Heron Therapeutics Announces $150 Million Convertible Debt Financing

May 25, 2021

SAN DIEGO, May 25, 2021 /PRNewswire/ -- Heron Therapeutics, Inc. (Nasdaq: HRTX) ("Heron") today announced that it has sold $150 million of senior unsecured convertible promissory notes (the "Notes") in a private placement transaction. The Notes are convertible into shares of Heron common stock at a conversion price of $15.276 per share, which represents a 13% premium over the most recent closing price of Heron's common stock. Proceeds from the sale of the Notes will be used for the commercial launch of ZYNRELEF™ (bupivacaine and meloxicam) extended-release solution, as well as for general working capital.

The Notes will be senior, unsecured obligations of Heron and will accrue interest at a rate of 1.5% per annum, payable semi-annually in arrears. The Notes will mature on June 1, 2026, unless earlier redeemed, converted or repurchased. Holders will have the right to convert their Notes at any time. Heron will settle conversions solely in shares of its common stock, except for payments of cash in lieu of fractional shares.

"Based on sales projections for our three commercial products, these funds allow the company to not only fully implement its launch plans for ZYNRELEF, but should also be sufficient to reach profitability," said Barry Quart, Pharm.D., Chairman and Chief Executive Officer of Heron. "In the first 24 hours after announcing FDA approval, ZYNRELEF received its first formulary approval for unrestricted use. We are confident that this is the first of many formulary approvals."

The offer and sale of the Notes and any shares of common stock issuable upon conversion of the Notes have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or any other securities laws, and the Notes and any such shares cannot be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws. This press release does not constitute an offer to sell, or the solicitation of an offer to buy, the Notes or any shares of common stock issuable upon conversion of the Notes, nor will there be any sale of the Notes or any such shares, in any state or other jurisdiction in which such offer, sale or solicitation would be unlawful.

J. Wood Capital Advisors LLC acted as financial advisor and Gibson, Dunn & Crutcher LLP acted as legal advisor to Heron on the transaction.

About Heron

Heron is a commercial-stage biotechnology company focused on improving the lives of patients by developing best-in-class treatments to address some of the most important unmet patient needs. Our advanced science, patented technologies, and innovative approach to drug discovery and development have allowed us to create and commercialize a portfolio of products that aim to advance the standard of care for acute care and oncology patients.

About ZYNRELEF for Postoperative Pain

ZYNRELEF is the first and only dual-acting local anesthetic that delivers a fixed-dose combination of the local anesthetic bupivacaine and a low dose of nonsteroidal anti-inflammatory drug meloxicam. ZYNRELEF was approved by the FDA on May 12, 2021 for use in adults for soft tissue or periarticular instillation to produce postsurgical analgesia for up to 72 hours after bunionectomy, open inguinal herniorrhaphy and total knee arthroplasty. Safety and efficacy have not been established in highly vascular surgeries, such as intrathoracic, large multilevel spinal, and head and neck procedures. In September 2020, the European Commission granted a marketing authorization for ZYNRELEF for the treatment of somatic postoperative pain from small- to medium-sized surgical wounds in adults. As of January 1, 2021, ZYNRELEF is approved in 31 European countries including the countries of the European Union and European Economic Area and the United Kingdom.

Forward-looking Statements

This news release contains "forward-looking statements" as defined by the Private Securities Litigation Reform Act of 1995. Heron cautions readers 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, the sufficiency of capital and projected cash runways; future formulary approvals for ZYNRELEF; the timing of the commercial launch of ZYNRELEF in the U.S.; the timing of the commercial launch of ZYNRELEF in Europe; the potential market opportunity for ZYNRELEF in the US and Europe; the extent of the impact of the ongoing Coronavirus Disease 2019 pandemic on our business; 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.

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