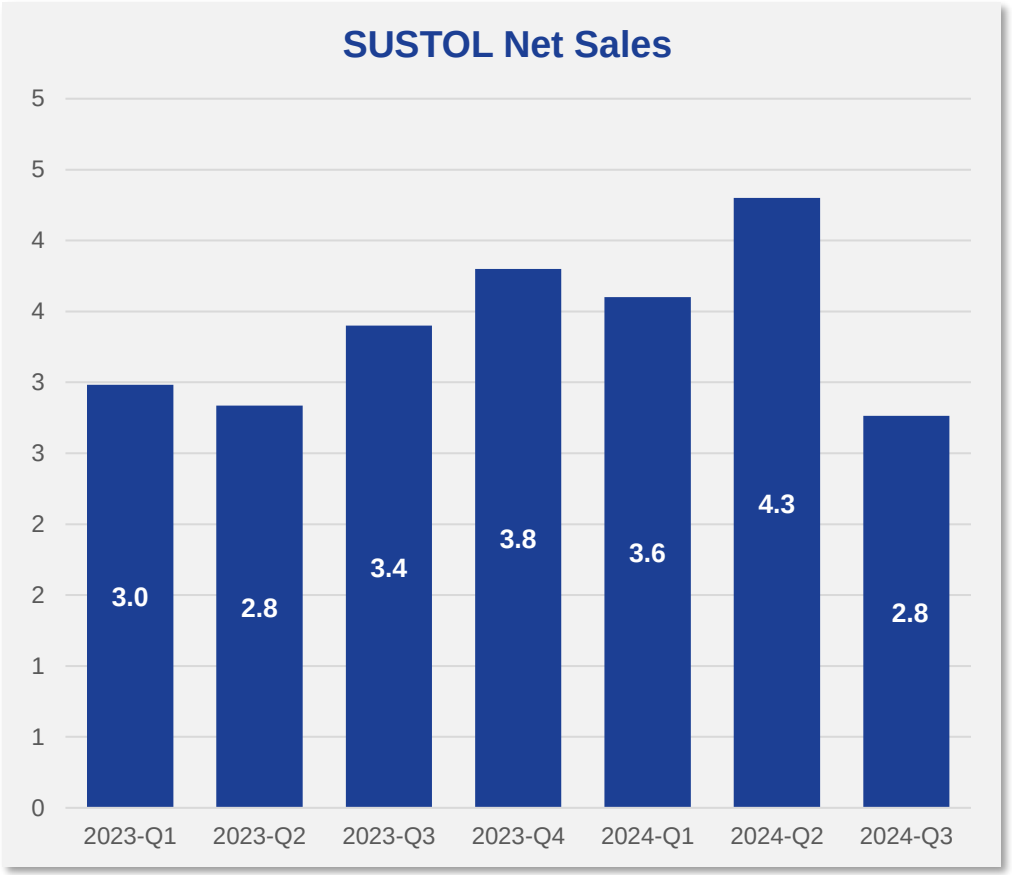
Average Daily Units ordered of APONVIE is accelerating as more providers obtain access through formulary decisions

Oncology Care Franchise Net Sales

3 months ended September 30, 2024: $25.4 million



3% Year-to-Date growth vs. 2023



16% Year-to-Date growth vs. 2023

Finance

HERON THERAPEUTICS

Select Financial Results

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Q3 2024 YTD Adjusted EBITDA

In $K	GAAP Actuals YTD Q3 2024	Depreciation	Stock-Based Compensation	Inventory Reserve & Write-Off	Asset Write-Off	Adjusted YTD Q3 2024
Net Product Sales	$ 103,504	$ -	$ -	$ -	$ -	$ 103,504
Cost of Product Sales	28,420	1,568	-	2,421	-	24,431
Gross profit	75,084	(1,568)	-	(2,421)	-	79,073
Operating Expenses:						
Research and development	13,505	176	1,615	-	2,071	9,643
General and administrative	41,252	139	5,609	-	-	35,504
Sales and marketing	36,028	28	3,443	-	-	32,557
Total Operating Expense	90,785	343	10,667	-	2,071	77,704
(Loss) Income from Operations	$ (15,701)	$ (1,911)	$ (10,667)	$ (2,421)	$ (2,071)	$ 1,369

Revised 2024 Guidance

In $M	Original	Q2 Revision	Q3 Revision
Product Revenues, Net	$138 - $158 million		$140 - $146 million
Adjusted Operating Expenses^*	$108 - $116 million	$107 - $111 million	$101 - $105 million
Adjusted EBITDA^*	$(22) - $3 million	$(10) - $3 million	$2 - $5 million

^ 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

HERON THERAPEUTICS